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Informing small business development: The impact of marketing led strategic development in a small firm

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Informing Small Business Development: The impact of marketing led strategic development in a small firm.

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2006

Abstract

Small Business development has been an important policy since the Bolton Committee report in 1971. However more than 30 years later there is a "…bewildering plethora of government services for small businesses…" (Stanworth and Gray 2001). A key factor in the take up of support by small businesses has been shown to be trust (Ram 1999). It is the personalism and relationships which small business owner / managers clearly value.

This research investigates the types of interventions most likely to succeed through investigating small business development through an action research longitudinal case study, which tracked the key actors and developments from a change orientated perspective. The research organisation was undergoing a significant period of change and instability and the development and implementation of a marketing strategy was proposed to combat this. The project was run through the Teaching Company Scheme (now Knowledge Transfer Partnerships) in conjunction with the University of Durham. The research methodology was designed to answer the following questions.

1. How does strategic change actually occur in the process of Small Business development?
2. When is market–led strategic change the most appropriate process in practice?
3. Does this require concurrent organisation development before such strategic change becomes fully realisable?
4. How do owner / managers chose the most appropriate intervention methodologies from the increasing range now available and how do they impact upon strategic development?

The research provided an interesting insight into two years within a Small Business and draw the following conclusions:

1. Deep and long interventions have the highest potential to effectively develop a Small Business.
2. Small Businesses can benefit from external expertise in the development process
3. A market-led approach is important for small business development
4. Successful marketing requires the development of associated internal competencies
5. Successful marketing requires supporting organisation development interventions
6. Business development and change interventions should influence the owner / manager personally
7. Formal and information networks are critical to small business success.

The research reinforces the view that the levels of trust and personal relationships with the owner / manager is critical to ensure the development intervention meets the world-view of the individual owner / manager which is critical to the success of the intervention. The research also challenges the perspective that owner / managers are risk takers, open to change.

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Declaration

None of the work in this thesis has been submitted for a degree at this or any other University.

Statement of copyright

1. Introduction: Informing Small Business Development.

This thesis is best introduced by firstly highlighting why more informed small business development now matters at a macro (institutional) level before specifically studying how such development actually occurs at a micro (firm) level in greater depth. A substantial part of the thesis therefore considers informed – in particular marketing-led – small business development from an action research based perspective upon an individual case, considering the actual development process itself.

At a macro level it can be argued that more informed development has been an important small business policy goal ever since the Bolton Committee (1971) registered its concern about this entire sector's arrested development in the early 1970s. Not only did the Bolton Committee pursue the more informed development of small business policy itself, it also paved the way for more small businesses to realise their potential by adopting more informed development practices. Such development implied they might increasingly access an entire range of what are now known as advisory and support services, in particular those concerned with enabling new start-ups and leveraging more expansionary growth. As Stanworth and Gray (2001) then pointed out 20 years later, there was still much debate about progress towards this goal. More than 30 years on it has been observed that:

"The often cited Bolton report (1971) provided the springboard for an ongoing agenda of small firm policy intervention in the UK ... 30 years later little has changed ideologically ... and a bewildering plethora of government support services for small businesses have resulted"

(Berry and Perren, 2003 p791)

Questions remain about how well informed these small business policy initiatives have been (Curran and Storey; 2002, Gibb; 2000) and their own informed development may still have some way to go (Smallbone, Baldock and Bridge;1998). A number of micro level evaluations of such initiatives have even been judged under-informed, leaving various issues unresolved (Storey, 2003)

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It can also be argued that proper evaluation should consider not just what was originally planned and what outcomes then resulted. It should also appreciate the process whereby those inputs were converted into outputs. It should make clear connections between both macro and micro level understanding about development over time. In short it should appreciate what development occurs and how that development came about. This implies some consideration of the ongoing process, and not just the original design and eventual outcome of the small business development itself, even if that means calling current wisdom about small business success and failure into question (Ritchie and Richardson 2004). Many such businesses are neither newly founded nor growth seeking but may well put routine survival and self maintenance first. For example Storey (1994) found that relatively few newly founded firms then grew significantly later, while some have criticised the popular idea of an enterprise culture which implies that small firms necessarily have vast untapped development potential (Dodd and Anderson, 2001; Gray 1998). Chaston (1999, p 259) indeed argues that:

"A common error in research on small firms is the assumption that they exhibit entrepreneurial characteristics of being flexible, proactive and capable of rapid response to changing circumstances. In fact it is safer to assume that, although some are entrepreneurial, many small firms operated in a standard goods market ... and usually exhibit a conservative management style".

This limited fit between policies and institutions, some of which advocate an enterprise culture of start-ups and growth, and the 'real world' of small business owner/managers frequently preoccupied with routine survival and self-maintenance, could create problems in the variable take-up and actual use of a number of advisory and support services, small business education, training and consultation included. Chaston (1999) made an import distinction between 'entrepreneurial' and 'conservative' seekers and use of advice and support in this respect. In what was claimed to be the first truly large scale, macro level survey of SMEs employing up to 500 staff Bennet and Robson (1999) further evaluated what advice and support such firms actually sought. They found such firms sought advice much more than ever before, particularly from private sector sources while Business Link services were being reshaped. (Priest, 1999). High

among the determinants of whether they used and value such advice and support came trust levels. Trust has also been found important for the effectiveness of the growing number of small business service firms themselves. (Ram, 1999). Some methods of research may find it difficult to capture and explain the particular kinds of personalism and relationships which many small business owner/managers clearly value. For that reason qualitative research methodologies can help provide a more rounded picture of the type of development most likely to result.

Evidence shows small businesses form an important part of the UK economy, and both national and local government operate a number of schemes aimed at support and developing this sector, (Source Department of Trade and Industry 2002) A majority of these interventions are short-term and 'shallow' in their make up (Culkin and Smith, 2000). However, the Department of Trade and Industry (DTI) also supports the Teaching Company Scheme (TCS) which offers deep and long interventions to bring external expertise into a small business specifically aimed at providing development opportunities.

Not all small businesses want to grow, however, numerous studies have shown that to ensure long-term survival it is important that they continue to develop. A number of short, shallow business interventions place most emphasis on job creation and thus growth, for example, financial support schemes from Business Link use job creation as a critical measure of success. This combined with the administrative bureaucracy of the process can disengage the small business owner/manager where growth is not a priority. Rather than promoting growth per se the TCS programme, over a two-year period, is designed to address a specific project, which will strategically develop the organisation.

In order to design interventions which can effectively develop a small business and become embedded into the culture of the organisation, it is important to understand how and why small businesses first develop and how this process can be positively informed.

Marketing is seen as critical to the successful development of small businesses, (McLarty 1998, Lui 1995, Hogarth-Scott, Watson, Wilson,1996). However it is

also noted that owner/managers do not tend to consider marketing until there has been a specific crisis in the organisation (Hogarth-Scott, Watson, Wilson 1996). The way small businesses approach marketing is also important, competitive advantages are generally perceived as being size related and small businesses must find ways to compete within a specific niche. The issue here is that success in a niche will often attract competition and therefore the small business must continue to develop and refine its competitive advantage in order to ensure long-term survival. This is made possible through appropriate market orientation.

This research investigates small business development through an action researched longitudinal case study, which tracked the key actors and developments from a change orientated perspective over time. Case study methodology is useful for this type of study as it allows the actions and interaction to be investigated over a significant period of time whilst ensuring that learning from the process can be effectively implemented to improve future interventions (Chetty, 1996). The tracking of change over a period of time assists with the understanding of how small businesses develop and the influences that are placed on the development processes by its unique characteristics.

The research organisation in question was undergoing a period of significant change and instability. Environmental factors had led to the organisation needing to develop, and this was proposed through the development and implementation of a marketing strategy. The issues for the organisation were two fold; significant down-turn in the company's core markets combined with increased competition within their niche had led to a reduction in sales and a gap between the competence's within the organisation and market requirements prevented the company successfully addressing this problem.

At the time the issues facing the organisation were perceived to be entirely external to it and the development of marketing was seen as being a process by which the organisation could facilitate the development of its customer base to protect it from significant destabilising environmental shifts in future.

However, the researcher soon recognised the need for internal organisation development to develop the key competence's and internal resources necessary to implement effectively the marketing strategy. The organisation needed to move from a product focused manufacturing position, to a market orientated service perspective, in order to build on and develop its competitive advantage. Using the action research cycle the programme implemented a variety of interventions to promote the development of the company through marketing and an associated programme of organisation development. A range of formal and informal research methods enabled these interventions to be assessed.

Overall, it was noted that the key influence on any development or change within a small business was the owner/managers. They had strong influence over the nature and direction of the organisation and any intervention had to be carefully designed to take this personalism into consideration. Interventions are ideally aimed at achieving the goals of the owner/manager whilst meeting the cultural needs of the organisation and how the owner/managers conduct business. Sustained, deep interventions were the most effective in terms of having a long-term impact on the organisation and for required change becoming embedded, although ultimately little could be achieved without the direct support of the owner/manager personally. In this case it must be noted from the literature that owner/managers had a short-term tactical perspective so short-term results were brought into the intervention cycle to ensure their continuing commitment and interest in the process. In designing interventions to inform small business development successfully the personality and world-view of the owner/manager is of critical importance.

Given that, even if they do not wish to grow, small businesses must still continue to develop, it is therefore important that the culture of the organisation, which is often specifically linked to the personality of the owner / manager, is realigned. Such change would require an associated programme of organisation development to support any strategic development initiative.

2. Informing small business development.

2.1 Introduction

Much of the literature on small business, and particularly that which considers the methods and processes of strategic change in small businesses, has been limited, often focusing upon very small businesses, mainly in retail and consumer focused markets (d'Amboise and Muldowney,1988). This is a result of, not only the diverse nature of the pool of small businesses, but also the problems of viable research access. Access to larger organisations, as well as the interest they provide to the research community, is often considered easier. However as *"It is widely accepted that small businesses are not just little big businesses"* (Hill, 2001 p172,) and small businesses play such an important part in the UK's economy that understanding how they develop, and the types of management this requires, is vital to the development of both.

2.2 Aims

The aim of this chapter is to review the literature around small businesses, but specifically looking at:

- Small business growth.
- Small business marketing.
- Organisation development within small business.
- Strategic change within small businesses

The literature review of these four key areas will then inform the subsequent action research process.

2.3 Small businesses: a definition

Small business have been defined as:

Fig 2:1. Small Business Criteria

Criteria	Micro	Small	Medium
Max. No. Employees	<10	<50	<250
Max turnover in Million ECUs	-	7	40
Max balance sheet total in Million ECUs	-	5	27

(Dabbs, Hall, Muir, 2001)

This definition shown in Fig 2:1 is useful in providing a common understanding of what is meant by small businesses and therefore allow like for like comparison.

Franz (1997) referenced in Dabbs, Hall, Muir, 2001 identified a number of key features of small businesses:

- Personalised owner management
- One-line management with restricted hierarchies
- No or relatively low degree of functional specialism.
- Relatively low intensity in research and development with little planning
- Relatively low intensity in education and training

Small firms may require a strong vision or focus. However their strategy and goals typically revolve around the founder's personality, and if this philosophy is ineffective it can be a major failing. Conversely the owner / manager has been portrayed in some literature as one of a day-to-day firefighter, who has little understanding or interest in strategic planning. (Dabbs, Hall, Muir, 2001, Ritchie,1993)

"SMEs play an increasingly important role in many economies. Whilst it is important to recognise the proliferation of SMEs, it must also be recognised that they are different from large firms. Their unique characteristics do not always

endow them with great influence in their markets but nonetheless it must be recognised that their size can afford them competitive advantage. It is also clear that organisational structures in small firms are much less rigid, sophisticated and complex than in large firms. This means that the more fluid arrangements that prevail in small firms do not inhibit the creativity and flexibility which are necessary for continued success" (Hill, 2001 p175)

Significantly Hill (2001) notes that small firms may differ between sectors; in some industries there may be no small firms, whilst in others most firms could be described as small. The Bolton Committee (1971) identified some key characteristics of small firms, including:

- They generally have a relatively small share of their market.
- They are managed by owner managers or part owners in a personalised way, and not through the medium of a formalised management structure.
- The are independent in the sense of not forming part of a larger enterprise.

2.4 Small business growth

Understanding how and why small businesses grow is a vital part of understanding how their development can be influenced. It is necessary to consider the elements, both internal and external to the organisation which impact on growth from a research perspective. There are two key perspectives on small business growth:

"That which focuses on the influence of the entrepreneur and that which focuses on the lifecycle of the business" (Choueke, Armstrong, 2000, p227).

Greiner's (1972) original model of organisational growth in general focuses on the lifecycle theory and specified five key stages; this theory suggested that at each stage of growth organisations have to overcome specific problems in order grow successfully. For example as a small business expands the owner/manager will begin to lose control, creating a crisis that the organisation must overcome in order to continue to grow further (Lynch, 1997). Greiner's model suggests:

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"companies grow evolutionary until they reach a crisis when revolutionary growth, often a change in strategic direction is required" (Greiner 1972 p56)

This suggests that small businesses tend to be functionally organised (Lorange 1993), and structured by task specialisation, with minimal duplication of effort, and have strong integrative capabilities and benefit from a particular focus. However for growth this can be a relatively poor structure for adapting quickly to changes and threats from the environment, indeed this structure can assist task related communication, but does not permit the resolution of conflict between the functional areas. (d'Amboise, Muldowney, 1998). However Lorange (1993) argues that this structure is best suited to organisations with a narrow specialisation and limited costs.

Greiner also holds that functional organisation tends to be introduced at phase two in the organisational growth process. This is the stage most mature small business reach once they have survived the initial period of growth and look for a sustained period of growth with a more formal structure in place. As shown in Fig 2:2

Fig 2:2 Griener's model of small business development (1972)

	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5

Large

Size of Organisation

Small

Collaboration

Co-ordination

Delegation

Red tape

Direction

Control

Creativity

Autonomy

Leadership

"?"

/ Evolution: stage of growth

Ⱳ Revolution stage of crisis

Young — Age of organisation — Mature
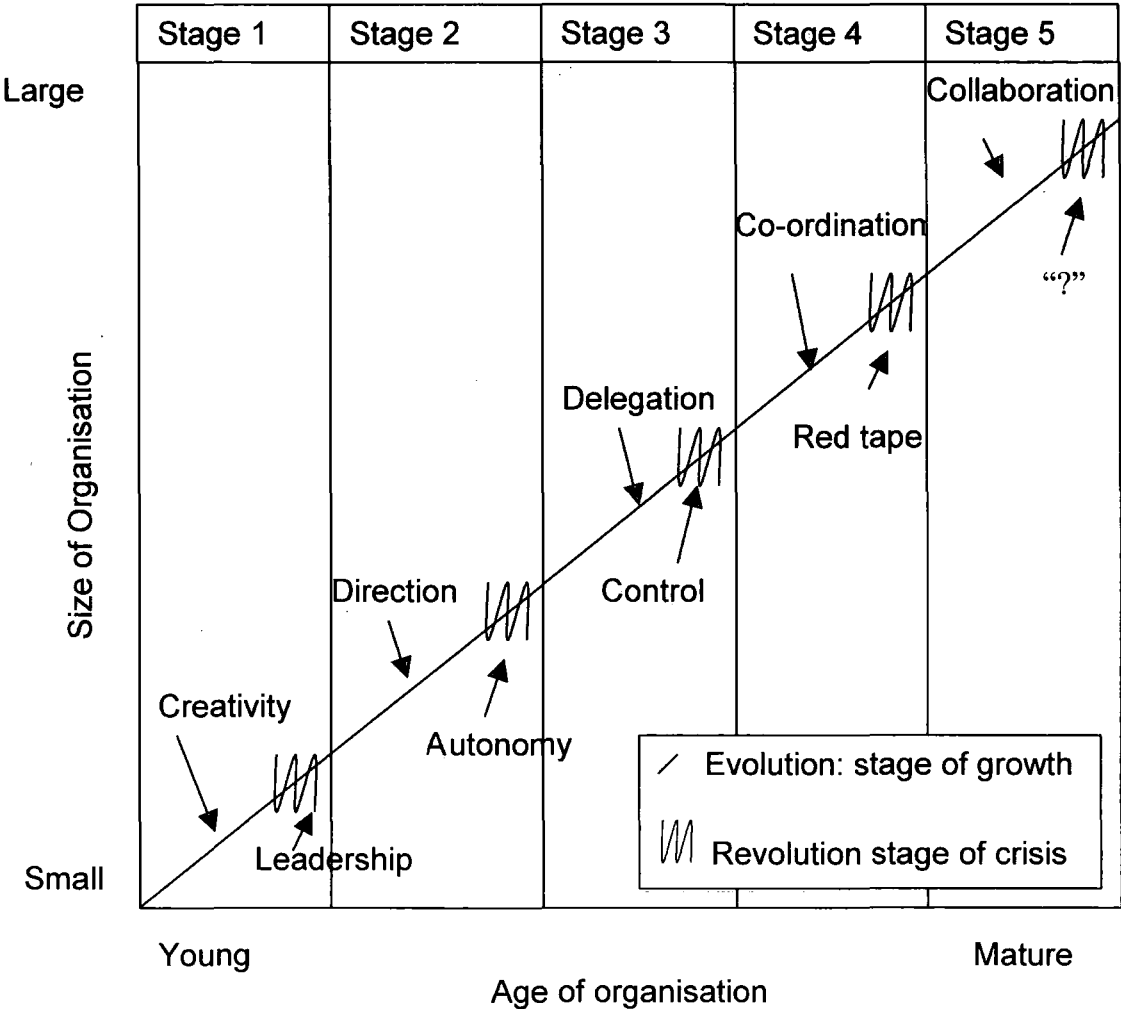
Figure 2:2 shows that as the organisation grows there will be a number of challenges that it will face in order to continue to develop. Griener (1972) identifies these challenges as being internal to the organisation.

The structure of the organisation can therefore have significant impact upon its ability to grow as does its maturity and the markets. A new rapidly growing business can adapt more rapidly, specifically if it is in a new and rapidly changing sector; however where the business is more mature and is in a more stable niche, change becomes more difficult and integrative capabilities become more important. (Lorange, 1993). Carson, Cromie, McGowan and Hill (1995) argue that it is growth-orientated small ventures which are best paced to capitalise upon changes within their environment. As a result of this, as time passes, managerial attitudes and organisational principles can become more

rigid and outdated (Greiner, 1972), so that the culture of the organisation becomes fixed and resistant to change. "*the way we've always done things around here*" (Deal, Kennedy,1983 p501). "*Those companies unable to abandon old management practices fail*" argues Griener, who implies that certain businesses only change after they have reacted to some kind of crisis. However as O'Farrell and Hitchins (1989) showed smaller business do not necessarily grow in a linear fashion, such as shown in Greiner's (1972) model, while many others may not wish to grow (Ritchie, 2000). Therefore the nature of the business and its environment will influence the planning and process of growth.

Fig 2:3 Desired Planning System Characteristics Under Different Business Context. (Source Lorange, 1993)

Complexity of Business Environment		
High	**Strategic intent: Pioneer** Risk: High Mission: carve a Niche and build competencies Desired Characteristics: Primary emphasis on adaption	**Strategic intent: expand** Risk: moderate Mission: expand into adjacent niches and leverage competencies Primary emphasis on adaption and integration
	Strategic intent: reorientation Risk: Moderate Mission: redefine niche and reconfigure competencies Desired Characteristics selective adaption and high integration	**Strategic intent: Dominate** Risk: Low Mission: Grow with niche and explicit competencies Desired Characteristics: Emphasis on integration
	Few	**Many**

Distinctive Competencies

Use of Figure 2:3 changes the emphasis from thinking of all organisation as following a linear growth path to considering more about the nature of the business, the more complex the situation that the business is in the more adaptive they need to be in terms of their business model and how developed the competence needs to be.

Where the culture and managerial practices of any organisation become more rigid, it becomes increasingly inert and struggles to adapt to changes in its market place; which is an issue where the external environment is changing slowly, as implied by Handy's (1990) 'boiled frog' analogy. As well as inhibiting or promoting growth and change, organisation culture can also be used to explain complex aspects of behaviour (Morgan, 1997). This is especially important in terms of how an organisation approaches change.

Much literature on corporate culture focuses on large organisations (Choueke and Armstrong, 2000) and there are many different views on what culture consist of. However culture can generally be defined as a combination of norms, symbols, values, rituals that form the day to day operation of the organisation. Findings indicated that, at least within small businesses, culture *"emanated from the founders rather than as a result of some organic process"* (Choueke and Armstong, 2000 p231) indicating the importance of the owner/manager in the growth and development of a small business. This culture is then expanded upon and developed by those who join the firm, but at the same time these staff 'buy-in' to the existing culture.

Entrepreneurial owner/managers tend to manage in a different way to managers in other organisations (Kets de Vries 1985). d'Amboise and Muldowney (1988) analysis also shows that entrepreneurs have *"relatively low managerial motivations"* (p231) and that this can lead to failure of small firms. Specifically research shows that such owner / managers find it difficult to work in structured environments, often having a preoccupation with control, which Kets de Vries (1985) showed made it more difficult for them to work with others and accept advice and direction. This can also lead to owner / managers being unable to work with independent minded subordinates who *"think for themselves"* (Kets de Vries 1985 p162) and this can be a constraint once an

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organisation reaches the stage where delegation is essential. Owner / managers tend to feel uncomfortable in this kind of environment (Carson, Cromie, McGowan and Hill 1995) Owner / managers therefore specifically impact upon the strategic direction and nature of the organisation and its growth, *"the personal characteristics of the owner-operator affect the relationship between boundary spanning activities and performance"* (d'Amboise and Muldowney 1988 p228). Dyer (1997) showed that small businesses were generally managed on an informal basis and considered many systems of governance based on the founder's decisions alone, there was rarely a 'board'; research considers that the entrepreneur tends to be an individualist, who takes calculated risks, (d'Amboise and Mudowney 1988); however after the organisation has been trading for some time the desire to take risks can reduce and some owner / managers who are often outward looking, may sooner blame poor performance on external factors such as government intervention.

Outside the organisation market factors also impact heavily on the ability of the business to grow (Greiner,1972, Lorange, 1993) and the personality of the owner / managers will specifically impact upon how this interaction takes place (d'Amboise and Muldowney 1998). Hill (2001) argued that small businesses have limited impact on their markets, when they only operate in small, local, niched markets for example window cleaners and independent retail outlets. However many small businesses, particularly in the manufacturing markets now find it essential to compete internationally (Keogh, Jack, Bower, Crabtree, 1998). This not only opens up new markets, but introduces more competition into their local markets (Mundim, Alexandero, Stoccheti, 2000), so small businesses who compete globally require distinct competitive advantage. Established theory tell us that competitive advantage is related to size (Mundim, Alexandero, Stoccheti, 2000), but when small companies operate in a niche, particularly one overlooked by larger competitors, they can compete successfully in international markets; where better positioned to exploit network opportunities.

Therefore, when considering growing small businesses, it is as important to consider external factors as well as those within the company and how they

both interact. A key issues which a small business must address in competing in the global market is the increased costs associated with marketing the product or service, which means that whether internationalisation is applicable to small businesses depends on the type of market:

"evidence from recent and past year has shown a marked trend towards globalisation of firms in all those industries where scale economies constitute a critical aspect; the same phenomenon happened in those industries where cyclical downturns were quite common and often had dramatic consequences for the firms" (Mundim, Alexandero, Stoccheti 2000 page 486).

Indeed those organisation operating in the North Sea oil and gas industry have been forced to internationalise due to the global nature of the industry (Keogh, Jack, Bower, Crabtree, 1998)

A main sources of competitive advantage for small business, who may struggle to compete on economies of scale, include where the company can operate in a niche, this strategy however does make it easier for large companies to attack the niche. Alternatively small business can become involved in a global supply chain; through out-sourcing or partnerships. Both of these options are available within the oil and gas industry and there are also support networks, such as the Northern Offshore Federation which assist small businesses compete in global markets. (Mundim, Alexandero, Stoccheti 2000) These regional clusters have strongly contributed to the recent success of some manufacturing industries. Developments in e-technology are also assisting in allowing small businesses to become more internationally competitive (Ritchie and Brindley 2000).

There are a variety of internal and external factors which impact on how a small business grows, however crucially the influence of the owner / manager is critical in deciding not only how the company grows but if it grows at all.

2.5 Small business marketing

Since Drucker (1954) marketing has been viewed as critical to successful business development, but the extent to which marketing practices have been adopted by small businesses varies considerably. In this section the literature will consider the relevance of marketing to small businesses.

There is increasing evidence of the importance of marketing to the success of all organisations; however there is limited empirical evidence on the role that marketing plays in the growth and development of small businesses (McLarty 1998). The literature indicates that there is a brand of marketing that is unique to small firms (Hill 2001) while McDonald (1989) recognised the importance of marketing as a key criterion to a successful business. McLarty (1998) concluded that in small business marketing planning, a strategic marketing perspective within the organisation was critical and the three main determinants of growth were identified as "*Product positioning, Marketing orientation, Value chain management*" (McLarty 1998 p111)

The literature points to a need for market orientation to support strategy implementation, and a business wide approach has been proposed by a number of commentators, such as Slater and Narver (1993), Dobni and Luffman (2000) amongst others. So what is meant by marketing? The literature shows that in some cases there is still a misconception that marketing is nothing more than advertising, from this Morgan (1996) identified a number of managerial philosophies which demonstrate the progression of firms in the move towards customer orientated position, in a later paper Morgan and Strong (1998) makes the link between the concept of marketing to that of strategic management; supporting this Slater and Naver (1996) also asserted that there was a link between market orientation and organisation effectiveness, reinforcing the importance of Morgan and Strong's (1998) philosophy that marketing should be embedded across the entire organisation. Morgan and Strong (1998) shows a strong link between market orientation and strategic orientation, whereby firms with strong market orientated business models...

"...are distinguished by their high order learning processes and their ability to respond to change"
(Morgan and Strong 1998 p1057).

Growth, by its very nature, is linked to some form of change. The extent of turbulence present in many markets creates a cycle of change that requires firms to be more proactive in their strategic approach showing that change as well as growth requires market orientation. Through using six dimensions of competitive strategy, aggressiveness, analysis, defensiveness, futurity, proactiveness, riskiness, Morgan and Strong (p1059) concluded that:

"a firms' proactiveness, analysis and futurity in strategic orientation were all positive and significant in their association with market orientation. Therefore, market orientated activities and behaviours are related to: a proactive search for marketplace opportunities; a problem solving, analytical approach to organisational learning and long term planning and future positioning considerations."

This demonstrates that organisations need to consider the effects of market orientation on the strategic approach taken. If market orientation has an impact on the strategic performance sustainable competitive advantage rests as much on implementation as formulation of strategy (Dobni and Luffman 2000). Market orientation is defined in numerous ways, however the principle surrounds aligning the whole organisation behind the objective of meeting the customers' needs'.

"market orientation is essentially a behaviour culture that dictates how an organisation's members think and act"
(Dobni and Luffman 2000 p 504)

Elements such as strategic change, development and performance should not be considered without taking into account organisations culture. Therefore:

"there is a fit between culture, strategy and the context in which the organisation must operate" (Dobni and Luffman 2000, p505).

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In considering this it is important to look at the internal environment, the organisational characteristics, organisations systems and the managerial characteristics. (Dobni and Luffman 2000). If market orientated strategy is important to performance success and therefore growth, it will be influenced by the organisational culture. To decide how to approach the implementation of a marketing strategy to create market orientation it is first important to consider what is good practice.

"Marketing from a relational perspective has been described as the process of identifying and establishing, maintaining, enhancing and where necessary terminating relationships with customers and other stakeholders" (Gronroos1997 p 407).

Overall marketing should support the creation of perceived value for customers over time, so relational marketing theory may be critical to those firms whose competitive advantages come from more than one transaction with the customer and also where it is necessary to build relationships over time. In complex relationships customers are looking for value over and above the product to satisfy their need; the augmented product in this situation becomes critical to competitive advantage.

"If relationships are the base of marketing the role of the core product becomes blurred" (Gronroos 1997 p411).

Therefore Gronroos (1997) supports the concept of part time marketers.

"The firm may still have a centralised marketing and sales staff, called here the full time marketers, but they do not represent all the marketers and salespeople of the firm." Gronroos 1997 p415)

This is shown as the:

Fig 2:4 "The resource and competence perspective: the relational marketing triangle"

Firm
Full time marketers and
sales people

Continuous development;
internal marketing

Giving promises External
marketing /sales

Personnel
Technology
Knowledge
Customers Time

Keeping promises

Customers

Customer care/Interactive marketing
Part time marketers
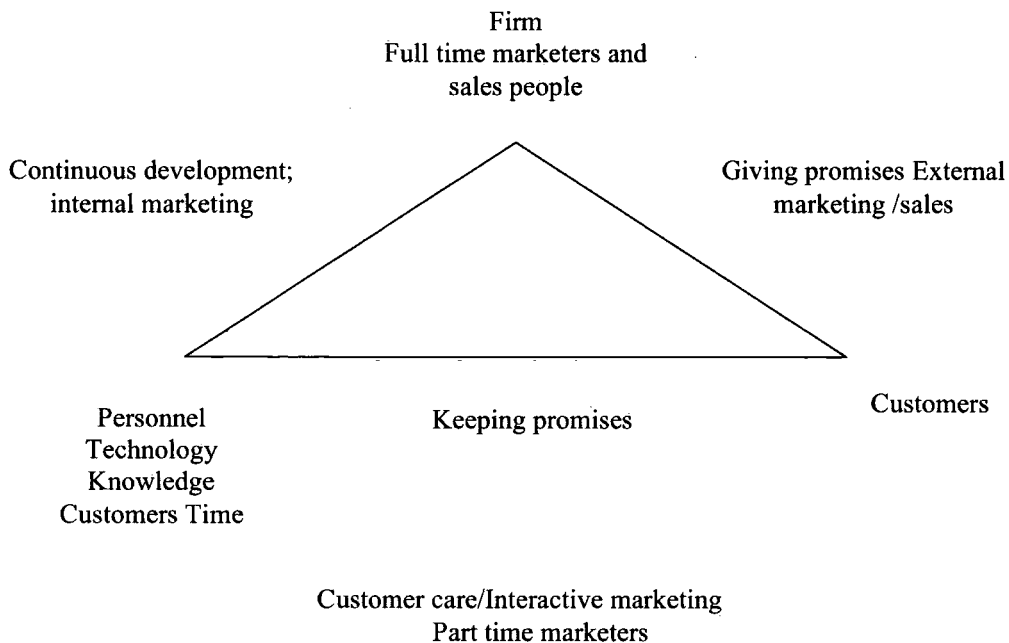
(Source Gronroos, 1997)

As Figure 2:4 shows more people than just the full time marketing and sales specialists are involved in creating value for the customer (Gronroos 1997) and therefore in order to sustain a relational marketing approach with customers it is necessary to look beyond the core product and understand the value creating benefits. Relationship marketing is not only about the interface with customers, it involves the relationship between the customer and all the different contact points within the organisation (Carson, Cromie, McGown and Hill 1995). However successful relationship marketing also relies upon the interrelationships between the organisation and its suppliers (Carson, Comie, McGowan and Hill 1995). From the basis of the development of relationship marketing, the next phase is that of creating networks, these networks describe the:

"*market processes as interaction within relationships and market structures as network structures.*" (Mattsson, 1997, p449).

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Carson, Cromie, McGown and Hill (1995) argue that "many organisations do not have the resources they need to accomplish their objectives and that in these situations there is an incentive to co-operate to acquire the necessary resource" (pg 210). The concept of networks in marketing arises from the concept of networks consisting of a web of more than two organisations involved in ongoing interactions, and, as with relationship marketing networks developed from the need for market orientation.

"[network] this focuses on the interdependence between relationships and between more than two actors". (Mattsson, 1997, p452).

The theory is therefore applicable in industrial and service marketing settings where a number of actors collaborate in the marketing effort. Therefore the key for any business is to translate the theoretical concepts into practice, building links and webs of co-dependent firms to enable small businesses to create size related competitive advantage. However, Hill (1998) argues that there is general disillusionment amongst business practitioners with the:

"inability of marketing theory to match corporate realities" (Hill, 1998, p69).

The extent to which marketing theory is integrated into small businesses depends on the experience and knowledge of the owner / manager. (Carson, Cromie, McGowan and Hill 1995)

In order to grow do firms therefore need to have a degree of market orientation?

"Market orientation emphasises competitiveness based on identifying customer wants and offering products which are different from or better than competitors" (Liu, 1995, p57).

