

NORTH-WEST UNIVERSITY  
POTCHEFSTROOM BUSINESS SCHOOL

**The integration of operational management and marketing in the information  
and communication industry in Gauteng**

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## **ABSTRACT**

The basis of the study is that profitability is enhanced through increasing throughput through sound marketing and communications and decreasing cost through sound operational management. Part of marketing is to deliver a quality service according to customer requirements, at the right time and place. It is hypothesised that the 3.9% South African entrepreneurial success rate can be enhanced through the integration of marketing, communications and operations.

Research objectives include determining the level of awareness of the concept of integration between marketing and operations, and the cause and effect relationship between integration and profitability. The researcher is striving to provide evidence of the need for integration between marketing and operations and to determine how integrated the ICT industry is at present.

Three out of the four aspects in the marketing mix - product, price and place - are determined by operations, while marketing traditionally only handles promotions. In new product development the integration between marketing and operations is vital. Through integration operations can deliver what the client wants while marketing educates the consumer.

It was found that 76.2% of the respondents have an awareness of the need for integration between marketing and operations, but only 40.5% of companies have formal touch points in place. Those who do have formal touch points are more profitable, with a .44 positive correlation. Although only one significant correlation could be found, respondents have listed many problems due to a lack of integration. The level of integration between marketing and operations is rated at an average of 4 on a scale of 1 to 7. A need for integration and in-depth operational knowledge and the alignment of both with company strategy is evident in the market.

## **LIST OF ABBREVIATIONS**

|     |  |
|-----|--|
| MBA | Master of Business Administration        |
| ICT | Information and Communication Technology |
| GEM | Global Entrepreneurship Monitor          |
| TEA | Total Entrepreneurial Activity           |
| COO | Chief Operating Officer                  |
| TQM | Total Quality Management                 |
| PDM | Physical Distribution Management         |
| HRM | Human Resource Management                |

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# **CHAPTER 1**

## **1.1 SPECIFICATION OF RESEARCH FIELD(S)**

Operations Management

Marketing

Communications

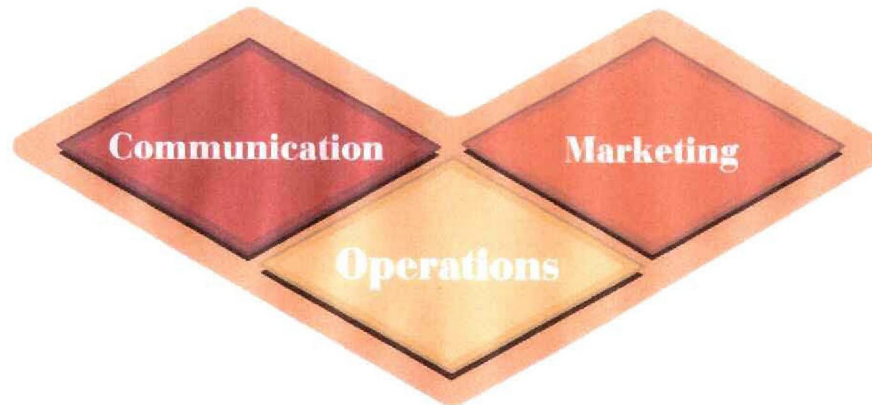
Profitability

## **1.2. INTRODUCTION**

Professionals have been debating for centuries about the return on investment on marketing and communications spend as well as the increased operational cost due to inflated marketing budgets. The hypothesis in this article is that the integration of marketing, communications and operations will lead to increased profitability. Evidence through literature, as well as empirical studies, was sought to prove the need for and existence of integration between marketing and operations. The author also highlighted existing problems occurring through the lack of integration. The research is based on qualitative and quantitative research.

The Wharton University of Pennsylvania offers an MBA course which focuses on the integration of marketing and operations. This shows that a need exists for integration. Developing principles and policies for integration will affect the success rate of entrepreneurship and provide a real effect on the bottom line through integrated marketing and communication with operations. "Marketing and Operations are two closely interrelated functional areas in all manufacturing and service firms ... brand managers have to coordinate marketing and manufacturing for a particular product" (Anon., 2007).

**Figure 1.1: Integration of disciplines**



Source: Pfeiffer, 2006. ([www.trinitas.co.za](http://www.trinitas.co.za))

### **1.3 PROBLEM STATEMENT**

Through the lack of integration between marketing and operations profitability and sustainability are lost. Debates are ongoing with regard to the effect marketing and communications has on the bottom line. Most client companies researched protest “none whatsoever,” as per appendix 4. The idea of integrating marketing, communications and operations is a foreign concept. Linking it as a service is unique in the market.

Profitability and efficiency is achieved through increasing income through sound marketing and communications while at the same time decreasing cost through sound operational management. In order to enhance profitability the increasing of income and decreasing of cost has to happen in ‘sync’ to avoid a misalignment between marketing and operations.

Part of marketing is to deliver a quality service according to customer requirements, at the right time and place. The responsibility to deliver such a service lies with production, and is achieved through standardisation and sound processes and systems. When a misalignment exists between marketing and operations, marketing will sell according to customer requirements and operations will deliver in another fashion.

Efficiency in many fields of business is affected by a lack of sound operational management. Professionals and entrepreneurs are trained and experienced in their field of expertise, but a lack of

knowledge in operational knowledge exists, contributing to the low success rate and low conversion rate of start-up to small business.

It is proposed that the 3.9% South African entrepreneurial success rate, as cited in the Babson London School of Business GEM report of 2006, can be enhanced through the integration of marketing, communications and operations. One of the reasons given by the GEM report for the low Total Entrepreneurial Activity (TEA) score in South Africa is a lack of confidence and entrepreneurial knowledge. A large portion of the lack of confidence is the lack of operational knowledge and confidence that operations will deliver according to what marketing promises. (Bosma & Harding, 2006)

#### **1.4 RESEARCH OBJECTIVES**

The research objectives are set to:

- Verify whether the “open thought” of the researcher can be verified through a linear relationship between integration of marketing, operations and profitability.
- Determine the level of awareness of the concept of integration between marketing and operations.
- Determine the level of operational knowledge amongst entrepreneurs;
- Determine the impact which marketing has on the bottom line;
- Determine the cause and effect relationship between integration and non-integration between marketing and operations;
- Provide evidence of the need for integration.

##### **1.4.1 Research questions to be addressed**

The following research questions are to be addressed:

- How integrated is marketing and operations in the industry?
- What is the level of in-depth knowledge of operations?

- How many entrepreneurs are satisfied with the return on investment on marketing spend?
- What problems are experienced in the industry through the lack of integration between marketing and operations?
- Does any need for integration between marketing and operations exist?
- Is there openness in the market to strive towards integration?
- Can the integration of marketing and operations be taken to market as a value proposition?

#### **1.4.2 Goals of study**

The ultimate objective of the study was to determine the role that integration between marketing and operations plays in creating return on investment on the marketing budget. This was achieved through an in-depth analysis of processes and systems of entrepreneurial companies and marketing departments.

Research was also done to determine the amount of integration between operations and marketing and the effects of non-communication including the effect on profitability. Thereafter, literary research solutions were found to fill gaps in the market. It is important to assess the level of operational skill, the necessary knowledge and skill to enhance entrepreneurial success and identify methods of filling the gap.

Through the study, a methodology was developed that managers can follow to implement systems and processes to guide them towards integration between marketing and operations and to deliver the product or service at a predetermined, standardised level.

Part of the study was to develop a method to implement a culture of quality throughout organisations so that operations can deliver what marketing is promising. Without such a culture the new methodology would merely be “another of management’s projects”.

The author hopes that through the research the awareness of the need for sound operational management would be enhanced. Operations form a foundation for entrepreneurial companies and, as such, of the success it might achieve. When sound systems and processes are in place and

measurements exist, continuous improvement can be achieved as well as successful delivery according to customer requirements.

## **1.5 RESEARCH PROPOSITION**

It is hypothesised that the lack of integration between marketing and operations is hugely responsible for the lack of return on investment on marketing and communications spend as well as for the low overall success rate in entrepreneurial companies.

When marketing and operations are misaligned it will lead to a loss in profitability due to the fact that operations might not be able to deliver what marketing promises.

It is further hypothesised that companies fail due to marketing under-performing, resulting in operations being left with stock or too much capacity, with the resulting costs of storage, waste, spoiled goods and transport. An even bigger danger is when marketing over-sells and production cannot fulfil on the promises made or orders brought in by marketing. This scenario will lead to brand damage, over extension of finances to try and fulfil on the order and gearing up of the company, which might be for a once-off situation. This will leave the company with too much capacity in the long run. Costly retrenchments could follow - costly in retrenchment packages, but also in image, market loyalty and trust.

## **1.6 PARADIGM PERSPECTIVE**

The existing paradigm is to manage marketing and communications in silo, completely separate from operations. It is hoped that through this research the paradigm perspective will shift to one of integration and a scenario where marketing is over or underselling, will be avoided.

As paradigms are extraordinarily resistant to change, sound literary and empirical proof will be sought to bring about a paradigm shift. Changing human behaviour is extremely difficult and when marketing and communications have become used to working in a silo, without interferences from

operations, the dogma becomes comfortable and a new way of operating will take marketing and operational professionals out of their comfort zone.

Even process addiction will not help if such processes are not working towards continuous improvement and customer service. Similarly, if operations are not integrated with marketing and communications, marketing will over or undersell, resulting in a loss in profitability.

Marketing and operations work in silos, creating a misalignment in strategy. Should marketing be taking a message to the market about high quality and product superiority, while operations focus on cost saving, it will be more damaging to the brand than to not communicate at all. A loyal customer who buys for quality and then finds a lack thereof will be lost to the company and influence many other potential customers as well. The company has to decide on a high quality or low cost strategy and marketing and communications should be in line with company strategy.

Similarly, when the company decides on an offensive, defensive or conservative strategy, then marketing and communications should take the same message to market. The lack of integration in marketing communications and operations could easily lead to such a misalignment and the resultant damage could be devastating to the company.

Bringing the need for such integration under the attention of entrepreneurs will require a paradigm shift of major proportions. Operations are not yet recognised as a science in the industry, which is evident in the fact that very few qualified operational managers were found in operational positions when compiling the database of research subjects. Normally, an ICT technologist gets promoted to COO, with little or no understanding of the science of operations. To then further bring in the concept of integration between marketing and operations is a totally foreign concept. This paradigm perspective will be further researched during the empirical and literature studies.



## **1.7 RESEARCH METHOD**

The study starts with an entrepreneurial audit to determine the current operational awareness amongst successful entrepreneurs as well as marketing professionals. This research also incorporates the determination of the need for intervention in organisations. Efficiency of current operational structures, and the integration thereof with marketing and communications, was determined. Operations management focuses on carefully managing the processes to produce and distribute products and services. Usually, entrepreneurs focus on their own field of expertise and do not talk about 'operations management', although they are forced to carry out the activities that are typically associated with the phrase 'operations management (McNamara, 2006).

Many databases exist in the market. The ICT Handbook, as published by Technews and Brewers Almanac, compiles such databases. These data sources were combined and then de-duplicated to obtain a clean and full database of all the ICT companies in Gauteng.

The study was conducted through questionnaires sent to various managerial professionals. A full population of ICT companies in Gauteng totals 767 companies. Out of this population a sample of 194 companies was identified for questionnaire research.

Data collection was done through questionnaires. Sampling was done in accordance with international sampling standards. Probability samples were used, in particular stratified sampling. The population was subdivided into sub-populations of companies of similar size with regard to staff compliment and turnover as well as type of service/product rendered. A random sample was then taken from each sub-population.

Qualitative as well as quantitative research methods were used. During the quantitative research it was determined whether integration in marketing and operations contributes to the level of return on investment in marketing and communications and whether there is a linear relationship between profitability, marketing and communications spend and integration.

The qualitative research determined the research participants' perceptions about marketing, communications and operations and the integration thereof. It also determined the level of awareness of operations as a science and the trust bestowed on marketing and communications spend. It ultimately determined whether there is a need in the market for integration between marketing, communications and operations and whether it contributes to the profitability of the entrepreneurial company.

The role of sound operational management played in the achievement of profitability, or the lack or failure to achieve profitability, and the value of return on investment on marketing budgets were determined.

The literature research focuses on operational management versus marketing management. Topics researched are: operational awareness, marketing management processes and methodologies, creating quality environments while enhancing productivity, and the role of operations in marketing and ultimately, entrepreneurial success.

No existing literature could be found on the integration of marketing, communications and operations. Many writings were found on marketing management as well as operational management, but none on the integration of the two disciplines. Literature research was done through internet research as well as through existing printed books.

All material collected was tested for validity and reliability. All data was classified and processed, before evaluating and interpretation of the data.

## **1.8 DIVISION OF CHAPTERS**

The structure of the project is divided into three chapters. Chapter 1 provides an introduction, a problem statement and the aims and objectives of the study. The aim of the study was to research and enhance the integration of marketing, communications and operations in order to achieve a higher entrepreneurial success rate, to effect profitability and ensure return on investment in marketing and communications. The need for operational management in successful leadership and

management is part of the problem at hand. The research objectives, methodology and research hypothesis as well as the paradigm perspective are described in chapter one.

Chapter 2 focuses on empirical and literature research in the quest to find previous writings on the topic and find solutions to the stated problem. Chapter two contains an abstract, the problem statement, empirical and literature research, an outline of the research methods (including the research design), mentioning of the participants, measuring instruments and the statistical analysis. Results of the studies are given in chapter two, followed by a discussion about the results and possible variances from the null hypothesis.

In Chapter 3 a conclusion is reached and the limitations of the research are described. Recommendations are given, followed by references.