There are four elements of market orientation: profitability, market focus and customer orientation, integrated marketing efforts and business philosophy However when looking at market orientation in relation to firm size Lui (1995) added that it was important to consider the concepts of innovation, why the

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company must strive to be better than the competitors, competitor reference, whereby the competition serves as a framework by which the firm differentiates itself. His conclusions demonstrated that not only do large firms have greater market orientation they also out perform smaller firms in terms of profitability, with clear lessons for small firms wishing to grow (Brooksbank, 1996).

This is supported by Hogarth-Scott, Watson and Wilson (1996, p6):

"There is evidence that small business failure can result from lack of marketing, or poor marketing practice"

However the research also shows that often marketing is not considered important by small businesses, especially where the small business has achieved success and profitability without planning or marketing.

"Additionally entrepreneurs are not always receptive to marketing unless there is a need for growth/expansion, or profit/revenue level or fall off" (Hogarth-Scott, Watson and Wilson 1996 p7).

Growth in small firms is directly related to a number of factors including a successful product-market strategy, how managers create and exploit opportunities; how they solve problems, cope with difficulties and what happens when the company follows a strategy of differentiation (Hogarth-Scott, Watson and Wilson 1996); where small firms do engage in marketing a key element is the development of personal relationships, specifically based on the personality of the entrepreneur (Hill 2001, Carson, Cromie, McGowan and Hill 1995). These relationships will be:

"rooted in a strong sales orientation" (Hill 2001 p171)

Hogarth-Scott, Watson and Wilson (1996), concluded that marketing is of importance to the growth and survival of small businesses; however, the focus should be on differentiating the product and concentrating on marketing strategies where the unique characteristics of the business can be best used to its advantage, for example when exploiting the benefit of relatively close

relationships with the customers. Indeed Hill (2001) noted that personal contact network and personal selling where generally the key method of contact small businesses had with the market, while other research elaborated upon the whole concept of networking

These relationships means that small firms, especially those in manufacturing and service industries are well placed to exploited 'relationship marketing'. The characteristics of which were shown by Gronroos (1994) in figure 2:5.

Fig 2:5 Strategy Continuum model

The Strategy Continuum	Transaction Marketing	Relationship Marketing
◄─────────────────────►		
Time perspective	Short term	Long term focus
Dominant marketing function	Marketing mix	Interactive marketing (supported by marketing mix activities)
Price elasticity	Customers tend to be more price sensitive	Customers tend to be less sensitive to price
Dominating quality dimension	Quality of output (technical quality) dimension) is dominating	Quality of interactions (Functional quality dimension) grows in importance and may become dominating
Measurement of customer satisfaction	Monitoring market share (indirect approach)	Managing the customer base (direct approach)
Customer information system	Ad hoc customer satisfaction surveys	Real time customer feedback system
Interdependency between marketing, operations and personnel	Interface of no or limited strategic importance	Interface of substantial strategic importance
The role of internal marketing	Internal marketing of no or limited importance to success	Internal marketing of substantial strategic importance to success

◄─────────────────────────────────────►

Customer Packaged Goods ◄─► Customer Durables ◄─► Industrial Goods ◄─► Service

(Source Gronroos 1994)

This model in figure 2:5 shows that small businesses are in a strong position to use relationship marketing to its full advantage. Small businesses can build strong personal relationships with customers and the use of interactive marketing will be a significant advantage in allowing it to maintain high levels of customer contact. Critically however to use this model small businesses must see the strategic importance of marketing and integrate marketing into its systems in this manner.

In summary marketing planning:

"...is an approach to business that can enable even the smallest competitor to survive successfully" (Hill, McGowan and MacLaran, 1998).

However McDonald (1998) also identified ten barriers which inhibit the effectiveness of marketing planning:

1. Confusion between marketing strategy and tactics
2. Isolation of marketing function from business operations
3. Confusion between marketing function and marketing concept
4. Prevailing organisational structures along functional lines
5. Lack of skills in in-depth analysis
6. Confusion between process and output
7. Lack of core marketing management knowledge and skills
8. Lack of a disciplined, systematic approach to marketing planning
9. Need to prioritise objectives
10. Need for a more appropriate marketing culture.

Therefore it is important to reduce these barriers through organisational learning, requiring associated organisation development in support of marketing planning. Hill, McGowan and MacLaran (1998) therefore makes links between the key competence required to undertake effective market planning and resolving these barriers. These are knowledge, experience, analytical skills, leadership, vision, judgement, organisational ability, commitment and communication.

The characteristics of small businesses identified and the resource constraints of both small firms and growing firms generally leads to a short term sales orientated approach which can inhibit marketing planning (Hill 2001), despite the informal nature of many small firms the use of marketing planning is necessary to success:

"Whilst there is an emphasis on personal selling in the SME, to sell effectively the small firm owner/manager/decision maker must draw on other marketing variables" (Hill 2001 p180)

The marketing planning process, considered applicable for a small business, goes through four stages, analysis, strategy, implementation, control:

"Marketing planning involved the regular analysis of a company's competitive situation leading to the setting of marketing objectives, and the formulation and implementation of strategies, tactics, organisations and controls for their achievement" (Brooksbank 1999).

Brooksbank's (1999) research showed the model was effectively translated into action in a small business in the computer market, and that structure was one that can be easily adapted to any small business by adapting more formal marketing planning tools. Small businesses can build on their strength of close personal relationships with customers to develop relationship marketing strategies to provide a unique competitive advantage. However whatever strategy is adopted Brooksbank (1996) is clear on the need for a visible commitment from senior managers to make it happen:

... *"Which is why the importance of leadership cannot be overstated"* (Brooksbank 1996 p 17),

The need for small businesses, not only to undertake marketing, but to become actively market orientated in order to survive and grow is therefore clear; however, other related issues, such as organisation learning and leadership need to be considered.

To summarise the literature therefore shows the importance of marketing to small business development. This may require a change in business philosophy for some small businesses and it may be necessary for the small business to consider an associated programme of organisation development to facilitate greater marketing orientation.

2.6 Organisation development within small business

Organisation development often focuses upon learning and development. However it is an comprehensive tool allowing the organisation to continually develop internally to meet the needs of an ever changing market place. The importance of organisation development to small businesses is now made with particular reference to those undertaking strategic and market based development.

The implementation of a marketing strategy or indeed any strategic development requires a degree of change. Organisations may need to be considering change constantly, even if they do not wish to grow, (Ritchie 2000) in order to align themselves to their markets and an important stage of any change process is learning (Kappleman and Richards 1996). The literature holds that small businesses with their flexible and informal structures do have some capacity to learn (Chaston, Badger and Sadler-Smith, 2001). However many organisations, specifically those based on functional structures, face barriers when sharing information. In this type of situation knowledge is power and sharing information could reduce an individual power base; whilst new technology makes this position more difficult to sustain, more organisations need to recognise the benefits of embracing learning.

However despite being structurally conducive to learning Chaston, Badger and Sadler-Smith (2001) argues small businesses may not have a culture to support learning, do not see the need to adopt learning programmes, competences and managerial practices, as well as lacking a structured and strategic approach to learning.

Dabbs, Hall and Muir (2001) argue that training provision is linked to size of the organisation and the sophistication of the management structure. In simple structures training will tend towards informal and ad hoc events which impact upon the ability of a small business to become a learning organisation, despite the informal and flexible nature of the structure. The research shows that where learning does take place it tends to be reactive rather than proactive; indicating that perhaps small businesses are missing out on development opportunities, and their ability to learn is particularly dependent upon the owner / manager. Where the learning is reactive it will impact upon the organisations' ability to respond to change and therefore the effect that strategic development will have on the organisation; survival depends on ability to learn, indeed this, has been cited as the only sustainable source of competitive advantage, particularly in highly competitive industries, (Chaston, Badger and Sadler-Smith 2001). However other research suggests that small businesses are only able to exploit single-loop, reactive based learning, where-as in markets facing significant change or erosion of competitive advantage, double-loop learning is most applicable. (Jones and Hendry 1994)

Overall, research suggests that learning is important to small businesses when embarking on a change programme, especially when it is recognised that change programmes require employee participation in order to be successful and:

"*training is recognised as important to the success of most organisational change efforts*". (Kappelman and Richards 1996 p26).

Within a change situation the use of training and therefore learning is critical to overcome resistance and empower employees (Kappleman and Richards 1996); in addition effective communication is recognised as equally vital, an important issue where a majority of small businesses still rely on informal communication models and formal communication processes are still being seen as the domain of the large firm. (Vinten 1999)

Organisation development is important to all businesses but can be particularly effective within a change situation. Where organisation development is linked to

business development significant and relevant strategic change can be achieved.

2.7 Strategic change within small business

Strategic change will require a significant organisation development programme within a small business to move objectives from the short term, reactionary approach to a more strategic planning philosophy. This section will look at strategic change within small businesses and how best the process can be managed.

There are a variety of barriers which must be managed if strategic change is to be successful. (Zeffane 1996) argued that to be effective the change process must trigger transformation in a number of areas and that certain elements are more controllable than others. For example the setting within which the organisation operates and the psyche or mind set of the actors within the organisation are more difficult to control, although they can and should be monitored. Zeffane (1996) also argues that as organisations become older, they become more rigid and less able to change, this is because the assumption and beliefs systems become fixed and the organisation become more inert. This increases the risk of failure as the organisation becomes unable to respond to changes in its environment and therefore organisations must adopt methods of overcoming and undoing inappropriate routine, assumptions and fixed processes. Change must be considered as much a bottom up approach as a top down one and the influences which prompt individuals to accept and work towards change include those assumptions, beliefs and motivations internal to the individual as well as the type and styles of leadership, culture and consequences of success and failure within the organisation. Therefore effective changes is required to be a collaborative process with effective leadership to guide and promote the new direction, along with empowerment of middle management and the individual as being critical to facilitate effective change. (Calon, Baden-Fuller and Hunt 2000, Waddell and Schal 1998). Organisations, and especially those which have become more inert, cannot change without developing new competences and capabilities emphasising the

importance of becoming a learning organisation. (Chaston, Badger and Sadler-Smith 2001, Dabbs, Hall and Muir 2001)

The Crescendo model, (Calon, Baden-Fuller and Hunt 2000) provides a simple process to realign the organisation:

1. Making sense of the signals
2. Galvanising the top team
3. Simplifying the agenda
4. Building new capabilities
5. Leveraging the advantages

However in order for change to be effective the internal politics must be favourable and there must be a motivation to change, so change needs to be active and there needs to be flexibility with internal resources, again to achieve this requires some internal organisation development. Strategic change is a process which needs to be managed, and one key to successful change is to manage people properly (Moran and Brightman 2000), as people issues are a key barrier to the success of the strategic change process (Buchanan and Boddy 1992). This supports again the need for organisation development.

"Change management is really about managing (either well or poorly) the impact of some particular environmental and/or organisational change on these core activators of workplace performance." (Moran and Brightman, 2000, p66)

In terms of effective change there is a paradox between the need to provide some form of stability within the organisation, whilst meeting the needs of an ever changing market place; it is important that change and change activities are led at a high level.

"leaders can successfully change the status quo in their organisations by displaying the appropriate behaviours at the appropriate time" (Eisenback, Watson and Pillai, 1999 p83)

For change to be successful Moran and Brightman (2000) argue that the following things need to happen:

1. *"People must clearly understand what business the organisation is in and who is the customer of the business. A clear definition of shared purpose is required*

2. *The new performance requirements must be clearly stated and understood by employees who are expected to make a change in behaviour and in the way they conduct their business. These changes must be broadly aligned with the purpose, identity and mastery of the majority of people working in the organisation.*

3. *As change takes place, new rules of the game must be developed. Roles and responsibilities must be updated to reflect the new performance demands, and the performance management system must be strengthened to meet the need for continuous personal and organisational development. The behaviours, values and expectation of the new workplace must be clearly defined.*

4. *The organisation must have a constant supply of timely and useful information that enables customer-focused and cost-effective decision making to take place at all levels of the organisation on a daily basis.*

5. *Core work processes must be aligned with organisation goals and continually improved.*

6. *Leaders and employees must have the requisite skills in leadership, creativity, problem solving, continuous improvement, team effectiveness and customer service."*

(Moran and Brightman 2000, p73-74)

As these arguments show people issues are a potentially significant barrier to strategic change. In inert organisation the resistance to any change due to 'the way we do things round here' (Deal and Kennedy, 1983) impacts significantly on the success of change programmes. However Waddell and Schal (1998) argued that resistance can be harnessed as a tool for effective change management.

As Waddell and Schal (1998) argued, people:

"do not resist change per se, rather they resist the uncertainties and potential outcomes that change can cause" (Wadell and Schal 1998 p547).

In any change process, therefore, a participative management style is often advocated. It has been shown that small businesses are often unique, so it is important to consider the variables in how small business owner/managers make decisions and the tools available to these organisations to develop the businesses. There are a range of government services open to small businesses, offering a variety of depth of intervention.

2.8 Focusing change interventions

"Governments throughout the world now recognise the important role in economic and social welfare played by smaller enterprises" (Storey 2003)

However Culkin and Smith (2000) argues that many government interventions are based on a:

"flawed understanding of how small businesses actually operate and what motivates them" (Culkin and Smith 2000 p147).

The use of external advice and support by small businesses has grown rapidly over recent years and significantly:

"the use of external advice has been strongly linked to successful business growth" (Bennett and Robson 1999 p155)

Storey's (2003) observation that:

"small businesses that use the advice may be less likely to fail, and/or likely to grow more rapidly"

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recognises that despite government interventions not all businesses wish to grow (Ritchie J 1993)

Both the depth and the duration of the change intervention are important for determining how effective they are likely to be. This can be illustrated as Shown in Figure 2:6:

Fig 2:6 Analysis of intervention

Deep

TCS

SMART /
SPURR
awards

Masterclass /
Events

Short ——————————————————————————————Long

Business
Link

Personal
Business
Advice

Shallow
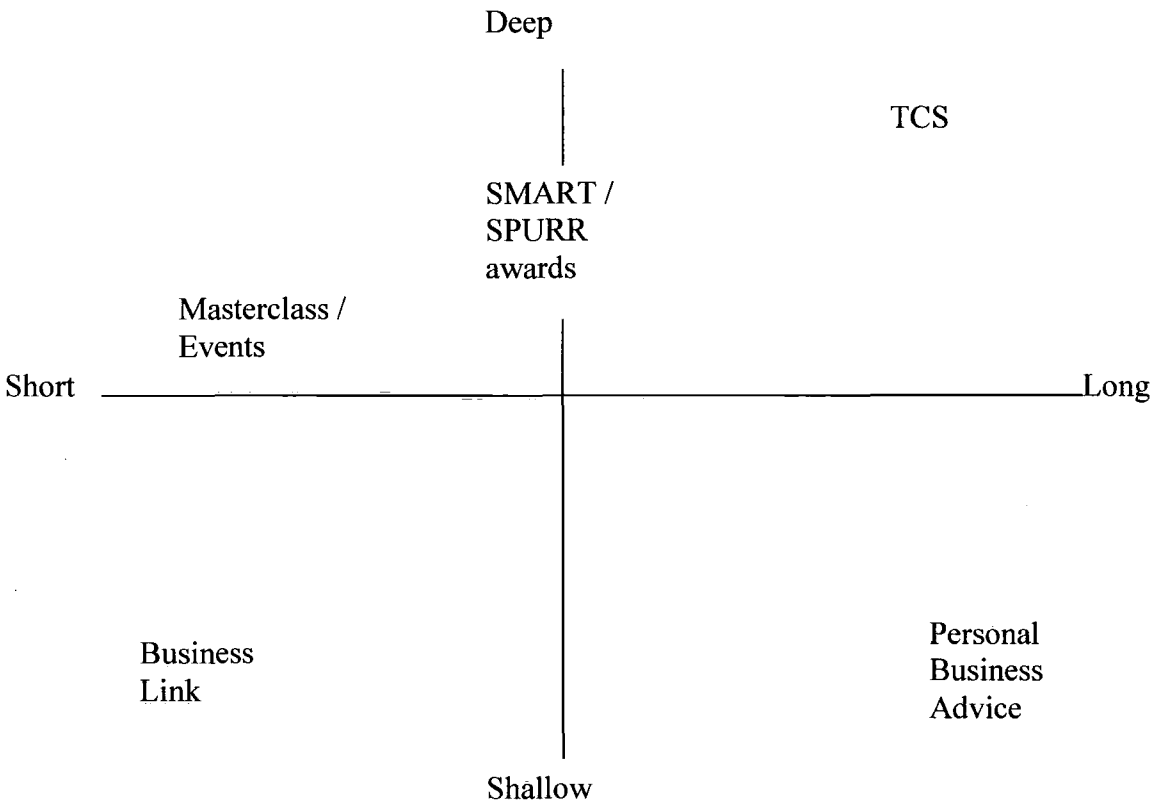
There are a variety of government interventions, most notably Business Links and Local Chambers of Commerce. Interventions, such as from Business Link, have shifted their focus in recent years from small start up businesses to established firms which may have growth potential (Priest 1999). Business Links now require organisations to be established for three years to received any funding.

Culkin and Smith (2000) argue that the relatively deep and long term TCS intervention has proved highly successful in terms of designing effective interventions for small businesses. A key feature of the TCS programme is it involves learning for all parties, the organisation, university and associate, this means that close relationships need to be built between the parties (Bennett and Robson 1999). Participation in the TCS programme was shown by Bell (1996) to have benefits not only in achieving objectives but also improving strategic decision making within the organisation.

Close relationships are necessary to build the trust with the owner / manager (Ram 1999) and it is not sufficient to consider large organisation models (Freeman 2000) in that at the centre of all small business decision making is the owner / manager. The owner / manager will use their network of business contacts to seek advice, these *"formal and informal linkages that exist between firms can exercise an important influence on the ultimate viability of the enterprise"* (Ram 1999 p267)

"In formulating personal and organisational strategy owners use their contacts to develop an image of the environment and pursue opportunities which offer potential and which accord with their values" (Carson, Cromie, McGowan and Hill 1995 pg 63).

This means that decision making in large organisations tend to be rational due to the bureaucracy and the hierarchical structure, while small firms may have a more simple structure Culkin and Smith (2000) argue that they are often more complex in attitudes and behaviours and are also *"personality driven"* (Culkin and Smith 2000 p148, Ritchie and Richardson 2000) Therefore in order to understand and influence small businesses it is necessary to understand the key decision maker, the owner/manager.

"Senior managers in small organisations are vitally involved in formulating strategy, but since entrepreneurs own the enterprises strategy will closely reflect their personal goals." (Carson, Cromie, McGowan and Hill 1995 pg 62)

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Figure 2:7 outlines some of the key types of small business owner/managers which allows a starting point for analysis of a particular business.

Fig 2:7 Types of owner manager

The undisputed head of the household	- Difficult, self important and often aggressive - Have an exaggerated view of their own capabilities in the business sense - Often irritated by what they perceive as the failure of large suppliers and customer to recognise their abilities, visit them, give them their due.
Married under sufferance	- Dwell on the hardships of business life - Inward focus - Mainly concerned with reducing costs, avoiding risk and defending an entrenched position. - Limited appetite for market opportunities and change - If the business is struggling perceive it to be due to factors beyond their control
DIY husbands	- Experts in the practicalities – the skills the doing part of the business. - Limited business/financial skills - Get by on instinct and luck
Enlightened partners	- Take a more progressive, outward approach - Entrepreneurial - Keen to market and develop their businesses - Tend to be well educated.

(Culkin and Smith 2000 p 151)

Culkin and Smith's (2000) research in figure 2:7 found that some small business owner / managers regarded the interventions of government organisation such as Business Link as 'a waste of time' (Culkin and Smith 2000 p152) and that interventions need to be carefully designed to appeal to owner/managers

personally. However once the owner/manager was aware of the benefits he/she was keen to become engaged with the Business Links.

"Such enlightened interventionists have realised that, in essence, all support is qualitative in the sense that they need to be interpreted in context with the full appreciation of where the support comes from, its strengths and weaknesses" (Culkin and Smith 2000 p153).

Therefore the method and message of the intervention communication is critical to its acceptance. Where it was taken up by small businesses the consultancy type advice offered by Business Link was found to have an *"marked effect on SME performance"* (Wren and Storey 2002 p335). Wren and Storey (2002) also found that most new projects in small businesses were initiated by either:

"the development of new products, exporting or as a response to rapidly changing markets" (Wren and Storey 2002 p337).

2.9 Summary

The literature shows that small businesses need to change and develop continually in order to be able to ensure that they are correctly aligned to their markets and continue to be successful. Marketing is an ideal platform for small businesses to become aware of their continually changing market needs. However in order to be successful it must be complemented with an organisation development programme to ensure internal competence continues to match external demand. This is specifically important, in that marketing, in order to be successful, must become internalised as part of the organisation culture. Continual and strategic change is important to the survival of small firms and related organisation development is necessary to ensure that the small firm has the skills and competence to ensure effective change. Small businesses may, therefore, choose to develop but not necessarily grow. Due to limited resources and access to specialist skills and expertise to learn effectively, many small businesses may look for external support to assist them, therefore the design and implementation of interventions intended to support their development must consider the unique characteristics of small businesses. It

can be concluded that of all of the small business characteristics, the personality of the owner / manager or founder is the biggest enabler or inhibitor of development as he/she is uniquely positioned to control or at least influence all the other characteristics of the business.

3. Selection and application of methodology

3.1 Introduction

The use of the appropriate methodology is vital to the success of the research. This chapter will discuss how the methodology was selected and implemented in the research.

3.2 Aims of this Chapter

This chapter will outline the methodology chosen from the range of alternatives considered and assess the potential strengths and limitations in relation to the actual research site used.

3.3 Key research questions

As a result of the literature review the methodology was designed to answer the following overarching research questions:

1. How does strategic change actually occur in the process of small business development?
2. When is market-led strategic change the most appropriate process in practice?
3. Does this require concurrent organisation development before such strategic change becomes most fully realisable?
4. How do owner-managers choose the most appropriate intervention methodologies from the increasing range now available and how do they impact upon strategic development?

3.4 Aims of the research

The development of small businesses is a key aim of central government. The importance of this sector to the economy cannot be underestimated.

This research aims to investigate the current situation in small business and follow its progress through a period of change. This will assist us in identifying

the unique characteristics of small business and inform effective development interventions and support.

The aims of the research was to follow a small business through a planned change over a two year period to observe the process of strategic change within this environment. The research will help understanding of the key drivers and restrainers of change within the owner/managed environment and assist in the appreciation how interventions can be designed and implemented to achieve sustainable growth and development within this sector.

3.5 Research design criteria

The ability to answer all the questions together requires an in-depth study of a small business, where strategic development - and specifically market-led strategic development - takes place over time as this allows close first hand observation of whether and how strategic change occurs and how the actors respond is required. However this approach causes problems. As with other longitudinal research this requires sustained commitment on the part of both the researcher and the research company. For smaller, family run businesses this may not be especially problematic, but for more volatile founder businesses sustainability of the research process may be more difficult. Collaborative research would nevertheless appear to be essential in order to track strategic change over time, and this requires a relatively high level of access.

Shaw (1999) argued that research into small firms is at an early stage and has not yet benefited from quantitative methods of research. Thus participative observation styles of research have become popular in small business research. (Perren and Ram 2004) However there is still a shortage of literature demonstrating qualitative processes at work.

In addition the opportunity to access a developing small business actually making strategic change while developing itself through a specific set of interventions over time is unusual. However in this case the research organisation was accessible through its membership of the TCS programme. The nature of the scheme provided a framework for strategic development as

well as access to the research organisation over a two year period. This allowed for the entire process of development, implementation, change and analysis to be observed. The situation was one of market-led strategic change within a smaller business which permitted change to be studied in-situ. The one off nature of the case could be balanced therefore against the unique insight this type of study could present.

Small firm research to identify reasons, outcomes and investigate situations by its very nature requires the study of human actions and behaviours and thus lends itself to an approach which allows the researcher to interact with the participants and *"penetrate their internal logic and interpret their subjective understanding of reality"* (Shaw 1999 p 60). The situation must be observed in its entirety to ensure that the changes are observed within their context. Thus small business research is very suitable for collaborative participation research styles.

3.6 Collaborative Research

Research usually requires some interaction between the researcher and the subject. However active collaborative research has its own distinct characteristics, while the smaller business is a distinct research site in its own right. Only recently have the issues of collaborative research been specifically addressed in the context of customising research methods that will 'better fit' the smaller business context. Exactly who is involved in the research in this context often extends beyond the owner/manager, which is especially important where ongoing change and development within the organisation is being observed. Although much smaller business research is essentially qualitative in nature, and quantitative data is often lacking in smaller businesses themselves, research can add quantitative insights into the overall situation. However as Yin (1994) showed, case studies should involve quantitative data if possible, especially where evaluations are being made. The availability of this data will depend upon the relationship with the owner / managers themselves and the extent to which the organisation collects such data over the research period.

With collaborative research the researcher can become a member of the organisation, at least for a temporary period (Walsham 1995) giving greater access to confidential and sensitive information which may not usually be available. The main issue with this relationship is maintaining a "*scientific objectivity*" (Hatch 1996 p360) and the nature of the relationship will define whether the "story" is seen from an internal or external point of view. The benefit to the research of an insider perspective is it permits access to, and analysis of, "*privileged information*" (Hatch 1996 p365). To avoid issues with objectivity, or at least so these are understood, well-defined boundaries need to be set (Perren and Ram 2004).

Practice-driven research typically is not framed by a well-defined research model, but more by current understanding and may not have a well-specified research outcome at the outset. As with this research the process will drive further investigation and direction of the study. (Zumd et al 1999)

3.7 Case Study and Action Research Inquiry

Curran and Storey (2002) showed the benefits from a research design based on qualitative paradigms. Specifically Curran and Storey (2002) argued that the deeper the understanding of the small firm networks was required the more qualitative the research approach should be. Chetty (1996) concluded that the use of case study in SME research was a rigorous method that permitted elements such as the decision making processes and causality to be studied in detail.

Case study materials can be derived from a combination of observation, interview, survey, documents, meetings, focus groups, presentations and feedback sessions, amongst other alternatives. Each of these has particular strengths and weaknesses, for example, observation allows uninfluenced behaviours to be observed, but the analysis of this may be influenced by bias of the researcher undertaking the observation (Hamel 1993). However this bias and subjectivity will not usually present a great problem as long as the intervention is well managed (Hamel 1993).

The research design chosen here used these various methods flexibly to address and explore issues as they arose over the research period as well as structured research at and around key planned interventions. For the TCS programme researchers are required to keep logs or diaries and these provide further data for this purpose. The overall strategy of developing collaborative research case studies can be closely linked with the methods for developing action research.

Action research is defined as research that "*aims to contribute both to the practical concerns of people in an immediate problematic situation and to the goals of social science by joint collaboration within a mutually acceptable ethical framework*" (Rapoport in ICIS panel report 1970 p499)

and its distinctive features are that the main goal is to apply knowledge not to add to it (Clark in ICIS panel report 1972);

"*Action research is an interventionist approach*" (Baskerville 1996 p 237), the researcher is actively involved in the organisation and the research can benefit both the researcher and the organisation. The knowledge obtained from action research can be immediately applied and the research links in a cyclical process the theory and the practice.

The process of Action Research follow a distinct cycle has been elaborated by Stringer (1996) in Fig 3:1

Fig 3:1 Action research cycle
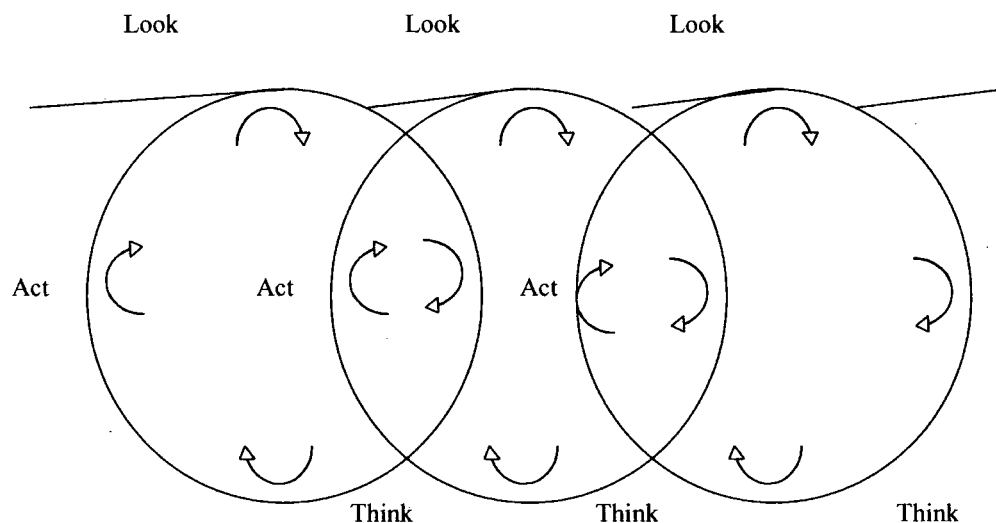
- Look – gather the relevant data, build a picture and describe the situation (Define and Describe)
- Think: Explore and analyse what is happening here (Hypothesise)
- Act – Plan (report), implement and evaluation

(Stringer 1996)

Action research as shown in figure 3:1 is therefore a constant process of observation, reflection and action.

Action research may also go through several different processes itself, requiring reflectivity on the part of the researcher. Action researchers need to negotiate an appropriate role for themselves in relationship to the subject, and therefore their role can develop in a number of different ways. As action research merges practice and research and can produce very relevant results.

A key feature of action research is the requirement for close co-operation and collaboration between the researcher and the research site. It is thus very appropriate to combine action research with case study research.

Case study research typically follows four stages
- Design the case study
- Conduct the case study
- Analyse the case study evidence
- Develop the conclusions, recommendations and implications
(Yin1994)

The use of case study methodology is applicable in this situation as a holistic, in depth investigation is required into change over a period of time.

Case studies have been criticised on the grounds of representativeness and generality, despite their long history in social sciences, as well as their lack of applicability in real life. Hamel (1993) suggests that most of the criticisms of case study have been about the lack of rigour and an inability to make the findings sufficiently general to be useful. The use of a single case in this study, observed closely over a period of two years allowed significant depth and richness of data to be obtained. It is possible that the bias of the respondent could be introduced into the case when using techniques such as interviewing. This was resolved by using multiple methods of data collection at each stage of the process.

The usefulness of a single site case study can increase if certain safeguards are adhered to. These include multiple method collection to support validity. In addition four methods of triangulation can be used to support validity.

- Data source triangulation – where the research looks for the outcomes to be the same in different context
- Investigator triangulation – when several investigators look at the same issue
- Theory triangulation – where investigators with different view points look at the same results
- Methodological triangulation – where on approach is followed by another to increase confidence.

This research will use a combination of data and methodological triangulation to increase confidence in the outcomes and conclusions of the case.

Bias introduced into the case through predisposed assumptions can be overcome by offering a full and comprehensive explanation of events, especially quotes and views from participants. (Morse 1994, Tellis 1997)

Yin (1994) showed four possible valid uses for case study methodology, all of which are relevant to this research

- To explain complex causal links in real life interventions
- To describe the real-life context in which the intervention has occurred.
- To describe the intervention itself
- To explore those situations in which the intervention being evaluated has no clear set of outcomes.

The use of a single case study can also be used to confirm or challenge a theory (Levy 1988, Tellis 1997). In this research the case will be used to compare a real-life situation with the theoretical models

Olsen and Myers (1999) Showed that whilst action research may not be successful:

"in the sense of achieving what both the sponsor and the researcher set out to do, it can still be useful for research purposes. We can learn equally well from failure as from success." (page 318)

Their research showed that failed projects still provides value to the research organisation as well in terms of *"important insights into the culture and norms if the existing organisation"* . The research also showed it is important *"not to underestimate the power of the counter forces which exist to maintain the status quo"* (Olsen and Myers 1999 p320). These findings are important to consider within the context of this research because there is no guarantee of a successful outcome.

The nature of the research meant that analysis and interpretation of the data was an ongoing process and influenced the research at different stages. (Shaw 1999). Action research looks to directly influence planned organisational change, whilst case study research looks to study an organisational phenomena (Avison, Baskerville and Myers 2001) Therefore in this situation the use of the two styles in combination will give a comprehensive picture of change in a small business.

3.8 ABC Ltd as a research site

ABC is a small business as defined by the DTI. It employed, at the start of the research, 11 people, including the two owner managers, whilst it's sister company, XYZ, located on the same premises, employed 1 person.

The company was founded in 1994 by the two owner/managers to specifically provide a 'one stop shop' for the offshore drilling industry. At the start of the research the organisation had been growing rapidly for a number of years but a change in the market had seen a more than 50% decline in its turnover in 12 months. The Directors verbally recognised at this time a need to change, but did not have the skills or knowledge to design or effect the change they believed necessary. This led to the development of the TCS and hence this subsequent research.

It is a highly appropriate site for this particular research as its accessibility during a period of ongoing development enabled a range of different intervention methods to be employed in a collaborative research format through its participation in the TCS programme.

As a case study site ABC Ltd presented an original opportunity which then had to be built upon further. Access was originally based on the TCS programme.

This programme has the following distinguishing features:

- Two year fixed term project aimed at meeting a specific organisation need within the rigour of academic 'best practice'.
- Comprised of a series of incremental interventions to achieve overall change which fitted with action research cycle.
- A collaborative partnership between the organisation and the university.
- Attracted government funding to prompt change.
- Aimed to introduce new expertise into a small business.

The programme permitted long-term and in-depth access to the research site. Obtaining this kind of access is often one of the barriers to effective practice-driven research. The programme also permitted regular access to all the actors within the research site.

The scheme created certain expectations about the project, which can be summerised as:

- An expectation of significant improvement within the business. Although the Directors stated that they did not expect a quick solution through marketing there was a general expectation that marketing would solve all of the organisation's problems.
- Conflict between academia and business realities. Ongoing conflict between the two universities involved time-scales in particular, the Directors never really felt the universities had any "understanding of commercial time-scales" (Director 1 2000)
- Long term development rather than a short term quick fix. The Directors expected benefit from the programme over 5 years rather than within the first 12 months.
- Market focused approach looking externally rather than internally. The emphasis within the organisation was solving the 'problems' within the market.

The project went though a number of different stages and both it and ABC Ltd developed over the time period. The formal structure of the TCS programme

provided the formal control, with room for development and flexibility recommended by Avison, Baskerville and Myers (2001) for action research projects. Figure 3:2 shows the planned and unplanned interventions and key events of the TCS programme:

Fig 3:2 TCS Programme

TCS Programme		Additional and related issues
• Initial auditing process and benchmarking throughout the company.	Oct 2000	• Start of the TCS programme
• Initial marketing training	Nov 2000	• Modules 1&2
• Development of procedures and key reports to analysis and disseminate appropriate information	Dec 2000 / Jan 2001	• Marketing communications plan and budget
• Development of PR		• Move to new premises
• Identification of grants	Feb 2001	• New brochure released
• Completion of external audit and audit cycle implemented to create ongoing collation of information	Mar 2001	• Sales team left
• Planning for Azerbaijan trip	Apr 2001	• New XYZ staff
• Review of AD78		• New agent in Iran
	May 2001	
• Website audit	Jun 2001	• New Sales Manager
		• Azerbaijan exhibition
	Jul 2001	• Formal customer satisfaction monitoring starts
		• MBA IT project
• Information audit for database	Aug 2001	
• Review of database options		• Module 3
• Develop marketing entry strategy	Sept 2001	• Art of Leadership Course
		• New Nigerian Agent
• Training needs analysis	Oct 2001	
• Supplier research		
• Training – services marketing	Nov 2001	• Gateway to the Gulf programme
• Initial database development	Dec 2001	
		• Trip to UAE
• Electronic media development	Jan 2002	• ISO 9000 audit for XYZ
• Outlook training		
	Feb 2002	• New sales and project staff
• Supply chain management		• Development of new promotional items
	Mar 2002	• Strategy and planning training for Directors
	Apr 2002	• Module 4
• Business planning started	May 2002	• New agent for Singapore
• Supplier alliance programme		• Discussion in TCS II
• Branding and re-branding	Jun 2002	• Company newsletter launched
• Corporate strategy development		
• Implementation of the database	Jul 2002	
• Business development plan		
• Implementation of Websites	Aug 2002	• Norway Trip ONS
		• OSEA Exhibition Singapore
	Sept 2002	• Canada Trade Mission
• Marketing plans completed		
• Implementation of strategic plans	Oct 2002	• End of TCS

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Fig 3:3 The actors within the research can be demonstrated as:
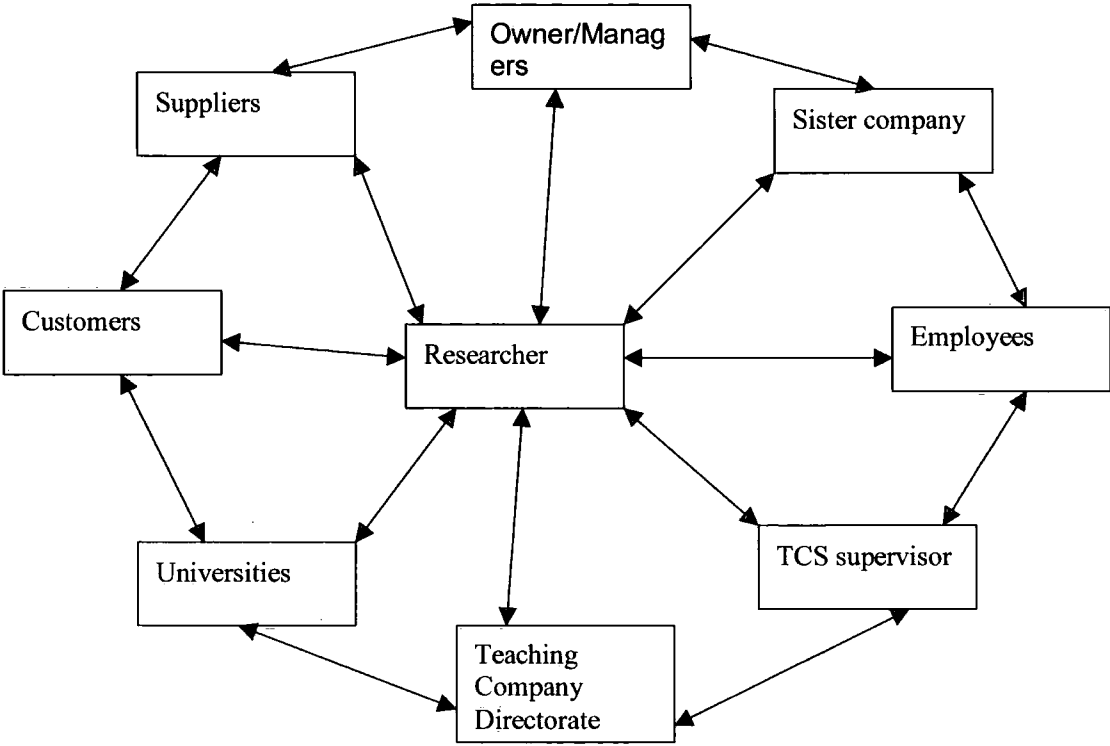
Figure 3:3 shows the complex web of stakeholders who had a variety of levels of interest and input into the interventions. A multi-method approach was adopted; different methods of research were implemented to analyse the key factors identified through the literature review, these included interviews, observations, surveys amongst others. This helped to involve the stakeholders at appropriate stages in the process as well as effecting change within the organisation as the through the series of interventions identified through the TCS programme and use a variety of methods to evaluate the change. These would include formal and informal interviews and dialogue with all the main actors, observations of behaviours and attitudes towards interventions. Selected files, questionnaire and formal surveys of key actors inside and outside of the organisation.

The researcher was particularly concerned with observing changes as they occurred. Small businesses themselves also need to become more aware of the strengths and limitations of particular change interventions to enable them to make a better choice of advisor and consultant should such a decision become necessary.

The findings were presented to the participants at various stages of the two year research programme. This was to ensure that the findings were give 'Social Validity' in that the conclusions accurately represented the views of all the participants. However as this particular research was a collaborative process the views of the researcher are also valid.

The TCS period ran from October 2000 to October 2002 and the research period reflects this with some analysis drawn from observation of later changes in behaviour after the end of the scheme.

4. Small business development in practice

4.1 Aims of this chapter

In 1999 the research organisation, ABC Ltd, embarked on a period of change triggered by discontinuous change within its core market. What follows is the narrative of that change and the effects of interventions in this process.

The aims of this case are to show how a small owner/managed organisation addresses change and how various interventions and development opportunities have influenced it.

The case is divided into four sections, initially looking at the background to the company and the situation as found at the start of the research in 2000. The case then looks at the pre-development stage, developing a solution and researching the problem, this leads into a review of the key developments over the two years. The final section considers some of the key outcomes.

Background to the case	- Start-up, the background - Situation in 2000 - Impact on the company
Pre-development	- Options for the company - The development of the Teaching Company Scheme - Organisations situation - Integrating the scheme into the organisation
Development	- Setting the scene - Initial interventions, embedding the process - Introducing marketing - Approaching organisation development - Marketing communications - Towards a strategic approach - Focusing marketing communications - Strategic market development - Decision making and organisation

	development
	- Interactions and interventions with external agencies
	- Monitoring and customer satisfaction
	- Internal communication
	- Training and development
	- Accessing external support
	- Strategic communication
	- Supply chain management
Outcomes	- Organisation development
	- Marketing
	- Integrating strategic development
	- Second TCS programme

The material for each area was based on the large quantity of field research gathered over the two years of the TCS programme. The material presented in this section represents the key interventions and outcomes which best describe and illustrate the process the company went through. The evidence is grouped into key intervention areas and presented chronologically, however there will be overlaps in the areas due to a number of interventions running concurrently and the impact that different interventions and situations will have upon each other.

4.2 Background to the case company

This section will consider:

Section	Key elements
Start up	ABC Ltd was set up with a clear competitive advantage and limited perceived risk for the owner/managers. The premise behind the business was at the time unique. However the style of the owner/managers meant little formal planning was undertaken at the start or during the company's initial period of development.
Situation in 2000	By 2000 the company had suffered a serious crisis within its markets and was looking at ways of negating this problem in the future. ABC Ltd was still profitable and looking to move to new premises. The company had lost its competitive advantage and needed to develop new competence.
Impact on the company	The Directors recognised the problem, but also that they did not have the skills to address it. Initially they considered a sales based option. The Directors' vision for the organisation was to develop it but not allow growth beyond what they could control

The case organisation is an SME based in the North of England. This section will give an overview of the organisation to set out the context in which the research is founded.

ABC Ltd was formed in 1994 by the two owner / managers to provide a unique service to rig designers and manufacturers within the North Sea oil and gas sector. The company was highly niched, focusing solely on the drilling function, soon gaining a reputation in the industry for being a 'one-stop-shop' for this type of equipment. In March 2000 XYZ Ltd was set up as a sister company to focus on supplying valve solutions to a wider range of industries.

" When setting up ABC we basically saw a need in the market and there was not really very much stopping us doing it. Again XYZ came about from talking to our customers, they were telling us they would like this type of service so we just tried to provide them." (Director 1 2003)

The spoken premise behind the establishment of the company was this simple: the Directors had an idea and took on little risk when founding the business.

"We both had jobs if it didn't work out and combined with this and key retainers from some suppliers to promote their products mean it wasn't a very risky venture" (Director 1 2003)

Both Directors display typically entrepreneurial style, with a lack of formal management structures and use of informal communications systems. Director 1 claimed a very 'hands on' approach to day-to-day activities and were actively involved in projects and orders and thus required to be kept 'personally informed' of decisions. This led to a culture whereby staff would take recourse to the Directors on any problem, issue or query arising. Director 2 was less involved in the day-to-day issues of the company, and did not show enthusiasm for getting "involved" in its management, preferring to focus on "tactical sales".

The company was based in rented offices and had required little financial backing to establish it. Initially the Directors were its only employees with a number of commissions secured from key suppliers to maintain the cash flow through the first couple of months.

The layout of the organisation at this time goes some way to illustrate some of the divides between the departments within the organisation which will be discussed later, and helps to illustrate in figure 4:1 why, as the company grew, communication became a significant issue.

Fig 4:1 Floor Plan of Offices as of October 2000. Initially the company only occupied the right hand block and expanded into the left hand block as the company grew.
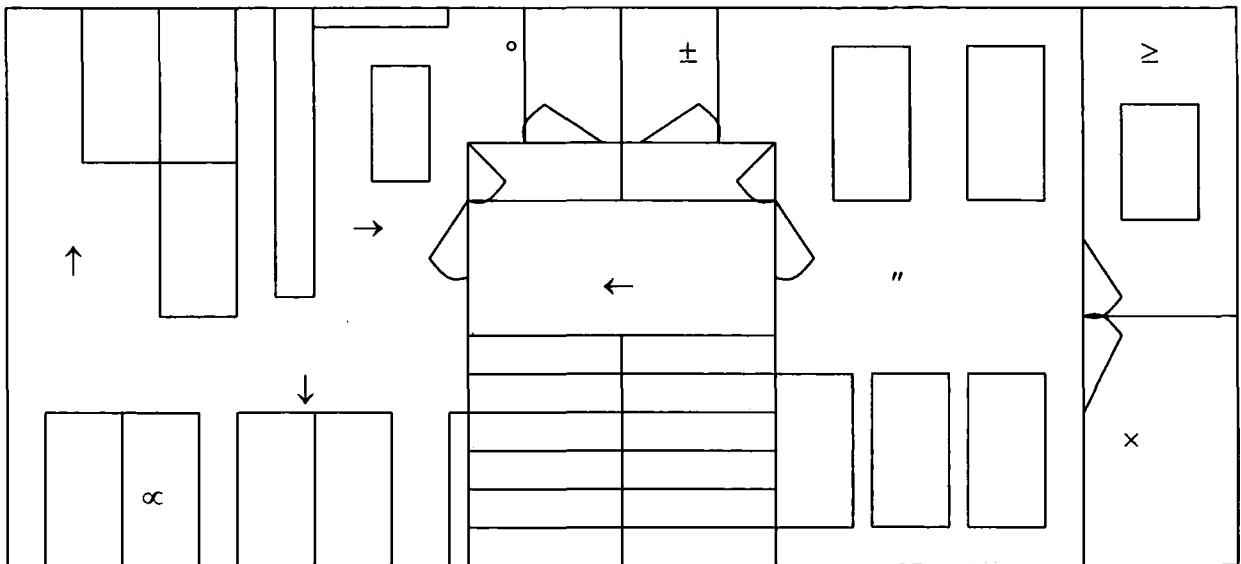
←Stairs and corridor between the two offices, right hand stair used as archive
↑ Projects area- Project Manger, Project Engineer, 2 x CAD engineers
→ Small conference area and filling
↓ QA Manager and QA Assistant
° Kitchen Area and toilet
± Kitchen area and toilet
″ Sales office 2 Sales engineers and 2 Directors, receptionist and RB Valvetech
≥ Conference Room
× IT room, server etc
∝ TCA

"The offices were fine for what we needed in the start, but now we have outgrown them. We need a warehouse so we can be in better control of the stock and we need more professional offices for when we have visitors" (Director 1 2000)

The Directors were prompted to set up the business by a number of factors in addition to seeing an opportunity in the market: They were also verbally encouraged by key suppliers and customers which gave them further confidence.

"There was no one else offering this comprehensive service and this is what our customers were telling us they wanted. We had a lot of good contacts in the industry so we were pretty confident we'd get something out of it. We also both had jobs to go to if it didn't work. This is probably why we didn't really do any planning" (Director 1 2003)

Both Directors argued that they simply did not consider the need to plan at this stage, as it was not something that occurred to them:

"We are basically salesmen, always have been, we don't really look to the long term" (Director 2 2001)

However observation of the Directors' behaviour indicates that a less laisez-faire attitude would have been taken had the risks been higher. Specifically Director 1's management style was expressly highly controlling and 'hands on', so it was surprising that more detailed control was not taken at start up. However following a highly successful start up the company grew rapidly, both in terms of turnover and employees until 1999.

Up until 1999 ABC Ltd had held a strong market position, being the only company in the North Sea market to offer a complete 'one-stop-shop' of drilling design work and product specifically tailored to the customer's requirements. The company had a strong customer base within the North Sea sphere of operations developed from the Directors' contacts from previous experience within the industry.

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Therefore in 1999 the company's strategic position can be evaluated in Figure 4:2 as:

Fig 4:2 SWOT

Strengths	Weaknesses
■ Excellent customer contacts. ■ Flexible product offering to meet customers needs. ■ Loyal, experienced workforce.	■ No clear brand position. ■ Poor supply chain management. ■ Narrow skill base and lack of training and development.
Opportunities	Threats
■ Development of markets outside of the North Sea. ■ Opportunities to expand supply base.	■ Erosion of USP by new entrants. ■ Over reliance on the North Sea. ■ Erosion of margins within the industry.

Figure 4:2 shows that the company had significant competence on which to build but as the sales figures (Figure 4:3) show the company was in a difficult situation and these figures clearly show the impact of the downturn in the market:

Fig 4:3 Sales
Data
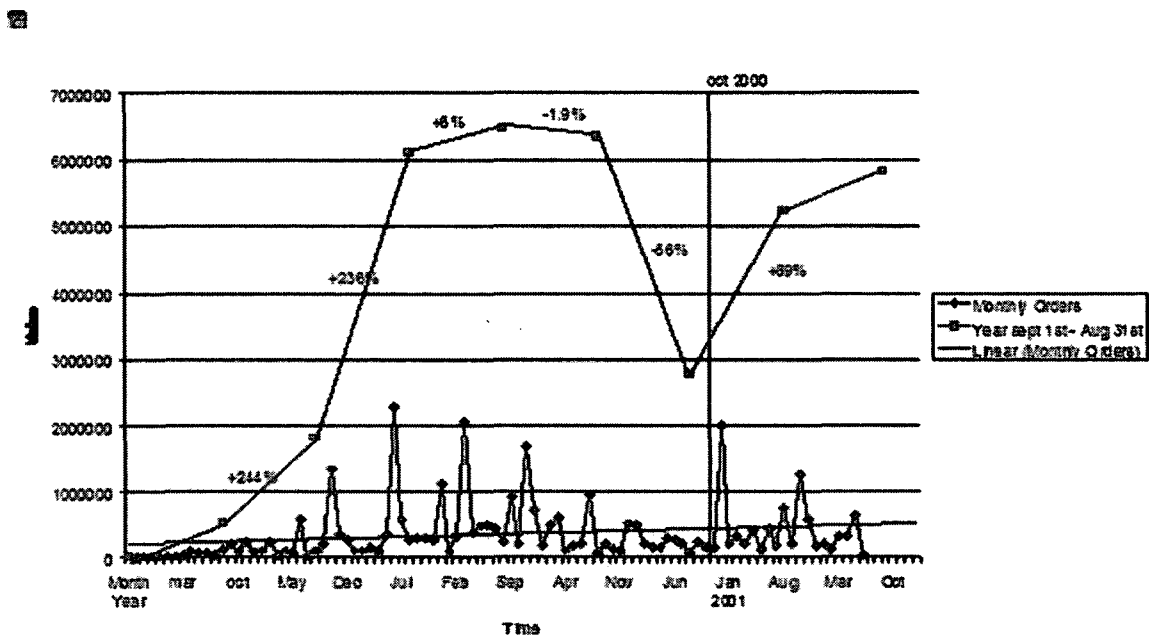
"we needed to change and recognised the need to change but didn't really
know how to go about it" (Director 1 2000)

"Overall the aim of the company is to keep everyone actively employed. In 1998
we were too big, taking on too much and letting clients down. However the
problems during 1999 made us realise we needed to get exposed to new areas.
(Director 2 2002)

The Directors verbally recognised that there was a need for change, need
demonstrated by sales figures fig 4:3, but they did not feel they had all the
necessary skills or knowledge to make the transition. This, to a certain extent,
was due to not recognising exactly what change they needed to make:

"We recognised there might be a problem within the market in the near to mid
future, but we didn't have the necessary expertise in house to respond to the
situation. Overall the downturn effected us more than we imagined and the time
it took to develop an appropriate scheme to address the issues was also longer
than we envisaged. At the time we managed to ride through the downturn but
we really decided we needed to do something to ensure that it didn't happen
again". (Director 1 2000).

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Overall, the company was successful, however there were issues within the market that the Directors felt needed addressing in order to ensure the future stability and survival of the organisation.

4.3 Predevelopment

4.3.1 Pre-development phase – Searching for a solution

This section will discuss:

Section	Key elements
Options for the company	Initially the Directors advertised for a Business Development Manager; however this did not meet their requirements and the Teaching Company Scheme was considered.
The development of the Teaching Company Scheme	The scheme was developed with the University of Durham, the Directors outlined what they wished to achieve and the University drew up a marketing based programme to achieve this.
Organisations situation	The initial audit of the company indicated there were a number of internal issues which needed addressing in order to approach strategic marketing successfully. This required organisation development initiatives to be considered.
Integrating the scheme into the organisation	Integrating the scheme into the organisation proved complex, not only due to the internal organisation issues, but also because of conflict between the two Universities involved.

Once the problem had been recognised by the Directors they looked for a solution. This section will look at the process that the Directors went through prior to developing the TCS programme in attempting to address this.

Initially the company advertised for a business development manager through the local press but while going through the recruitment process the Directors decided that this was not a solution which was going to meet their particular needs.

"We looked at a number of different options, for example we advertised for a Business Development Manager, but didn't really get what we were looking for. We knew what the end goal was but didn't really know how to achieve it. Eventually through the Teaching Company Scheme we were able to define the end goal while the university drew up the shopping list to achieve this." (Director 1 2000).

Business development had been considered as the first option as it fitted with the Director's own personal experience and skills. Both Directors were salesmen and thus approached the problem from a short view point of reacting to a downturn in turnover by generating more sales. However the recruitment process did not attract individuals with the skills to take the company beyond its core markets, so this meant that new skills in market development were needed rather than supplementing existing selling skills.

" We don't really want to be involved in the day to day management of the company. But at the moment this is necessary. We would like a strong management team to do this for us so we can concentrate on what we do best" [sales]. (Director 2 2000)

"Our prime objective is to keep everyone in the business actively employed and enjoy what we are doing, we do not want the company to grow to a size where we couldn't control it" (Director 12000)

During 2000 ABC Ltd's Directors made another attempt to address these specific problems through external recruitment. At this stage they recognised that they were not sure of the solution and the skills of the individual they needed recruit. This led to them approaching the University of Newcastle who advised them to consider a Teaching Company Scheme[1] (TCS) in conjunction with the Marine Technology Department. However, due to a conflict between the commercial timescales of ABC Ltd and the academic timeframes of the University, the initiative broke down and the company approach the University of Durham Business School to develop a TCS programme

"Through working with the University they were able to identify what we didn't know we wanted. The scheme allowed us to bring in a new person with new skills into the position on a short term basis and at low financial cost. There was still a lot of time involved but no more than if we had tried to do this ourselves. But, in hindsight, if we hadn't had this access to the university to be able to draw up the shopping list for the scheme I don't think we would have met our objectives" (Director 1 early 2003, following completion of the scheme)

The development process progressed with the University of Durham in association with Academic 1, who at the time was the marketing specialist at the University.

ABC Ltd approached the University with their 'problem' and a "shopping list" of what they wished to achieve. The University formally developed the plan to achieve this, using a marketing as opposed to a sales solution:

"The company needed to do some marketing, the selling was going well, but you can only sell if people know about you and have a good impression of you, this is why ABC needed a marketing based solution, it'll provide the platform for development" (Academic 1 2000)

The plan was devised based on a standard format used for TCS programmes, based on best practice for bringing academic expertise into the company. This led to a structured programme for developing a strategic marketing plan in ABC Ltd, which was far more formal than any of the company's current or previous activities. The programme set out a 2 year time table of objectives with the end result of having a strategic marketing plan implemented throughout the company. Although the programme allowed for some flexibility in the timing and ordering of events it was expected that all the tasks and objectives in the programme be completed. The researcher would be mainly responsible for the progression of this action plan. This meant that the process was rigorous and that the correct procedure was followed to achieve a workable marketing strategy.

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[1] Now known as Knowledge Transfer Partnership

As this formal, strategic way of working was different for ABC Ltd the initial concerns for the researcher were that it would be difficult to integrate the project within the company and difficult to achieve commitment to long term objectives from Directors whose focus had been short-term. The initial meeting with the Directors appeared to confirm this as they emphasised the importance of drawing the elements from the project to achieve their own objectives and not getting *"bogged down in the academic stuff"* (Director 1)

"I don't think these academics live in the real world, they have no idea of commercial time scales!" (Director 2000)

While it seemed the organisation had, at this point, identified a solution there where still process issues which needed to be resolved within the organisation in order to make the scheme successful.

4.3.2 Pre-development – the organisation's situation

Prior to the start of the scheme there were a number of internal issues which would impact on the design of the TCS programme as well as impacting on how the programme was able to integrate into the organisation. The section will look at those issues which arose prior to October 2000.

During 1999, the company entered the Korean and Italian markets on the basis of greater sales growth potential. Entry into this market was made possible through the Directors continuing to exploit their North Sea contacts. Their established customer base had also been affected by the same downturn in the oil and gas industry, but due to their size, more international base and greater range of competence were able to realign their focus.

"We mainly found out about these opportunities through chance, one of our customers would be doing some work in an area and recommend our product. Getting the agents happened in a similar way" (Director 2 2000)

Through their customers the Directors were able to make contact with two agents, one in Italy and one in Korea, who had been able to develop their

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specialist business. This approach typified the Directors at this stage of the company's development where the business was not itself proactively developing its own opportunities, but reacting to opportunities only after they presented themselves.

"There is no point targeting a country until we start to see enquiries coming from there." (Director 1 2000).

This approach did work for ABC Ltd up to a point, relying on 'word of mouth' through loyal contacts. The contracting nature of the industry meant their customers, the engineers, moved about regularly from company to company and even country to country. However, this approach also relied on the customers themselves to be proactive and maintain contact, sales staff focused only on those customers currently placing orders, and not those who had moved companies or were not currently placing orders.

"A big problem has been not having the time to manage the relationship with the customer properly. It is all too easy to get tied up with the quotes on your desk and not take the time to speak to people" (Sales Employee 2002)

This meant that the company found it difficult to retain customers as Figure 4:4 shows:

Fig 4:4 Customer retention data

Year	No. customers placing orders	% of which had placed orders in previous years
1999	40	44%
2000	44	46%
2001	47	56%

The lack of customer retention shown in fig 4:4 was arguably due to the lack of a formal or proactive planning approach towards customer contact management. This was due to two different approaches followed within the company. First, at busy times, the sales department did not have the resources to pursue proactive market development while dealing with day-to-day enquires.

Additionally the informal reward structure, in terms of what the Directors encouraged the sales staff to do, did not offer them much support. In quieter times, during downturns and holiday periods, sales staff were alternatively encouraged to put their effort into reducing costs in the supply base, rather than building customer relationships.

"The focus needs to be on reducing costs, the market is becoming increasingly sensitive to this and that is were we need to put our energy, else we'll be losing more orders" (Sales Engineer 2000)

In 1999 this model combined with poor communication impacted on morale to the extent that sales staff did not feel committed to proactively chase further business.

"They [The Directors] have their customers and we're never allowed to contact them, I think we're missing out on stuff" (Sales Engineer 2001)

"We need to find out more about these people [potential new customer] before we waste our time quoting them" (Director 2002)

As the business in the market reduced, staff noticed the reduced work-load and those which had regular contact with customers and suppliers external to ABC Ltd regularly received bad news and gloomy predictions about the future. However there was no communication from the Directors about what was happening, how it would affect the company, and what their plans where to address this.

"We don't have a clue what's going on we don't get told anything; we're all sure there will be redundancies soon. The markets just getting worse and worse" (Projects employees 2000)

This may have arisen from the Directors not actually knowing themselves what they might do. There were also different 'rumours' which were generated that the Directors failed to recognise.

"The key was to improve our relationship with the market place, however we had always looked externally and were not really aware of the internal impacts on this. Probably a product of myself and [the other Directors] being solely involved in the sales function, we hadn't really looked to change things internally (Director 1 2003).

"There is nothing we can do about the market we just have to keep going and hope we still have jobs" (Projects employee 2000)

The comments from the Directors, even in hindsight on this period, failed to recognise staffing issues. They felt that it was the *"attitude of the employees"* and they *"did not want to put the effort in"* (Director 2 2000). This failure to recognise the internal situation was a product of the external, sales driven, focus of the Directors as on a day-to-day basis the Directors were largely dealing with customers, who they saw as the key element to the success of their business.

"The projects department need more focus in the way they handle customers, often they don't even call them until the delivery is late. This creates a bad impression of the company". (Director 2 2000)

The Directors did not appear to consider the staff important for the long-term success of the company, although it became clear that important competitive advantages came from the knowledge and skills of the employees. As the company did not actually manufacture, acting solely as a middle man, any competitive advantage came solely from the knowledge of the staff and their ability to build relationships, who by the mid of 2000 were feeling increasingly insecure and worried about possible redundancies.

"We never get told what's going on [the manager] is supposed to go to the meetings, but they never tell him anything either, its #@?!" (Projects employee 2000)

From observation it can be concluded that although the Directors' style contributed to some of the internal organisational problems it also drove the

company through this difficult period. Their style was outwardly friendly, and, although others observed a 'them and us' attitude not quite this visible before, there was still considerable personal loyalty to the Directors themselves.

"Well I used to work with [Director] at another company and so did [quality manager],..... everyone knows some-one else from somewhere." (Projects employee 2000)

The implications for the TCS project were that the scope was therefore likely to go beyond marketing to look at corporate planning and then organisational development. However following the start of the project in October 2000 there were additional complications which not only changed the nature of the programme but threatened its survival in the first few months.

4.3.3 Pre-Development – Integration into the organisation

The start of the programme in October 2000 was the first contact that the researcher had with the rest of the organisation and opportunity to consider the implications of the project. With the start of any new initiative there is usually a prior of integration into the situation. This section will consider this period.

The TCS scheme was developed with University of Durham, however the Department from University of Newcastle, which had previously discussed the TCS with ABC Ltd, were still keen to get involved. It was felt that their sector and industry expertise complemented the business and marketing expertise from Durham, and therefore, unusually at the time, a joint scheme was implemented with Durham as the lead institution, and Newcastle providing advice and support on an ad hoc basis.

Both Universities were involved in the recruitment stage, however the lead on this was taken by Durham with Academic 1 from University of Durham, Academic 2 from the University of Newcastle and both Directors from ABC Ltd were also present. Much of the interview was taken up with debates over membership of the Chartered Institute of Marketing. This left the Directors quite

bemused by the process, describing it as a *"tennis match"*. Prior to the start of the programme in October 2000 Academic 1 left the University of Durham.

Between October and Christmas 2000 difficulties between the two universities continued. It was reported by Director 1 to the researcher that a string of unpleasant emails had be passed back and forth, each attempting to undermine respective parties. From Director 1's descriptions the emails seemed to focus around each party attempting to undermine the other and thus gain the *"upper hand"* in the project. This tone was described by Director 1 as *"childish"*. This increasingly annoyed the Directors, but the researcher was not really informed of the extent of the issue until the Directors stated that they were seriously considering withdrawing from the scheme in December 2000.

"I think we should just pull out of the scheme and take you on ourselves, this is getting silly its like a load of school children!" (Director 2000)

However this seemed to be just the incentive needed and Consultant 1 intervened to mediate between the two parties and Academic 3 assumed overall responsibility for the programme. At this stage the integrity of the scheme might have been seriously compromised in the minds of the two Directors; their initial cynicism about the 'academic' nature of the project had only been reinforced.

"they have not got an idea, its like the school yard! They are so busy disagreeing that nothing is actually getting done. I've never come across politics like it!" (Director 2 2000)

Other staff from the universities were also brought into the team at this point, and so in October 2000 the Local Management Committee (LMC) consisted the personnel shown in figure 4:5.

Fig 4:5 Key personnel

Director 1	The main company supervisor.
Director 2	Should have been involved as the company supervisor, but became disillusioned with the universities and the politics at an early stage and thus took a back seat.
Academic. 3	Main academic supervisor, marketing background University of Durham
Academic. 2	To provide industry related advice and expertise University of Newcastle
Academic. 4	To provide IT advice and expertise to the project. University of Durham
Academic. 5	University of Newcastle
Academic. 6	Head of Business School and to provide academic lead on the grounds of Academic. 3 not being a full time academic.
Consultant 1	Consultant from the Teaching Company Directorate (TCD) who oversaw all programmes
Researcher	The Teaching Company Associate (TCA) and researcher
Admin Support 1	Secretarial representation from University of Durham

This (fig 4:5) made for a rather complex process as the team was significantly larger than the usual committee structure.

After several delays to the start date for the project, due to a proposed, but not completed move of premises for ABC Ltd the researcher started in October 2000. Most staff at the company were not aware that the researcher would be starting and there was little to no awareness of what the TCS was and what its objectives were.

"We weren't told about what was going on, no-one even said some-one was starting" (Employee 2000)

"Now is not the time to be changing, advertising isn't going to help, the problem is in the market" (Employee 2000)

".. this isn't going to effect us, its more for the sales team" (Projects employee 2001)

The Directors thought the researcher should be part of the sales office, but because the move to the new premises had not taken place by October 2000, the researcher was located in the projects office. The focus of the induction, managed by the Quality Manager, was on the policies and procedures within quality and projects. The induction was unstructured and focused on reading existing procedures, which members of staff informally asserted were not followed very often; because they were 'very rigid' and 'quite general'.