It is hoped that through this research the key will be found to the age-old problem of marketing and communications not adding to the bottom line. Hopefully, the research entrepreneurs and other professionals will be empowered to successfully integrate marketing and operations and in doing so, receive real return on investment in marketing budgets through enhanced profitability, brand awareness and market loyalty.

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## CHAPTER 2

### 2.1 PROBLEM STATEMENT

Every company should have one main goal: to make profit. In order to achieve the goal, throughput has to be increased and inventory and operational expense must go down. Throughput should be increased at the same time as both inventory costs and operating expense are reduced. For this to happen sales have to be increased and the entire system must work as one integrated system

Increased throughput is achieved through sound marketing and communications. Operational costs and inventory are decreased through sound operational management. In order to enhance profitability the increasing of income and decreasing of cost has to happen in 'sync' to avoid a misalignment between marketing and operations. If there is a lack of capacity the company is cheated out of potential throughput. On the other hand if there is more than enough capacity, money is wasted and an opportunity is missed to reduce operational expense.

Marketing has to deliver a quality service according to customer requirements, at the right time and place. Delivering such a service is the responsibility of production and is achieved through standardisation, sound processes and systems. Production also has to ensure that there is enough capacity for expansion. A lack of capacity will affect quality of delivery or result in late delivery. Mathematical proof exists that clearly proves that when capacity is trimmed exactly to marketing demands, no more, and no less, throughput goes down, while inventory goes through the roof. (Goldratt, 2004:87)

Efficiency in many fields of business is affected by a lack of sound operational management. Professionals and entrepreneurs are trained and experienced in their field of expertise, but a lack of knowledge in operational management exists, contributing to the low success rate and low conversion rate of start-up to small business. Activities have to be managed to meet customer requirements. In order to achieve that, change has to be managed well and it is necessary to determine the effective use of resources, enhance performance and productive working relationships as well as the use of information to enable management to take critical decisions (Anon., 2005).

It is hypothesised that the 3.9% South African entrepreneurial success rate can be enhanced through the integration of marketing, communications and operations. One of the reasons given by the Babson London School of Business GEM report for the low score in South Africa is a lack of confidence and entrepreneurial knowledge. The lack of confidence is largely due to the lack of operational knowledge and the non-belief that operations will deliver according to what marketing promises (Anon., 2004).

## **2.2 RESEARCH OBJECTIVES**

The following research objectives are set to:

- Verify whether the “open thought” of the researcher can be verified through a linear relationship between integration between marketing and profitability;
- Determine the level of awareness of the concept of integration between marketing and operations;
- Determine the level of operational knowledge amongst entrepreneurs;
- Determine the impact which marketing has on the bottom line;
- Determine the cause and effect relationship between integration and non-integration between marketing and operations;
- Provide evidence of the need for integration.

### **2.2.1 Research questions to be addressed**

The following research questions will be answered:

- How integrated is marketing and operations in the industry?
- What is the level of in-depth knowledge of operations?
- How many entrepreneurs are satisfied with the ROI on marketing spend?
- What problems are experienced in the industry through the lack of integration between marketing and operations?
- Does any need for integration between marketing and operations exist?

- Is there openness in the market to strive towards integration?

### **2.2.2 Goals of study**

The ultimate objective of the study is to determine the role that integration between marketing and operations plays in creating return on investment on the marketing budget. This will be achieved through an in-depth analysis of processes and systems of entrepreneurial companies and marketing departments.

Research was done to determine the degree of integration between operations and marketing and the effects of non-communication including the effect on profitability. Thereafter, literary research solutions were found to fill gaps in the market. It is important to assess the level of operational skill, the necessary knowledge and skill to enhance entrepreneurial success, and identify methods of filling the gap.

Through the study a methodology was developed that each manager can follow to implement systems and processes to guide him or her towards integration between marketing and operations. Part of the study was to develop and implement a culture of quality throughout organisations so that operations can deliver what marketing is promising. Without such a culture the new methodology would merely be “another of management’s projects”.

It is also hoped that through the research an awareness of the need of sound operational management is enhanced. Operations form the foundation of any entrepreneurial company and therefore, of the success thereof. When sound systems and processes are in place and measurements exist, continuous improvement can be implemented and the successful delivery according to customer requirements can be measured.

## 2.3 LITERATURE REVIEW

Through the literature research the author endeavours to prove that the integration of marketing and operations is vital in the running of a profitable company. Where a lack of integration exists, marketing will over or undersell - both with cost implications.

### 2.3.1 Integration

“Integration is a process of combining or accumulating” (Anon., 2006).

A high-tech company in China realised the importance of the integration of marketing and communications in achieving entrepreneurial success. Their primary objectives are focused on the following issues: seeking closer integration of marketing and operations, initiating more proactive local design, sourcing and strategic alliances, developing local talent, and building a cohesive leadership team with a high performance organisational culture (Mobley, Wang & Fang, 2005).

Rohit, Thompson, Louviere & Moore, (2001:14) states that a major remaining drawback in marketing (only) based product/service design procedures is that they often do not consider operating capability, constraints, and other managerial decisions. This is problematic because it is quite likely that the profit-maximizing product profile would be relatively difficult to produce under the existing operating setup.

The Wharton University of Pennsylvania offers a cross-functional major in Marketing and Operations Management for their MBA course. They believe that marketing and operations management are two closely interrelated key functional areas in all manufacturing and service firms. This course is designed to satisfy the strong need in industry for MBAs with in-depth training in marketing and operations (Anon., 2007).

According to Rohit *et al.* (2001:18), market segmentation will be much more efficient if the operational specifications of the product are known to the marketing team. The level of quality and functionalities might appeal to a certain income group as well as certain age groups.

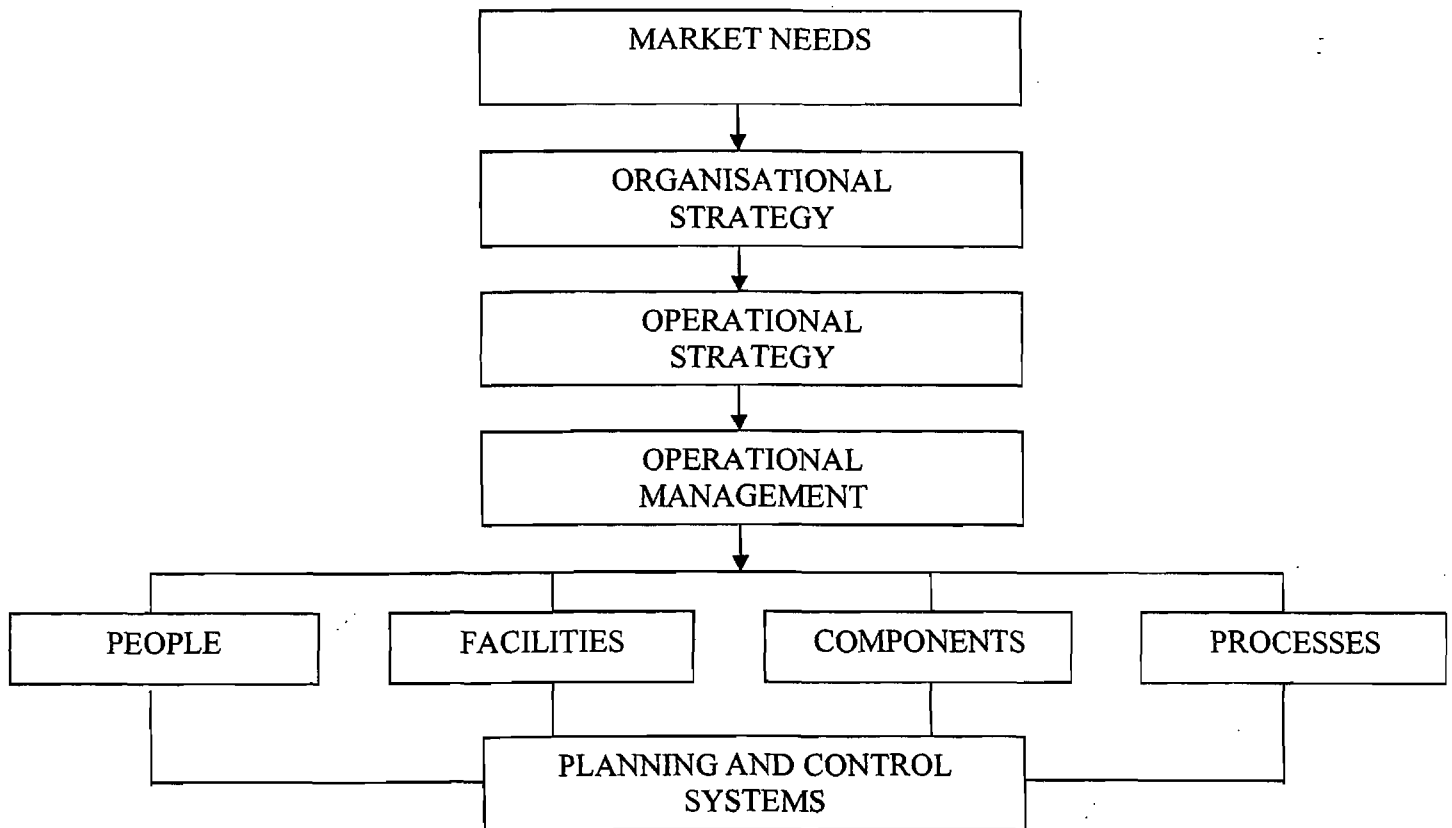
Boyer and Hult (2005) examine online grocery ordering and home delivery as a market where marketing and operations strategies need to be carefully integrated. In their study they found that



where marketing and operations, such as what was promised to the customer and what was delivered, were not 100% aligned it affected the success of the company. They further that, Webvan tried to build market share by offering groceries delivered to a customer's door in a specified 30-minute window at prices comparable to what consumers get by doing the shopping themselves. Webvan's process was unable to meet this challenge.

Figure 2.1 shows where operational management and marketing fits into the organisation. It is only once the organisation is well equipped and capable of delivering upon what is sold, that marketing and communications can perform at optimum productivity.

**Figure 2.1: The integration model**



(Adapted: De Wit and Hamersma, 1992:2)

Tsay, Nahmias, Tayur, Ganeshan & Boston, (1998) mentions that it is widely recognized that in order to make supply chains more competitive, the integration of marketing and operations is vital. In many companies this is not yet very common. Most often the business processes of these areas are decentralized and managed in isolation.

John Deighton, a Harvard Business School professor updated his case study on crime novelist James Patterson: He saw Patterson's success as a sublime integration of operations and marketing. He felt that Patterson understands that if you want shelf space you need to publish a lot of books, and that you need a production system with more than one author while at the same time ensuring that you create a strong brand (Deighton, 2006).

### **2.3.2 The role of marketing in the integration**

Marketers must understand and utilize a broad view of the product or any strategy is likely to be disjointed, poorly targeted and unsuccessful (Lancaster & Reynolds, 2005:42). The marketer's task is to organise the marketing mix in such a way that it provides an assortment of 'satisfactions'. If there is a misalignment between marketing and operations, marketing will not be able to sell what production delivers. Lancaster and Reynolds (2005:103) describe the classification of products under consumer goods, divided into convenience, shopping, speciality and unsought goods. Industrial goods are divided into installations, accessories, raw materials, component parts, and materials and supplies. Both operations and marketing should be fully aware of the classification the product falls under to effectively manufacture or deliver the product and communicate the availability thereof in the correct manner to the correct audience.

Rohit *et al.* (2001:19) quote Chase and Karmarkar as saying that a major remaining drawback in marketing (only) based product/service design procedures is that they often do not consider operating capability, constraints, and other managerial decisions. They believe that this is problematic because it is quite likely that the profit-maximizing product profile would be relatively difficult to produce under the existing operating setup.

New product development forms part of product strategy, as well as being an element of overall marketing strategy (Lancaster and Reynolds, 2005:112). In new product development the

integration between marketing and operations is even more vital. Marketing, being in touch with the customers, will be in possession of consumer data and requirements, which research and development should take into consideration when developing a new product. It will depend on marketing to take the new product to market. While new products are a necessity in product management strategies as they are a source of competitive advantage. They are also essential when market segments tire of product offerings (Lee & Carter, 2005:240).

Lee and Carter quote Kotler and Armstrong as having said that the product benefits are described as the element the consumers see as meeting their needs and providing satisfaction through product performance and image. This suggests that the level of satisfaction is determined by the perceived benefit clients receive. Through the integration of marketing and operations, operations can deliver what the clients want while marketing educates the consumer about what to expect (2005: 231).

When embarking on marketing and production, the marketing managers should determine the company's overall marketing objectives; operations should be involved in this and accordingly decide on the resources to be committed. The market and customer expectations should be managed by marketing and the products and services should deliver on exactly what was sold. Environmental constraints and risks involved should be considered by both marketing and operations (Lee & Carter, 2005:529).

According to Pycraft, Singh, Phihlela, Slack, Chambers, Harrison & Johnston, (2000:147), marketing's role in the integrated process should start as early as during concept generation. The marketing department should analyse the customer needs and do the market surveys. They should solicit suggestions from customer contact staff and customers themselves and gain new ideas from research and development.

From its close relationship with customers and knowledge of the marketplace, marketing should be able to screen out concepts that it feels:

- Will not work in the markets;
- Are too similar to competing products and services;
- Would not be able to generate sufficient demand;
- Will not fit with existing marketing policy (Pycraft *et al.*, 2000:149).

### **2.3.3 The Price Factor**

Price, as one of the parts of the marketing mix, should also be an integrated effort. While marketing should know how the price compares in the market and whether the product or service will be marketable at the price presented, operations should determine the price according to profitability. Without integration, production will set the price at an unmarketable level, or waste possible profits by setting it much lower than competitors. Although in the short term companies may set prices that do not recoup production, distribution and marketing costs, long-term-survival depends on variable and fixed costs being fully covered (Dibb & Simkin, 2004:262).