"...everything we do and how we do it is documented in a procedure which everyone is expected to follow" (Quality Manager 2000)

The Directors were said to be content to 'let everyone get on with it' and, in the first few months of the TCS scheme, spent much time playing golf and socialising at various charity functions. Project staff did not feel the Directors 'knew what was going on', and only took an interest when 'something went wrong'.

"I've got to go and see [Director 2] about X job, they'll go mad when they see what the supplier sent us this morning, suppose they'll just have a go .. as usual" (Project engineer early 2001)

In such situations, the Directors' style could be confrontational and reinforced a 'blame culture' with little attempt to solve problems, find solutions or ensure it did not happen again, since their focus was on identifying who was 'in the wrong' and 'telling them off'. An example of this was when an incorrect component was shipped to a customer and the Directors dealt with this by personally meeting with everyone, although nothing was then put in place to

ensure it did not happen again. From their staffs' point of view this was simply considered a "bollocking", with little chance to appeal.

4.4 Development

The development stage of the programme involved the implementation of key interventions around the TCS programme and action learning from this.

Section	Key elements
Setting the scene	The first stage of any development process is to benchmark the current situation and this process highlighted a number of key internal issues which needed to be addresses such as poor morale and communication.
Initial interventions, embedding the process	Initially there was a lack of understanding about what marketing entailed. The initial interventions sought to address this through training
Introducing marketing	The initial stages demonstrated a need to show quick results, therefore a number of interventions, such as the use of PR were identified to demonstrate the benefits from marketing.
Approaching organisation development	Due to the findings of the research it was necessary to address the issue of organisation development through training to build staff competence and access of grants to assist in development.
Marketing communications	Additionally at this stage issues were raised with the way the company was communicating with its customers, for example whilst the design of adverts was unique it proved confusing for the customers.
Towards a strategic approach	Attempts were made at this stage to move the company towards a strategic model. However there were barriers specifically within the organisations culture which prevented this.

Focusing marketing communications	There was a need to address the branding of the company and ensure that marketing communications accurately communicated with the customer. This led to a review of how these communications were produced.
Strategic market development	One of the key outcomes of the scheme was to develop new markets and this required a strategic approach. However barriers to achieving this were discovered in how the Directors operated.
Decision making and organisation development	The decision making process of the Directors was impacting on how and when the organisation developed. It was necessary therefore to understand this process.
Interactions and interventions with external agencies	The Directors' methods also had an impact upon how the organisation interacted with external agencies. This could impact on how the organisation accessed development opportunities
Monitoring and customer satisfaction	Measuring customer satisfaction is a critical part of marketing. The blame culture within ABC was creating a barrier to this being considered successfully. Developing interventions with ABC's sister company XYZ proved effective.
Internal communication	Poor internal communication were impacting upon the ability of the company to develop and most specifically the buy-in which could be gained from staff to the processes.
Training and development	An important method in overcoming resistance as well as addressing internal competence development is training and development. The Directors were reluctant to undertake training and when they did the company was only able to achieve single loop learning.
Accessing external support	Government support initiatives can help small businesses develop. However there was

	resistance from the Directors to accessing these. This was principally because of poor experiences and bureaucracy in the past.
Strategic communication	There had been a number of interventions surrounding ABC's internal and external communications. These needed consolidating into a strategic approach to ensure consistency.
Supply chain management	The source of the organisation's competitive advantage came from its staff, but also from how it managed the supply chain. Implementing a strategic approach to this was a key outcome of the TCS, however the organisation's culture impacted significantly on the success of this intervention.

4.4.1 Development – Setting the scene

The first stage of development needed to focus on providing a benchmark and assessing what the current situation was in the organisation to provide a starting point for development interventions. However these types of initiatives do have an impact on the organisation. This section will consider what these interventions were.

At this early stage the evidence was that staff did not openly complain. A staff questionnaire conducted in early November 2000, highlighted the key issues. The questionnaire initially focused on internal communication, structure and processes as well as looking generally at morale and attitude of staff.

"The audit process highlighted other deficiencies within the company that needed to be addressed. Principally this was within the internal communications between departments within the company. We didn't really consider that something like that would happen in a small company and the people involved in the day-to-day are often too close to the situation to see things like that."
(Directors 2002).

At this time the researcher had little direct contact with either the Directors or the Sales Engineers. The Directors were often absent while the Sales Engineers appeared unwilling to co-operate. A short time, approximately two hours, was spent in the second month with one of the sales engineers looking at the forms they used. However they still treated the TCS as a 'bit of a joke' which would go away if they ignored it. The researcher predicted that this would cause problems for the development of marketing, by its very nature marketing is closely tied to sales and for any implementation to be successful it was necessary to be able to work closely with the sales team. This issue was raised with Director 1 in November 2000, who dismissed the problem.

"...don't worry its just because you're in the different office, it'll be different when you based in with us, we were hoping that would happen from the start but with the move not going through..." (Director 1 2000)

It became clear that the Directors delegated significant control and responsibility to the two sales engineers. Along with the physical divide between the two departments this created a 'them and us' environment, where sales staff considered themselves more important than others. This lead to resentment within the organisation.

"They really think they're better than us, if they had a printer in that office we'd never see them except when they are issuing instructions .. although they could probably do that by email!" (Project engineer: 2001)

Morale within projects could deteriorate and the sales engineers were sometimes perceived as *"lording it over us"* whenever the Directors were not present. There was also a suspicion that the sales engineers *"reported back to the Directors"*.

"you can't say anything you know fine well it'll get back ... and never tell 'em an idea .." (Project engineer: 2000)

"You don't like to tell people things, you know they'll only go to [the Directors] and claim all the credit" (Project employee: 2001)

"No-one ever tells you anything, information is like a state secret" (Employee 2001)

By November the researcher was more conversant with the company and better understood the individual personalities and problems involved when the first two of four TCS modules were scheduled. Modules 1 & 2 addressed general business issues and were mainly aimed at those TCAs without a business background. But, in terms of networking with other TCAs and sharing ideas and tactics, the modules were invaluable. The networks remained throughout the TCS programme and beyond and associates often used these contacts as a forum for problem solving. Although there was benefit gained by the modules, the timing was unfortunate reinforcing the 'academic' nature of the programme, giving some the impression that the programme was an academic exercise above all.

"oh you're off on a jolly already, you've only been here two minutes!" (Projects Employee 2001)

As a result of the experience over the early months it was decided to develop certain interventions which would create quick, positive and demonstrable 'benefits' to help overcome this challenge.

4.4.2 Development – Initial interventions, embedding the process.

This initial resistance and lack of understanding within the organisation at the start impacted upon how development interventions could be actioned. This section considers the initial interventions and their effects.

There was resistance to change in the scepticism that marketing could possibly help alter what was perceived as a solely external problem. By implementing interventions which would have relatively quick benefit the researcher aimed to change employees' attitudes and hopefully create 'buy-in' into more complex interventions that would require full staff support.

By the middle of November 2000 the initial auditing process, internally and externally, had been completed. The reaction to the audit process was mixed. Some employees within the projects department were still concerned about how the results would be used by the Directors and their participation in the questionnaire had been quite restricted .

The first survey of employees had a response rate of only 27%, staff suspected that the Directors would use the information for further recrimination; others identified a 'blame culture', the researcher took steps to improve confidentiality as far as possible, unfortunately within such a small organisation it was difficult to guarantee confidentiality which undermined the results of the audit. Indeed despite the researcher talking through the results with the Directors and specifically highlighting the importance of the results and of using the information positively, comments like "*well I know who said that*" (Director 1) where made and it was difficult to encourage the Directors to look at the situation as a positive initiative for improvement rather than "*people just having a good whinge*" (Director 2). Whilst there was no evidence that the Directors used any of the results against any particular employee that cannot be ruled out. The researcher was disappointed at being unable to influence the Directors to accept the information in a positive way as well as protecting the sources. This affected future research where the emphasis was observation and take ownership for the comments rather than showing evidence from other employees. This meant that it was difficult to raise some concerns and problems with the Directors and caused a number of difficulties in trying to develop and implement initiatives.

It also became apparent at this early stage that the Directors' respective personalities had a significant impact upon the nature of the companies development, this would impact upon any marketing intervention, so the researcher decided to ensure that every intervention proposed as well as being supported by a strong business case meet the specific requirements and values of the two Directors.

The audit created an opportunity to action plan changes which needed to be put in place before marketing strategy development itself could begin. This

highlighted the need for organisational development to take place in conjunction with strategy development to ensure future initiatives would be successful. The first stage of this was training for all the staff on what marketing actually entailed. This was important as staff had mechanical engineering backgrounds, mainly through apprenticeships, and did not fully understand the concept of marketing. This had led to a product orientation focus within projects and, within the sales department, a short-term sales orientated approach. All staff had, at some point, worked in other companies with another member of staff and all were from the local area.

The training took place in early December 2000 and was kept simple and focused on the generalities of marketing rather than focusing on the industry context.

The aim of the session, which lasted for an hour and a half, was to introduce marketing at a basic level and build up to its relevance to ABC Ltd and introduce the 'plan' for the next two years. Ideally the session should have lasted longer to consider fully all the issues, but it was kept short deliberately to encourage attendance and because the room was too small to conduct comprehensive training. The aim was to provide some basic information and to challenge their thinking.

In hindsight there were both positive and negative aspects to this approach. Ideally there would have been much more benefit from holding a longer session, but it was difficult enough to persuade people to leave their desks for an hour as at the time there was little expressed interest and motivation for change and for the development of marketing. In addition the very set up of the room and lack of presentation equipment made a comprehensive training course difficult to facilitate. Therefore the short course, supplemented by additional short articles and reports distributed after the event was considered adequate at this stage. However this meant the entire process was seen as informal and this presented a barrier to trying to implement a more formal approach after.

Oral feedback from the session was satisfactory, staff had not realised the scope of marketing and its potential benefits and appeared interested to find out more, making it important to keep this momentum going.

"The introduction to marketing gave us a better appreciation of the customer and how we need to deal with them in projects. However I am still a bit concerned this will just create extra work. We are already a bit fed up down here" (Project employee 2000)

The researcher therefore felt that such resistance and the issues identified through the internal audit, further combined with a poor understanding of the project, required additional working through, especially where staff had not been kept informed, and other rumours had spread instead.

4.4.3 Development – introducing marketing

This phase demonstrated that some organisational development was needed to support the implementation of marketing within the company. However once the training had been undertaken it was felt that it was possible to start introducing marketing concepts. This section considers the first marketing interventions at the case company.

ABC Ltd already had a number of procedures in place to deal with a variety of issues, particularly with regards to written documentation, but this tended to micro-manage detailed elements of work, without providing clear guidance about basic principles. For example there were strict guidelines for font type, but no stated general communications policy. The researcher decided therefore to develop marketing procedures and identify regular reports of key marketing information to disseminate to keep all staff up to date. The procedures would allow for all employees to become familiar with marketing and to easily access required information. This was designed to fit in with the way the organisation currently worked which was based on procedures and flow charts indicating prescribed best practice.

The reason behind approaching the problem this way was to present information in a system that staff were familiar with. It was reasoned, on the basis of informal conversations with staff, that this would be the best way of encouraging access. This indicated just how suspicious some staff had become, further emphasising the need to combine their organisational development with business strategy development in order to successfully promote change.

"we can't change now the markets like this, we just need to keep our heads down and ride out the storm" (Projects Engineer 2001)

In addition to the development of procedures and marketing information a regular marketing news sheet was produced from November 2000. This covered current marketing events, from general articles and updates from the press which were relevant and supported the message that was being communicated through to tactical developments and results of activities. The expressed reaction to this was good and feedback in December 2000 indicated that staff wanted this to be more regular and cover more areas of the organisation. Although this was positive development when this was implemented providing the information reduced the number of people who stated that they regularly read it. Therefore it was decided to reduce the sheet back down to a short summary specifically focusing on marketing.

"I only read bits of it now its too long" (Project Employee 2001)

This was disappointing because even though the initial reaction had been positive and marketing had responded to the feedback and developed the bulletin the intervention did not appear entirely successful. In hindsight the using of team meetings rather than news sheets at this stage would have been more beneficial, especially if they could have involved the whole organisation. However this idea was not adopted at this stage due to lack of enthusiasm for the marketing training workshop. Here people had attended, with reluctance and had to be followed up. The prevailing sentiment was such that employees would have looked to miss meetings while the 'blame culture' indicated that this

type of initiative would have just been seen as another management control tool used for downward criticism.

A *"we're waiting for D again"*

B *"oh, you always have to he hates coming to these meeting"*

C *"D's gone out"*

A *"where to?"*

C *"not sure. He said he was on his way up but now he's disappeared"*

A *"give him a call on his mobile"*

C *"he says something urgent come up down the supplier. He'll be back in an hour"*

There were therefore two issues which needed to be addressed; encouraging the Directors and staff to communicate positively and resolving the blame culture, developing one of responsibility instead.

The company was still at the development stage where it was important to introduce a marketing intervention that would, again, provide short term results. Therefore the development of an explicit marketing communication strategy was proposed. This would give a quick response and demonstrate benefits in the short term and could be developed and implemented without a complete marketing strategy, this initiative was started in January 2001. The initial intervention involved using press releases in identifying the key journals and magazines in the industry and building up contacts with them. This was successful in the short term and the company received a significant amount of free publicity. It created a positive response in the market as well as within the company. This first article on the company was published in February 2001 in Platform Journal in the North Sea and European regions.

Press proved to have varying uses. It was most effective in the European and North American markets. The impact was less in South East Asian markets and virtually ineffective in targeting the Middle East. The only awareness in the Middle East came from western contractors who primarily read European or American journals. Awareness research was conducted following an article issued August 2001 to all major journals. A survey, carried out in September

2001, with a random sample of customers in each geographical area, produced the following results as shown in Figure 4:6

Fig 4:6 Awareness data

Country	Spontaneous awareness	Prompted awareness	Positive attitude	Un-solicitated enquiries
UK	22%	38%	56%	3
USA	34%	55%	58%	2
South Korea	12%	21%	22%	0
UAE	4%	16%	25%	1
Canada	26%	45%	25%	2
Italy	30%	46%	40%	0

Comments from customers during the research into the August 2001 article:

"I found out a lot more about what you did from the article" (Norwegian customer Sept 2001)

"The picture stood out against the rest, not just the typical oil rig" (UK customer Sept 2001)

Press releases were initially used in the North Sea then expanded to South Korea and Italy. The plan allowed for more world wide marketing communication to tie in with specific events as well as allowing for ad hoc press to promote large contracts and other news stories. The response to the agents on this was again quite varied and their assistance was required for translation of articles. Their response tended to reflect the effectiveness of press in the region; for example the European agents were far more proactive in distributing press releases than was the South Korean agent.

A key benefit of this was that marketing was given its own budget, even if it was only covering one area, namely marketing communications, which afforded it more credibility. This, combined with the short term successes gained from the press exercise, gave marketing a more positive image.

" I was surprised how many people had seen the article and mentioned it when we were speaking to them" (Sales Engineer 2001)

"quite a few people have mentioned the article this morning" (Projects Engineer 2001)

As it received its own budget marketing was seen as a cost centre, the researcher therefore sought as much grant aid to support the development of marketing and for organisation development as possible. No training had been undertaken for a number of years and there was little awareness of organisational development and its importance within the change process.

4.4.4 Development – approaching organisation development

The interventions undertaken by this point accentuated the need for associated organisation development as the progression of the organisation was key to meeting the objectives of the Directors through marketing. This section looks at how this need was approached within the interventions, through training and grants.

The Directors viewed training in the same way as they viewed marketing, as more a cost than an investment. Training which had been undertaken had been ad hoc and mostly associated with a specific computer package with no real identification of training needs and no formal evaluation process to ensure that learning was implemented. Consequently there were few benefits from training and employees saw training as an opportunity for a 'jolly' out of the office.

"We never get to go on training, it's the only time we get to have any fun around here" (Projects employee 2000)

Therefore if training was proposed as part of an Organisation Development strategy it would need to be formally designed to show business benefits.

There were numerous opportunities for the organisation to access funding for organisation development, however the Directors also had low opinions of grants.

"We tried to access a few grants through the Chamber of Commerce and the like for things like brochures in the past, but it's just a nightmare. You fill in loads of forms and end up with nothing. The whole process takes up far too much time, I wouldn't bother". (Director 1 2000).

They had approached various organisations in the past to identify such grants, but these had been seen to be 'tied up in red tape' and not really delivering any benefit. Therefore it was important to identify clearly what grants were available and how they could be claimed, while simplifying the process for the Directors as far as possible. The researcher met with a number of the key organisations in the region in January 2001 which offered business development grants to assess what was available and how it could be accessed.

The network of other TCS programmes within the region was of benefit here, other associates based in local companies at different stages of their schemes were able to identify sources of information, and the two universities involved in the scheme were able to provide some guidance. Information was starting to be gathered, when the company finally moved premises in February 2001, a move which had been planned for over two years. This changed the contacts for the grants as the company moved into a new area, so little was achieved prior to the move. The move itself highlighted a number of serious issues within the company which would need addressing.

The company moved approximately 20 miles from rented offices in Northumberland to a new, owned, office and warehouse. Figure 4:7 This provided the company with two main advantages:

- Ability to keep own stock and bring stock control and warehousing in house. Previously this had been subcontracted.
- More space and a more professional image for a growing company. (Fig 4:7)

Fig 4:7 New premises ground floor at move

Meeting rooms

Projects

Reception and RB Valvetech & QA

WAREHOUSE

Stairs with IT equip underneath

Entrance

corridor

Corridor & stairs

Kitchen

toilets
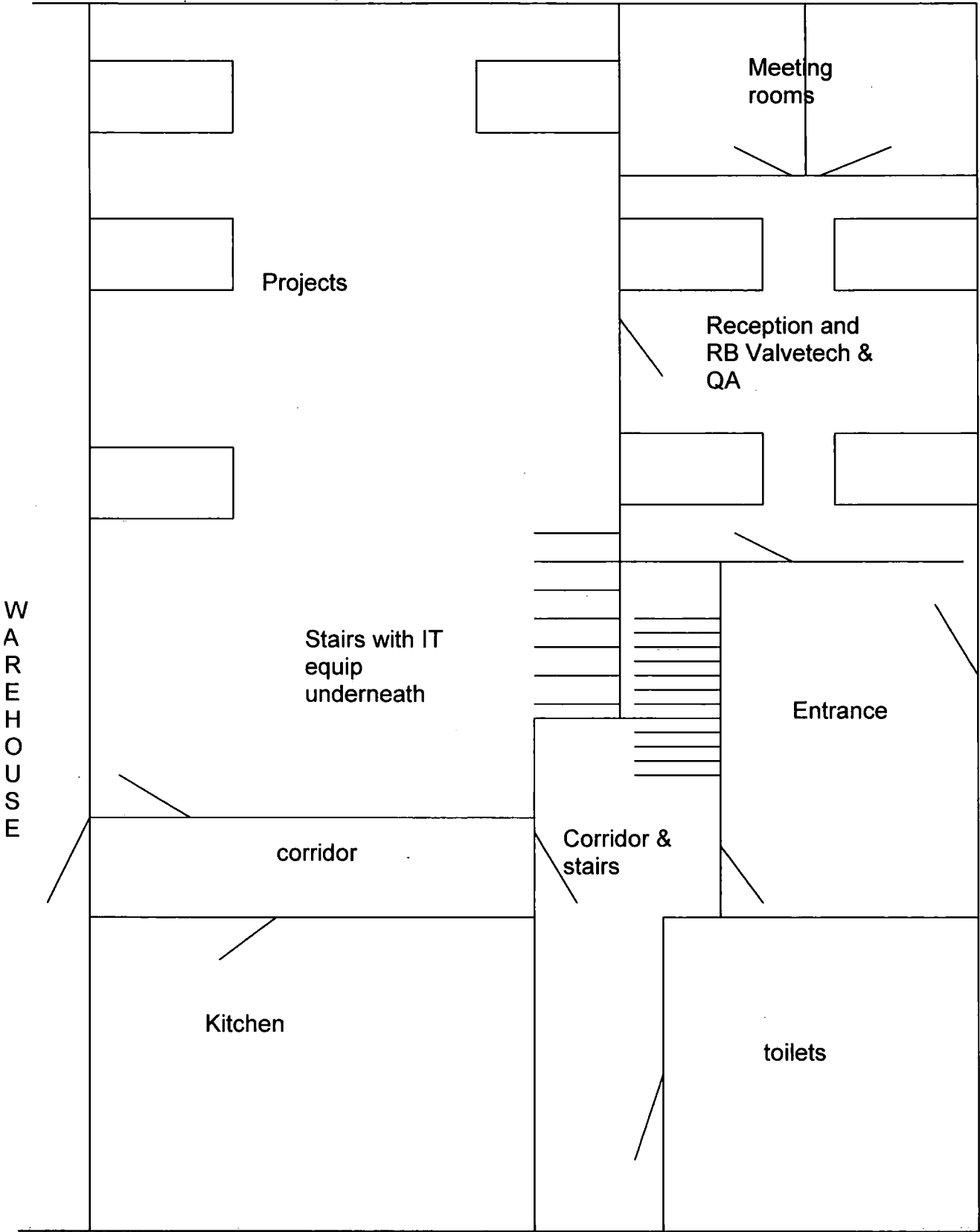
New premise upstairs at move

WAREHOUSE

Mezz
Archive

Conference
room

Directors Office

Sales

TCA

Kitchen

Toilets
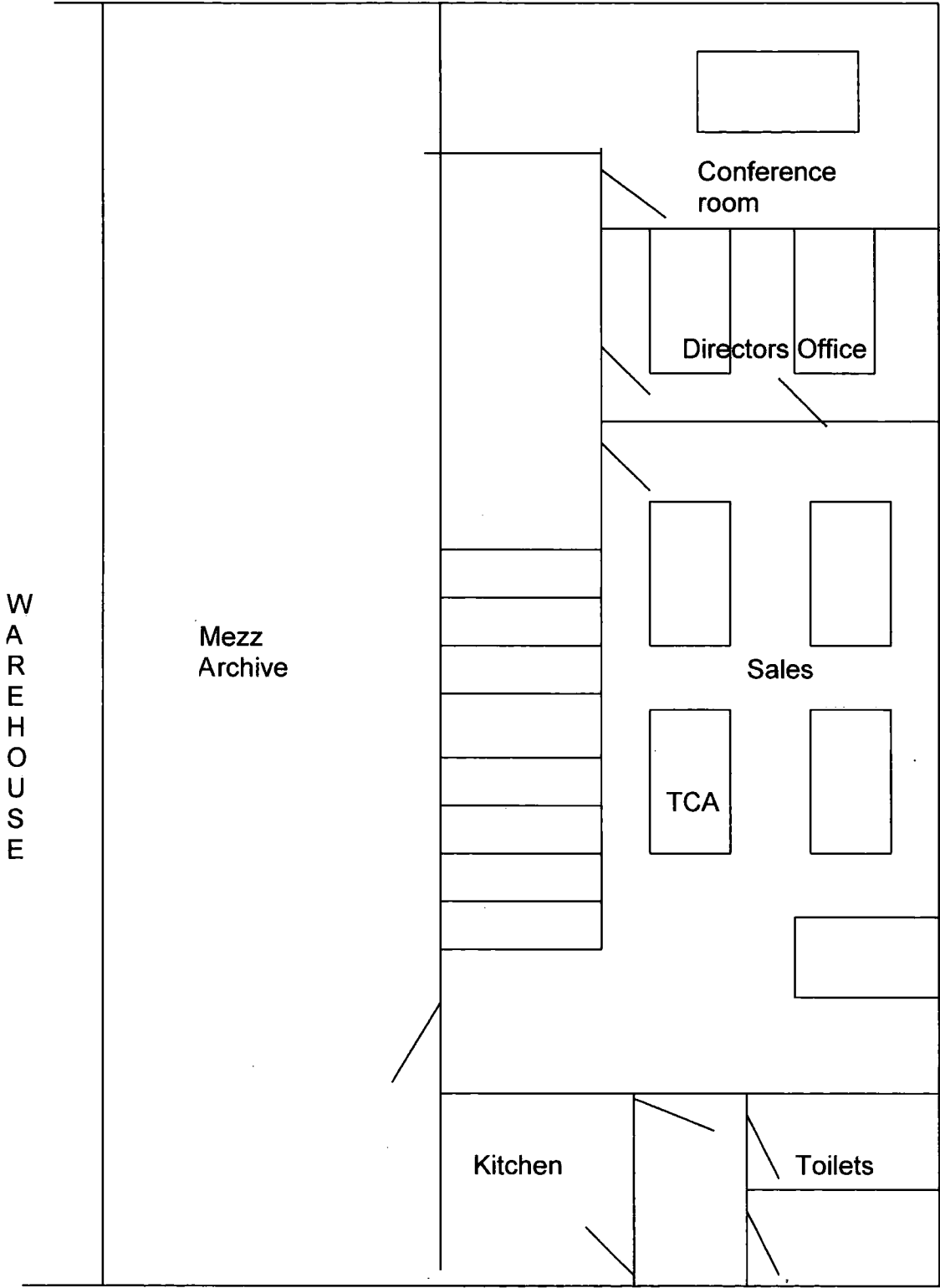
The move symbolised the success of the company as they were able to purchase the premises for cash.

"That'll save all the travelling back and forth to check on the stock" (Project employee: 2001)

"The aim is to use the stock as an additional service to our customers. We can sell stock at a premium on short lead times when it is critical for a project." (Director 2 2001)

Again, with the lack of open communication, most staff were not involved in the move, did not know what was happening, what was expected of them, or what the consequences would be. Few were given the opportunity to visit the new premises prior to the move and most were given little or no input into the future layout of the office space (shown in Figure 4:7). As a result of this there was significant resentment about the move and concerns about its layout and travelling times.

"We don't have a clue what's going on, when we're moving or what's going to go where" (Projects Employee: 2001)

"we really would have at least liked a bit of input on who sits where!" (Project Employee 2001)

"[Projects Manager] was involved in all the decisions it's up to him to keep everyone informed" (Director 2 2001)

However staff did later see the positive benefits of the new offices.

"It'll be great to have more rooms and more space" (QA Assistant 2001)

One of the key problems highlighted at this time was the inaccuracies in the customer contact information. When it was time to inform all stakeholders - customers, suppliers etc – about the move it was found that existing customer and supplier databases were inaccurate, containing, at a conservative estimate,

only 25% of correct and accurate contact details. Much of the data was incomplete, as the system only required a company name to be inserted in order to process an enquiry or order. This meant there was often no address details or names and phone numbers.

The move also highlighted issues with the Advertising Agency that the company used. The Advertising Agency had been selected on the basis that the Directors already knew, and were 'good friends' with, the owner of the agency. The Advertising Agency was currently involved in developing a company product brochure but also was asked to produce a 'moving card' to send out to customers and suppliers. The key problem with the ideas produced for the move card was that they were too subtle and abstract and did not clearly show the message, in that the company was moving premises. Many of the designs were very subtle and whilst the researcher was keen to implement a marketing campaign which had a different style to that of the competition it was also important that customers understood it. The Directors agreed that the designs were too abstract and the advertising agency was asked to rethink.

"we can't send these out: they don't tell you anything" (Director 2: 2001)

After several attempts the researcher eventually designed cards and printed through the Advertising Agency.

4.4.5 Development – marketing communications

These changes in the organisation highlighted the need for interventions on marketing communications to strengthen the company's brand position. This section looks at the changes which were implemented at this stage

The move demonstrated that the advertising agency had difficulty in translating the company's requirements into viable copy, and relied upon the Directors; limited marketing knowledge to guide their image and brand. The researcher undertook an evaluation with a 100 customers from a representative sample of existing customers (Evaluation of the oil and gas Directory front cover advert 2001) This discovered that:

Customers:

- Did not understand the message.
- Were not attracted to the advertisement.
- Had low recall of the advertisement.
- Felt that there was no consistency throughout the message
- Stated that the advertisement promoted no action on their part.

As the move had demonstrated the customer contact database was limiting and few of the correct contacts had been reached by the move card and this mailing had to be supported by banners on letters, faxes and emails. There was also a 13% return rate on the mail shots based on incorrect address details. It was becoming very clear that the database was going to need significantly more development than the project plan allowed. The Directors allocated the issue of the inaccurate database to the Quality Manager to address, however, little progress was made and the focus was on developing the stock control system, not the customer contact sections. It was also critical that procedures and safe-guards needed putting in place to ensure the correct information was input, this however was not actioned by the Quality Manager.

This issue was also raised when the companies new brochure was released in early February 2001. The Directors wanted the brochure sent out to all customers. However there were several barriers to achieving this:

- The database did not provide the information required
- The sales team were reluctant to provide marketing with the information, unless pushed by the Directors to do so
- The sales team, including the Directors, were not proactive in gathering the information from customers when they were in contact with them

"oh speak to [the Sales Engineers] they'll provide you with all the names "
(Director 1 2001)

However the response was generally *"err. ...well .. we haven't got it really ..."* or *"well I'll definitely send it through to you when I can.."* (Sales Engineer 2001)

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In attempting to ensure all customers received the brochure the researcher went through paper based files of quotes and orders to identify correct contact details. Whilst this assisted in updating the database it was a very time consuming job and distracted the researcher from the key marketing tasks.

The development of the brochure, which had been started prior to October 2000, was important for market development as the concept of the brochure was unique within the industry. None of the competitors offered such a wide range of information, while the brand image was also unique. It presented a clear, crisp and modern image which stood out against the more traditional manufacturing images of the competitors. The development of this brochure provided marketing with an opportunity to undertake a complete re-branding of the organisation which took place in several stages over the next 12 months.

"we developed this 'look' and we want to really take that across everything we do so that all the information we are sending out to people looks the same"
(Directors 1 2001)

Due to these problems which had arisen the Directors were fully supportive of the need to have accurate data on the database, but never communicated this to staff. As no particular procedures or safeguards were put in place there was no incentive to add additional information or ensure information was correct. The only safeguard was that in order to raise a sales order the company name had to be inputted into the database. However this was often all that was inputted and this was frequently inaccurate. Projects Department staff was far more proactive than the Sales Department in adding the full data, address, contact, phone numbers email etc. Additional issues which compounded a spilt between the departments:

Sale engineer 1 and 2 saw themselves as a 'self contained unit' and did not really see the need to share information with the rest of the company, and they were not compelled to do so by the Directors:

".. they [projects team] don't really need to know this stuff, they just send the bits out where we tell them , they want to know bloody everything god knows why ..." (Sales Engineer 2001)

The Directors carefully guarded the information on their contacts, keeping them on their personal organisers. No-one else was allowed access to this information and the only people ever to contact them were the Directors.

"oh, don't worry I'll speak to him, errm I'm not sure I can find his number for you at the moment anyway.." (Director 2001).

This did change over time as more and more of the customers came from new areas and were not people the Directors had know for many years, however their key contacts were always carefully protected.

This made marketing difficult as accessing information held by Sales Engineer 1 and 2 was itself difficult, since they saw the researcher as little more than administration support.

" .. can you do some typing for us ..." (Sales Engineer 1: 2001)

" will you be helping us with the admin stuff then?" (Sales Engineer: 2 2000)

There were two main reasons behind this, firstly the lack of communication from the Directors at the start of the programme and an embedded cultural split in the organisation brought about through separate offices and this difference of approach being allowed to persist.

Overall the move to new offices had many benefits (fig 4:7), but it did reinforce the split between projects and sales teams. Although both departments had been in separate rooms before the new layout made communication even less frequent, since previously sales staff had to go into the projects office to use resources such as printers, photocopiers and filing This meant that even this informal communication was lost.

We really need some-one who can work between the two areas and act as a link, making sure all the information is passed on on a project. I envisage that the person will have responsibility for the information that goes in the packs so if someone from projects has a query they go to the link person and they'll know or they'll find out. This'll mean that everyone should have the correct information. I suppose the person will need to be an mechanical engineer so they understand what's going on" (Director 2 2001)

4.4.6 Development – Towards a strategic approach

The implementation of marketing communication interventions had an impact on the organisation which highlighted the need for a more strategic approach to the development of marketing and the organisation as a whole. This section addresses the interventions which aimed to achieve this.

Once the move had been completed, at the end of February 2001, the researcher re-addressed the issue of grants with Business Link, particularly with travel and translation. Within the first year the researcher was able to attract grants in access of £16,000. The main benefit of this was to persuade the Directors to visit new market areas, where they had not previously obtained work and take a more proactive approach to market development. This acted as a lever for several marketing, organisational development and infrastructure development issues that would arise in future. Applications for grants were co-ordinated through Marketing to ensure that the initiatives were properly developed.

"you've really done well with the grants, we've managed to get a decent sum of money ... we'll have to try and keep it up!" (Director 1: 2003)

"There were a number of things that we wouldn't have been able to do if we hadn't got the grants. Admittedly some we'd of had to find money for, but that money would have had to come off something else" (Director 1: 2003)

One of the major benefits was the ability to attract grants to translate material into the customer's language.

" we have had good feedback from the flyer you sent us" (Korean Agent: 2001)

However this could not be maximised as a major problem in meeting customer needs was the last minute approach to getting bids ready. Often final touches were being added as the courier waited on the last possible posting date.

By the end of February 2001, the complete first cycle of external audit had been completed. This presented an 'action plan' of issues which needed addressing through marketing and organisational development interventions. Marketing initially developed an action plan of key issues and solutions, developed from discussions with staff. This was presented to both Directors who decided to take the information for discussion at the next management meeting, due to take place at the end of March 2001.

A copy of the minutes of that meeting showed there had been no discussion on the action plan and indeed there was no strategic focus to the meeting. The entire meeting was focused on mirco-managing individual projects, including those which had been completed. So, rather than being forward and strategic, the focus was reactive and retrospective. In addition the minutes highlighted the 'blame culture' as the meeting had concentrated on what had gone wrong and who could be blamed for it rather than looking at solutions.

"Job 126 is currently in the process of being shipped. The flanges have been packed and the pipe was shipped last week. There was a problem on the diaphragm protectors, Joe is too look into who was responsible for allowing this to be shipped out"

"Job 356 The pipe has arrived"

"Job 460 N is progressing this order it needs adding to the database"

This presented a problem. There were clear management issues that needed to be addressed, but the researcher was not supposed to have seen the minutes, and therefore more subtle approaches were needed. The audit process had highlighted several issues that were being directly exacerbated by the 'blame

culture' and micro-management style but this proved a difficult issue to address because throughout the two years of the programme the researcher was never directly involved in the management meetings. At the time that the researcher first became aware of the issue in March 2001, shortly after the move to new premises, the Directors had indicated that they did want to include the researcher in the management meetings:

"We want to get you involved in the management meetings at some stage" (Director 1 March 2001)

"We need to decide what we want from the [management] meeting then we can get you involved more" (Director 2 April 2001)

But, despite the issue being raise by Academic 3 the Directors consistently had reasons why this was not an appropriate time:

"There are too many projects on at the moment" (August 2001)

" we need to get you more integrated into sales first" (August 2001)

"too many problems coming up which I want to get sorted with J and D first" (Sept 2001)

"we need to get a procedure for projects sorted out so there is some direction" (Nov 2001)

" ... need to get S to bring you up to speed, I'll speak to him, there is a lot on at the moment" (Jan 2002)

A number of subtle interventions therefore were made to draw the Directors attention to this issues and problems this was creating, firstly through the audit process and again later through informal training for the management in corporate planning and strategy in March 2002, this training had been delayed on several occasions due to tactical pressures.

"…can we put the meeting back a bit I've got this quote to finish" (Director 2 2001)

"Dom is off today I want him to be involved so we'll leave it till perhaps the end of the month, can you see when everyone is free?" (Director 1 2001)

However, the training into corporate planning and strategy had little impact upon their attitude, and other events had the opposite effect, encouraging the Directors to exert more personal control.

"I am fed up of this; I want to see the email before you send them out" (Director 1 to Project engineer)

"I think we need a better monitoring system down there [projects] I want to know what's going in and what's being said to clients… they don't have a clue what they are doing" (Director 1 2002)

By February 2001 the internal and external audit had been completed, a benchmark had been established and an ongoing cycle of internal and external audit developed to monitor continuous improvement. The researcher decided to involve others in the external audit process as this, it was hoped, would encourage involvement and buy-in to the continuous improvement process and encourage the various members of staff to look for improvements.

Projects and sales staff were encouraged in April 2001 to take part in surveying customers after their orders had been dispatched. There was resistance to this as Projects were reluctant to gather negative information and therefore there was some selection of which customers were surveyed by staff. Systems were put in place to monitor this and then balance the sample. However eventually the projects team were made responsible for all customer satisfaction surveys.

"I think [the researcher] is not the best person to do this, I think [Projects manager] and the project lads should take responsibility" (Director 2 2003)

The sales team were involved in market research when they were on sales visits and gathering data on responses to marketing campaigns and identification of customers wants.

Initial problems created by this included quite negative comments from external customers and suppliers. However in the medium term this encouraged staff to seek improvements, although in the long term the lack of commitment and support of the Directors plus their reluctance to invest money and time in developing any of the initiatives de-motivated staff, the staff attitude was *"what's the point"* (Projects Manager; 2003)

4.4.7 Development – focusing marketing communication

For 2000 and 2001 ABC Ltd had taken the front cover advert on the Oil and Gas Directory. The Directors had asked the Advertising Agency to come up with ideas for the latest edition. Despite the researcher trying to progress this since early January 2001 this had been left to March 2001, which was very late when the deadline for advertising copy was the first week in April 2001. The Directors agreed to take this slot over a year previously and therefore only limited research was carried out into this publication.

"we really need to get something in for the Directory, the deadline is approaching" (Researcher)

"We need to get together .. I'll talk to [Director 2] and let you know .. ok" (Director 1: March 2001)

The advertising agency came up with some decisions with regards to the proposed advertisement, however comment from the Directors indicated that:

"I think they are too subtle I don't think our customers will get what they mean" (Director 2: 2001)
"We have to think of who the customer is, some big burly rigger out in the middle of the North Sea isn't going to be attracted by something fluffy" (Director 1: 2001)

"Fair comment I suppose, but don't we want to do something different? I'll get [the designer] to have another look at them, but I don't think we'll be able to get anything back 'till late on next week now ... " (Owner/manager advertising agency: 2001)

"That should still be ok, the deadline is the end of the month for the copy though so it really can't slip.." (Researcher:2001)

Previous adverts, had been very abstract and research undertaken, in early March 2001, with key customers indicated that it had a very low recall rate and very low impact. Indeed certain customers experienced difficulty working out the advert and identifying the company:

"oh .. we hadn't realised that was you, a bit too clever .. " (USA Customer)

"Didn't really tell you a lot" (German customer)

From this the researcher tried to encourage the advertising agency to be less abstract in their designs. However the first selection of boards produced were still in a very abstract style, and the Directors did not like any of the designs. Although they had been quite dismissive about research that indicated the previous adverts were ineffective with customers, they both appeared to take it into consideration in further discussions with the agency.

"well we are trying to do something different, everyone else has an oil rig on their ads we wanted to stand out" (Director 2 2001)

"...we think the ads are a but vague we need to make it clearer what we are and what we do" (Director 1 in meeting with Advertising agency March 2001)

Due to a variety of factors including the Directors being away for much of March 2001 and the Advertising Agency failing to meet a number of deadlines placed upon it, ABC Ltd missed the copy deadline for the publication. This coincided with the Directors deciding two days prior to the deadline that they did not want to take the front cover.

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" I don't really think we are getting any benefit for paying three grand for the front cover. Can you try and get it cancelled" (Director 1: April 2001)

Following a debate with the publishers Director 1 agreed a cancellation agreement, which included the company agreeing to take a less prominent, but larger advertisement on an internal divider. Following publication of the Directory in June 2001 the researcher undertook a detailed review into the effectiveness of the advert as well as the publication as a media. Whilst the advert was better received by the customer the publication was still not providing value for money and therefore it was recommended not to repeat this although the brand concept was one which it was felt should be continued.

- 19% of respondents had seen the advertisement
- of which 80% had thought it informative and provided them with all the information.
- When prompted recall rate rose to 34% and when respondents were given the chance to review the advert all found it informative.

As a result of this the researcher was asked to review the company's relationship with the Advertising Agency and recommend whether or not to remain with the current agency or move to a new one, and if it was appropriate to move, to recommend an agency. The Directors were not satisfied with the service but the situation was made more difficult with their personal relationship with the Director of the agency, the Directors were also away whilst this review was taking place. A formal review process began, consulting first to a number of agencies on the telephone then arranging for the shortlist to produce a number of visuals based on a brief. The agencies were also asked to produce a document on how they would manage the company's requirements. The recommendation was to change agencies to a larger agency based in Newcastle, because

- The company YM had the resources and international connections which would support ABC Ltds' international business.
- They could demonstrate their commitment to support smaller clients.

- They proposed a comprehensive package of marketing activities that they could support.
- They demonstrated experience with similar companies and in the oil and gas industry.
- They were able to provide a range of sophisticated solutions to suit ABC's budget.
- There was the commitment of a dedicated account manager.

However once the report had been presented to the Directors it became clear that their objectives had changed. Even though the Directors had specifically requested the researcher to carry out the work the response to the recommendations was:

"you don't have any right to do this" (Director 1)

It seemed clear that the Directors had either forgotten what they had asked or just wished to 'motivate' the existing agency, without assuming any responsibility for the process actually happening; the outcome of this was that the existing agency was retained and the quality of the service continued to deteriorate until the majority of the work was undertaken by the researcher in house and subcontracted to a local printer. This led to more relevant material, more accurately targeted and produced to the same standard at a much lower cost.

Once there was some progress on the tactical issues, such as grants, dissemination of brochures and some updating of the database amongst other things, the researcher pursued other development objectives to assist ABC Ltd in entering new markets. This intervention started in March 2001

4.4.8 Development – Strategic market development

As part of the development of the TCS programme the Directors had identified three markets they thought was ideal for further development. These were Brazil, Azerbaijan and Australia. Of these the Directors had identified Azerbaijan as a priority and had agreed a preliminary agency agreement with one of their

largest customers, AM, who had offices in the region. This section looks at how ABC Ltd approached market development and some of the key interventions aimed at making the process more strategic.

"These are the regions that we have identified through our customers as being the most advantageous for ABC to go into" (Director 1 2000)

This arrangement was developed prior to October 2000. Although the exact reasons behind the decision were never fully declared, but it appeared to be another reactive approach, the customer had entered the market and ABC Ltd followed.

"well we know that AM are doing work there so there is bound to be stuff for us" (Director 2: 2001)

From a marketing position there are some benefits to taking this approach, such as reduced costs of entering the market, there were several problems. It appears the market entry decision had not been based on sufficient evidence.

"We never really planned anything, we just take the opportunities, its not really in our nature to plan" (Director 2 2003)

Once research had been undertaken it was discovered that:

- The Azerbaijan market was relatively immature. The main requirements in the market were for engineering services to keep existing rigs in working order and for on-rig repair services again to keep the ageing and neglected fleet serviceable.
- The development of markets was still in its early stages with many companies still undertaking seismic surveys with few licences approved. This was compounded by ongoing disputed between the countries bordering the Caspian about the rights to the oil.
- Limited facilities for building rigs in the landlocked Caspian.
- Relatively low specifications for equipment due to low regulation.

This meant, that the market was currently relatively unattractive for ABC Ltd's products, and also the choice of agent was inappropriate, because:

- AM was a significantly larger company than ABC Ltd and any sales made for ABC Ltd would be as a side product of larger packages. This meant the already stretched agent had no incentive to promote ABC Ltd's products.
- AM were not currently focusing on promoting new or refurbished drilling packages, which may require ABC's equipment. Their focus was on the maintenance contracts that they had. This meant there was even less scope for support.
- The companies that may have been interested in ABC Ltd's products in the coming years, those that were considering new builds, were direct competitors to AM. This meant they would be unwilling to deal with them as an agent.

This information along with a full report on the market conditions and opportunities, was presented to the Directors at the beginning of April 2001:

"Its arranged now we need to go out there. I spoke to [Directors contact] yesterday and we are sharing their stand at the show, so you need to get in touch with [the agent] and arrange it. .... There must be something out there. There is loads of oil [contact] said its an ideal market" (Director 1 2001)

However following the show:

"... I don't know why you wanted to go out there, I knew it would be a waste of time, they're all corrupt" (Director 1 2001)

The aim of marketing had to change to trying to maximise the benefit the ABC Ltd got from the trip.

This involved:

- Obtaining a market research grant to cover half the costs of the researcher travelling to the market.
- Promoting attendance at the exhibition to as many contacts as possible outside of the immediate region.
- Arranging meetings with customers both in the market and from other areas attending the exhibition.

The researcher also developed the promotional and exhibition material in house and liaised with the agent to get items shipped. This was the first overseas exhibition that ABC Ltd had participated in and the first time they had proactively approached a new market. However it was not likely to be successful due to the poor choice of market, which may discourage the Directors in future.

"We've never really been to an exhibition before. We didn't really see the benefit. Although if we are going into new markets it's probably a good way of meeting new customers and getting orders in" (Director 1 2001)

The successful achievement of this was the overriding priority therefore for marketing throughout April 2001. In the middle of April whilst the Directors were away the two members of the sales team, resigned on the same day to start their own business in competition with ABC Ltd. This had a most significant effect on the development of ABC Ltd and the TCS programme

".. oh Hi. .. do your know Sales Engineer 1 and 2 have gone. They just walked out yesterday .. [the Directors] are going [mad] .. wouldn't I like to be there when they get back!" (Receptionist: 2001).

This meant that the Directors had to cut short their business trip and on their return appeared hostile to the rest of the staff as if they were convinced they had known this was going to happen and not told them. However it soon became clear that Sales Engineers 1 and 2 and copied a significant amount of

information on current orders, quotes and contact information of key customers. The Directors had not been in the office prior to their departure.

"I'm just shocked, all you do for some-one and they go and do this to you. Do you know when Sale engineer 1 got divorced, we helped him out, helped him get a flat sent him off on holiday paid for it, and this is how they thank you .. I don't know I just don't know what to say" (Director 1: 2001)

The Directors approach to staff had been very guarded, spending most of the time in the board room, and had rarely spoken to other staff. This had created tension where few really knew what was going to happen.

"the @#!% is really going to go off now, great, another happy happy days isn't life great!!" (Projects employee; 2001)

Several days after returning to the office the Directors called all the staff together to let them know their version of what had happened. At the meeting the Directors explained that Sales Engineer 1 and 2 had left and they believed that they were going to start their own rival business having taken valuable information with them. They announced that they would see each member of staff in turn in private to discuss why this had happened.

"what we'll be doing over the next few days is speaking to each person in private, we need to know why this happened and what needs to change" (Director 2; 2001)

".. I'll tell 'em what the problem is… I'm not holding back" (Project Employee)

"oh, I really don't want to do that, I'd just be let ummm! Can't [some-one] come with me" (QA Administrator)

Whilst this seemed to the researcher to be well intentioned, it was not really communicated very well and did little to reduce tension.

"this is just far too stressful I wish it was just over and done with" (Project Engineer 2001)

Some staff had the *"I'm going to tell 'em"* attitude, whilst others were apprehensive of being critical in any way.

"I suppose we'll get accused of knowing all about it and not telling them" (Receptionist 2001)

The process had little effect upon the Directors who distanced themselves further, were less willing to share information, and criticised staff who actually brought up problems. In addition they increased their mirco-management of the project and restricted access to information to the extent that they were the only ones with access to much key project information. Staff were accordingly very reluctant to make changes or suggestions or be involved in interventions without prior explicit support.

The other key outcomes of the departure of Sales engineer 1 and 2 were:

- The Directors further restricted access to information. Large parts of the database were password protected, restricting information sharing between Sales and Projects.
- A significant amount of information on customers was removed from the shared database system and the system was segregated into sales and projects areas.
- The Directors were now in the office more often as they were the only sales function in the company. This increased tension as they were not especially approachable at this time. *"Its like walking on egg shells, I really don't want to have to go and tell 'em about this job"* (Projects Engineer 2001)
- The Directors undertook the tactical sales which left them little time to consider the wider strategic issues and marketing. Typical responses from the Directors were. *"We don't have time to consider that now"* (Director 2 June 2001.)
- Staff were less visibly trusted and the mirco-management of projects actually increased with new 'safe guards' put in place. These included, the

Directors running projects themselves, which obviously took their time away from sales, also compelling staff to copy them all correspondences and projects had to produce a detailed daily jobs sheet. *"We need to make sure this can never happen again. I want to know exactly who has access to what and who is doing what. We'll have to get [IT consultants] in to protect all the equipment. We'll need to know who needs to have access to what and password protect everything so they'll have to come to us for copies."* (Director 2 May 2001)

The results of this was that there was more 'them and us' sentiment in the company where staff felt further de-motivated.

"what you just have to realise is you will always be in the wrong" (Project employee 2001)

Shortly after this in late April 2001 XYZ Ltd took on a new member of staff, taking the team up to two. Director 4 XYZ, was recruited as Sales and Marketing Director and also took shares in the company. Due to this development and the rapid expansion of XYZ Ltd market share they were keen to work closely with marketing and it was therefore decided to develop strategic marketing for XYZ Ltd in conjunction with the one for ABC Ltd. This would allow learning and resources to be shared between the two companies as well as advantages in terms of branding and cross and up selling between the two organisations.

"what we want to do is try everything out in ABC then put it into XYZ" (Director1: 2001)

"There are a lot of opportunities to help each other out, we just need to know when and where really." (Director XYZ: 2001)

Towards the end of April 2001 the Directors were approached by Meteor Enterprises, who sought to represent the company in Iran. The Directors met with the owners of the company without any consultation with marketing and

soon signed an open ended agency agreement, which gave either side the option to cancel with three months notice.

This approach to agent selection was un-researched and little was understood about its particular potential combined with no formal selection process undertaken regarding Meteor Enterprises. No research had been done, or evidence supplied, into the record of the company in Iran, its customer base or the perception that its customers held it. The decision had been made after one face-to-face meeting between the Directors and Meteor's Director.

Dialogue between Director 2 and Marketing:

Director 2   "Sorted!"

Marketing   "have you signed with them"

Director 2   "yes, just one of the bog standard contracts, not like we're expecting much from Iran"

Marketing   "what have they got out there"

Director 2   "they're into helicopters and landing stations, there's one guy out there not sure where"

Marketing   "what is the basis for the agreement"

Director 2   "Nothing really, we'll just have to see how it goes"

Marketing was then made responsible for managing the agent, which put it in a difficult position as limited development work that could be undertaken and the success or otherwise of the agreement was now its responsibility . The researcher felt uncomfortable taking on this role and raised this with the Directors:

Marketing   ".. how do we know its going to work?"

Director 2   "it'll be fine"

Marketing   "what it they don't do anything"

Director 1   "we can get rid of them"

It was however agreed that the researcher would develop a procedure for selecting and recruiting agents for future markets. However the subsequent

procedure was ignored by the Directors when they recruited a Nigerian agent on the same basis later in the year.

4.4.9 Development – Decision making and organisation development

The interventions and approaches to market development within the organisation highlighted a need to evaluate how decisions were made within the organisation. This section looks at how the decision making process influenced interventions, specifically within the development of the website.

Together with other responses to areas in the internal audit prompted the researcher to consider that it may be necessary to take a different approach to presenting interventions, especially with Director 1.

The presentation of a 'good business case' with all the information and a recommendation tended to meet the approval of Director 2. As long as he could see that all the options had been considered he was supportive. However with Director 1 the decision making process tended to be more potentially emotive and he was more proactive about any initiative which had been his idea. It was decided to approach Director 1 with a series of options, with an 'ideal' solution in order to allow Director 1 to have input, therefore hopefully creating more commitment. Despite the benefits to this approach there were also drawbacks as ideally interventions need to influence owner/managers to take a more strategic approach and feel confident to delegate responsibility. The researcher used this approach to gain commitment in the short term to key projects and contentious issues, combined with a programme of interventions aimed at developing both the Director's learning; although ideally the Directors and senior management would have attended a management development course.

It was important for the researcher to establish the direction in which the Directors wanted the company to go in to create consistency throughout the company and give it one strategic purpose.

This was undertaken through a series of guided conversations in May 2001 with the two Directors with Academic 3 present. The key questions were identified in

advance and given to the Directors to consider. The conversation covered a wide range of issues from gaining an understanding of why they established ABC Ltd through the problems and concerns which had led to the TCS Programme and ended with the Directors' vision of where they would like the company to go in the future.

From this three clear issues emerged, namely:

1. The Directors, especially Director 1, did not want the company to grow above a size that they could easily control:
    "Ideally we want to retain the business at the size it is now in terms of staff and turnover" (Director: 2000)
    "We want to still be able to control the business, we don't want it to grow to a size where we have to rely too much on other people" (Director: 2002)
2. They recognised the need to diversify into new markets, but were cautious about doing so, preferring to stay with what they knew, but accepted that the development was essential.
    "Perhaps we do need to develop, but it would be better if we could stay within what we know" (Director 1: 2001)
3. They did not have a long-term view of the market-place and had always adopted a reactionary approach to the company.
    "There is no point putting any effort into a market until we start to see enquiries" (Director 2: 2001)

This raised several organisational development issues which needed to be recognised:

-   Development of the employee's skill base needed to take place. The employees generally had diverse skills in their areas of expertise, but several issues had arisen in the internal audit that needed addressing. Additionally if the company was to develop, but not grow, then the existing employees would need to learn new skills, particularly in areas such as marketing, management and human resources.

- The Directors needed to develop a number of skills in market analysis to allow them to evaluate, effectively, information that they received in order to make proactive judgements.
- In addition the Directors needed skills in management and strategic planning techniques to allow them to delegate the tactical decisions and take a more strategic view of the company and its direction.

Therefore the researcher decided to undertake a full training needs analysis, in Autumn of 2001, the timing was influenced by the Directors wished to wait until new staff were in place, most notably new sales based staff.

"there's no point doing any training at the moment. We'd better wait six months till the new people are bedded in" (Director 2 2001)

In conjunction with this in May 2001 marketing also undertook a detailed audit of the website and developed proposals of how it could be developed. This was because research showed:

- Only 13% of customers were aware of the site
- Only 3% of customers had ever accessed the site
- 95% of 'hits' on the site came from ABC Ltd staff.

In addition:

- The website had not been updated for nearly two years since it was launched and contained a lot of out of date information
- It was not consistent with the new corporate brand that was being developed
- It was not a good example of best practice in web design
- It did not fit with the company's competitive advantage.

The site was also poorly referenced and it was very difficult to find the site using the most common search engines, as Fig 4:8 shows

Fig 4:8 Search engine results

Search Engine	Hit rate
HOT BOT	0
Altavista	1
Google	0

This required the development of a programme to register the site correctly as the advertising agency's 'blanket' approach, including some specialist 'adult' search engines, had resulted in the web address being blacklisted by a number of the key engines, as the result in figure 4:8 show. This period of registration continued until the end of 2001 when the site was more accessible and the key words and phrases had been developed to ensure the site was easier for customers to find. The decision was made to complete this prior to the redevelopment of the site to ensure maximum benefit could be gained from the re-launch and that the timing would coincide with a stronger, clearer brand being in the market place.

I agree we need a new website, that one's years old and most of the information is out of date. It also costs a fortune to get even the slightest thing changed" (Director 1: 2001)

This took until mid May 2001 because of the Director's heavy involvement in day-to-day sales since the departure of the sales team, this had had a major impact upon the progress of the TCS programme.

Prior to April and the departure of the sales team some progress had been made towards the Directors taking a more strategic focus. They had expressed an interest in the development of a corporate strategy but they were now heavily involved in day-to-day sales and this had inhibited a number of strategic initiatives and associated organisational development.

"I know we've been neglecting the scheme at the moment but it can't be helped. We have to get the quotes out the door" (Director 1: 2001)

In April 2002 the researcher obtained authority to redevelop the website. The website had been developed in conjunction with the Advertising Agency, who were supposed to keep it up to date. However this had not occurred because:

- Responsibility for the maintenance of the website had not been allocated to a member of staff and therefore no resources had been given to its development
- The costs from the advertising agency were prohibitively high, preventing small changes from being considered.

The researcher undertook a full audit of best practice in website design while linking the concept into the corporate brand, ABC Ltd's, sister company, XYZ Ltd's, site was to be developed at the same time to complement this brand.

The key decisions made for the site were:

- A 'database' style site which could be easily updated from the company
- It was to fit with the corporate brands
- There was a need to eliminate scroll bars on the sides of pages
- It should fit with the companies competitive advantage
- The site should differentiate the company visually from the competition.

This was successfully achieved and the site was launched in October 2002. The development of this had been left largely to the researcher and the intervention had had little input from the Directors in terms of the design and layout. This meant that it fitted in with marketing criteria much more closely than other interventions.

"All we really want is something which looks pretty different from the competition and fits in with the other stuff you're doing, apart from that what ever you think Helen ...." (Director 1 2002)

Director 1 had a greater input into the development of copy for the site, but again the site had a much greater marketing focus than the other initiatives.

"hey H, that looks good, better than the old one hey!" (Director 1 following the launch Oct 2002)

"I like the site, looking good" (Director XYZ)

As a result of the re-launch research showed: (Fig 4:9) this showed significant improvement from the research carried out on the old site (Fig 4:8).

Fig 4:9 Hit rates for new site

	ABC Ltd	XYZ Ltd
Month	Hits	Hits
Oct 02	16,256	14,596
Nov 02	18,569	15,596
Dec 02	17,892	15,463
Jan 03	20,456	14,136

"I like the new site, much more informative. I'll definitely being going back to look at the updates" (Customer Norway: 2001)

"I guess its more useful for new customers, but its certainly different to everyone else's, nice to see something different" (Customer UK: 2001)

"easy to find, but then I knew the address. The old one was a bit tired, I'll look at this more" (Customer USA: 2001)

"".. very easy to get around on" (Customer Italy: 2001)

"Probably won't be used much over here though, but it looks much better" (Korean Agent: 2001)

At this point in the scheme the Directors' proposed to hold weekly meetings with all staff to help improve communication. However this was never implemented,

mainly because no-one person took the lead in organising and the ones that were organised did not take priority and were cancelled due to work pressures.

"We should get together every Friday for some lunch. Now we've got the kitchen we can all get together in there and keep everyone up to date." (Director 1: 2001)

"Good idea we should go and get some furniture" (Director 2: 2001)

"..we're up for that; never happen though" (Project Engineer: 2001)

At the end of May 2001 ABC Ltd took on a new sales manager who had been previously employed by one of ABC's suppliers.

Shortly after this, in early June 2001, the researcher and Director 1 attended the exhibition in Azerbaijan. The process reflected the decision making process in the company as the organising of the trip had been left largely to the researcher to liaise with the agent in Baku. The agent had arranged a number of visits to key potential customers in the region and the researcher had invited key customers from outside the region to meet up either at the stand or in the evening. The researcher also arranged to meet key advisors from the embassy and other development agencies to discuss the developments and leads within the country and region. Overall although the trip had made a number of key contacts there was little business to be had in the market. Indeed most of the key purchasing decisions were being made outside of the market.

"well you can leave us the stuff, but really we just get sent equipment, the department in Brussels does all the buying you'd be better speaking to them" (Caspian Drilling Company local manager 2001).

This was typical of the reaction of contacts within the market. Throughout the week, as little was being gained, Director 1 became increasingly disillusioned with the process. He was unhappy with the agent and the lack of good contacts.

"This is a waste of time, can't wait to be getting back home, all the [locals] will be in tomorrow nicking stuff!" (Director 1 2001)

By the end of the week the agent company, AM had decided not to exhibit again and the Director wanted to return home. As a result of the trip a markeing action plan was developed for following up on contacts made in the market. On return to the office discussions were held in the sales team meetings on the best way to manage marketing leads it was decided that sales leads needed to be recorded and allocated to a regional sales engineer, additionally it was proposed to recruit a new sales engineer to assist specifically with the development of new areas. The researcher therefore developed a table to document leads, actions and to assign responsibility for those action. This was to be built into the proposed marketing information systems which would form part of the new database.

A key tasks in the TCS plan was the development of the marketing information system to support the marketing function and fit along side existing databases. However experience since Oct 2000 had shown that the entire database system was not suitable for what was needed.

4.4.10 Development – Interactions and interventions with external agencies

It has been seen that the Directors has very specific ways of working and making decisions. This impacted on the way they worked with those internal to the organisation, but also effected their interactions with external parties. The nature of the TCS scheme opened the company to more involvement with outside agencies and this section considers one key interaction.

By this time the complete re-development of the database was now considered critical:

"We would really like to build on what we have got because we need some one in house who can manage it but I suppose really we need some advice"
(Director 1: 2001)

"Well its fine but it's a bit limiting" (Project staff on the database: 2001)

"[The quality manager] is good, he'll just build you bit on depending on what it is you want (Project engineer: 2001)

"It doesn't really link into the accounting stuff there is loads of duplication and no one understands it" (Accounts administrator: 2001)

"One of the things I have to do is develop a marketing part to the database, I'd like it really to link into the other systems so there is less duplication as I want it to be a tool everyone can use" (Researcher: 2001)

"Ok well I can redevelop this system, its already linked together with the other systems so all the common field will be the same. Let me have a list of what you want" (Quality Manager: 2001)

In conjunction with Durham University the company offered a placement to an MBA student to undertake a particular piece of research which would benefit the company, but also assist the student in writing their dissertation.

The researcher undertook further audit of information requirements within the company, whilst the MBA student took a more strategic approach to look at the best ways of storing, retrieving and using information. The decision was taken that there was a need to review the whole database and information sharing system prior to developing the Marketing Information System (MKIS) which was a key part of the programme.

" I think we really need to scrap it and start again its obvious that the company has outgrown it and while it was a good system when it was developed its now a bit beyond its sell by date" (Director 2: 2002)

Therefore it was decided to redesign the database system completely based on current requirements as the audit of information requirements had indicated that:

1. There was little consistency in the methods and tools used to store and share information. For example *"D's diary is extensive and he keeps them all... look, one big A4 diary per year, no one can understand it mind if you need to find out what's going on"* (Project Engineer: 2002)

2. There was little sharing of information. If one person was absent it was difficult for another to access information on their projects in order to assist a customer or ensure progression. This was compound by restrictions imposed by the Directors which meant that people were only able to access very specific items of information.

"I hate it when some-one's away its all passwords you can never access any information for the customer" (Project engineer: 2002)

3. There was no consistency in training levels of staff which limited the effective use of IT resources. For example all staff in Projects had access to MS Project but there was no consistency in how proficient they were on it and how they used it.

"Well I've been trained and I think J has, but in other jobs so we both use if differently, D's sort of picked it up by himself and the others never use it coz they've never had any training" (Project Engineer: 2002)

4. The current database, as has been discussed, was inaccurate and incomplete.

However the current IT and data management systems was developed by the Quality Manager, who lacked the time to develop it adequately. In addition no-one else within the company that had the expertise to complete the systems to the required standard. It was therefore decided that the researcher should look into identifying other ways of completing this work and include the MKIS as part of this project.

"See what grants we can get towards this H, we must be able to get something out of the universities" (Director: 1 2001)

The researcher undertook a feasibility study in August 2001into the various options for redeveloping the database, including the opportunity and financial costs of a variety of options including developing the system in-house, employing a consultant or using a placement student.

Following the feasibility study, it was decided to approach Knowledge House, part of the Durham University, as the 30 percent grant availability would assist with the financing of the project. Using a IT student was discounted as the

placements were usually Easter to the end of July and this would have delayed the implementation to much.

"we don't want to wait that long, anyway we wouldn't have any support once they'd left" (Director 1 2001)

The first option was a consultant recommended by Knowledge House at Durham University, first contacted in early August 2001. This relationship started off well, and the consultant offered some useful ideas, but as time progressed it became clear that the consultant simply wanted to implement a generic system that had already been designed for elsewhere. Following this Knowledge House at Newcastle University were approached and again, initially, seemed keen to take on the project. However it was clear after the first few meeting that they were not progressing the project in a realistic time frame.

"...they don't have a clue about commercial time scales, we'll be waiting for ever, typical academics!!" (Director 1 2001)

The staff at Knowledge House at Newcastle University, initially suggested a hybrid combination of MS Access and Act! Software. However after a couple of months failing to respond to queries from both the researcher and Academic 3 to develop the requested feasibility study the Knowledge House contact dismissed their own idea as *"pie in the sky"* and *"unworkable"* (Knowledge House Contact, University of Newcastle, November 2001).

The delays to this programme had been quite significant and in addition it seemed that the costs from Knowledge House appeared 30 percent higher than commercial costs, thus nullifying the benefit of the grant.

"..waste of space.." (Director 1: 2001)

"Why did they take it on in the first place if they didn't want to do it. This makes the Universities look bad and they are supposed to be attracting outside consultancy work not putting people off" (Academic 3: 2001)

At this time the decision had been made, based on the research undertaken over the previous 4 months, that the database system within the whole company needed redeveloping and that this should be achieved through the recruitment of a second Teaching Company Associate.