Operations management should focus on minimizing operating cost and delivering according to customer requirements. In many parts of the service industry, operational and marketing issues are highly intertwined. Customer reaction to a firm's cost control efforts such as inventory control or on-time performance needs to be taken into account (Sun, 2005).

Even when following a low price strategy to be hugely lower than competitors will diminish the brand equity and waste possible profits. Equipped with this awareness of cost, operations managers should consider price in terms of its marketing objectives that are also designed to achieve financial goals. When determining price, operations and marketing should identify the potential consumer or market, estimate the demand, anticipate competitor prices and then calculate whether the product could be manufactured at a profitable level.

By using an integrated system it is possible to lower price through operational innovation. Lee and Carter explain how Hyundai and Kia give incredible value for money. It is achieved, not by moving from one low cost of production economy to another, but by process and product innovation. When marketing and operations are integrated, product innovation can lower cost, making a low-price marketing strategy possible, while still providing quality (Lee & Carter, 2005:351).

### **2.3.4 The place factor**

Another area of integration between marketing and operations is logistics. It is now recognised that physical distribution management (PDM) is a critical part of overall marketing management (Lancaster & Reynolds, 2005:165). Marketing cannot sell the product or service if operations cannot deliver it at the right place and time. The integration of processes, when marketing delivers means that operations have to process the order and deliver the product. Operations need to be aware of inventory levels and inform marketing how much can still be sold, to avoid back orders and customer dissatisfaction. Management of an effective supply chain requires the coordination of a range of activities and flows that extend across functional and organisational boundaries. These activities include: inbound logistics, operations, outbound logistics, marketing and sales and customer service (Lee & Carter, 2005:318).

### **2.3.5 Quality**

When marketing strategy incorporates total quality management (TQM), operations have to ensure that operationally the company and especially production has bought into the concept. TQM is a structured way of ensuring that internal and external customers and suppliers are satisfied through the integration of the business environment. Striving for continuous improvement and searching for break-through in development and maintenance cycles as well as changing organisational culture will enhance the integration (Lancaster & Reynolds, 2005:254). An agile approach to manufacturing means that organisations must serve customers with small quantities of custom-designed parts with perfect quality, 100% on-time delivery, and at very low cost (Lee & Carter, 2005:253).

Quality should be integrated at every step of operations, especially when quality is part of the marketing message. When quality is cited as a differentiator, production should ensure that quality is built into every step of the manufacturing process and service delivery. Such steps will include quality of raw materials and other products and services from suppliers, production processes, distribution of the product and delivery thereof at the right time, place, price and quality, according to customer requirements.

### **2.3.6 Forecasting**

In determining how much can be sold, marketing and operations have to work together to achieve accurate sales forecasting. The first step of forecasting is data collection, done by marketing with regard to the demand in the market; historical data from operations (dispatch and production) about how much has been produced and sold in the past and how much inventory is still in the warehouse. Data can also be obtained from accounting and procurement. Changes in company policy or methods of operation can have a considerable bearing on costs and output and therefore affect the forecast. Similarly new machine tools or a new material handling system can significantly affect both material requirements and future sales (Lancaster & Reynolds, 2005:396). A disconnect between marketing and operations in can therefore seriously affect profitability. An example of this is when marketing is unaware of expansion plans, it will be underselling.

A formalized planning procedure involving both marketing and operations, that takes the firm's macro and micro environment, its internal resources and its longer-term objectives into account is required. Operational management must also consider the company's position in the market (Lancaster & Reynolds, 2005:280).

Marketing should get involved in the process through determining demand and changing demand through altering the marketing mix. This can be done through changing the prices or increasing promotional activities. Sometimes small changes to the product or service make it more attractive in off-peak periods, enabling marketing to increase throughput (Pycraft *et al.*, 2000: 393).

### **2.3.7 Customer relationship management**

Agile manufacturers place a greater emphasis on being close to the customer and the value-added to the customer through the provision of products and services. This requires an intimate understanding of customers' needs (Lee & Carter, 2005:421). To address the customer's real needs the organisation must sell solutions rather than products and design or develop solutions focused specifically on an individual customer's requirements (Lee & Carter, 2005:238). Product design will need to be closely integrated with the production process and marketing.

Once it has been established what the customer wants, the product should be developed in line with customer requirements and according to what marketing could take to market. Product is a key element in the market mix. An offering that brings value to the target customers has to be formulated (Kotler & Armstrong, 2006:233).

A marketing strategy starts, ends, lives and dies with the customer. It is what the customer wants that matters (Gerber, 1995:218).

It is important that both marketing and operations know the customer well and understand the customer's requirements to the finest detail. Not just the marketing department, but the entire organisation should be integrated in its quest to know the customer and to deliver exactly what the customer wants.

The entire business process by which the company delivers a product or service is a marketing process. It starts with attracting the customer and providing a price, the sale you make once they make a decision to buy ends with the delivery of the promise and receiving payment. It is called marketing, sales and operations, or the price to payment process. It is the essential key process that runs through every business and it is how well-integrated that process is and connected each part of the process appears in relation to the rest of the process, that will determine how successful you are at getting repeat business (Gerber, 1995:231).

### **2.3.8 The role of operations management**

According to De Wit and Hamersma (1992:17), operational management consists of sound financial management, human resource management, management of raw materials, and research and development. Production management, information technology and quality also form part of operational management. Marketing is one of the primary functions in the organisation and it is therefore the task of marketing to identify and develop sources of need. It is up to marketing to understand the production process, delivery times and to what extent products could be customised. Marketing should also understand when the market is ready for a new product. It is therefore clear that a lack of integration between marketing, communications and operations will lead to selling of an undeliverable product, false promises and over or underselling.

Other areas of integration between marketing and operations include location planning with regard to being in close proximity of customers, raw materials and labour. When marketing and operations are well integrated it becomes easier to determine capacity available in the organisation and to sell accordingly. The optimum size of the organisation is an important factor to consider (De Wit & Hamersma, 1992:23).

Developing a product or service involves defining the benefits that it will offer. These benefits are communicated and delivered by product attributes, such as quality, features, style, and design. These benefits should be clearly communicated to the market in order to create a need for the product. When marketing and operations are not in 'sync', marketing will communicate incorrect benefits and attributes or production will not deliver on promises made by marketing such as quality or low cost leadership (Kotler & Armstrong, 2006:234).

Similarly, marketing, being closer to the customer, should be involved in product research and development, in order to lead them to include required features and create a style and design the customers will want. At the same time marketing has the responsibility to develop a brand around the product and to predict the need that could be created to communicate to operations with regard to manufacturing volumes. Consumers view a brand as an important part of a product. Branding can therefore add to the value and attractiveness of a product (Kotler & Armstrong, 2006:247).

Product strategy should include the present and future product line. Marketing and operations should combine resources to make certain product line decisions such as the length of the product line and the product mix is adhered to. The existing mix should be analyzed and each product and line should be examined individually. Marketers should plan product decisions that according to an in depth knowledge of the potential markets (Wood, 2005: 93).

A company can increase its business in four ways:

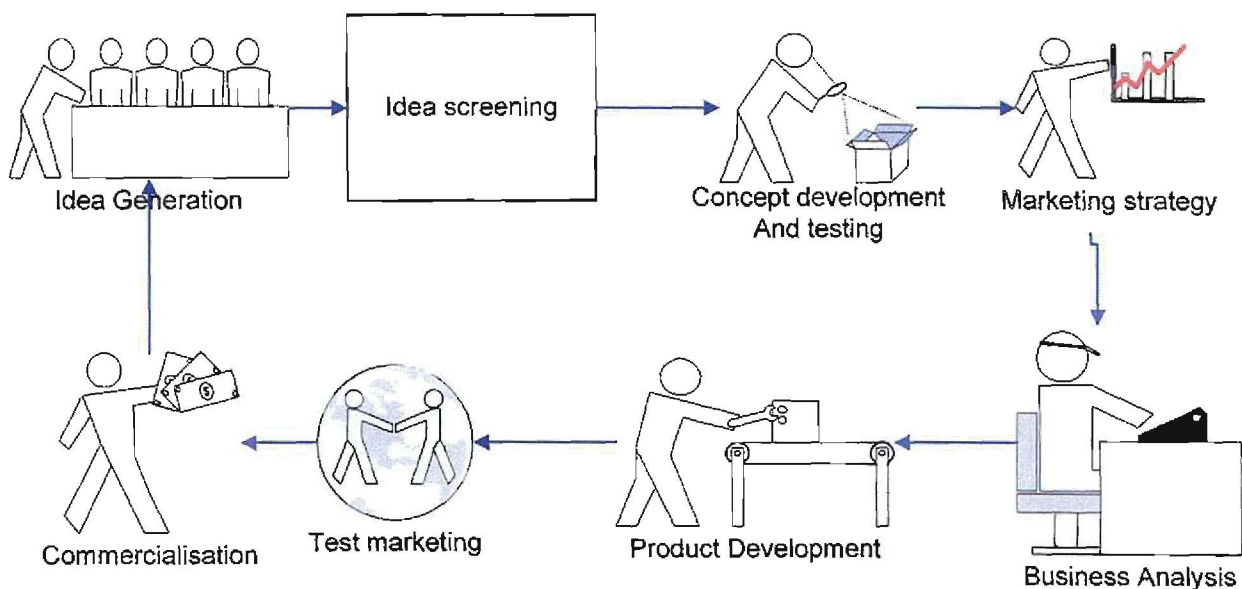
- add new product lines;
- lengthen existing product line;
- widen its product mix; and
- add more versions of each product, thus deepen its product mix.



Marketing and communications are only undertaken when the company wants to increase its business. Decisions such as the above should be taken by an integrated operations and marketing team in order to ensure that marketing takes the correct product lines to market.

When looking at Kotler and Armstrong’s major stages in new-product development as depicted in Figure 2.2, the need for integration between marketing and operations is clear. When operations and marketing do not work together on the product aspect of the marketing mix, no significant business development will be possible.

**Figure 2.2: Stages in product development**



(Adapted: Kotler & Armstrong model, 2006:276)

It is important to look at the entire business, incorporating the six areas of operations: human resource management, quality management, production, financial administration, information technology and supply chain and logistics through the lens of marketing. Marketing provides a distinctive and essential way of looking at the whole enterprise as well as a way to see the business through marketers’ lenses, enabling the company to build an effective, high-performance marketing organisation (Putman, 1990:5).

The first step in using the operational view through marketing lenses is to see where operations can help the organisation develop a unique differentiator. When quality is the differentiator, operations need to ensure that quality is produced and delivered.

The main activities of the operational manager are to understand the operation's strategic objectives, develop an operations strategy for the organisation, design the products, services and processes, plan and control the operation and improve the performance of the operation. This strategy should on the one hand support company strategy and on the other hand be in 'sync' with the marketing strategy.

While it is up to operations to drive strategy by giving it a competitive edge, it is up to marketing to communicate the competitive edge to the target market. While operations are determining the efficiency and effectiveness, marketing should communicate the differentiators such as quality to the market. Operations produce what marketing should sell. Operations should forecast how much marketing could sell. Marketing must sell what operations can deliver.

At the same time operations should determine the feasibility of new concepts. It needs to judge whether it can produce the product or provide the service which marketing is promising. It needs to decide whether it has available, or could make the following resources available:

- The capacity within the operation;
- The skills in its human resources; and
- The technology that would be necessary (Pycraft *et al.*, 2000:150).

From design concept, operations and marketing should work together to specify the components of the package and define the processes to create the package, as well as determine quality standards. It is marketing suicide to sell one thing and deliver another.

Operations is responsible for planning for forecast variations, optimising utilisation of capacity and enhancing profit potential. An objective is to transfer demand from peak periods to quiet periods. This is usually beyond the immediate responsibility of operations managers, being the responsibility of marketing or sales functions. The primary role of the operations manager is therefore to identify and evaluate the benefits of demand management and to ensure that the resulting changes in demand can be satisfactorily met by the operations system (Pycraft *et al.*, 2000: 393).

### 2.3.9 Strategy

Marketing is often responsible to increase competition and respond by enhancing or extending the level of customer service which they offer. This might include such things as broadening the range of their products or services, increasing quality levels or giving delivery guarantees (Pycraft *et al.*, 2000:768).

The danger is that often no fundamental change has been made to the physical design and organisation of the operation itself, but it is expected to respond to marketing-led changes. Operations then has to do this by developing its resources, processes and systems as well as quality management methods. When there is a lack of integration between marketing and operations, operations will be unaware of the need for any such changes to fulfil on marketing demands. Such operational needs could even include investment necessary in new technology.

Before taking a product to market, marketing should judge the efficiency of the operational strategy. Such judgement should be made upon the following criteria:

- Price;
- Quality;
- Delivery speed;
- Dependability;
- Capacity;
- Design;
- Brand image;
- Technical capabilities;
- Process;
- Inventory management; and
- Planning and control systems.

Marketing should also consider the stage of the product in the life-cycle and market accordingly.

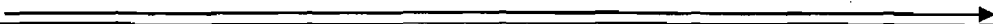
Marketers should look at sales trends for clues to a particular product's life-cycle stage; new products with low but growing sales are in the introduction stage; young products with rapidly increasing sales are in the growth stage; existing products with relatively level sales are in maturity; and older products with decreasing sales are in decline (Wood, 2005:90).

Through integration, operations will have the correct information from marketing to forecast and make accurate production decisions. It would be a fatal mistake for production to produce the same amount of a product in its decline stage as when in its growth phase.

Through integration operations will be forewarned about a need for research and development. Productivity control will determine the efficiency of the sales force, promotions, channels and logistics and product management. In some cases marketing controllers are responsible to establish standards, measure performance, and boost marketing efficiency (Wood, 2005:160).

**Table 2.1: Integration of marketing and operations**

**Strategic change involves enhancing the operations structure**

|  |  |
|--|--|
|                                    |  |
| <b>Marketer</b>  | <b>Innovator</b>   |
| Emphasises: <ul style="list-style-type: none"> <li>• Quality</li> <li>• Dependability</li> <li>• Range</li> </ul>      | Emphasises: <ul style="list-style-type: none"> <li>• Quality</li> <li>• Product performance</li> <li>• Speed</li> <li>• R&amp;D</li> </ul> |
| <b>Caretaker</b>   | <b>Reorganizer</b>   |
| Emphasises: <ul style="list-style-type: none"> <li>• Price/cost</li> <li>• Dependability</li> <li>• Quality</li> </ul> | Emphasises: <ul style="list-style-type: none"> <li>• Quality</li> <li>• Performance</li> <li>• Flexibility</li> <li>• Speed</li> </ul>     |
| <b>Traditional</b>   | <b>Enhanced</b>  |

It is clear that marketing plays a vital role in the operations process design. Similarly, product is the most basic element of the marketing mix. Without having a product defined it is difficult to develop the rest of the marketing mix (Dibb & Simkin, 2004:246). Marketing will determine the consumer needs, operations develop the products in line with customer requirements, and marketing will then take the products to market, from where operations will fulfil the “place” component of the marketing mix through distribution and logistics. A marketing channel is a distribution channel. It is a group of intermediaries which provides products to consumers (Dibb & Simkin, 2004:255).

Marketing and production should communicate and conduct their activities in close harmony. Unfortunately, in practice they normally act very independently. There are many reasons for this. The difficulties range from differences in personalities and cultures to unlike systems of merits and rewards in the two functions. Marketing people are judged on the growth of the company in terms of sales, market share and new products introduced. Manufacturing people are evaluated on cost and utilisation. Therefore marketing wants a variety of products to increase the company’s position, whereas manufacturing is trying to reduce cost (Chase, Jacobs & Aquilano, 2004:689).

Gerber states that the shape of your logo and the type style used on your business cards will have significant impact on sales whether you care to think about it or not. “The prototype must be packaged as carefully as any box of cereal” (Gerber, 1995:109).

### **2.3.10 The challenge**

It therefore has to be concluded that there are challenges with regard to the integration of marketing and operations due to different data used, different orientations and personality types and cultural differences. The lack of integration will result in wasted cost, misalignment of strategy, marketing and operations and the entire firm being misaligned with customer requirements. To cope with these differences an equitable set of measurements to evaluate performance in each area should be developed. Strong lines of communications should be in place to ensure that everybody contribute to reaching the firm’s goals. Joint decisions should be made on price, capacity, schedules and other sensitive matters (Chase *et al.*, 2004:689).

### **2.3.11 Optimum goal: profit**

Marketing and operations should cooperate in determining the optimum profit margins. It is only when an organisation is run on a profitable basis that marketing can sell with confidence, knowing that the organisation will be around to fulfil on promises made. Profit analysis should deliver information with regard to income, costs and the influence of changes in production and sales volumes. This information should be used to determine how many products should be manufactured at what cost and how much can be spent in the production and marketing thereof (De Wit & Hamersma, 1992:104).

When a business is well processed and integrated, it is much easier to run the company in a profitable manner. An added advantage is that the business will also be replicable and it will be a matter of providing the manual to open an office in a remote location, with an exact look and feel. This ensures that marketing only has one corporate identity to deal with. The system should integrate all the elements required to make a business work. It should transform a business into a machine, or more accurately, because it is so alive, into an organism, driven by the integrity of its parts, all working in concert toward a realised objective (Gerber, 1995:145).

A corporation should seek to find a financially optimal balance between customer needs and expectations and the firm's resources, capabilities and the associated cost of implementation. To achieve this balance requires a firm grasp of customer service and customer satisfaction issues (Clancy & Shulman, 1993:240).

## **2.4 METHOD**

Information will be gathered through literary research and by means of an empirical study. A full population of ICT companies in Gauteng totals 767 companies. Out of this population a sample of 194 companies were identified for questionnaire research. The operations and marketing managers were asked to fill in a questionnaire online. An online survey is less time consuming, easier for respondents to fill in and more accessible. The questionnaire comprises of 5-point multiple choice,

matrix and descriptive answers. Where a rating is required, a 7-point Likert scale is used. The questionnaire is attached as Appendix 1.

The questions are formulated according to the literature research and according to objectives set for the research. Respondents contributed to the survey anonymously. Anonymity is guaranteed.

#### **2.4.1 Research design**

The hypothesis for this study is that the integration of marketing and operations will lead to higher profitability. The study's aim is to establish the linear relationship between marketing spend and profitability, operational efficiency and profitability and the integration of marketing and operations and its effect on profitability. The questions in the questionnaire are formulated according to the objectives of the study. The questionnaire consists of 30 questions. Some of the questions are 5-point multiple choice questions. Some questions require a 7-point rating. There are also descriptive questions. All questions are developed to achieve the objectives of the research. As the StellarSurvey tool is used to do the survey, the integrity of the data as well as the results of the survey will be protected. Descriptive answers will be used to get a baseline data. Linear relationships will be determined using PHStat.

#### **2.4.2 Participants**

The participants in the empirical study are operations managers, and communications and marketing managers in the ICT industry in Gauteng. Out of this population a sample of 194 companies were identified for questionnaire research.

A population of 388 managers (both operations and marketing managers of all companies) were invited to participate in an on-line survey. A total of 42 responses were received, creating a random sample big enough to achieve the objectives of the research. The 42 responses represents an 11% response rate. The population was compiled by listing all ICT companies in Gauteng. Each company was phoned to determine whether it does marketing and communications. Filtering was done according to size and turnover of the company, with companies with a staff compliment of 20

or more employees and an annual turnover of more than one million rand being added to the database. These principles were used to ensure that only companies big enough to embark upon a serious marketing campaign would be added to the sample.

### **2.4.3 Measuring instruments**

Measuring instruments used are an online questionnaire to determine the level of marketing done, the level of operational knowledge and whether any sort of link between the two departments exists in the industry. The questionnaire was also developed to determine whether linear relationships exist between marketing spend and profitability, sound operational management and profitability and the integration of marketing and operations and profitability. Emails were sent out to the entire population to invite respondents to participate. To increase participation, anonymity was guaranteed. In the questionnaire, descriptive, matrix, Likert-type questions and 7-point rating questions were used.

### **2.4.4 Statistical analysis**

Data collected is analysed and interpreted to prove or disprove the hypothesis that the integration of marketing and operations will contribute to profitability, while a low level of operational awareness exists in the market and conventional marketing spend does not contribute towards profitability. During the analysis averages will be determined on questions requiring ratings, frequency distribution, linear regression and correlations and cross tabulations will be done.

## **2.5 RESULTS**

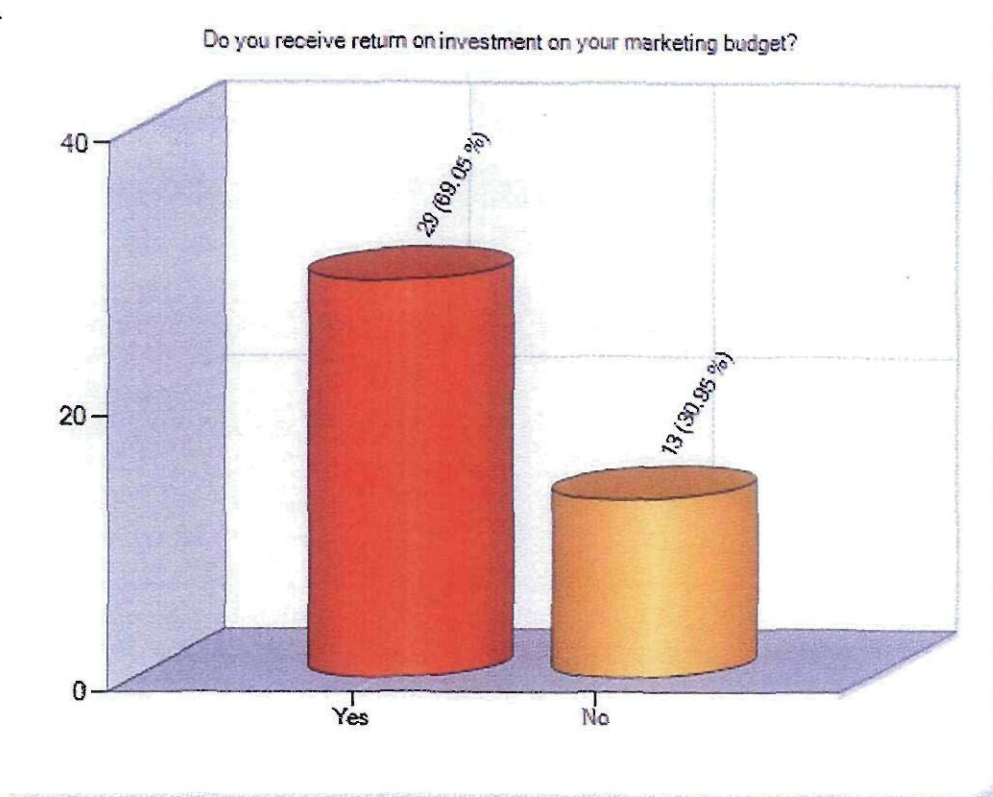
Data collected during the research was analysed in order to prove or disprove the hypothesis. Firstly, the state of marketing and operations is investigated. While results are provided in text form below, summary tables are attached as Appendix 2 and spreadsheets with correlations are attached as Appendix 3.



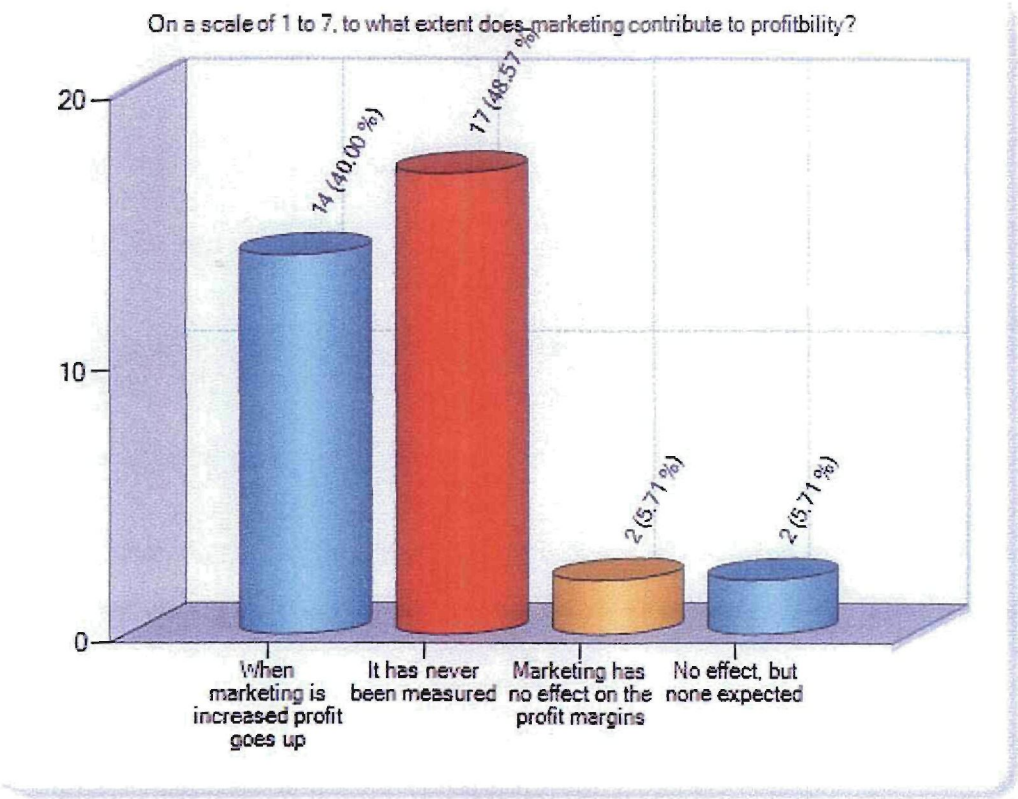
### 2.5.1 Marketing and communications

Compared to other sectors, the marketing spend in the ICT industry is relatively small, with 47.6% of companies only spending between R50 000 and R150 000 on marketing and only 21.4% of companies spending over one million rand on marketing. A total of 69% of companies believe that they receive return on investment in the marketing budget and 40% of companies feel that profit increases when marketing spend increases. A total of 48% of companies do not measure the effect of marketing spend on profitability. Yet on a scale of one to seven the average rating on return on investment on marketing and communication is only 3.1 indicating that even though there is a return, it might not be substantial.