TCS Consultant   *"If there was something else you wanted to have a TCS programme for, you know if you apply before the end of this one you'll get the full grant"*

Director 1   *"May be we could use that for the IT systems"*

However there was an immediate need for a MkIS system and so the researcher worked closely with the Quality Manager to develop a basic add on to the existing system to meet the immediate need. This was developed from a disused sales department system to reduce development time, but the main draw-back of the system was that the Directors would only permit the sales team to have access to the information, which had the following effects:

- Reduced, what had been good buy-in, to the marketing process from the projects department
- Did not permit the projects staff to record nor encourage them to share market and client information they received
- Reinforced the information divide between the departments and the mistrust associated with this.

The database was developed and populated during December 2001 and January 2002. The system provided a consolidated place for all marketing information to be gathered. The main barrier was getting the sales team to use the system. This was achieved by first undertaking training with all the sales staff into the use of the database and providing guides for use for reference later. The researcher also limited the amount of information emailed out to sales staff, when updates were made, for example, to the sales leads list, then sales staff were emailed and directed to the relevant area on the database.

However take up of the system was limited due to its lack of integration with any of the other systems as this meant that sales staff had to log into a separate system to check marketing information.

It was decided therefore that a different approach was needed. Additional interventions that took place between July 2001 and November 2001 included the development of a market entry procedure to build on the work completed on the selection of agents. At this stage complete integration of the process into a comprehensive system was taken into consideration. The market entry procedure was designed to be a broad guideline to ensure that when sales staff were considering new markets or market intelligence that they considered all the variables and collated all the information before making a decision. The sales staff were trained on the procedure in part of the sales meeting but the general belief was this was a marketing task. It had been decided by the Directors that market intelligence should be collated by marketing and disseminated to the sales team, follow-ups would then be allocated to a member of sales staff dependent on the region, which meant that the strategic market development would be retained within marketing and the tactical sales related activity would be undertaken by the sales team.

"Right H you gather the information, find out what it is they want then we can hand that over to the sales team who can progress it. We'll review at the sales meetings" (Director 1: 2001)

It was agreed that the researcher would gather the information and send it to the sales teams for ABC Ltd and XYZ Ltd at the end of each week as seen in figure 4:10. This was provided in an agreed format and would allow the sales team some background information prior to their contact with the customer.

Fig 4:10 Example of the type of information supplied to the sales team.

Customer	Project/ Detail	Action Completed	Actions	Sales Staff	Country
EnCana	Deep Panuke New build offshore drilling rig.	Marketing information sent to key contacts (HM) Pre-Qualification Registration complete (HM)	Technical information required (Dir 2)	Dir 2	CAN
Parker Drilling (Sing)	Three jack up drilling rigs new builds	Contacted key sales people (Andy) Marketing information sent (HM) Prequalification (HM)	Agent to follow up in Singapore Contact US contacts for more info (Dir 1)	Andy	Sing

This was implemented in August 2001.

4.4.11 Development – monitoring customer satisfaction.

By this point the company was starting to adopt a more strategic approach to market development it was now necessary to look at measuring the success of the organisation in terms of considering customer satisfaction. This section looks at the process of implementing customer satisfaction monitoring as a development intervention.

The researcher had undertaken research with the customers into the impact of the website. This was designed to form part of the customer satisfaction monitoring developed and launched in July 2001. A more comprehensive process was a natural progression from this and although the Directors were initially reluctant to carry out this type of in-depth, ongoing research, it was launched at the end of July 2001.

The criteria for the sample was drawn up by the researcher. The aim was to select a percentage of customers randomly on a quarterly basis. This was based on customers placing enquiries over the previous 3 months. This generally was around 150 customers and therefore a 20% sample gave around

30 contacts which gave a manageable number to be surveyed. In July 2001 the researcher draw up the sample for the telephone research but the influence of Director 1 impacted heavily on the validity of the sample as he excluded a number of customers whom he felt:

"weren't very happy and would be quite negative" (Director 1 July 2001).

He also added in a number of customers whom he was 'friends' with and whom would give positive response. This created a bias in the sample, the effect of this on the outcome of the research could not be accurately assessed, other than it was likely that it gave a more positive result than a more representative sample would have been.

Overall the results of this survey were that 76% of customers claimed to be happy or very happy with ABC Ltd's service. 65% were happy of very happy with the communication from ABC Ltd but 62% felt they weren't always kept informed about the status of their enquiries and orders. For example

"In general we find ABC Ltd very good, but the main problem is them not letting us know about delays if we know we can do something about it, but it is very frustrating to find this out on the day we are suppose to get the stuff" (Customer 2000)

"While the lads in the office [at ABC Ltd] seem like nice blokes they don't really seem to take the initiative with the suppliers" (Customer 2001)

"The service is good, but we'd like to see them over here and visiting us. I like our suppliers to make the effort" (Customer 2001)

It is my belief that if the sample had not been adjusted then the results would have been less positive. It was not beneficial undertaking further research if the sample was going to be skewed especially as the aim had been to use the research to develop an action plan for organisational development initiatives: but this was now not possible.

Market research undertaken around this time by the researcher indicated that the benchmarking system for the industry, First Point, was becoming more important, specifically for being selected for quoting on large, project based, contracts. This was an important part of ABC's business and the results were presented to the Directors with the recommendation to develop it further, especially to take advantage of the customer feedback system. This system allowed customers to rate the company's performance on jobs based on a number of generic criteria. This formed the basis for an overall performance rating for the company which could be benchmarked against the competition. Potential customer could then access this information and use it to draw up bidders lists.

However the Directors were still sceptical about First Point. They had been members for several years but had not received any enquiries through the system. They were very clear that it was not worth the time or finance:

"waste of time, if you can find some-one who uses it yeah ok we'll carry on, but I think we should drop it" (Director 2: 2001)

The main reason for this is that the entry on the system, which had been maintained by Sale Engineer 2, the previous sales manager, had not been set up to provide potential customers with the correct information. As a consequence ABC Ltd were coming out as the worse company when benchmarked against competitors

The research amongst the key project customer indicated that the benchmarked result did play a significant part in their decision-making process. They also indicated that it would increase in importance over the coming projects as margins continued to be reduced.

Therefore although the Directors were sceptical:

" .. We know who it is we deal with and they know us, they're not going to check on there" (Director 1 2001)

The researcher decided to incorporate the First Point information gathering with the existing system of collating customer satisfaction as most of information was duplicated so the researcher decided to switch to the First Point system.

A significant amount of time was taken to review the information on First Point and ensuring both companies we registered in the correct categories. The survey process was implemented early in October 2001. It was found that the response rate to the survey improved. The information continued to be collated and presented in a report to the management team using 'exception reporting' techniques to identify areas of concern. The main barriers had always been the danger of the Directors using the information to perpetuate the 'blame culture' instead of addressing the key issues as developing and process improvement opportunities. This was addressed by not sending reports through to the management meetings, but discussing them in the first instance at the sales meetings and, while this had obvious drawbacks in that it did not involve other managers from Projects, Quality and XYZ Ltd, it did allow the researcher to present the information in the way it was meant to be interpreted and take the opportunity to influence the Directors.

During this time the researcher also undertook some research into the supplier base for XYZ Ltd, with the aim of expanding their supplier base and develop more links with companies in terms of representation or supply agreements:

"We need to get more products to represent. At the moment we don't have a big enough product range. Ideally we would want to look to American companies who are not well represented in Europe and try and do a bit of reciprocal with our European suppliers. What we need is a comprehensive range of goods then we can start pushing more for different customers" (Director 3 ZYX 2001)

"We really want to be working in as many countries a possible. Ideally we'll get some staff in the office, which gives Director 4 XYZ and I time to get around all these places and build a reputation; that's the way to get a good agent" (Director 3 XYZ2: 001)

The researcher found that Director 3 and Director 4 at XYZ were more receptive to new interventions and making changes to the business model than both ABC Ltd's Directors.

"There are loads of things we want to do marketing is definitely the way forward for us; we're really busy though so you'll have to keep hassling us!!" (Director 3 XYZ: 2001)

The researcher identified a number of possible target markets and potential suppliers for the company, the responsibility for following the market information up was left to Director 3 XYZ and Director 4 XYZ. However from the information the company was able to sign two new representation agreements as well as successfully enter the American and Spanish markets. XYZ Ltd also used the marketing function to successfully enter a number of markets where ABC Ltd were already established, particularly in the Far East.

"Excellent information, exactly what we needed to know! We'll be using that form in the future for new markets" (Director 4 XYZ: 2001)

"The customers were very impressed with the information you sent them. Can we get some more done on the other products? I'll send you up the photos" (Director 3 XYZ: 2001)

The process involved using 'cross and up' selling techniques between the two companies so ABC Ltd's agents could promote XYZ Ltd's products. This was a particularly successful strategy due to the compatibility of the products and overlap between the two companies customer base.

"most of our customers definitely will need a range of valves so it is good that you can supply them all. We can also look for XYZ markets over here, especially in power" (ABC's Japanese agent 2001)

"Well we are going into to see on person we may as well take some XYZ stuff, its all related really, might not be the same person but we can get some more names" (ABC's French agent 2002)

This approach was also supported through XYZ Ltd accessing a significant grant to enter the Middle East Markets. This permitted a significant marketing effort, plus a trip to the UAE, Oman, Qatar to be almost fully financed, again demonstrating the differences in approaches of the senior management. Director 3 and Director 4 of XYZ were willing to invest the time to take advantage of the grant and use it to enter a potentially large market. From this intervention XYZ Ltd set up an agency agreement with two companies, one in Oman and one In Qatar, using the market entry procedure as a result these proved highly successful for XYZ Ltd. The company decided to make the trip an annual event.

"This trip was excellent. We got really good support from the organisers and met some really good people, we're going to try and go back with them every year. I think its really important that we see them on a regular basis especially as all the competition have agents out there. Well worth while and so cheap!!" (Director 3 XYZ: 2001)

ABC Ltd had the opportunity to take advantage of the same grant but despite already having business from the United Arab Emirates and opportunities from Qatar, the Directors of ABC Ltd were not convinced of the potential in the market.

"there's no point [Director 2] at [previous company] used to do a lot of stuff out there, but they're all crooks. It would take up far too much time for [very little]." (Director 1 2001)

This meant they missed out on the grant, but then later decided there was enough to send some-one on the trade mission XYZ Ltd had signed up to for December 2001.

Director 1   *"Are we going on the trade mission?"*
Researcher: *"No, you didn't want to send anyone"*
Director 1:   *"There is loads going on in the market, we really need to be going there, can you get it organised?"*

However there were no longer any available places, so Director 4 XYZ, who was attending the trade mission, was persuaded by the Directors to visit some possible contacts for ABC Ltd.

Director 1 and Director 3 XYZ discussed this:

Director 1   *"How long is Director 4 XYZ there for"*
Director 3   *"6 days but 4 of those are already fully booked"*
Director 1   *"Well he'll have to spend two days up around Sharjah for us, then of course there are at least 3 companies to see in Abu Dhabi and I want him to go to Lamprell, make sure he makes appointments with all these (hands a list)"*
Director 3   *"He won't have enough time, not with all his customers"*
Director 1   *"Well he'll have to make time"*

Despite the two companies being separate and the XYZ Ltd Directors having equal stake in the company in reality the structure was one of XYZ's Directors reporting to ABC's Directors. This had an impact on communication and relationships within the two companies.

4.4.12 Development – Internal communication

Despite interventions internal communication within ABC was still limited. More effort was made to circulate minutes of meetings, but certain staff were still missed. This section considers the issues around internal communication at this stage in the project.

An example of this issue was when the researcher was approached by Director 1 to find out why a task on the project meeting minutes had not been completed, but the researcher had not been copied in on the minutes.

Director 1   *"Hi Helen, have you got that information sorted, we need it for our meeting"*

Researcher: *"what information?"*

Director 1:   *"From the project meeting it was on the minute, you were suppose to work with [Quality Manager] but he's not had anything"*

Researcher: *"Didn't know anything about it that's why"*

Director 1   *"But it was on the minutes"*

Researcher: *"I don't get the minutes .. look if you'd have asked me It would have been done.."*

Director 1   *"Right well can you get on with it now and bring it in when its finished"*

In September 2001 the researcher attended two further courses run through the Teaching Company Scheme

"All that academic stuffs alright for your college work but it doesn't really apply to the real world, does it?" (Director 2 2001)

In order to try and influence the Directors to implement some of the learning from the course the researcher decided to present the information gained as an organisational development intervention rather than a report that required the Directors to learn.

The responses of the Directors first appeared quite positive, with the exception of the recommendation for staff in a managerial position to attend management training.

"..no need for it Helen, that's all aimed at the big companies, not relevant to us. We know all our staff we don't need all the management stuff, people are busy with their jobs". (Director 2: 2001)

The report was taken to the management meeting but *"there was no time to discuss it. We had more important things to do..."* (Director 2 Sept 01).

Eventually the researcher did get some key communication and 'direction' issues raised at the sales meeting. From there a simple action plan was developed for the targeting of new markets; this was communicated to all staff by the researcher and to be action by the sales manager, with support from marketing. This took the emphasis away from needing to involve the Directors in detailed decision making, whilst still providing sales support from marketing, and provided useful development work with marketing undertaking the research and promotion and the sales manager focusing the sales effort. As a result ABC Ltd successfully gained more contacts and work in Singapore, Indonesia, Australia and Japan and resulted in an agent being appointed in Japan following the marketing procedure.

" .. *they seemed ok, ticked all the boxes, the form was useful to check we were asking everything*" (Andy 2001)

Unfortunately however the procedure was not followed when the Directors appointed an agent in Nigeria. Magic Solutions had been introduced to the Directors by another potential customer that the Directors had met in from the country, ABACUS, ABC Ltd had won a small order off ABACUS and the purchaser came over to Newcastle with a representative from Magic to visit ABC Ltd. The Directors signed an agency agreement, but this did not include any performance criteria which made management difficult.

The sales meetings were still occasions were marketing was not discussed as the agenda was to discuss the sales order and quote logs first and only then to bring in marketing. However this did ensure a greater success at getting interventions implemented. This seemed to be more effective because the researcher had support from the Sales Manager for this. As the researcher was present in the meeting it was also more difficult for the marketing and organisational development aspects to be overlooked and despite their reluctance to finance training, the forum was used to persuade the Directors it was important to identify the company's training and development needs.

There were, however, dangers in doing this. If the Directors still did not agree to implement any training and development then the process could impact not only on motivation but on staff buy-in into interventions in future.

4.4.13 Development – Training and Development

As mentioned previously in section 4.4.9 the identification of training needs had been postponed from earlier in the year due to new staff being recruited (ref section 4.4.9 page 104). This section looks at the identification of training and its impact on the strategic focus within the company.

The researcher designed a training needs analysis questionnaire based on the objectives of the business defined by the Directors and conversations with the senior manager in each area on how they felt the business needed to develop. Due to the small number of staff involved the analysis was carried out with each member of the team. The outcomes of this intervention were quite surprising. Rather than take any short term views on training all the needs identified were strategic and linked into identified business improvements. The role of the researcher moved from helping staff identify their needs to one of assisting them to define and refine the ideas strategically. The three critical areas to come out of this intervention were:

- Development of a more co-ordinated approach to project management.
- Increased breadth and depth of product knowledge.
- Greater integration and understanding of the systems within the company.

This, when combined with some operational training needs and identified health and safety training, provided a comprehensive, but manageable, programme of training interventions

"we're always being asked to take on different stuff which is fine, but we never get any training ....(Employee: 2000)

"We don't have the proper tools to control a large number of complex orders such as this. When one person has so much on the go its easy to miss

something. We need some sort of adequate project management training with the software to back it up. No-one is infallible but if we had some more up-to-date tools we'd at least have a safety measure" (Project employee: 2002)

"I'm not prepared to go ahead with the training until the department is working how we'd like, they have to develop a set of procedures to show how they are going to be managing projects on a day to day basis and be working in that way" (Director 2: 2002)

"We need the software and therefore the training on MS Project in order to be able to work in the way they [the Directors] want. We can write a procedure but we need to be incorporating the software or else everything else will change again" (Project Manager: 2002)

This action combined with the identification of a grant which would have cover 50% of all the costs of the training programme provided an affordable opportunity to develop the company proactively over the next 12 to 18 months. The training needs analysis was written up in detail to provide the Directors with a clear business case and cost/benefit analysis.

This information was presented to the Directors early in December 2001.

This was now an ideal time to provide some internal training on services marketing. The companies' competitive advantage was associated with the provision of a 'service' by the company and the audit process had identified that the company had an 'product' orientation. Therefore this training had always been an essential intervention. However it was felt by the researcher that the company would not have been receptive to the message in this training before this point:

"The project department seem to have no awareness of the importance of the customer" (Director 2001)

"We have other things to do than worry about the customer" (Project engineer 2001)

"....our main focus is the product and the quality. We leave the customers up to the sales team. That's their responsibility. Everything would run much smoother if we didn't have to deal with the customer all the time" (Project employee 2000)

The services marketing training was run in early December 2001 to coincide with the presentation of the learning and development strategy for the company to the Directors. The services marketing training comprised of an overview of the concepts of services marketing and particularly focusing on the concept of everyone in the organisation being part of the marketing effort (Drucker 1954). The objectives were to gain an understanding of the companies advantage over its competitors and for staff to understand the role they played. As an outcome it had a motivating impact on staff as they stated they now felt "important" in the organisation development.

4.4.14 Development – Accessing external support

The Directors' approach to accessing support structures from external organisations had been one of suspicion, built up through poor past experiences. This section looks at how Trade Missions can be used by small businesses in positive ways as well as how the case company approached other external support opportunities.

During December XYZ Ltd went on their trade mission to the United Arab Emirates (UAE). Overall they found the trade mission a useful method of accessing new markets and the support network useful for making new contacts. This differed from the experiences and perceptions of ABC Ltd's Directors who had attended a trade mission to Australia prior to the start of this research. Trade mission vary from exhibitions in that on a trade mission specific meetings on a one to one basis and networking sessions are organised for a small group of companies as oppose to an open forum at an exhibition. The Directors view on trade missions were also influenced by the events at the exhibition in Azerbaijan. (ref section 4.4.9)

"Trade missions are pointless, we just played golf." (Director 1: 2000)

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"We didn't meet any customers of any value and the information pack they sent us on the market was just generic, everyone got the same" (Director 2: 2000)

The Directors felt the problems in Australia were caused by the organisers and embassy officials in Australia. However the approach the two companies took in preparing for the visit varied and this would have had an impact. XYZ Ltd undertook, through a combination of the researcher, agents and industry contacts, a large amount of market research prior to travelling to UAE. This meant they had a number of named contacts whereas ABC in contrast relied upon the organisers to arrange appointments. Additionally the quality of information provided to the organisers impacted upon the quality of market research that was received. XYZ worked closely with the organisers to draw up an accurate market profile and realistic aims. In contrast ABC were selective in the information they provide to the organisers and were not realistic about what they wanted to achieve. They also limited the information they passed onto the organisers as they were concerned about *"other people finding out about us"* (Director 2 2003).

"We told them we wanted to meet drilling contractors, but they weren't able to arrange any decent appointments" (Director 1 2003).

".... all the people we met on the trip were interested in our product, they had had a good briefing from the embassy, knew what products we did and were in a position to make purchase decisions, I found the more information you provided the more relevant the people you met were" (Director 4 XYZ 2003 UAE trade mission).

This emphasised the importance of building trust based relationships with external organisation to ensure maximum benefit from this type of event.

In December, following the trade mission to the UAE, the Directors of XYZ Ltd suggested that the researcher organised a Christmas Party for the company. This presented a good opportunity for team building.

The final major intervention around this time, December 2001, came prior to the renewal of ABC Ltd's ISO 9001 registration. The review of the requirements had been left until a week before the deadline and the sole responsibility for achieving ISO was left to the Quality Manager. This meant that the first two weeks in December were pre-occupied with attempting to organise the correct evidence to meet the ISO requirements.

" ... can you sort out the files so there is a good selection to show the auditors that are done right .. I've asked [reception] to get more dividers" (Director to sales staff 2001)

Marketing were asked to produce a number of flow diagrams to show information and communication flows internally and externally, including how employees were kept up-to-date and how the organisation interacted with customers and supplier both formally and informally. The company had its ISO status reinstated and the assessor worked with the quality manager to develop an action plan to move to company towards gaining ISO 9001-2000 status by the next evaluation in December 2002. The action plan was presented to the next management meeting in February 2002 but no action was taken towards achieving any of the criteria until late November 2002. At the November 2002 managers meeting Director 2 asked the researcher:

"Can you make sure projects get a copy of the [the action plan] There is stuff that they need to make sure is in place by next month, [quality manager] you're responsible for co-ordinating"' (Director 2 Nov 2002)

Early in the new year of 2002 the focus of attention moved towards preparing XYZ Ltd for their ISO 9002 evaluation in February 2002. This was the first time the company had applied for recognition, but had been working to the established ABC Ltd model which had been approved, so meeting the criteria was a straight forward process. The researcher was not really involved in this with this but it was apparent that XYZ Ltd adhered to the best practice frameworks more rigorously than ABC Ltd. For example all XYZ's files were set up in the appropriate structure, in contrast, it was often found ABC's had to be revisited prior to inspection to add information and structure to them.

"This is more straightforward, I've just applied how ABC work to XYZ. Mike is very good at following the procedure, I guess because they are just setting all this up they have made sure everything is done properly" (Quality Manager: 2002)

This demonstrated again the difference in management styles between the two companies, XYZ Ltd were generally more proactive and saw the benefits in working with external organisations, where as, ABC Ltd saw the process in terms of the threats to their 'way of doing things' (Director 2001) and "it ticks a box to keep the customers happy" (Project manager 2001).

4.4.15 Development – strategic communication

There had been a number of interventions looking at communication with external customers and it was necessary to start to consider this as a strategic communications package. This section look at intervention which were used to move the company towards this position.

Following the development of the various communication initiatives such as the websites the researcher started to identify different forms of electronic media which the company could use. January also marked a significant shift in the attitude of the Directors towards the project: Director 1 who had been very involved now took less and less interest in the project, delegating more responsibility to the researcher, although he still required all decisions to have his input. This meant that constraints on Directors 1 time made implementing interventions became more difficult. There were two reasons for this; whilst Director 1 still insisted on input it took longer for decisions to be made and marketing took a lower priority. In contrast however, sometimes, Director 1 would tell the researcher to go ahead:

"whatever you think H .. just get it done" (Director 1 Jan 2001 regarding the design of the newsletter)

This would result in disputes between the researcher and Director 1 when he was not consulted:

"Why has this been done, you never spoke to me about this, its not what I want" (Director 1 Feb 2001 regarding the design of the newsletter)

The use of E-Media, in the guise of an electronic newsletter, for supporting the communications process with customers provided ABC Ltd with another, effective method of communication. E-Media arguably works best when it is 'permissions based' and several methods were examined, including the use of a custom designed package. It was conclude that these systems were more suitable for marketing on a much larger scale than ABC Ltd needed. The final design of the scheme was to use MS Outlook as a platform for sending out 'newsletters', initially to all customers with an opportunity to opt-out of future mailings. This required the company to upgrade to MS Outlook from MS Exchange. Outlook provided a number of additional advantages over Exchange including allowing the company to use diary systems.

The response from customers to the newsletter was generally positive:

"Well I wouldn't say I read it religiously every month, but I wouldn't opt out it does have some interesting stuff on" (UK Customer 2001)

"You're just telling us how well you're doing aren't you" (Reference to the inclusion of large contracts won – Norway customer 2001)

Initially the idea was to mail all customers with a monthly newsletter, giving them the option to opt out at any point, but it was soon reduced to quarterly as there was insufficient interesting news to complete a newsletter more regularly.

"Don't really have anything .. why don't you do it quarterly, that'll do won't it" (sales engineer: 2001)

Initially both the Directors were quite keen on developing this, but this interest decreased over time:

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"Just work with Andy to get the information we don't have time for this stuff"
(Director 2: 2002)

Very few customers actively opted out of the newsletter, although it is difficult to tell how many passively opted out by deleting the email without reading it. Feedback however from customers was mainly positive:

29% of contacted looked at the newsletter every time they received one.
24% looked at it some times.
15% never looked at it.
12% forwarded it to someone else.
3% had never received it.

(Sample of 57 randomly selected recipients of the e-newsletter)

To support this all staff were trained on Outlook. This was provided off site by the IT consultants. However evaluation of the training provision showed it was unsuccessful because:

- Training needs identified by the researcher were not considered by the Directors, nor passed on to the provider.
- The Directors did not consider how they wanted the package to be used.
- No consideration was given to the previous knowledge of the candidates.

Therefore the course was very basic and did not cover the use of the diaries or the full capability of Outlook, the focus being mainly on emailing, due to the previous level of knowledge of the staff this was not beneficial. The attitude towards the training from all staff, but particularly the Directors, was it was a *'jolly'* and *'day out of the office'*. Therefore the majority of the session was spent sending joke emails to each other.

"…with training I think it is best to get everyone out of the office. I have just asked IMASS to provide a basic Outlook course. I am sure that'll cover everything" [IMASS] is going to get back to me with a couple of dates I think people will appreciate a day out of the office, bit of down time" (Director 1: 2001)

Additionally these issues were compounded by the facilitator leaving the room regularly leaving the group with tasks to do. This was taken as an opportunity for staff to play on the internet and continue to email. Due to this the course only ever covered emailing and did not have the time to get on to the diary and other tools available on Outlook. Following the course most appeared satisfied with the email function. However this was similar to the Outlook exchange that had been used previously, though few were comfortable with the diary system and the researcher and a Projects Engineer familiar with the system undertook personal coaching with staff. Eventually the diary systems and shared mail boxes were used effectively as a way of sharing information, managing holidays and booking the use of rooms.

Work load at both ABC Ltd and XYZ Ltd was beginning to increase as the companies began to benefit from the entry into new markets. It was also necessary therefore at this time to recruit two new project engineers and new a sales engineer.

By this stage the company was starting to become more comfortable with the concept of marketing, however the management of the supply chain, critical to the company's competitive advantage was a new concept and the TCS project plan had made provision for an extensive review of this.

4.4.16 Development – supply chain management

One of the key outcomes required from the programme at this time, February 2002, was to review and evaluate the two company's supply chain management processes. This section looks at how this intervention was developed and managed.

Effective supply chain management was of critical importance to marketing success as the effectiveness of the management of the supply chain was of critical importance to the success of the supply to the customer. In order to develop this the researcher set up a cross functional team including members of sales, projects and quality to address the issues with the aim to facilitate a process where by the team would develop and implement a plan and thereby

take ownership for it. The team came up with a process of two way evaluation where by ABC Ltd would provide an evaluation on the supplier based on a number of criteria and the supplier would evaluate ABC Ltd looking at how they supported them.

It was decided to pilot the scheme with six core suppliers, with a variety of products. Unfortunately there was little consultation with the suppliers on this and therefore little response to the scheme. Additionally the suppliers were divided up between the projects team to work with two suppliers each and responsibility for managing the project was moved from the project team to the management team, of which the researcher was not part. However once the first stage was implemented, and action plans drawn up from those suppliers who had participated, there was no follow up from the Directors and the projects staff simply did not follow up any of the action nor chase suppliers for the information. By June, although not officially, the scheme had been abandoned however in practice the second stage was never reached.

In order to manage the process and attempt to ensure the project was successful the researcher had attempted to hold regular progress meetings and produced a shared action plan which was copied into the Directors in order to try to maintain momentum in the process. As the process did not have the active and stated support of the Directors and this was not successful. From observation it seems that the reason for this was a reluctance on the behalf of the Directors and Staff to receive negative feedback. It has been seen how the Directors tailored the respondents of the customer research in order to avoid negative responses and that staff were under pressure from the blame culture. (ref sections 4.3.3, 4.4.2, 4.4.11)

4.5 Observable Outcomes

Section	Key elements
Organisation Development	There were a number of successful organisation developments within the two years. ABC were successfully able to access a number of grants and employee buy-in to the TCS improved over time. There was however little progress made on effective training, specifically due to the Directors' resistance towards this.
Marketing	Overall ABC successfully broadened its customer base, moving into a significant number of new markets, which will assist in protecting the company from the effects of a downturn in any one area. The re-branding process also had some benefits. However ABC had not adopted a strategic approach.
Integrating strategic development	The company had benefited from tactical interventions, but had been unable to make the move to a strategic focus.
Second TCS	A second TCS programme was developed to look at the internal database system, internal communications and sharing of information.

The outcomes of the process can be considered under the four headings. Organisation Development, Marketing, Strategic and other. They can also be assessed by considering what the company learned and what it did differently as a result. This will be considered by looking at interventions and actions undertaken towards the end of the project and beyond.

4.5.1 Outcomes – Organisation Development

4.5.2 Introduction

There were several outcomes in terms of the development of the organisation from the overall intervention. This section considers the key areas.

4.5.3 Employee buy-in

This section considers the extent to which employees changed in their commitment to the marketing process and associated changes

One measure of this is employee participation in research (fig 4:11). A number of surveys of staff were carried out throughout the period, the process itself and interventions surrounding this improved the responses rates:

Fig 4:11 Response figures for surveys over scheme:

Oct 2000	Jan 2001	June 2001	Jan 2002	June 2002	Oct 2002
27% (3/11)	54% (6/11)	54% (6/11)	78% (11/14)	93% (14/15)	93.75% (15/16)

Start

Formalised distribution of some reports

Implementation of major interventions started

Marketing confirmed as a permanent position

Launch of many of the infrastructure developments

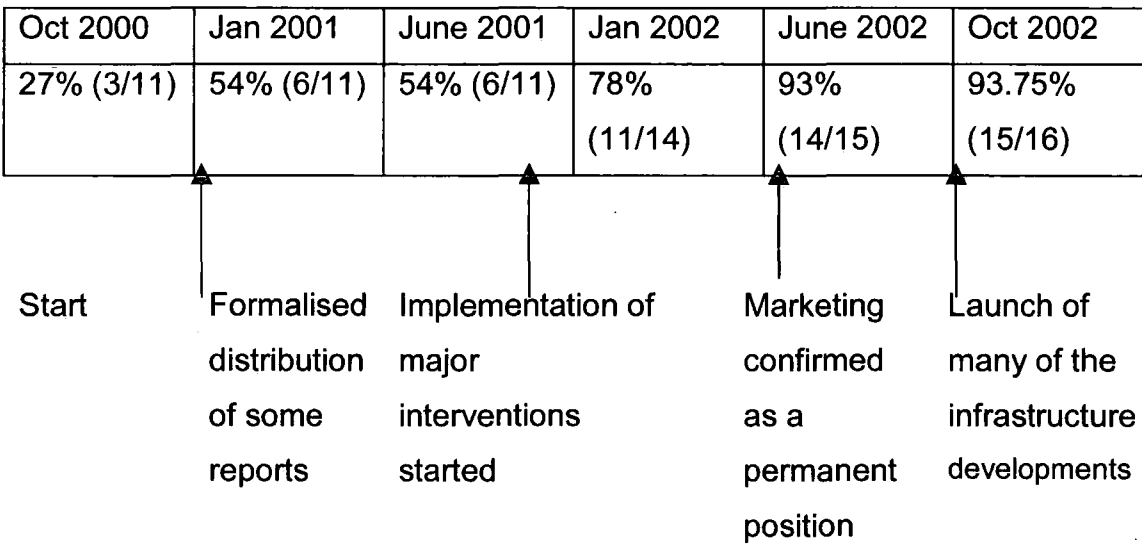Figure 4:11 shows that the response rate improved over the course of the programme and over the course of the two years the relationship between Marketing and the Projects team improved considerably, to the extent that by the end of the TCS programme project staff were making suggestions about marketing activity, for example the suggestion to develop product information sheets. (ref. section 4.5.8)

Additionally the change of staff in sales helped significantly in gaining commitment to the marketing process from this department (ref. section 4.4.9). The new staff were significantly more proactive in developing marketing and undertaking marketing development activity than there predecessors, the reasons for this are now clear. (ref. Section 4.4.8)

Internal communication had however remained poor, and there was little focus on any strategic organisation development, However the Directors were more focused on being proactive in improving systems within the organisation than they were at the start of the TCS programme when they were unaware of the existence and impact of internal issues. (ref. section 4.4.2)

4.5.4 Training

This section will look at the outcomes and changes in approach to training as a result of the scheme.

By the end of the TCS there was also a more strategic view of training, Managers were able to identify strategic training, specifically in project management systems which were aligned to the objectives of the organisation. However the Directors were still reluctant to finance training. (ref. Section 4.4.13)

"we need to get the processes in place first" (Director 1: 2002).