**Figure 2.3: Return on investment**



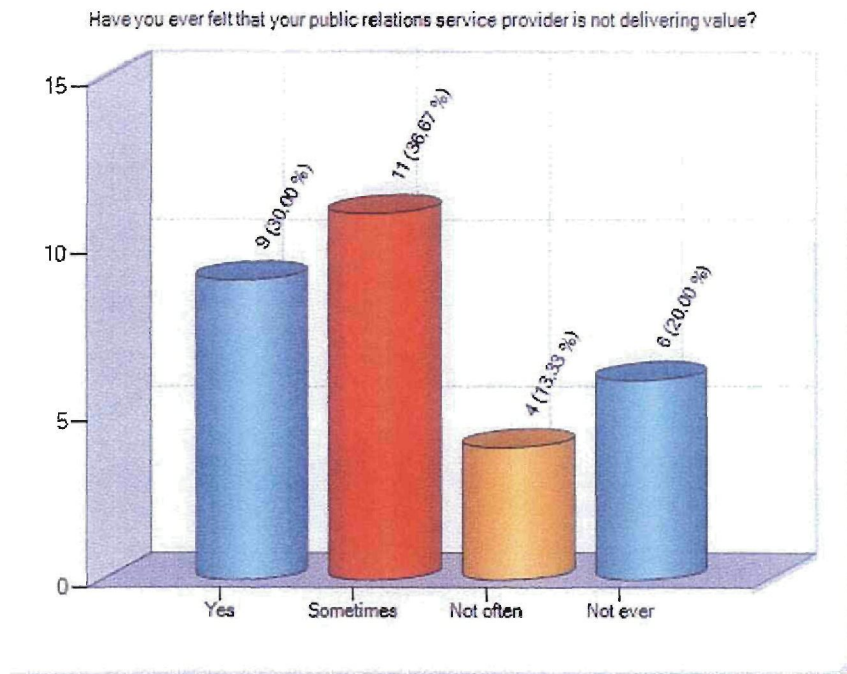
**Figure 2.4: Profitability**



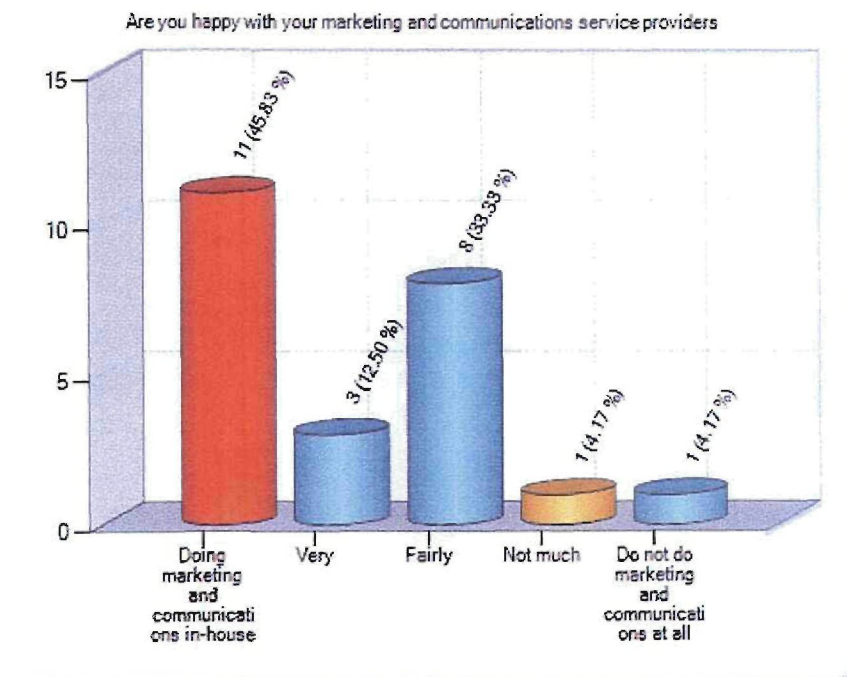
Twenty percent of companies have never felt that their communications provider is not providing value. 13.3% are of the opinion that value is not often received. 30% of companies feel that their communications company does not deliver value and 36.7% sometimes feel that they do not receive value.

A percentage of 49.8% of the companies handle marketing and communications in-house, with only 12.5% of those outsourcing, being totally happy with their marketing and communications service providers, while 33% of companies are fairly happy with service providers. 4.2% do not do marketing at all.

**Figure 2.5: Service provider value**

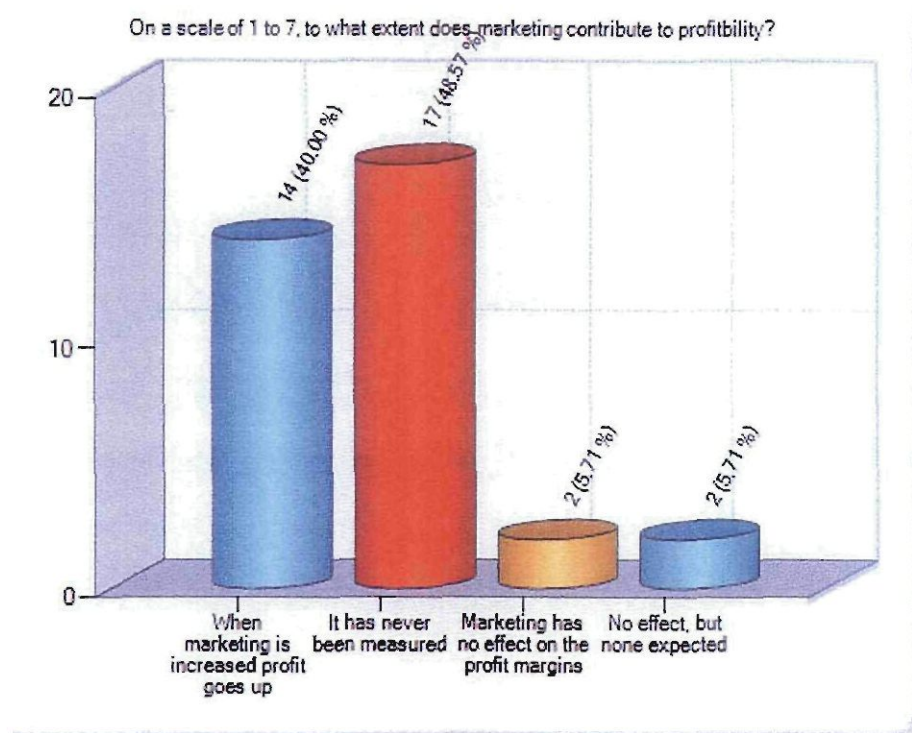


**Figure 2.6: Satisfaction with service providers**



Upon a question to rate the success of marketing initiatives on a scale of one to seven, the average rating is 4.1 and the average rating on the effectiveness of marketing to enhance the company profile is 4.91. The contribution, which marketing and communications make towards successful sales, is rated 3.3 on a scale of one to seven.

**Figure 2.7: Marketing contribution**

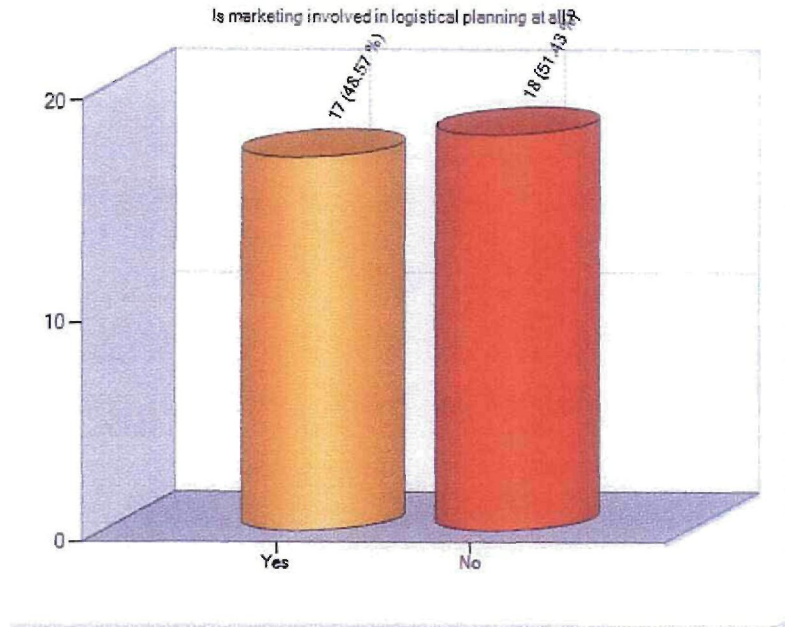


Marketing and communications are not represented at board level at any one of the respondents. At 52.4% of companies marketing has no involvement with logistical planning and there is no input or control over the “place” part of the marketing mix.

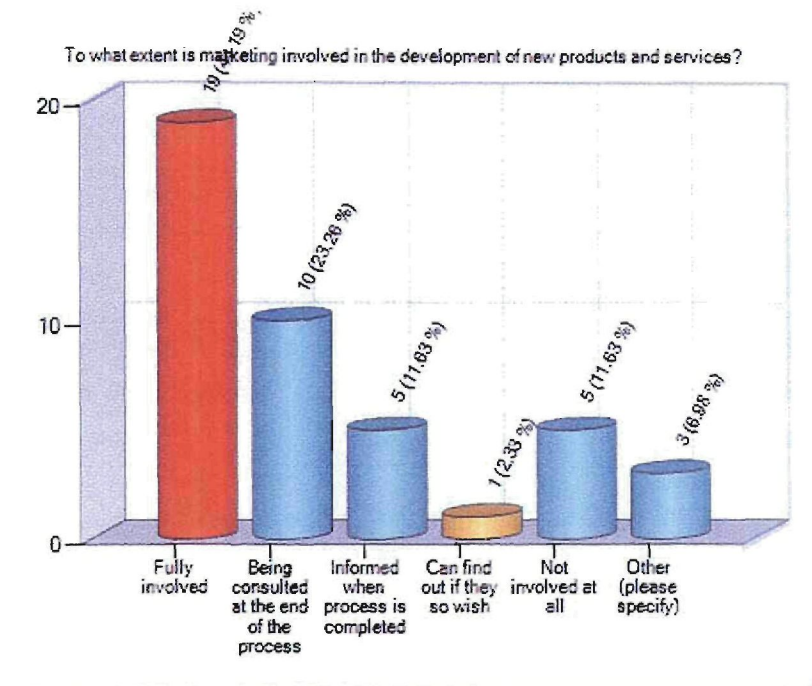
Only 30% of companies feel that their public relations service provider delivers value, and only 12.5% of companies are fully happy with their marketing service providers. 38.3% are fairly happy and 45.8% of companies do marketing and communications in-house.



**Figure 2.8: Marketing involvement**



**Figure 2.9: Product development**

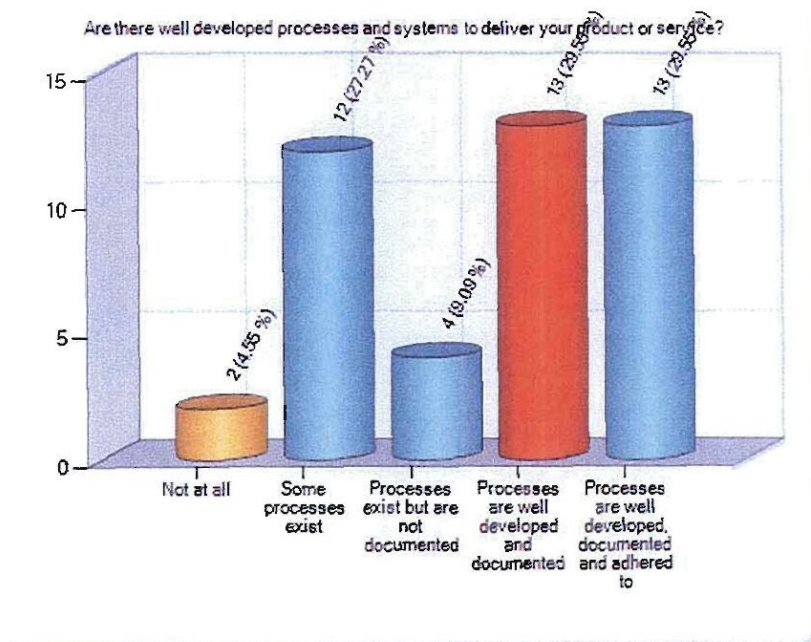


## 2.5.2 Operations

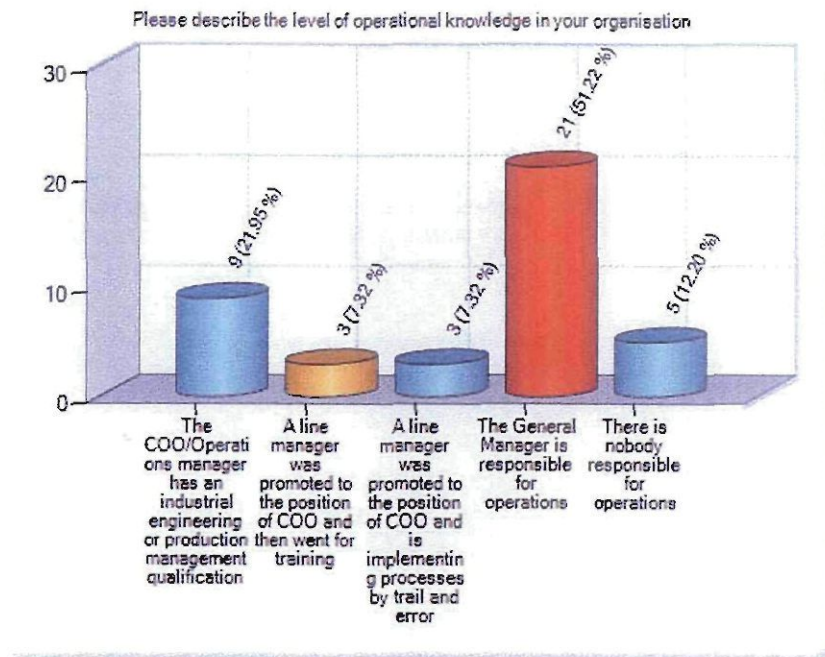
Only 29.5% of respondents have well-developed and documented processes that are adhered to. A further 29.5% of respondents have documented processes in place, but these are not adhered to. When rating the awareness of operations as a science in the organisation on a scale of 1 to 7, the average rating is 4.1. In only 22% of companies the COO or operations manager is qualified in operations. In 52.2% of companies, the general manager is responsible for operations. In 12.2% there is nobody responsible for operations. On a scale of 1 to 7, the operational efficiency is rated at an average of 4.8, the level of operational skill at 4.9, as is the level of systems thinking in the organisation.

Operational components, such as human resources, supply chain management, quality, information technology, finance and production have representation at board level at 100% of the respondents. On a scale of 1 to 7 the rating of the level of chaos experienced in the organisations, on average is 2.9.

**Figure 2.10: Operational excellence**



**Figure 2.11: Operational knowledge**



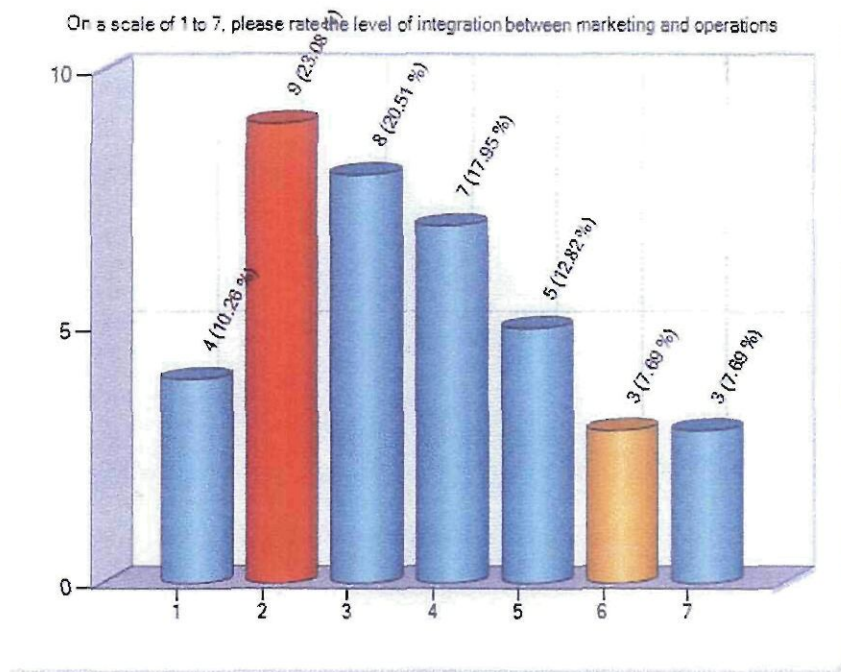
Respondents were asked to rate various operational issues, which would indicate an operational problem. The following average ratings were received:

- Staff turnover – 2.9
- Customer satisfaction – 5.5
- Customer retention – 5
- Quality of service - 5.08
- Complaints received versus total sales – 2.4
- Employee satisfaction – 4.27
- Profitability – 4.2

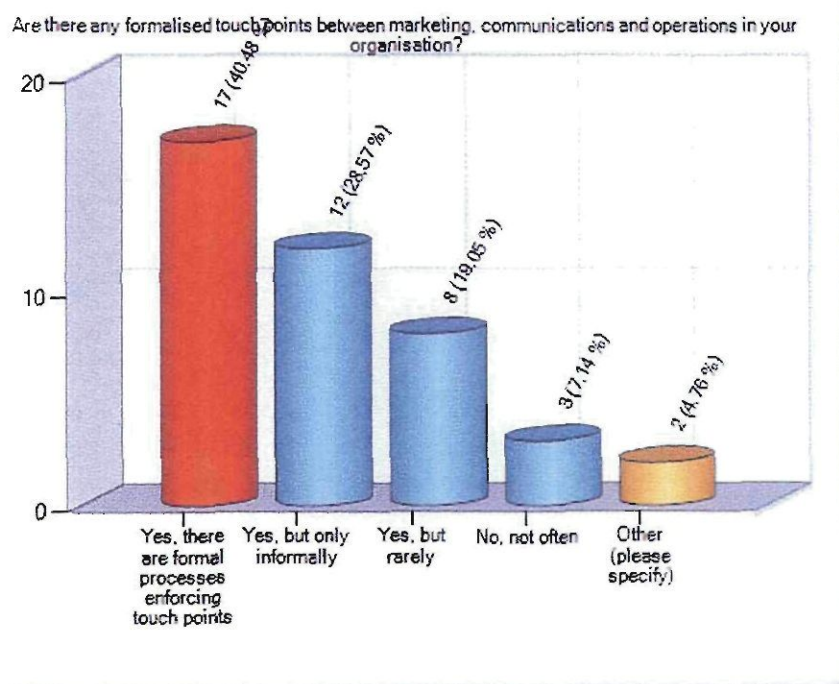
### 2.5.3 Integration

At 76.2% companies there is awareness of the need for integration between marketing and operations. Only 40.5% companies have formal touch points between marketing and operations. On a scale of 1 to 7, the level of integration between marketing and operations is rated on average at 3.5.

**Figure 2.12: Level of integration**



**Figure 2.13: Touch points**





When asked to what extent marketing is involved in the development of new products and services, 44.2% of respondents said “fully involved.” 23.3% are consulted at the end of the process, 11.4% are informed when the process is completed, 3.3% can find out if they wish and 11.6% are not involved at all.

When asked whether any problems have been experienced through a lack of integration of marketing and operations 22.2% of respondents said marketing delivered orders which production could not fulfil. Just fewer than 26% of respondents said marketing did not deliver, resulting in too much stock or capacity while 29.63% said marketing made promises, which operations could not fulfil. The balance of the respondents experienced no problems due to a lack of integration. The level of integration between marketing and operations is rated at an average of 4 on a scale of 1 to 7.

When asked whether marketing, communications and operations are integrated, responses such as “Our cart is in front of the horses – marketing takes place and the products and services have to follow suit” were received.

Respondents were asked to give examples of experiences they have had due to a lack of integration between marketing and operations. The following comments were received from different respondents:

- Marketing isn't taken seriously in itself. Senior staff are well known in the sector in which we operate and we ensure that we're visible;
- Duplication of work, confusion or responsibilities, lack of taking responsibility and blaming the other party if things go wrong;
- Launch of new services not communicated to call-centre, launch of new products within a silo, resulting in competitors being alerted and in our other regions not being able to exploit potential initial advantage;
- Marketing department does not consider all technicalities relating to new product releases;
- Marketing is considered a 'by the way' activity due to the insufficient knowledge of the marketing department in the organisation.

- The market perception/branding of our group tends to be unstable due to both a lack of focused marketing as well as changing landscapes/requirements resulting in ongoing change in product and service offerings. Schizophrenic at times;
- Lack of marketing collateral due to the operational focus of the business. Therefore not benefiting fully from the investment in marketing;

When asked whether positive results have been experienced due to integration between marketing and operations the same respondents said:

- Successful deployment of large tenders;
- Yes – but not consistently so, hampered by occasional marketing focus on the prettiness of a brochure or smartness of the campaign rather than on post-order or post-sale delivery and measurement;
- Yes – market leaders in certain product domains;
- Yes- only when strict plan are implemented;
- Yes, opening of new branches becomes faster and business grows;
- Customer perception of the organisation’s sustainability changed due to marketing exposure;

The qualifications of the people responsible for operations management were listed as:

- None;
- Qualified by experience;
- In-house training;
- Engineering;
- No operations training;
- No dedicated operations manager;
- Chartered accountant;
- Legal;
- MBA;

- Life and industry experience;
- HR Management.

Not once is a formal operational qualification or industrial engineering mentioned.

Respondents were asked what they expect from their marketing or communications service provider.

Answers such as the following were received:

- Improved turnover;
- Complete understanding of our business;
- Aligning message and media to suit targeted companies and customer segments;
- Creating new initiatives and campaigns to create PR opportunities to meet with clients and get your name in the newspapers;
- Enhancing our brand;
- Constant visibility;
- Knowledge of the industry and competitors and communication of this information to the organisation;
- To have a better understanding of the business, trends and challenges and not only to serve as a media/communications coordinator following instructions;
- To make an effort to understand our exact needs and priorities and genuinely care about the outcomes of the marketing campaign.

Only between 17 and 26% of respondents added comments to the questionnaires.

## 2.6 DISCUSSION

It is clear that there is a lack of operational knowledge as well as a lack of integration between marketing and operations in the industry.

When a correlation was tested between the marketing budget and profitability a negligible negative correlation of -0.18 was found. It therefore has to be concluded that spending more on marketing when profitability is required will not achieve the desired effect. When a correlation was drawn between "Return on marketing investment" and "Awareness of the need for integration between marketing and operations" a 0.44 positive correlation was found. A further correlation between well developed processes and profitability rendered a positive correlation, although only 0.04. It is interesting to note that 40% of marketing managers stated that "when marketing is increased, profit goes up," yet when tested, no correlation is found. In 48.6% of companies the effect of marketing on profitability has never been tested, indicating a lack of demand on marketing to provide real return on investment.

With no substantial correlation between profit and the marketing budget, and 69% of marketing managers saying that they do receive return on investment, it has to be asked what return on investment is measured against. A tendency in the market to measure marketing success against growth profit and increased turnover has negative consequences as those measures should not be considered as successful if operating expense increased at the same time. The ultimate measure should be profitability. There is, however, a small positive correlation of 0.24 between the marketing budget and company growth.

A slight negative correlation between touch points between marketing and operations and profit, shows a need for further study to determine under which circumstances marketing will affect profitability. With the low level of operational knowledge in organisations, as proven by the fact that only 22% of operational managers are qualified in operations, the quality of the existing touch points should be investigated. The comments received to the question with respect to the operational manager's qualifications, as listed below are further proof of the lack of operational

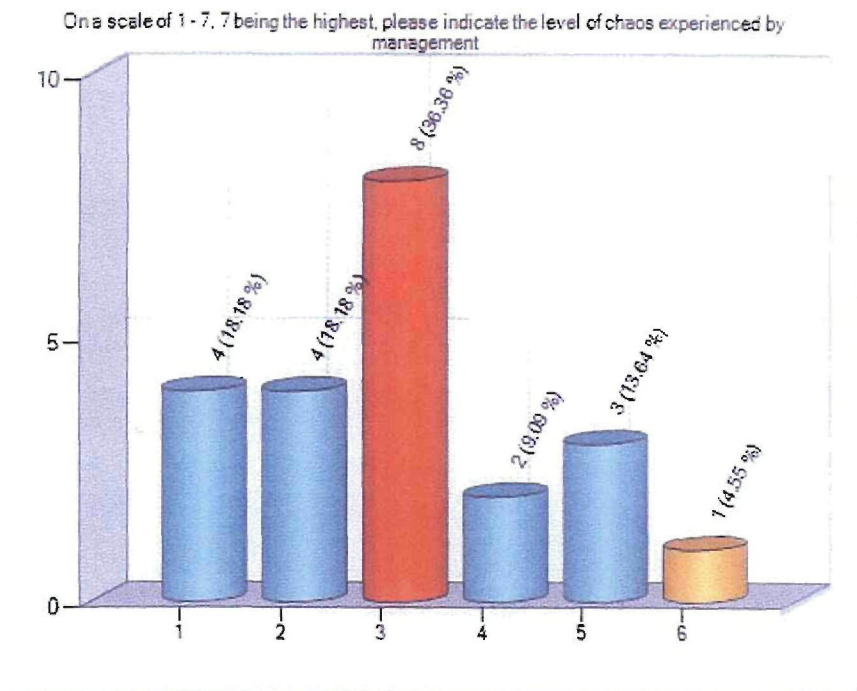
knowledge. Furthermore, the average rating on a scale of 1 to 7 of the current levels of integration is rated only at 3.5. Evidence, however, shows that many problems occur due to the lack of integration.

There is no correlation between profit and marketing involvement in operations. Judging by the comments received, however, it has to be concluded that the lack of involvement of marketing in the development of new products and services causes many problems in the organisation, affecting quality of life for all as well as efficiency levels in the organisation. Furthermore, 77.8% of respondents experienced problems due to a lack of integration between marketing and operations.

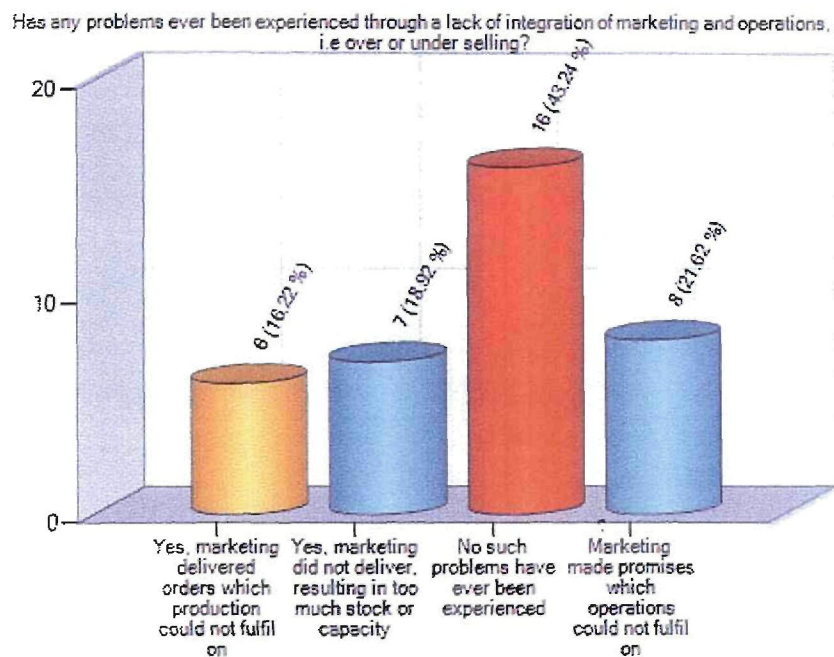
While no strong correlations could be drawn, except for awareness of the need for integration and profitability, it is clear to see that the lack of integration has some serious consequences. There is a definite need to enhance the operational knowledge and the awareness of operational management as a science in the industry. The problems experienced in the market as well as the lack of profitability brought about through marketing are clear evidence of the need for integration between marketing and operations.