"I'm not even considering that idea until Projects reassess the procedures" (Director 1: 2002)

There was a distinct change in attitude from the start of the programme where training had been seen as a 'jolly' to a position where commitment to internal training was good, although sessions had to be kept short, monitoring through follow-up observations and informal conversations with staff and managers showed good application of learning from these sessions. No further external training was carried out during the scheme so it is not possible to know if reactions to this type of training had changed. However the company did start to

support its staff in gaining and maintaining Chartered status, through payment of fees and time to undertake continuing professional development.

The processes were in place to implement a strategic programme of development for staff as a result, the Directors' reluctance to commit to this meant it was not implemented, despite access to grants

4.5.5 Grants and external assistance

Throughout the programme financial assistance through grants was obtained. This section looks at the how these intervention worked. (ref. Section 4.4.4)

By the end of the TCS programme there was a more positive approach to grants as well as the use of external organisation to support development work. The Directors now considered grants and external activities such as trade missions as a valuable and worthwhile experience.

"These grants have been really useful, can we see if we can get something for improving the equipment in the warehouse" (Director 1 2003).

Over the two years of the TCS in excess of £26,000 had been accessed by ABC Ltd in grant support for various activities.

The change in attitude can be illustrated by:

" .. Before you arrange that trip see if there is a trade mission or something through the NOF ..." (Director 1 to Sales Manager 2003)

This compared to the negative view of trade missions to Australia and UAE (ref. Section 4.4.4)

However in practice behaviour was not as effective. Director 1 and the Sales Engineer attended a Trade Mission to Canada early in September 2002. Director 1 had seen the trip advertised through the Northern Offshore Federation. The marketing research in the market indicated that there was

some potential for ABC Ltd's products as there were a number of high pressure offshore fields due for development in the next decade. Indeed some development on White Rose gas fields and Deep Panuke oil fields had started. However the market was well served from The United Sates and Canada had a protectionist attitude towards its local suppliers. This meant a key element of the trip had to be to identify a potential agent or partner to assist in accessing the market.

The trip did identify a number of potential customers who were keen for ABC Ltd to return to the market 12 months later when the projects were more advanced and give a presentation to purchasers and project managers. However this trip did not happen as Director 1 felt that the first trip had not produced sufficient leads:

"there is no point wasting time in the market, we don't get any enquiries so what's the point". (Director 1: 2002)

Sales Engineer pointed out that a number of companies had expressed an interest in ABC travelling back to do presentations to their whole purchasing team, but Director 1's response was

"well they were companies we had not dealt with before so there is not any point in spending the time until we start to see enquiries from them". (Director 1: 2002)

However the company had received several good enquiries for package items from the market, but these had not been followed up from the sales team.

A partner organisation was identified, but as with previous agents Director 1 had agreed a contract with one of the first companies to express and interest. (ref. section 4.4.8). The company, Mountain Offshore Supply, had no experience in the high pressure drilling field and no contacts in those companies ABC Ltd would have liked to target. Although they had experience with XYZ Ltd's product the turnover that XYZ Ltd would have had in the market amounted to less than 1% of Mountain Offshore Supply's yearly turnover and this did not

provide then with the incentive to sell XYZ's product that was necessary to enter the market. In addition a lot of the companies XYZ represented were already supplied into the market and available to customers off the shelf.

"Mountain were very keen but I just don't think they'll put the effort in, .. you know but [Director 1] was insistent .." (Sales Engineer: 2002)

"we haven't heard anything from Mountain, [Sales Engineer] get on the phone and find out why .. " (Director 1: 2003)

" .. the trouble with [Sales Engineer] is he won't give Mountain a bollocking for not pulling their weight, [Director 2] and I will have to have words..." (Director 1 to the rest of the team when Sales Engineer was not in the office. 2003)

The outcome of this was that Mountain did buy from ABC and XYZ when they needed the products, but this demand was quite small and they did not act like an agent. Mountain were very keen to work with ABC and regularly sent in enquiries for products and those which surrounded ABC product range. However Director 1 took a dislike to them:

"I don't want to quote Mountain any more, they are just sending us all sort of rubbish in. I'm not wasting my time, [Sales Engineer] tell 'em to forget it" (Director 1: 2003).

During this period the company exhibited at the Offshore South East Asia Oil and Gas Show (OSEA). This was a key market for development for the company and a presence there was recommended by the researcher and also by the agent in the country. The Directors were sceptical about the benefits of exhibiting. Evidence showed that exhibiting in the oil and gas industry very rarely resulted in any sales made on the stand. Research with customers, suppliers and competitors showed that few sales were gained directly from shows, but the benefits in terms of networking and hospitality were considerable. This demonstrated that despite the rhetoric and evidence of the previous two years the Directors were still very sales orientated.

"We don't sell much here, but we have to have a presence, customers expect it if we weren't here we'd loose business so in a year we more than cover the cost. People expect to see you and if they don't they'll think you've gone out of business" (Vice President of Werth GmBh 2002).

The sales manager supported the researcher in this as he had assisted in some of the research into the benefits of exhibition at the Offshore North Sea (ONS) exhibition in Norway.

Eventually grants were obtained to reduce the cost of exhibiting from £3450 to £540 and following some persuasion from the researcher and sales manager the trip went ahead at the beginning of October 2002.

The result was contacts with new and existing customers helped to build up the market and orders were received from six new customers as a direct result of the show. The relationship with the agent was also built on and customers became more aware of the greater services that ABC could offer.

"Was nice to see you at the show" (Singapore customer 2002)

"We've been dealing with your competition, but frankly they have let us down. Never heard of you before, but we'll be in touch" (New Singapore customer 2002)

"glad you've got a service point out here. Sometimes we need stuff in a hurry, so that is a definite advantage" (Singapore customer 2002)

Overall there were costs and benefits in terms of the organisation development, but overall the company moved forward and was taking a more proactive approach to its own development. However this had not reached a strategic level.

4.5.6 Outcomes – Marketing

The overall aims of the project had been to develop the marketing function within the company. It was recognised by the initial research that associated organisation development was required. (ref. section 4.4.4). This and the following sections looks at the key marketing outcomes of the scheme

4.5.7 Broadening the customer base

A key objectives identified prior to the start of the scheme were the significant increase in the customer base and the expansion of the companies geographical markets. This would protect the company from the impact of downturns in any one area. This section looks at outcomes of this.

By the beginning of 2002 it was recognised that a new range of promotional items needed to be developed. The current stocks were running out and the Directors felt that nearly all their customers had one of the current range.

Additionally it was recognised that the range covered a rather limited number of people, mainly golfers and were targeted white male Europeans. This did not adequately represent the make up of the new customer base (figure 4:12) following the companies move into new markets.

"we've had these for a while. We need to think of doing something else"
(Director 1 2002)
"we also need to consider non-golfers" (researcher)
"and women" (Sales engineer)

Fig 4:12 Customer profile

Customer make up - geographic area

Legend:
- Western Europe
- South East Asia
- North America
- Australasia
- Middle East
- South America
- Other
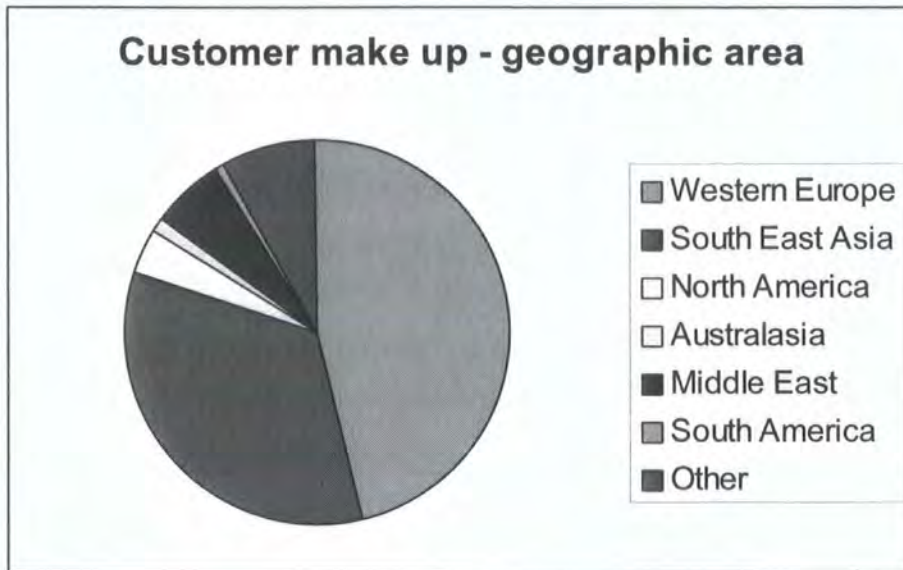
Figure 4:12 shows how the companies customers were no longer only found in Western Europe and North America. Emphasising the importance of being able to understand these cultural implications within marketing, sales and relationships building.

As a first step the researcher undertook a review of the items available and investigated with customers what would be useful and appropriate items. Research was undertaken by the agents which covered a wide demographic area. Choices varied dependent on the area. Western European Clients were keen on the golf related items, where as in South East Asia the clients liked the pan knifes and pen/pencil sets.

This research gave a good understanding of the wide range of items which needed to be procured and enabled the range to be linked into branding.

4.5.8 Impact of branding

The re-branding process undertaken through the new brochure and literature (ref. Section 4.4.5) had created a more professional image and there was alignment between all the communications. This section describes what happened towards the end of the scheme.

The brand had already been developed for the launch of the company's brochures and this had been built into the marketing and website items that had been developed since them. This was linked into the development of supporting marketing material for the unique product ranges, as well as all communications throughout the company.

"The branding stuff has gone really well it all looks good and the customers like it. I think this is a good time to provide some more information which can be specific to what a person is asking for" (Director 1 2002)

One of the aims was within three months to have a comprehensive pack of flyers which could be customised to meet the needs of different customers. However the development of the flyers where delayed significantly due to:

- Miscommunication between the Directors and the projects team on the detail of the product
- Regular changes to the product specification caused by the Directors
- Problems with the suppliers, specifically in terms of poor product quality which delayed the final specification being complete
- Lack of clear objectives for product development
- Lack of information being passed to marketing.

This meant that the pack was not ready by the end of the TCS programme in October 2002. Indeed additional delays meant that the final proofs were still being developed by the printers in December 2003 when the researcher left the company.

4.5.9 Marketing communication

There were numerous interventions surrounding marketing communications over the period of the scheme and these were some of the most successful activities. There was a positive response to the PR from the customer base and in general the attitude of staff and Directors to this type of intervention was good, this was because quick results could be seen from this type of intervention.

However the company did not fully adopt a strategic approach to its communication process, although progress was made towards a corporate approach to how information was shared with customers. (ref. Section 4.4.3)

4.5.10 Outcomes – integrating strategic development

A key objective of the TCS programme was to create a more strategic approach to marketing within ABC. Whilst this was not achieved progress in some areas was made. This section looks at the outcomes of interventions aimed towards achieving this.

By the middle of February 2002 it was clear to the researcher and Academic 3 that the development of the strategic parts of the programme were not progressing as would have been desired.

Therefore it was decided to run an informal training session with the Directors looking at strategic issues, the development of strategy and the beneficial role that it can play in the companies development

"Overall the aim of the company is to keep everyone actively employed. In 1998 we were too big, taking on too much and letting clients down. However the problems during 1999 made us realise we needed to get exposed to new areas. In our view the problems in both instances here rose from inefficiencies in managing the workload and lack of skills internally to develop the company the way we wanted to" (Director 2: 2002)

" The market was changing rapidly and we didn't know what to do about it until it was too late, we needed to think about getting into new geographical areas earlier but a lack of time put all this off until it was too late. I suppose it was also not having the confidence to know what we were doing." (Director 1: 2002)

The main outcome of the training was that they agreed with much that was being said but following the training there was still little commitment nor visible support . In hindsight some form of follow up should have been carried out.

The sales leads document had been operating for several months (ref. Section 4.4.9). The barrier to this being successful was getting the sales staff, especially the Directors to follow up leads once they were identified. This was particularly the case with new customers. For example a key contact was made by the researcher in Canada, an engineer from Natoil was commissioning a new Arctic class rig and wanted some further technical information which the researcher could not at the time provide. Despite repeat requests to the Directors to follow this up no contact was ever made with this potential client. This created two problems, firstly potentially losing business and also damaging its reputation, ABC Ltd had been very successful at using 'word-of-mouth' to build a customer base, but seemed unaware of how it could also have a negative impact.

By early March 2002 the sales lead document amounted to 13 pages. This was predominately new customers. Marketing had made initial contact to ascertain need and provide the customer with relevant brochures and marketing information and liased follow-ups with any relevant agents, these were then allocated to sales staff, but little follow up had happened as the process was not actively support by the Directors.

The early part of 2002 had been quite quiet in terms of orders coming through the company leading the Directors to complain of lack of work:

"There is no work coming in, there is just nothing in the market, we may have to look at redundancies" (Director 1 2002)

This was despite sales leads which required follow-ups. This really devalued the marketing function and the researcher saw little point in undertaking the work to access this information if it was not to even be considered.

In the first week in April 2002 the researcher attended the final TCS module, module 4.

During this week the Directors made a business trip to Norway. This was a last minute decision and had not been discussed at the sales meeting, therefore no pre-visit preparation by marketing was made. It had been brought up by the

researcher at recent meetings that maximum benefit should be made of any visits. For example if trips were made for specific projects or customers then the opportunity should be taken to visit other customers within the same region. However this was not considered on this trip and the Directors only visited one established client. They did however meet with the company's Singapore Agent and decided to sign his company to represent ABC Ltd in this market.

"We met with this guy from SB in Norway. He represents {company] in Singapore. He seems a decent enough bloke so we've decided to sign up with him to promote our stuff. Andy can you get in touch with him let him know what he needs, Helen I said you'd send him about 20 brochures about and the other bits and pieces." (Director 1 2002)

Whilst the Sales Engineers and XYZ Ltd had actively adopted marketing procedures as best practice it was clear the Directors had not. (ref. Sections 4.4.8 and 4.5.5)

Towards the end of April the researcher and Academic 3 started to finalise the corporate and business planning with ABC Ltd as the agreement of the strategic direction would play an important part in the development of a marketing strategy. A meeting was arranged with the two Directors were a good understanding was gained of their vision for the future of the business

From this meeting the following main conclusion can be drawn:
- They did not really want the business to grow in terms of number of staff and turnover.
- They were interested in new markets and customers, but it was clear their priority would always be their personal contacts.
- They wished to delegate a significant amount of responsibility to agents for managing the markets, but did not know how to manage their agents and were unwilling to let go of their control.
- They wanted to focus on their core product business and seemed happy to ignore increased competition and other threats to this market.

This in contrast to the main outcomes of the marketing research carried out over the course of the programme (ref. Section 4.1)

- The market was becoming saturated with competitors who had successfully copied ABC Ltd's competitive advantage.
- Price was becoming of increasing importance and new geographical markets had less stringent quality requirements, meaning lower demand for ABC's high specification product.
- UK suppliers were becoming increasingly un-competitive in terms of price and sources from overseas would become necessary.
- Cultural sensitivity and ability to adapt approaches to different markets were becoming increasingly vital as ABC Ltd moved out of areas traditionally dominated by western and specifically American companies.
- A new competitive advantage needed to be developed if the company wished to maintain its premium pricing.

Therefore the business and corporate strategy objectives identified by the marketing research were not entirely compatible with the Directors' vision. On the advice of Academic 3 the researcher developed a proposed corporate strategy, supported by marketing evidence focused on what ABC Ltd needed to do to maintain the companies alignment with its markets.

In May 2002 the proposed corporate strategy had been passed to the Directors. A meeting was arranged between Academic 3, the Directors and researcher to discuss this but the meeting was cancelled. The aim was to discuss the strategy at the joint management meeting between the Directors of ABC and XYZ.

During May some possibility of work in Nigeria came up and this brought to the attention of the Directors the lack of any activity from the Nigeria Agent. Several attempts were made to contact them with no success. Eventually the researcher wrote an email threatening to terminate the agreement. This produced a response, but when the researcher replied requesting an action plan and marketing plan from the agent on how they proposed to develop the market no further response was heard, despite numerous phone calls from the Directors and sales staff.

During the final five months of the project the researcher concentrated on the development of the strategic corporate plan and a strategic marketing plan. The Directors had initially requested a five year plan to take the company up to the end of 2007. However this proved very difficult to achieve as the views of the senior management of the organisation were short term and agreeing upon objectives and targets for a 12 month plan proved difficult. This demonstrated that the Directors still had a poor understanding of the process of strategic development.

Director 1(2002)   *"We still need to get the five year marketing plan"*

Researcher   *"Yes, but in order to do this we need to agree a corporate plan for that time scale"*

By end of September 2002 the researcher presented the Directors with a 12 month, corporate strategy, linking into a 12 month marketing strategy and a HR Strategy, these were further supported by a specific Marketing Communications plan and Organisational Development plan to assist in achieving this.

After the end of TCS, in October 2002, any support the Directors had of the marketing process was soon lost. The researcher worked towards the implementation of the marketing strategy, with limited success due to this lack of support. This was also the case with the HR and OD strategies. Here the only real progress was in the introduction of a mobile phone policy to co-inside with the change in the law at the end of 2003. With regards to training the Directors had continued inhibited any training from taking place.

Director 2 who had not previously been involved in the strategic elements of the process now showed little interest in marketing and indicated his view of moving the researcher away from marketing and towards sales:

"Helen needs to be getting more involved with the sales" (Director 2 Feb 2003)

"Why can't Helen help out with the quotes?" (Director 2 April 2003)

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"I need you to put together this quote which has to go off today" (Director 2 April 2003)

"We need to get you more integrated into the sales department" (Director 2 May 2003)

Their expressed views were often contradictory, sometimes expressing the importance of marketing and related organisation development whilst other time the view that the researcher should move away from marketing and become involved in sales.

"Really I think the marketing role should support sales more, putting together quotes, doing the admin etc..."(Director 2 2003)

"We need a strong marketing position in the market everything is getting more competitive" (Director 2 2003)

This created problems with implementation and development of strategic and tactical interventions; specifically as the aim over the next six months had been to fully implement and embed the corporate, marketing, organisational development and other related strategic inputs.

The marketing role became a more tactical one, dealing with the day-to-day sending out of information, maintaining the websites and ordering promotional gifts. The Directors continued to try to move the function into a sales role. Eventually the researcher left ABC Ltd in December 2003, at the same time two other projects staff resigned including the Quality Manager, another member of staff resigned four months later, none of which were replaced with the Directors citing poor market performance. Much of marketing's activities were handed over to the reception and administration assistance, with some responsibility for collating sales information handed over to sales. Copies of the strategies were handed over to the sales manager and the Directors of both companies complete with action plans for implementation.

4.5.11 Outcomes – second TCS programme

During the beginning of May 2002 initial discussions started with the TCS consultant in the development of a TCS programme to develop a corporate database system. The Directors decided that this should be developed in conjunction with the University of Newcastle's Marine Engineering Department.

"It is vital that the person understands the product, the rest of the IT stuff can be learned, [Newcastle University] can support the person with learning the products. After all you have to know exactly what they are to build them into a database" (Director 1 2002)

However the Director stated that the aim was for the associate to be retained by the company at the end of the programme in a support role between sales and projects. Therefore one of the key criteria on the person specification was a degree in Mechanical Engineering. It proved very difficult though to find a Mechanical Engineer who had sufficient IT and development skills and interest to undertake the programme. It therefore took two rounds of advertising to attract a suitable candidate.

Academic 3 2002   *"I think [Director] that you need to decide which bit is important it looks like we are struggling to get both so we need to consider what is important"*

Director 1   *"Well in that case Mechanical Engineering, the University can help them out with the IT stuff surely"*

Researcher   *"Yes but the focus of the two year is to develop a bespoke IT system, that is not the type of knowledge that people have just from using IT packages, they need to have a real interest"*

Academic 3   *"Plus this increases the chances of the person dropping out because its not what interests them"*

Director 1   *"Yes but we have to think about the long term needs of the company if we keep this person on we have no need for a full time IT guy"*

By the time the disagreements had been resolved the second TCS started at ABC Ltd in September 2003

4.5.12 Summary

Positive outcomes	Negative outcomes
Increase involvement in surveys from staff and greater understanding of the issues (ref. section 4.5.3)	Internal communication remained poor despite interventions (ref. Section 4.5.3)
Improved relationships between departments (ref. Section 4.5.3)	Still negative view of training from the Directors (ref. Section 4.5.4)
Commitment to marketing and more customer focus (ref. Section 4.5.3)	Grants and trade missions not approached strategically or to their full advantage (ref. Section 4.5.5)
Some training undertaken (ref. Section 4.5.4)	Approach to recruiting agents not implemented with negative consequences (ref. Section 4.5.5 and 4.5.10)
More positive approach to grants and external assistance which led to financial and market benefits (ref. Section 4.5.5)	Marketing information still not identified as a priority (ref. Section 4.5.8)
Wider approach taken to the customer base in new markets and new cultures (ref. Section 4.5.7)	Strategic approaches and plans developed but not implemented (ref. Section 4.5.10
Branding gave the company a more professional image (ref. Section 4.5.8)	Processes implemented were not used effectively (ref. section 4.5.10)
Marketing communication created some market impact (ref. section 4.5.9)	People and business management skills of the Directors was not developed (ref. Section 4.5.10
Second TCS programme implemented (section 4.5.11)	Marketing as a concept or strategy was not embedded into the company (ref. Section 4.5.10)

This research has shown that there are a number of critical factors in small business development which need to be considered.

Firstly the scope of the project was greater than that initially identified. As was shown here the scope of the project was initially identified as being marketing based with an external focus, however the initial investigate highlighted a number of organisation development initiative which needed to be resolved before any successful marketing related development could take place. This meant that those involved within the organisation in identifying the problems and issues, in this case the owner/managers, may not fully understand the complexities of the situation they face.

Additionally it is the owner/manager, and the systems which they have developed, that have the greatest impact on the success of interventions. The Directors personal opinions of grants for example impacted on the companies ability to access this type of external support and if their support was not fully behind an intervention then embedding it within the organisation was more difficult.

It can be seen form the case that there was some development at ABC Ltd over the two year period. The discussion will consider the important learning from this case and how it links with established theory of small business development.

5 Case Discussion

5.1 Introduction

The case followed the development of one specific small business over the course of two years through a TCS programme. The focus of the programme was to integrate a marketing strategy into the company, but the process indicates that developing small businesses cannot be as clear cut as this may indicate.

The practical application of a range of interventions in the case, demonstrates how one particular small business approached development and how it reacted to interventions from a number of perspectives. Specifically that of the owner / managers, staff, customers, suppliers and external stakeholders.

The literature, for example Dobni and Luffman (2000), Mattsson (1997), Lui (1995), Hogarth-Scott, Watson, and Wilson (1996), clearly argued that marketing was a key requirement in the successful development of small businesses and the case was built around the implementation of a marketing strategy, of which there was no previous experience within the case company. Therefore the discussion of the case will consider the applicability of marketing in small business development and what associated development was required in order to embed the change programme.

The case highlighted the key inter-playing factors which clearly need to be considered in small business development and will hopefully, on analysis, provided evidence of how interventions can be developed to inform this process.

5.2 Aims of this chapter

The development of small businesses is a key aim of central government and importance of this sector to the economy cannot be underestimated.

The aims of the research was to follow a small business through a planned change over a two year period to observe the process of strategic change within

this environment. The research will help understanding of the key drivers and restrainers of change within the owner/managed environment and assist in the appreciation how interventions can be designed and implemented to achieve sustainable growth and development within this sector.

The aim of this chapter is to consider the key issues raised by the case in reference to the established research in the areas identified through the literature review, namely:

1. How does strategic change actually occur in the process of small business development?
2. When is market-led strategic change the most appropriate method in practice?
3. Does this require concurrent organisation development before such strategic change becomes most fully realised?
4. How do owner-managers choose the most appropriate intervention methodologies from the increasing range now available and how do they impact upon strategic development?

The discussion will consider how the case addresses these four areas and the learning which can be drawn from this.

5.3 Overview

The development of small businesses through government assistance has been a key policy since the early 1970's (Bolton Committee 1971). However research since then has indicated that the policy has merely led to a confusing array of support being made available to small businesses (Berry and Perren 2003), much of which is not necessarily well informed (Curran and Storey 2002, Gibb 2000). Indeed many key government supported interventions, such as Business Link, now require businesses to be established for three years, (Priest 1999) shifting the emphasis of support away from start-ups towards more established businesses with the aim of supporting growth (Business Link). However it has also been identified that not all such businesses wish to grow (Ritchie and Richardson 2000, Chaston 1999). Indeed the case organisation was a plateaux

organisation, which looked to development initiatives as a means to maintaining their position rather than growing it. (Storey 1994). This means that interventions need to be well informed to ensure that they meet the needs of a diverse array of small businesses.

5.4 Distinctiveness of small businesses

Small businesses come in a variety of forms and their culture, structure and process all impact on the growth and development of the organisation (Hill 2001, Morgan 1997). Franz (1997) identified a number of features which fit with the situation found in the case at ABC Ltd. For example, management of the organisation was very much within the control of the owners, who took a close personnal interest in problems and progression of projects (Carson, Cromie, McGown and Hill 1995). This could be seen in the structure of management meetings where the agenda focused very much on the progress of current orders rather than considering any strategic development (Dabbs, Hall and Muir 2001). The Directors were very 'entrepreneurial' and built their business around their personal core competence (Morris 2004). This model has strengths at a very early stage of the companies development, when their approach to operating the business was informal and they were very involved in the running of the business from the sales side on a day to day basis (Hill 2001, Franz 1997).The organisation also had a low hierarchical structure, with one managerial level below the Directors, but, due to the 'hands-on' nature of their style the only true management positions were that of the Project Manager and the Directors in XYZ Ltd. (Dabbs, Hall and Muir 2001, Franz 1997, Carson, Cromie, McGowan and Hill 1995)

ABC Ltd was structured along basic functional lines, divided into sales, projects and quality. Franz (1997) identified that small businesses generally have low degrees of functional specialism and indeed this structure created a barrier to the effective use of informal internal communication; where the physical barrier of being located in separate offices reduced communication and the functional barrier was apparent in a 'them and us' attitude which was demonstrated on a number of occasions. Effective communication is important to any change process and was seen as a barrier in the case organisation (Vinten 1999). However Greiner (1972) suggested that functional structures tended to be

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implemented at stage two of a small businesses' growth where an initial growth period had been survived and sustained growth might follow. This links with the lifecycle position of ABC Ltd which had been established for eight years by 2000. This more formal structure was implemented after the growth of the company became stabilised and had more staff had been employed.

The literature showed two schools of thought on how growth was influenced within a small business, firstly through the influence of the entrepreneur and secondly through the influence of the lifecycle of the business (Choueke 2000). The case shows that the influence of the owner / manager played a greater part in the growth and development of the organisation, even working against the influence of the lifecycle to constrain the growth within the organisation. (Carson, Cromie, McGowan and Hill 1995)

At the start of the period there was no research and development (R&D) nor planning at ABC Ltd and this changed to a small degree as the result of various interventions. By the end of the TCS the Projects Department was looking into developing R&D to produce an 'own-brand' range of products, their response to market research which had demonstrated an erosion in the companies competitive advantage. There was, however, still little formal planning; few of the interventions aimed at encouraging planning within the organisation were successfully implemented, partly because of the Directors, who admitted themselves that they did not really plan ... "*not the sort of people we are*" (Director 1 2000). Dabbs, Hall and Muir (2001) saw the owner / manager as one very much involved in day to day 'fire-fighting' rather than undertaking strategic development and this was true of ABC, when problems arose the Directors took a very hands-on approach, for example insisting on seeing all written correspondences

"*We are basically salesmen, always have been, we don't really look to the long term*" (Director 2 2001).

What strategy and goals that were developed were seen to be very much influenced by the world-view of the owner / managers (Dabbs, J, Hall, L, Muir J 2001, Richie 1993, Carson, Cromie, McGowan and Hill 1995)

Franz (1997) also identified that small businesses generally have low intensity in training and education and this was seen in the case, for throughout the programme at ABC Ltd, its Directors were very reluctant to sanction training, and where training did happen only single loop learning at most was achieved, (Chaston Badger and Sadler-Smith 2001, Kappelman and Richards 1996, Jones and Hendry 1994). This was partially because there was no formalised structure nor any strategic process whereby training could be planned to meet future needs. All the training undertaken throughout the programme consisted of reacting to an immediate need, for example Outlook training, or marketing led training aiming to support a specific intervention. Efforts to undertake double loop learning failed because at the time the Directors did not recognise the need for this type of training. This was seen when, towards the end of the programme, it became apparent that staff members were able to take a strategic approach to identifying their own training needs. Through the training needs analysis that was undertake staff clearly identified their objectives and how the training would fit in with improvements in service performance over the longer term. The Directors were more focused on short term objectives and the procedure that they had established, which in itself restricted organisation development.

The literature has argued that small firm owner managers guide their organisation's development in terms of the goals and objectives the company adopts: *"the way we do things round here"* (Deal and Kennedy 1983). This was seen at ABC, where the processes, procedures and the culture reflected the owner/managers' personalities. (Carson, Cromie, McGowan, Hill 1995) Once this was established there was little further flexibility and change. This was seen in project management, where despite improvements and development in the way projects were managed by the team the Directors tied employees to the set procedure. In line with this there was also little interest from the owner managers in the strategic elements of the organisation (Dabbs, Hall and Muir 2001, Ritchie J 1993). In fact the owner / managers asserted that they would prefer to be allowed to *"...concentrate on what we do best"* (Director 2: 2000), that of tactical sales. Where interventions aimed at moving more towards a strategic focus, such as implementing best practice in identifying agents, the

Directors did not change their personal style, in this instance their practice of selecting agent on the basis of limited information. ABC was therefore heavily controlled and influenced by its owner / managers without much supporting structure or hierarchy. (Kets de Vries, 1985, D'Amboise and Muldowney 1988, Carson, Cromie, McGowan, Hill 1995). Additionally there was little empowerment of the managers through delegation, control or responsibility to assist in implementing the change programme. (Calon, Baden-Fuller, Hunt, 2000, Waddell and Sohal1998).

The research documents this process to change and attempts to answer the key research questions.

5.5 How does strategic change actually occur in the process of small business development?

As with many small businesses ABC has grown organically early in its lifecycle, with a short term business focus. The Directors operated on a day-to-day basis without significant business planning or strategic direction. A key aim of the Directors at the start up phase and also throughout the programme, was to keep growth within what they considered manageable, this from a desire to oversee all activities and also to ensure the organisation could manage the quantity of work undertaken. For ABC growing excessively quickly and loosing control of the service would be problematic if not combined with increased delegation and more decentralised control. However as the case showed owner / managers are not comfortable with the concept of delegation and this acted as a barrier to growth and development of the organisation with the directors retaining too much control over processes and decisions. (Kets de Vries, 1985, D'Amboise and Muldowney 1988, Carson, Cromie, McGowan, Hill 1995). This process was further inhibited when the one person they did trust and delegate to betrayed that and left to start up in competition.

Griener (1972) suggested that organisation grow until they reach a crisis, the first crisis being one of control. The case shows that by 1998 ABC had grown too large for the Directors to personally control the business and they felt uncomfortable with this, indeed the Directors had a stated objective of not

"letting the company grow to a size where we couldn't control it" (Director 2 2000). The Directors were successfully able to manage this crisis by deliberately restricting further growth and development, however this, combined with the downturn in the market, led to a further crisis. This required a shift in strategic direction and a specific change in how the company did business. (Griener 1972). The literature shows that it is rapid growth which is most closely linked to adaptability to change within the environment. (Lorange 1993, Carson, Cromie, McGowan and Hill 1995, Deal and Kennedy 1983), the Directors inhibiting growth may have contributed to the inflexibility of the organisation and thus its ability to flex and adapt to changes in the marketplace.

The outcome of this crisis was that it lead to the development of a TCS programme which aimed to be the catalyst for a market-led change programme within the organisation.

The Desired Planning System Characteristics Model (Lorange 1993), shows that as the case organisation was operating in an environment of high complexity of business environment, with many competence there prime strategic objective should be to expand and leverage these competences across niches. This the organisation had addressed to a certain extent with the development and expansion of the sister company XYZ Ltd. However the directors restriction on the growth of the organisation limited the ability to which the organisation could effectively expand and protect itself from increase competition within that niche. The companies position is shown in Figure 5:1.