Although 76.2% of respondents are aware of the need for integration between marketing and operations, there seems to be a low level of openness in the market to strive towards operational excellence, with only 20% of respondents open to an operational audit. It is believed, however, that the integration of marketing and operations can be taken to market as a value proposition. With a high awareness of the need, and a low level of satisfaction with current service providers, as well as a low effect on profitability achieved through marketing spend, there is a definite need in the market for an intervention. It will be a matter of educating the market.

**Figure 2.14: Chaos experienced**



**Figure 2.15: Problems due to a lack of integration**



## **2.7 RECOMMENDATIONS**

More demand should be made on marketing to deliver real return on investment, which should not be measured by turnover or gross profit, as those measures have no bearing on profit. Operational expense could exceed gross profit and result in a loss. If marketing increases operational expense there will be no real return on investment.

In order for marketing to have a real effect on profitability, operational expense should remain constant or decrease while turnover increases. That is achieved through operational efficiency and integration between marketing and operations.

When marketing is involved in product development and logistics, the marketing mix of place, price and product will be aligned with what operations can deliver. Marketing will then be well equipped to elevate the promotions part of the marketing mix to align it with company strategy. Sixty four percent of respondents rated the level of chaos in the company at 3 or higher out of 7, indicating a need to elevate the knowledge levels of operations in the industry. The market should be educated about the value of operations as a science.

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## CHAPTER 3

### 3.1 CONCLUSIONS

In chapter 1 and 2 a problem statement was made, and research conducted to prove the hypothesis and disprove the null hypothesis. The hypothesis being that the lack of integration between marketing and operations is responsible for the low success rate of entrepreneurial companies as well as the lack of return on investment on marketing and communications spend.

Through the research it was found that a 0.44 positive correlation exists between formal touch points between marketing and communications and profitability, proving a linear relationship between the integration of marketing and operations and profitability.

There is an awareness of the concept of integration between marketing and operations at 76% of the respondents, but only at 40.5% of companies in the sample group do formal touch points between marketing and operations exist. These companies tend to be more profitable. Although never formally mentioned as “a need for integration,” the awareness of the need for alignment is also evident from the literature research. It has been found that a company’s market leadership derives from customer intimacy, operational excellence or product leadership with customer intimacy producing the best total solution, operational excellence leading to lowest total cost and product leadership yielding the best product (Wiersema, 2001:6).

Only at 22% of the companies does the person responsible for operations have a formal operational qualification. Overall it is clear that the level of operational knowledge in the industry is low.

It is also clear that while 69% of marketing managers have a perception that they do receive return on investment on the marketing budget, traditional marketing and communications do not affect net profit and an intervention is necessary. Furthermore, it was found that the lack of integration of marketing and operations causes many tactical problems, as cited by the respondents in the list of comments as attached as appendix 4.

Throughout the empirical and literature research it has become evident that there is a need for integration between marketing and operations and that there is an awareness of the need. In practice, however, there is a low level of integration with consequences thereto. The low level of operational skill and knowledge result in an inability to drive the integration. If it is possible to get capacity perfectly balanced with demand excess inventory will disappear and shortages of certain parts would disappear (Goldratt, 2004:103).

It has to be concluded that there is a low level of integration in the industry, with a low level of in-depth knowledge of operations. While there is satisfaction with the ROI on marketing spend it is not showing in net profit levels. Many problems exist in the industry due to the lack of integration between marketing and operations and therefore it is clear that an urgent need for the integration between marketing and operations exists.

“Supply management should be marketing’s best friend!” Supply management has a major impact on the firm’s sales. The quality of the firm’s products, its ability to introduce new products in a timely manner, new products based on technology obtained from the firm’s supply base and pricing flexibility resulting from reductions in the cost of goods sold combine to have an incredible impact on marketing’s success in generating sales (Burt, Dobler & Starling, 2003:45).

Due to the high level of awareness of the need for integration it can be concluded that there is openness in the market to strive towards integration and that the integration of marketing and operations can be taken to market as a value proposition. The wide publication of an article with regard to integration in publications such as Business Day, Business Brief and Marketing X (attached as Appendix 5) also shows an interest shown by the press to communicate integration as a business solution.

### 3.2 LIMITATIONS

The greatest limitation was the shortage of literary material. Except for the Boyer and Hult study (2005) in the grocery store industry, no similar studies could be found through the literary research. In many operational books, marketing is mentioned and vice versa, but the specific topic of integration is not addressed.

Resistance to change implementation of a new concept is always a constraint. To drive a new depth of integration to market, buy-in from management and employees will have to be obtained. Delivering according to client requirements and in line with operational capacity is not just taking the easiest route, but implies that marketing and operational employees have to start thinking strategically and laterally. This will almost always meet with resistance.

In general, a lack of systems and operational management in the industry prevails. Addressing this problem will be but a drop in the ocean to the magnitude of the problem within the industry.

The study was limited to the ICT industry in Gauteng. Although the StellarSurvey tool was used for ease of use and many questionnaires were sent out, followed up by reminders, only 42 responses were received. Although a trend could be determined from the amount of responses, a bigger sample may have resulted in stronger correlations.

“Audience research cannot be generalized to the public as a whole; audience research does not prove something to be universally true; audience research using a sample of a specific population group should not be generalized to a local population or variant of the original sample” (Anon., 2007).

The lack of operational knowledge in the industry could also have had an impact on the study as certain questions required a basic knowledge of operations to answer accurately.

This study is limited to the need for the integration of marketing and operations. Methodologies of achieving integration will form part of a further study.

### 3.3 RECOMMENDATIONS

As said in Chapter 2 there is a real need for intervention if the success rate of entrepreneurial companies is to be enhanced. A definite need for integration between marketing and operations exists in order to avoid the problems accompanying the lack thereof. The measurement of return on investment on the marketing budget should be moved from turnover and gross profit to net profit and more return on investment should be demanded.

The level of operational knowledge in the industry should be enhanced. Operational excellence should become a focus for management in order to increase effectiveness and efficiency while containing or decreasing operational cost while increasing turnover.

When considering the integration of marketing and operations all fields of marketing such as communications, sales, advertising, events, direct communications and exhibitions should be considered. Similarly, all fields of operations, such as production, human resource management, supply chain management, quality management, information technology and financial systems should be considered. Marketing should be involved in research and development, logistics, invoicing and methods of debt collection, technology used to fulfil customer requirements, quality strategies and production capacity planning.

If considering the marketing mix, place, price and product will be handled by operations, but forms part of the marketing mix. It therefore goes without saying that marketing should be fully involved in order to equip marketing to elevate the promotions part of the marketing mix. Marketing is responsible for keeping an eye and an ear on the marketplace in order to identify new opportunities and possible products or services that might be appropriate (Pycraft *et al.*, 2000:145).

Chase, Jacobs and Aquilano (2004:689) identified the root causes for the lack of integration of marketing and operations, as quoted in chapter 2. They list the reasons as the differences in personalities and cultures, unlike systems of merits and rewards, and marketing people being measured on growth of the company in terms of sales, market share and new products introduced,

while manufacturing are people being evaluated on cost and utilisation. The solution of coping with these differences is to develop an equitable set of measurements to evaluate performance in each area and to promote strong lines of communication so that they both contribute to reaching the firm's goals (Chase *et al.*, 2004: 689).

For the integration of marketing and communications to be successful both marketing and operations have to be aligned with company strategy. It is also important to develop a clear step-by-step manual to guide companies towards the integration of marketing and operations.

“A weary grasshopper had come to the owl for counsel. ‘Oh wise one, I despair of this constant struggle. I work all day, from Spring through Fall, just to lay in enough food to barely survive the Winter. How can I get ahead?’ The owl blinked and nodded, ‘I see your problem, and the solution is clear. You must become a cricket.’ ‘But why, oh wise one?’ ‘The cricket does not waste his time as you do. He eats what he needs, makes music when he likes, and when the cold weather comes he crawls into a snug hole and hibernates. Become a cricket, my son and your days will be light and joyful.’ The grasshopper was ecstatic, contemplating his coming good fortune. He thanked the owl and began to hop happily away. A small doubt struck him, however and he turned back. ‘Oh wise one, just one last small thing. Exactly how does one become a cricket when one starts as a grasshopper?’ The owl blinked in dismissal. ‘I have given you the strategy. The details are up to you’ (Putman, 1990:1).

### **3.4 SUMMARY**

A need for the integration of marketing and operations has been identified in order to achieve profitability through increasing throughput, efficiency and effectiveness and decreasing operational costs in organisations. In order to achieve this, the level of operational knowledge has to be enhanced and marketing and communications should consider the ultimate goal of the company at all times - to make net profit. Measurements should change to incorporate net profit for both marketing and operations and the integration should become part of the overall culture of the organisation. A step-by-step manual of how to achieve full integration will form part of a follow-up study.

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## APPENDIX 1



# TRINITAS

## CONSULTING

MARKETING | COMMUNICATIONS | OPERATIONS

### MBA Survey

#### 1. MBA Survey

**1. Please indicate the size of your annual marketing budget\***

- 50000 - 150000
- 151000 - 250000
- 250000 - 500000
- 500000 - 1000000
- 1000000 +

**2. Do you receive return on investment on your marketing budget?\***

- Yes
- No

**3. Are there well developed processes and systems to deliver your product or service?\***

- Not at all
- Some processes exist
- Processes exist but are not documented
- Processes are well developed and documented
- Processes are well developed, documented and adhered to

**4. What percentage profitability is achieved in your organisation**

- Loss
- 0 - 20% Profit
- 21 - 50% Profit
- 51 - 75% Profit
- 76 - 85% Profit
- 86 - 100% Profit
- 100 - 150% Profit
- 151% + Profit

**5. Is there any awareness of the need for integration between marketing and operations and your organisation?\***

- Yes



- No  
 Other (please specify)

**6. Are there any formalised touch points between marketing, communications and operations in your organisation?\***

- Yes, there are formal processes enforcing touch points  
 Yes, but only informally  
 Yes, but rarely  
 No, not often  
 No, not at all  
 Other (please specify)

**7. Please describe the level of operational knowledge in your organisation**

- The COO/Operations manager has an industrial engineering or production management qualification  
 A line manager was promoted to the position of COO and then went for training  
 A line manager was promoted to the position of COO and is implementing processes by trail and error  
 The General Manager is responsible for operations  
 There is nobody responsible for operations

**8. On a scale of 1 to 7 how would you rate the awareness of operations as a science in your organisation?**

**9. On a scale of 1 to 7, please rate the level of integration between marketing and operations**

**10. To what extent is marketing involved in the development of new products and services?\***

- Fully involved  
 Being consulted at the end of the process  
 Informed when process is completed  
 Can find out if they so wish  
 Not involved at all  
 Other (please specify)

Next >>

Please contact [frances@trinitas.co.za](mailto:frances@trinitas.co.za) if you have any questions regarding this survey.



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MARKETING | COMMUNICATIONS | OPERATIONS

**MBA Survey**

**2. MBA Survey**

**11. On a scale of 1 to 7, to what extent does marketing contribute to profitability?**

- When marketing is increased profit goes up
- It has never been measured
- Marketing has no effect on the profit margins
- No effect, but none expected

**12. Is marketing involved in logistical planning at all?**

- Yes
- No

**13. On a scale of 1 to 7, please rate the operational efficiency in your organisation**

**14. Has any problems ever been experienced through a lack of integration of marketing and operations, i.e over or under selling?**

- Yes, marketing delivered orders which production could not fulfil on
- Yes, marketing did not deliver, resulting in too much stock or capacity
- No such problems have ever been experienced
- Marketing made promises which operations could not fulfil on

**15. Please give examples of any other experiences you have had due to a lack of integration between marketing and operations.**

**16. Have you ever experienced positive results due to interaction between marketing and operations?**

**17. Who handles the operational management in your company?**

**18. What formal qualifications does the operations manager in your organisation have?**

**19. Have you ever felt that your public relations service provider is not delivering value?**

- Yes
- Sometimes
- Not often
- Not ever

**20. What value were you expecting from your marketing or communications service provider?**

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### MBA Survey

#### 3. MBA Survey

**21. On a scale of 1 to 7 please rate the following in your organisation:**

|   | 1                     | 2                     | 3                     | 4                     | 5                     | 6                     | 7                     |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| The integration of marketing and operations                                   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| The level of operational skill in the organisation                            | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| The level of systems thinking in the organisation                             | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Success of marketing initiatives  | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Return on investment on marketing and communications                          | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Effectiveness of marketing to enhance the company profile                     | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Contribution which marketing and communications make towards successful sales | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

**22. Which of the following departments in the organisations is represented at executive level**

Choose any amount

- Human Resources
- Supply Chain and Logistics
- Marketing and Communications
- Quality Management
- Information Technology
- Finance
- Production

**23. What percentage growth has your organisation experienced in the last 18 months?**

|            | Please indicate          |
|------------|--------------------------|
| Decline    | <input type="checkbox"/> |
| 0 - 20%    | <input type="checkbox"/> |
| 21 - 50%   | <input type="checkbox"/> |
| 51 - 100%  | <input type="checkbox"/> |
| 100 - 150% | <input type="checkbox"/> |
| 150% +     | <input type="checkbox"/> |

**24. On a scale of 1 - 7, 7 being the highest, please indicate the level of chaos experienced by management**

**25. Please rate on a scale of 1 - 7 the following in your organisation**

|  | 1                        | 2                        | 3                        | 4                        | 5                        | 6                        | 7                        |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Staff turnover                         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Level of customer satisfaction         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Level of customer retention            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Quality of service or products         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Complaints received versus total sales | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Employee satisfaction                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Profitability                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**26. What is the product or service that your organisation renders to the market?**

**27. What differentiates your organisation from its competition?**

**28. Are you happy with your marketing and communications service providers**

- Doing marketing and communications in-house
- Very
- Fairly
- Not much
- Not at all
- Do not do marketing and communications at all



29. Would you be interested in an operational efficiency audit on your company?

Yes

No

30. Please list any operational or marketing advise you would like to receive free of charge

<< Prev | Submit

Please contact [frances@trinitas.co.za](mailto:frances@trinitas.co.za) if you have any questions regarding this survey.