Fig 5:1 Desired Planning System Characteristics Model

High

Strategic intent: Pioneer
Risk: High
Mission: carve a Niche and
build competencies
Desired Characteristics:
Primary emphasis on
adaption

**Strategic intent:
expand**
Risk: moderate
Mission: expand into
adjacent niches and
leverage
competencies
Primary emphasis on
adaption and
integration

Complexity of
Business
Environment

**Strategic intent:
reorientation**
Risk: Moderate
Mission: redefine
niche and reconfigure
competencies
Desired
Characteristics
selective adaption
and high integration

**Strategic intent:
Dominate**
Risk: Low
Mission: Grow with niche
and explicit
competencies
Desired Characteristics:
Emphasis on integration

Low

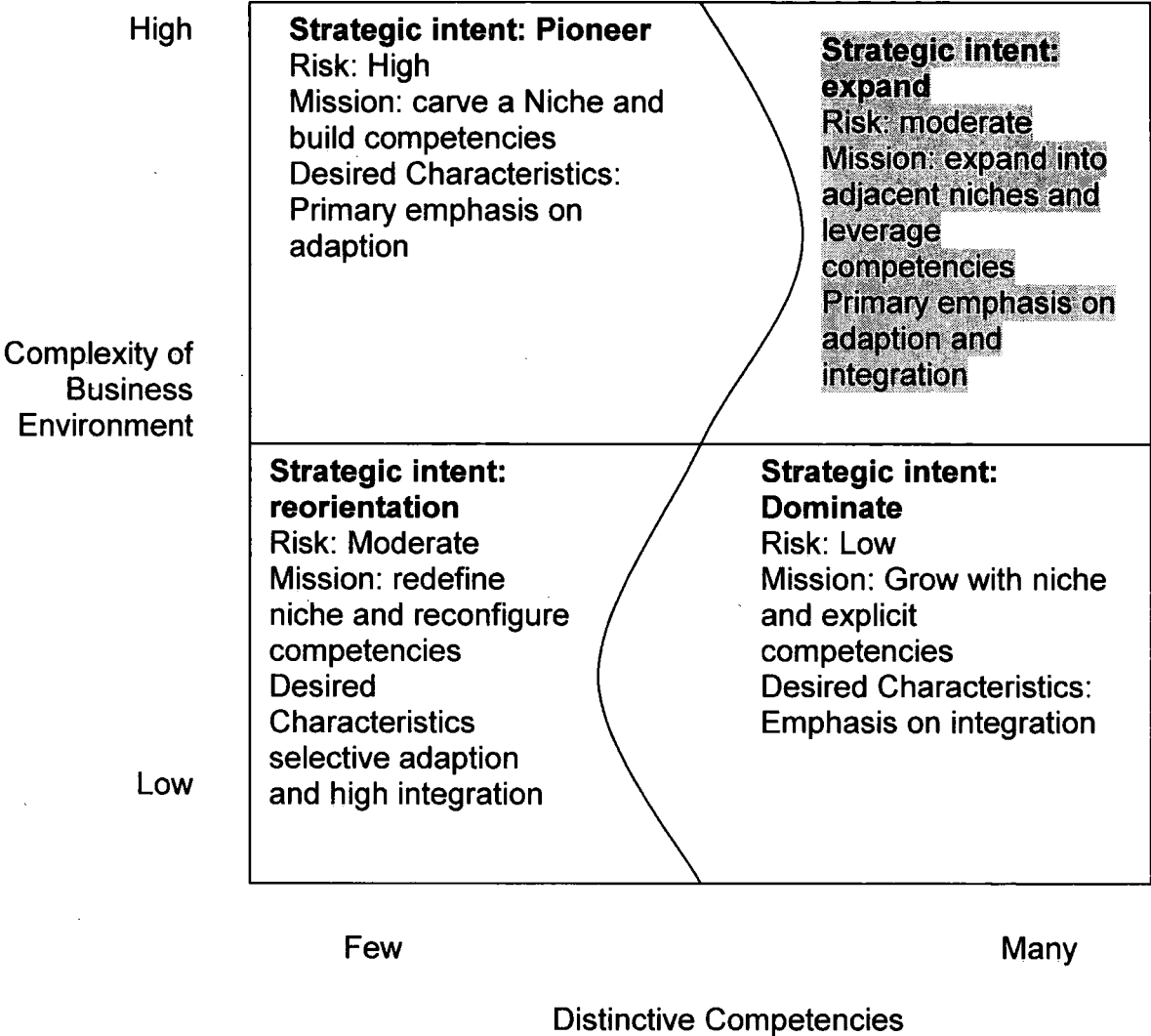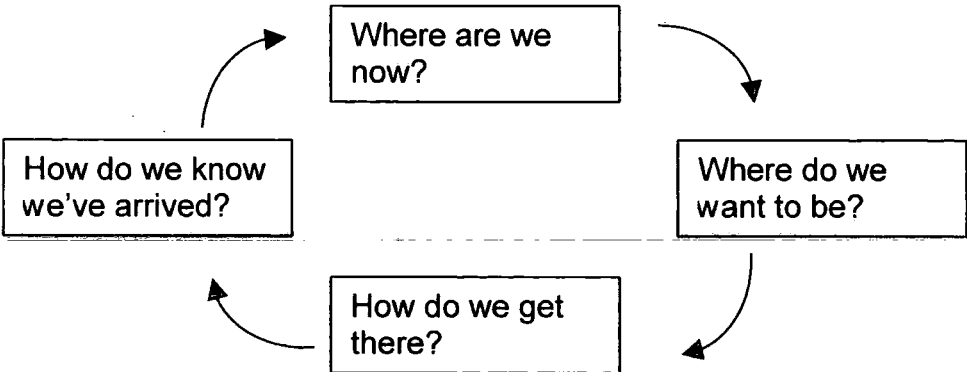Few   Many

Distinctive Competencies

Figure 5:2 a recognised model of change is the premise of looking at the
situation with four key questions:

Fig 5:2 Change cycle

Where are we now?

Where do we want to be?

How do we get there?

How do we know we've arrived?

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The first element in figure 5:2 of being able to change a situation is to be able to clearly identify what the current situation or position is. Without this it may be possible to identify where we need to be, (fig 5:2), but not what is needed to achieve this (fig 5:2)

An important issues which was identified early on in the research was that the company was not clear on where they were. By 2000 ABC had reached a point of inertia, unable to respond to the rapid changes within its environment, specifically the downturn in the North Sea market. In this situation a new growing business should be able to adapt more easily than a more established model (Lorange 1993) especially an established business which has the stated objective of not growing (Richie and Richardson 2000). However the situation that ABC found itself in clearly highlights the need for businesses to develop, even if they do not wish to grow. By the end of 1999 the situation was at least partially recognised and the TCS programme was developed. However the subsequent internal audit completed at the start of the programme still highlighted that the senior management did not completely understand where the business was. It is therefore a dangerous assumption to make that just because owner / managers exert significant day to day control over their small business that they fully understand it. At the start of the TCS programme in October 2000 the organisation perceived all the issues arising as being within the market, external to the company and perception did not really alter through the programme as this was seen again with the supply chain management intervention. Here the company saw the issues as being a problem with the suppliers and not with the way the relationship was managed.

Additionally in many areas the organisation was vague about where it wanted to be. Indeed the 'how do we get there', the TCS programme, was the most comprehensively thought through element of the change cycle, but it had been developed without a clear understanding of where the organisation was and where it needed to be. It must be remembered that it is difficult for an organisation to know if it have arrived if it didn't know where it wanted to go. This makes meaningful evaluation of the TCS programme difficult.

An important element of effective change is leadership; whilst change needs to be a top down, bottom up process (Zeffane 1996), change cannot be achieved without clear support from the senior management. It was seen in the strategic interventions at ABC that without the specific and clearly communicated support of the Directors the intervention failed or were less successful, for example the supply chain management intervention. Within the TCS programme the commitment of the Directors to the process throughout the first 18 months was instrumental in building and implementing change, where commitment became less articulated, development and change became more difficult. This was shown in the development of the product sheets towards the end of the programme, where communication from the Directors was attempting to move the researcher towards a sales role, and thus the buy-in from staff in assisting in developing a marketing initiative was reduced.

Communication is also a key element of the change process and it was seen in the case organisation that the structure of the organisation and the approach of the owner / managers worked to restrict communication within the organisation. However in this instance the key element to ensure that change is successful is the ensure that the change cycle is more closely adhered to. The TCS programme provided a comprehensive programme of change where there seemed to be little clarity about the current situation or what the outcomes would look like. Ideally all four questions on the change cycle should be answered prior to the start of a TCS programme. This lack of clarity can lead to change programmes being unsuccessful, but when considering the small business enough flexibility must be built into the plans to accommodate what we have seen as a short-term approach to business planning by owner / managers.

Use of the Crescendo model (figure 5:3) (Calon, Baden-Fuller, Hunt 2000), indicates the barriers within the organisation to the change process.

Fig 5:3 Crescendo model applied to the case.

Making sense of the signals	The organisation was not clear about where it was, nor where it wanted to be and did not have a clear understanding of the issues it was facing. An important part of the process was using the internal and external audit to clearly define the issues. Once this had taken place it was easier to identify where the organisation needed to be.
Galvanising the top team	Throughout the process the top team, in the case the owner / managers played a crucial role in the process. There world-view clearly impacted on the design of the process and the objectives and it was seen in a number of instances that their support, or lack of it was crucial in the success of the interventions. A key weakness in the process was that there was no clear vision defined at the start of the process.
Simplifying the agenda	The lack of a clear vision, combined with unclear support from the owner / managers meant that the agenda was very complex. The TCS programme (section 3.8) contained a large number of interventions, but no clear structure to link these together. This made the agenda very complex and generalised without a clear focus.
Building new capabilities	Throughout the process some learning did take place, but this was in general single loop learning. A lack of commitment from the owner / managers to the learning and development process and a lack of recognition by the organisation as a whole that the competence of the staff was its key source of competitive advantages mean that new

	capabilities and skills were not developed.
Leveraging the advantages	Due to these key barriers within the change process the new competence was not developed and therefore not leveraged within the market.

A key element of the scheme was to develop the organisation through a market-led approach, however the research indicated wider issues.

5.6 When is market-led strategic change the most appropriate process in practice?

Griener (1972) suggested major change is often initiated by a crisis. The initial change at ABC was initiated by the crisis or downturn in its core markets. This was a major crisis for a small company and as a result of this the TCS programme was developed. Throughout the research cycle there were a number of smaller crisis as well as the programme interventions which influenced the direction of the research and of marketing overall.

External forces outside of the organisation impact significantly on an organisation ability to grow and develop. (Griener 1972, Lorange 1993). The overall focus of the interventions at ABC was to implement a marketing based solution to, what was seen at the time, as external and market based issues. Hogarth-Scott, Watson, Wilson (1996) identified that entrepreneurs are not usually receptive to marketing unless there is a crisis and this was apparent at ABC.

The change programme at ABC was driven by a market focused TCS programme. The scheme sought to use a marketing approach to prompt change, rather than the simple sales model the Directors had previously considered. The scheme in its own right gave the scope to bring new skills and expertise into the organisation and permit development. The intervention was designed by the University to meet the objectives of the owner / managers. The marketing based solution this identified the Directors stated would not have been a solution that they would have formulated themselves, but met their needs.

Slater and Naver (1996) argued that marketing was closely linked to strategic management the literature also shows that firms which are highly market orientated have a greater ability to respond to change (Morgan and Strong 1998, Dobni and Luffman 2000). At ABC while marketing interventions were implemented the culture, as well as the personality of the Directors, prevented the organisation from adopting a strategic marketing model. This can be attributed to the Directors lack of experience or interest in undertaking the required planning. Even following a specific training intervention to discuss planning and strategy development there was little commitment to this process. In order to be successful marketing must be embedded within the culture of the organisation and this requires the involvement of all staff within the process (Gronroos 1997, Dobni and Luffman 2000).

Existing theory suggests that competitive advantage is related to size and that economies of scale and scope can only be achieved by larger organisation. (Mundim A, Alexandero R, Stoccheti A 2000), However because it can operate in a niche and build a network of supply partners small businesses may become more international. (Mundim A, Alexandero R, Stoccheti A 2000, Mattsson 1997, Ram 1999). This had been what ABC had been able to achieve; on start up they had offered a unique service and this combined with a network of reliable suppliers, offered an unrivalled competitive advantage. However successful niches often attract new entrants and over time competition for ABC's services increase, not least by a firm founded by its own sales team. This had eroded the niche which permitted a price premium to be charged and force the company to compete on price. To counter the organisation needed to refocus its source of competitive advantage but as the Directors did not fully understand at this point where the business was, they failed to identify that the source of competitive advantage would come from the knowledge and skills of their staff.

Marketing and specifically market orientation is argued by the literature to be critical to small business success. (McDonald 1989, McLarty 1998, Hogarth-Scott, Watson and Wilson 1996). McLarty (1998) went further to argue that

strategic marketing was particularly vital. (Morgan and Strong 1998, Dobni and Luffman 2000).

The case demonstrates the need for market orientation, when ABCs skills and competence became misaligned with the market in early 1999 the company lost sales and competition entered the market. When ABC was not able to realign and reposition its competitive advantage the company lost further ground to competitors. Therefore appropriate market orientation proved vital and was a significant change where no formal and little informal marketing had existed and the company was mainly sales / product orientated. This historical culture impacted upon the success of many interventions, the most successful were those which provided quick, if limited results, for example PR, as this was most aligned to the short-term, fire-fighting position most owner / managers find themselves in (Dabbs, Hall and Muir 2001) as well as the values of a sales dominated culture.

In terms of the culture and structure of the organisation ABCs approach fitted with the relational marketing model (Gronroos 1994, 1997, Mattsson 1997) in that the company aimed to build long-term personal relationships with customers that meant looking beyond the core product to understand the augmented product. This is a source of competitive advantage exploitable by small businesses. (Hogarth-Scott, Watson and Wilson 1996). Again this was a product of the skills and competence of the staff and their ability to build and maintain these relationships, whilst this was recognised as a competency in the sales team the projects team did not fully understand their role in the process. This created conflict with the Directors who saw the projects team as needing "more focus in the way they handle customers"; this was not, however, identified by the Directors as a development need but more of an issue of *"people not pulling their weight"* (Director 1 2000). However a key element necessary to be able to fully exploit the relational model of marketing is a long term focus and strong internal interface between departments. (Gronroos 1994). The functional structure within ABC made this difficult and in order to successfully change the organisation need to empower its managers to make that change (Calon, Baden-Fuller, Hunt, 2000, Waddell, and Sohal 1998).

However the owner / managers retained the decision making power and restricted the managers ability to manager their teams and processes.

Market-led strategic change is vital to many small businesses, especially when they find themselves misaligned with the market. However an emphasis on market-led strategic change is that it can mask attention from the internal organisational issues which may be part of the problem. A broader, more strategic and organisational wide focus may be more applicable in many cases.

5.7 Does this require concurrent organisation development before such strategic change becomes fully realised?

McLarty's (1998) research identified three of elements growth and therefore development, these are product positioning, marketing orientation and value chain management. The TCS programme attempted to address all three of these through a range of interventions

The strategic development of ABC, through the TCS programme, was market-led, but because of the issues which arose in the early stages of the programme it was clear that internal organisation development was required in parallel. This was specifically because surviving in the market place required matching the companies skills, competence and therefore service to the changing customer needs and expectations.

A key intervention within the market-led programme was one of developing staff to understand the main concepts of marketing and its importance to the success of the organisation, moving them towards Drucker's (1954) idea of 'part-time marketers'. These training sessions held on marketing were received positively and impacted upon the successful implementation of much large initiatives.

Using McDonalds model (figure 5:4) we can assess the barriers to change and development an identify why there is a need for organisation development to fully realise strategic change.

Fig 5:4 McDonalds barriers applied to the case:

Barrier	2000	2003
Confusion between marketing strategy and tactics	No understanding of the concepts of marketing beyond advertising	Understanding of tactical marketing techniques, but no equivalent acceptance of a strategic approach
Isolation of marketing function from business operations	Marketing to be integrated into sales, but initially located in projects	Good working relationships between marketing and other departments
Confusion between marketing function and marketing concept	Marketing seen as 'stand alone' function	Some understanding and application of 'part-time marketers'
Prevailing organisation structure along functional lines	Functional structure	Functional structure, but recognition that it cause problems without a 'linking' role.
Lack of skills in in-depth analysis	Few analytical skills	Few analytical skills outside of marketing and a resistance to the resulting information.
Confusion between process and output	Capable project management	Capable project management
Lack of core marketing management knowledge and skills	No marketing management	Limited marketing management, because Directors still prioritise sales and had a short-term outlook
Lack of a disciplined, systematic approach to marketing planning	None	None, reluctance to undertake formal planning
Need to prioritise objectives	Short term objectives receive top priority	Short term objectives receive most priority

Need for more appropriate marketing culture	No marketing culture	Move towards a more market orientated culture with a greater understanding of marketing concepts

Overcoming these barriers, shown in figure 5:4, requires the organisation to learn (Hill 2001) and development in the above areas were mostly achieve through the formal and informal learning of staff and the owner/managers. Where shifts in these barriers have been seen between 2000 and 2003 it was often the result of learning. For example the sessions run to help staff understand marketing.

The key to any change or development programme is learning (Dabbs, Hall and Muir 2001, Chaston, Badger and Sadler-Smith 2001). As the case shows the effective implementation of market-led strategic change can only be achieved through organisational learning, which has been identified as the only true source of competitive advantage (Chaston, Badger and Sadler-Smith 2001). Functional structures, such as the one at ABC, have been linked to culture where knowledge is power (Dabbs, Hall and Muir 2001). This was seen where the projects employees were reluctant to share information with the sales employees in the belief that sales would take and credit if they did. The Directors reinforced this culture by restricting access to information, for example, restricting access to the database systems and not permitting staff to have the full information on any project. Whilst this was done to protect the company from problems caused by the departure of the sales team, it had the effect of limiting learning and creating barriers between the functions.

Small businesses need to adopt a learning culture in order to develop; Dabbs, Hall and Muir (2001) specifically cited a lack of learning as a reason for failure of small businesses. This is difficult to embed where there is reluctance or barrier to information sharing. Specifically learning needs to be focused on updating competence and managerial practices, however the Directors were resistant towards learning and specifically management competence, they saw

this as "*..the domain of the big companies.."* and *".. not relevant to us, we know our staff we don't need all the management stuff.."* (Director 2 2001).

Attitude to learning and development is linked to culture. If an organisations culture becomes rigid it will be difficult to change sufficiently for it to be able to match its competence and therefore competitive advantage with an ever changing market place (Morgan 1996). Whilst the Directors had identified the need to change, they firstly identified external market based issues as the cause and did not identify or attempt to address the internal barrier to change. Throughout the TCS programme each market-led change intervention required some supportive organisation development work. This ranged from small interventions which did not require input from others, where the process might simply involve internal communication and learning to keep staff involved to significant organisation development which became key interventions in their own right, for example strategic training needs analysis.

Organisations, like ABC, which have plateaux cannot easily change in any element of their work, without developing new competencies and capabilities (Calon, Baden-Fuller, Hunt 2000). ABC were unable to adopt a structured approach to learning throughout the programme which limited what it could achieve. The ability to learn has also been seen as critical to the change process being successful this is because any change requires significant buy-in from employees, which is achieved through communication and training. (Kappelman and Richards 1996). As has been shown ABC's inability to adopt a structure approach to learning meant that when learning did take place it was only single loop learning, this combined with poor internal communication about change and direction lead to resistance and this was never fully addresses. For example the lack of communication with staff about the TCS programme lead to cynicism about its benefits.

Organisation development is therefore critical to the any change process in embedding interventions through realigning the culture of the organisation to match the 'where we want to be' and well as supporting the 'how we get there'. This must be considered to form part of any intervention aimed at improvements or developments within small businesses.

5.8 How do owner / managers choose the most appropriate intervention methodologies from the increasing range now available and how do they impact on strategic development?

Change is limited by the nature and direction of the owner/managers world-view, so interventions aimed at developing small businesses must be personally tailored for change and development to become embedded.

Short-term interventions within the case showed the greatest buy-in from management, staff and the owners, however the greatest benefits, in terms of development, change and performance, were gained from the longer term, deeper interventions. Culkin and Smith (2000) argued that long, deep interventions, such as the TCS programme, are potentially most effective for developing small businesses. This is supported by the case in that the TCS programme did eventually influence the strategic direction of the organisation during its time-scale. However it was still unable to fully engage the commitment of the Directors as shown by the shift back to a short-term, sales emphasis during 2003. The benefits of deeper interventions were not as easily recognised by the Directors, while with the shallower interventions, such as the PR, the received relatively quick feedback from customers.

In order to prompt development the interventions should be linked into achieving the 'where we want to be' element of the change cycle. An example of this can be seen with interventions aimed at developing the supply chain. Mundim, Alessandro and Stocchetti (2000) argued that small firms can exploit network advantages and ABC had built their business on close links with a range of exclusive suppliers. The lack of success of this intervention can be attributed to a clash between the objective of the intervention and the culture of the organisation. The culture did not permit 'failure' or recognition of learning from mistakes and an intervention designed to further build and develop relationships with suppliers need to identify these 'failures' and address them positively. At ABC it was seen on a number of occasions where 'failure' occurred and the tendency was to assign blame rather than to address the problem and ensure that it did not happen again.

As well as networks with suppliers, small businesses need to be able to access external sources of support (Bennett and Robson 1999, Storey 2003). ABC had a number of organisation which offered support, either within the sector, such as the Northern Offshore Federation or more generic support through Business Links. Initially the Directors were sceptical of such interventions as experience had led them to believe that the 'red tape' and 'bureaucracy' of accessing sources of support was 'not worth the effort'. (Culkin and Smith 2000, Ram 1999). Additionally a single experience on a trade mission had lead the Directors to disregard this type of external intervention for some time. Once the processes of accessing support was suitably informed and the benefits became clear to the Directors the company was able to access substantial external funding to both reduce the costs of new market entry and improve the companies prospects within new areas.

Even those types of interventions claiming to be more successful need to be more carefully tailored to meet the specific personality and world-view of the owner/manager. In the case the Directors were highly sales focused, and while the principles of marketing have been seen as important to the success of small businesses, a more singular sales/business development approach could have been more successful in this situation. Whatever the objectives the interventions need to at least start with something that the owner/manager is familiar with and understands, development away from this should be gradual. Alternatively the programme may need to recognise that strategic change in any format needs associated organisation development and this should be a key element of any intervention to ensure that the change becomes successfully embedded. Additionally the TCS programme should be designed to answer the four questions of the change cycle and the universities taking the role of guiding owner / managers through this process.

Shorter, shallower interventions such as support from Business Link and grant awards are important to small businesses and can support development, however these must be easy to access and flexible as owner/managers do not tolerate 'bureaucracy' (Culkin and Smith 2000). This type of intervention was successfully accessed by ABC as part of the concurrent, deeper longer TCS

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intervention and evidence shows this would have been unlikely to have happened without the TCS.

To understand and influence the small business it is first necessary to understand the motivations of the owner/manager and ensure that organisation development supports all interventions to enable them to become embedded into the culture of the organisation and for development to be achieved and sustained.

The extent to which government interventions successful develop small businesses has been widely debated (Stanworth and Gray 2001 , Berry and Perren 2003, Storey 2003). Much research has considered both the intervention itself and the outcomes, this case aims to consider the process of development that the case organisation went through as a result of a long, deep government supported scheme. Overall this supports Culkin and Smith's (2000) and Bell's (1996) argument that these type of interventions are more successful than shorter, shallower one offered by organisations such as Business Link. Whilst there was limited development in the organisation as a result of the TCS, it is likely that the company developed further than it would have done without such a scheme in place. Indeed the development in terms of market entry permitted ABC to become more effective, more easily managing the peaks and troughs in the home market. Most significantly the Directors are now better able to identify and address internal organisational issues such as the strategic development of IT systems through a second TCS programme.

The case also supports Chaston, Badger and Sadler-Smith (2001) argument that most small firms exhibit a conservative management style. Whilst on start-up ABC's Directors could be considered entrepreneurial, developing a unique concept in their market (Morris 2004), the decision making process during the two years of the case and eight years from start up shows clearly a more conservative management style.

The case illustrates the need for small businesses to develop, but also clearly shows that a 'one size fits all' approach to development is not applicable.

6. Summary and conclusions

The case has shown the process of development over a period of time. Recent research by Perren (2004) shows the use of case study for objective milieu cases, where the approach focuses on the story of the case at the heart of the situation and allows the interpretation of issues and factors, an important consideration when studying a ongoing process. The use of longitudinal case study methodology to understand the process of development within the small firm environment is promising, in that it permitted each stage of the development process to be considered and this, combined with action learning, permitted incremental development and learning to be observed. This differs for those studies which focus upon the outcomes of development, often from an economic point of view. The ongoing nature of the case permitted interventions to be observed within context and also to test the impact of the interventions in a number of different situations. This is one of the benefits of case study methodology (Yin 1994), however the use of just one case in isolation limits the ability to draw conclusions that can be applied in other organisations. However, as in this situation, where the case is used to observe a process and test theory, this methodology still has important uses.

From the research presented in the case the following conclusions can be drawn:

1. Deep and long interventions have the highest potential to effectively develop small businesses

Overall the TCS programme was successful because it was a deep long intervention (Culkin and Smith 2000, Bell 1996). This has allowed organisation development to take place alongside the marketing-led strategic change interventions. It also allowed the researcher to spend time working with the organisation to develop and tailor the interventions to meet the situational requirements and the scheme to be tailored to meet the specific problem that the Directors wanted to address. The length and design of the scheme was also able to guided the organisation through a development process, through use of action learning, which a shorter, shallower intervention would not have been

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able to achieve (Wren and Storey 2002). This type of intervention should create an environment where learning takes place over time, assisting in developing the organisation internal competitive advantage through learning (Chaston 1999). At each stage of the process the organisation could see the benefits of a specific intervention and well as the process and rational, this combination is not usually accessible in short, shallow interventions. This aids the organisation in unfreezing it's inert culture (Zeffane 1996). The length of the scheme allow the development of the critical trust between the researcher and universities and the case organisation. (Ram 1999)

2. Small businesses can benefit from external expertise in the development process

The TCS programme was designed with external consultants, in this case the universities, which permitted a different view-point to be applied to the problem and made a new competence available to the organisation (Wren and Storey 2002). The development of new competence has been seen as vital for any organisation undertaking a change process. (Griener 1972, Dabbs, Hall and Muir 2001, Chaston, Badger and Sadler-Smith 2001). The Directors noted that they would not have chosen the market-led solution without the external assistance from the University. Priest (1999) showed that small businesses were keen to seek external advice, but as the Directors of ABC found there were barriers to ease of accessing these sources of support (Berry and Perren 2003). Whilst the company had no plans to grow, the intervention did help to address the decline in the organisation through accessing new markets (Storey 1993).

The length of the TCS programme and the high level of involvement that the Directors were able to have in the overall design of the intervention gave them a scheme which they felt would achieve their objectives, leading to the level of trust which Ram (1999) argued was important. The question must be asked do small businesses recognise that they need external assistance? The Directors at ABC did and were able to benefit from this, this may indicate a difference between an entrepreneurial and more conservative style of management where

the entrepreneur may be less willing to look for help with their higher need for control (Morris 2004).

3. A market-led approach is important for small business development

In terms of using marketing as a trigger for change ABC did benefit from the implementation of tactical marketing initiatives, (Dobni and Luffman 2000, Slater and Naver 1996, Brooksbank 1996, 1999, Hogarth-Scott, Watson and Wilson 1996) but it also found strategic marketing is increasingly necessary to ensure this development is maintained (McLarty 1998). However this was only achieved where the associated organisation development is successful as both the case and other research demonstrate that there can be resistance to formal planning and strategy from owner/ managers (Hill 1998). This is because marketing is not a owner / manager characteristic as it requires shared responsibility with others in the organisation (Kets de Vries 1985, Dobni and Luffman 2000). Marketing need to be personalised, customised and be clearly defined else, as was see at ABC, it is often confused with sales. (Hill 1998)

However marketing in this context is one element which will assist a small business in developing a unique source of competitive advantage through assisting the building of relationships with the market place and assisting in retaining the alignment between the customers needs and the companies competitive advantage.

4. Successful marketing requires the development of associated internal competencies.

Successful marketing goes beyond the marketing department and therefore employees within a small business should have an understanding of marketing and appreciate their position as 'part-time marketers'. (Drucker 1954). Marketing is particularly useful to small businesses facing a change in competitive pressures (Hill 1998, Lui 1995) and this requires it to be linked with the training strategy so that double loop learning can be applied to fully develop this strategic competence (Chaston, Badger and Sadler-Smith 2001, Kappelman and Richards 1996). This requires a particular kind of leadership

and culture to defuse marketing through a small business. This is difficult for firms built on a 'Super Sales People' Entrepreneurial style (Morris 2004) and goes against the individualist nature of many owner / managers.

5. Successful marketing requires supporting organisation development interventions

Marketing is not an added on and needs to be integrated and aligned to a number of other elements within the business (Drucker 1954, Dobni and Luffman 2000) hence a related programme of organisation development is required. Small businesses may struggle to change if the development programme is not aligned to organisation development initiatives. Therefore when initiatives are designed for small businesses the process should include such organisation development interventions to ensure that the change is understood, adopted and embedded (Kappelman and Richards 1996) and well as managing and overcoming other resistance and engaging staff (Zeffane 1996, Bucahnan and Broddy 1992, Moran and Brightman 2000). Interventions may need to be designed to show results quickly as owner / managers may be resistance to long-term development intervention without quick payback. (Culkin and Smith 2000, Berry and Perren 2003).

6. Business development and change interventions should influence the owner / manager personally

Interventions need to be designed to meet the requirements and personalities of owner / managers. Implementation will be difficult if the owner / managers way of working is not taken into consideration (Culkin and Smith 2000). While long-term deep intervention can provide the most benefit, short-term benefits need to be considered in conjunction to maintain the interest of the owner / manager. This is also important as leadership and direction from senior management is critical to successful change (Calon, Baden-Fuller and Hunt 2000, Waddell and Sohal 1998, Eisenback, Watson and Pillai 1999). Again to achieve this over a long period requires the trust of the owner / manager in the process (Ram 1999); especially as it takes time to fully embed any development into an

organisation. (Carson, Cromie, McGowan and Hill 1995) This requires a specific mindset from advisors to build this trust.

7 Formal and informal networks are critical to small business success.

The development and maintenance of networks and relationships is important for the survival of small businesses (Ram 1999). Small business owner / managers regularly turn to personal friends and contacts for business advice (Bennett and Robson 1999) and this type of relationship needs to be built if interventions are to be successfully informed. This type of relationship is seen by Ram (1999) as particularly important to service based small businesses. Universities can have an important role to play in the development of small firms in building the relationships to allow organisations to access graduate skills and knowledge (Freeman 2000).

7. Implications of the findings

The biggest implication of these findings is for organisations involved in the design and delivery of support services and grants directly aimed at small businesses. Consideration in the design of the type of initiative needs to be given to the unique characteristics of owner-managed organisation and from this flexibility needs to be a characteristic. This will help to ensure that interventions meet the individual world-views of the owner / managers, which in itself will assist in creating buy-in and improving take up of these services.

Critically it has been seen that long-deep intervention produce the most significant results, however often the concept of this goes against the more short-term, reactionary view of many owner / managers. Again this world-view needs to be taken into consideration when designing the intervention and clear support is needed by the provider at the start of the process to ensure that the building blocks are in place for change.

It is also clear from this research that organisation development needs to be a fundamental element of any intervention for small businesses, but specifically for long-deep interventions aim at making a change or development within the

organisation. Without this part of the process change or development interventions have been seen to be less successful.

The main implication for research is the challenge to the perception that owner / managers are risk takers, open to change. Further research needs to be undertaken into the world-view of owner / managers and this type of case based research is useful for understanding what owner / managers do in practice as this may be different from verbal assertions. Indeed the owner / managers at ABC felt they had a good understanding of their business which was shown not to be a clear as they felt.

8. Limitations of the research and suggestions for further research

This research has identified some key issues in how small businesses are managed and the implications that this has for providing assistance for them. However this research is based on only one case and while provision was made for this in the methodology it would be misleading to generalise the findings across all small businesses. Indeed an observation that can be drawn from this case is that small businesses are by their very nature unique entities.

This research would benefit from similar research being conducted in other comparable businesses who are also involved in the TCS programme and evaluate the similarities and differences between the experiences of this case and the experiences within other schemes. This would give some valuable information on how small businesses are managed.

Additionally it would be useful to apply the recommendations of this research to another TCS programme and undertake some comparative research into the impact that the intervention had.

It would also be useful to carry to some in-depth qualitative research with owner/managers on business support interventions to gather a more specific picture of how interventions can be designed and more importantly sold to owner/managers. The conclusions in this case may provide a starting point for this.

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