## Survey Summary

[View Details](#) [Display All Pages and Questions](#)

### MBA Survey

#### Survey Summary Statistics

Total Responses: 42

Shown Responses : 42

Average Response Time:05:51:51

Filtered Out Responses: 0

#### Additional Options






[Share Results](#)

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### 1. MBA Survey

Please indicate the size of your annual marketing budget 🌐

|  |   | Response Percent | Response Total |
|--|---|------------------|----------------|
| 50000 - 150000                           |   | 47.60 %          | 20             |
| 151000 - 250000                          |    | 9.50 %           | 4              |
| 250000 - 500000                          |  | 11.90 %          | 5              |
| 500000 - 1000000                         |  | 9.50 %           | 4              |
| 1000000 +                                |  | 21.40 %          | 9              |
| <b>Total Respondents (Total Checked)</b> |   |                  | <b>42 (42)</b> |
| (skipped this question)                  |   |                  | 0              |

APPENDIX 2

Do you receive return on investment on your marketing budget? 🌐

|  |  |  |
|--|--|--|
|  |  |  |
|--|--|--|

|  |  | Response Percent | Response Total |
|--|--|------------------|----------------|
| Yes                                      |  | 69.00 %          | 29             |
| No                                       |  | 31.00 %          | 13             |
| <b>Total Respondents (Total Checked)</b> |  |                  | <b>42 (42)</b> |
| (skipped this question)                  |  |                  | 0              |

**Are there well developed processes and systems to deliver your product or service?** 🌐

|   |  | Response Percent | Response Total |
|---|--|------------------|----------------|
| Not at all  |  | 4.50 %           | 2              |
| Some processes exist                                    |  | 27.30 %          | 12             |
| Processes exist but are not documented                  |  | 9.10 %           | 4              |
| Processes are well developed and documented             |  | 29.50 %          | 13             |
| Processes are well developed, documented and adhered to |  | 29.50 %          | 13             |
| <b>Total Respondents (Total Checked)</b>                |  |                  | <b>42 (44)</b> |
| (skipped this question)                                 |  |                  | 0              |

**What percentage profitability is achieved in your organisation** 🌐

|                 |  | Response Percent | Response Total |
|-----------------|--|------------------|----------------|
| Loss            |  | 4.80 %           | 2              |
| 0 - 20% Profit  |  | 57.10 %          | 24             |
| 21 - 50% Profit |  | 26.20 %          | 11             |
| 51 - 75% Profit |  | 7.10 %           | 3              |



|  |  |        |                |
|--|--|--------|----------------|
| 76 - 85% Profit                          |  | 2.40 % | 1              |
| 86 - 100% Profit                         |  | 2.40 % | 1              |
| 100 - 150% Profit                        |  | 0.00 % | 0              |
| 151% + Profit                            |  | 0.00 % | 0              |
| <b>Total Respondents (Total Checked)</b> |  |        | <b>42 (42)</b> |
| (skipped this question)                  |  |        | 0              |

**Is there any awareness of the need for integration between marketing and operations and your organisation?** 🗳️

|  |  | Response Percent | Response Total |
|--|--|------------------|----------------|
| Yes                                      |  | 76.20 %          | 32             |
| No                                       |  | 16.70 %          | 7              |
| View Other (please specify)              |  | 7.10 %           | 3              |
| <b>Total Respondents (Total Checked)</b> |  |                  | <b>42 (42)</b> |
| (skipped this question)                  |  |                  | 0              |

**Are there any formalised touch points between marketing, communications and operations in your organisation?** 🗳️

|  |  | Response Percent | Response Total |
|--|--|------------------|----------------|
| Yes, there are formal processes enforcing touch points |  | 40.50 %          | 17             |
| Yes, but only informally                               |  | 28.60 %          | 12             |
| Yes, but rarely  |  | 19.00 %          | 8              |
| No, not often  |  | 7.10 %           | 3              |
| No, not at all   |  | 0.00 %           | 0              |

|  |  |                         |                |
|--|--|-------------------------|----------------|
| View Other (please specify)              |  | 4.80 %                  | 2              |
| <b>Total Respondents (Total Checked)</b> |  |                         | <b>42 (42)</b> |
|  |  | (skipped this question) | 0              |

**Please describe the level of operational knowledge in your organisation** 🗣️

|   | Response Percent | Response Total          |
|---|------------------|-------------------------|
| The COO/Operations manager has an industrial engineering or production management qualification     | 22.00 %          | 9                       |
| A line manager was promoted to the position of COO and then went for training                       | 7.30 %           | 3                       |
| A line manager was promoted to the position of COO and is implementing processes by trail and error | 7.30 %           | 3                       |
| The General Manager is responsible for operations   | 51.20 %          | 21                      |
| There is nobody responsible for operations  | 12.20 %          | 5                       |
| <b>Total Respondents (Total Checked)</b>  |                  | <b>39 (41)</b>          |
|   |                  | (skipped this question) |

**On a scale of 1 to 7 how would you rate the awareness of operations as a science in your organisation?** 🗣️

|                          | Rating Percent | Rating Average          |
|--------------------------|----------------|-------------------------|
| Out of 7                 | 58.60 %        | 4.103                   |
| <b>Total Respondents</b> |                | <b>39</b>               |
|                          |                | (skipped this question) |

**On a scale of 1 to 7, please rate the level of integration between marketing and operations** 🗣️

|  | Rating Percent | Rating Average |
|--|----------------|----------------|
|  |                |                |

|          |  |                          |           |
|----------|--|--------------------------|-----------|
| Out of 7 |  | 50.50 %                  | 3.538     |
|          |  | <b>Total Respondents</b> | <b>39</b> |
|          |  | (skipped this question)  | 3         |

**To what extent is marketing involved in the development of new products and services?**

|   |  | Response Percent                         | Response Total |
|---|--|--|----------------|
| Fully involved                            |  | 44.20 %                                  | 19             |
| Being consulted at the end of the process |  | 23.30 %                                  | 10             |
| Informed when process is completed        |  | 11.60 %                                  | 5              |
| Can find out if they so wish              |  | 2.30 %                                   | 1              |
| Not involved at all                       |  | 11.60 %                                  | 5              |
| View Other (please specify)               |  | 7.00 %                                   | 3              |
|   |  | <b>Total Respondents (Total Checked)</b> | <b>42 (43)</b> |
|   |  | (skipped this question)                  | 0              |


**2. MBA Survey**

**On a scale of 1 to 7, to what extent does marketing contribute to profitability?**


|   |  | Response Percent | Response Total |
|---|--|------------------|----------------|
| When marketing is increased profit goes up    |  | 40.00 %          | 14             |
| It has never been measured                    |  | 48.60 %          | 17             |
| Marketing has no effect on the profit margins |  | 5.70 %           | 2              |
| No effect, but none expected                  |  | 5.70 %           | 2              |

|  |                |
|--|----------------|
| <b>Total Respondents (Total Checked)</b> | <b>35 (35)</b> |
| (skipped this question)                  | 7              |

**Is marketing involved in logistical planning at all? 🌐**

|  |  | Response Percent | Response Total |
|--|--|------------------|----------------|
| <b>Yes</b>                               |   | 48.60 %          | 17             |
| <b>No</b>                                |  | 51.40 %          | 18             |
| <b>Total Respondents (Total Checked)</b> |  | <b>35 (35)</b>   |                |
| (skipped this question)                  |  | 7                |                |

**On a scale of 1 to 7, please rate the operational efficiency in your organisation 🌐**

|                          |  | Rating Percent | Rating Average |
|--------------------------|--|----------------|----------------|
| <b>Out of 7</b>          |  | 69.70 %        | 4.882          |
| <b>Total Respondents</b> |  | <b>34</b>      |                |
| (skipped this question)  |  | 8              |                |

**Has any problems ever been experienced through a lack of integration of marketing and operations, i.e over or under selling? 🌐**

|   |   | Response Percent | Response Total |
|---|---|------------------|----------------|
| <b>View</b>   |  | 22.22 %          | 6              |
| <b>Yes, marketing delivered orders which production could not fulfil on</b> |   |                  |                |

|      |   |  |                          |           |
|------|---|--|--------------------------|-----------|
| View | Yes, marketing did not deliver, resulting in too much stock or capacity |   | 25.93 %                  | 7         |
| View | No such problems have ever been experienced                             |  | 59.26 %                  | 16        |
| View | Marketing made promises which operations could not fulfill on           |   | 29.63 %                  | 8         |
|      |   |  | <b>Total Respondents</b> | <b>27</b> |
|      |   |  | (skipped this question)  | 15        |

Please give examples of any other experiences you have had due to a lack of integration between marketing and operations. 🗨️

[View Total Respondents 1](#)

Have you ever experienced positive results due to interaction between marketing and operations? 🗨️

[View Total Respondents 2](#)

Who handles the operational management in your company? 🗨️

[View Total Respondents 2](#)



What formal qualifications does the operations manager in your organisation have? 🌐

[View Total Respondents 2](#)

Have you ever felt that your public relations service provider is not delivering value? 🌐

|  |  | Response Percent | Response Total |
|--|--|------------------|----------------|
| Yes                                      |  | 30.00 %          | 9              |
| Sometimes                                |  | 36.70 %          | 11             |
| Not often                                |  | 13.30 %          | 4              |
| Not ever                                 |  | 20.00 %          | 6              |
| <b>Total Respondents (Total Checked)</b> |  |                  | <b>30 (30)</b> |
| (skipped this question)                  |  |                  | 2              |

What value were you expecting from your marketing or communications service provider? 🌐

[View Total Respondents 2](#)

### 3. MBA Survey

On a scale of 1 to 7 please rate the following in your organisation: 🌐

|  | 1          | 2           | 3           | 4           | 5           | 6           | 7           | Average Rank |
|--|------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| The integration of marketing and operations        | 0.00 % (0) | 10.00 % (1) | 30.00 % (3) | 20.00 % (2) | 30.00 % (3) | 10.00 % (1) | 0.00 % (0)  | 4            |
| The level of operational skill in the organisation | 0.00 % (0) | 18.20 % (2) | 9.10 % (1)  | 9.10 % (1)  | 18.20 % (2) | 18.20 % (2) | 27.30 % (3) | 4.909        |
| The level of systems thinking in the organisation  | 0.00 % (0) | 6.70 % (1)  | 13.30 % (2) | 20.00 % (3) | 20.00 % (3) | 20.00 % (3) | 20.00 % (3) | 4.933        |
|  | 11.10 %    | 11.10 %     | 22.20 %     |             | 33.30 %     | 11.10 %     | 11.10 %     |              |

|   |             |             |             |             |             |             |            |           |
|---|-------------|-------------|-------------|-------------|-------------|-------------|------------|-----------|
| Success of marketing initiatives  | (1)         | (1)         | (2)         | 0.00 % (0)  | (3)         | (1)         | (1)        | 4.111     |
| Return on investment on marketing and communications                          | 10.00 % (1) | 40.00 % (4) | 10.00 % (1) | 20.00 % (2) | 10.00 % (1) | 10.00 % (1) | 0.00 % (0) | 3.1       |
| Effectiveness of marketing to enhance the company profile                     | 0.00 % (0)  | 18.20 % (2) | 18.20 % (2) | 18.20 % (2) | 27.30 % (3) | 18.20 % (2) | 0.00 % (0) | 4.091     |
| Contribution which marketing and communications make towards successful sales | 21.70 % (5) | 8.70 % (2)  | 21.70 % (5) | 21.70 % (5) | 17.40 % (4) | 4.30 % (1)  | 4.30 % (1) | 3.348     |
| <b>Total Respondents</b>  |             |             |             |             |             |             |            | <b>26</b> |
| (skipped this question)   |             |             |             |             |             |             |            | <b>16</b> |

**Which of the following departments in the organisations is represented at executive level** 🌐

|                              | Choose any amount | Response Total |
|------------------------------|-------------------|----------------|
| Human Resources              | 100.00 % (1)      | 1              |
| Supply Chain and Logistics   | 100.00 % (2)      | 2              |
| Marketing and Communications | 0.00 % (0)        | 0              |
| Quality Management           | 0.00 % (0)        | 0              |
| Information Technology       | 100.00 % (3)      | 3              |
| Finance                      | 100.00 % (13)     | 13             |
| Production                   | 100.00 % (4)      | 4              |
| <b>Total Respondents</b>     |                   | <b>23</b>      |
| (skipped this question)      |                   | <b>19</b>      |

**What percentage growth has your organisation experienced in the last 18 months?** 🌐

|  | Please indicate | Response Total |
|--|-----------------|----------------|
|--|-----------------|----------------|

|                          |               |           |
|--------------------------|---------------|-----------|
| Decline                  | 100.00 % (1)  | 1         |
| 0 - 20%                  | 100.00 % (12) | 12        |
| 21 - 50%                 | 100.00 % (10) | 10        |
| 51 - 100%                | 100.00 % (2)  | 2         |
| 100 - 150%               | 100.00 % (1)  | 1         |
| 150% +                   | 100.00 % (1)  | 1         |
| <b>Total Respondents</b> |               | <b>27</b> |
| (skipped this question)  |               | 15        |

**On a scale of 1 - 7, 7 being the highest, please indicate the level of chaos experienced by management**

|                          | Rating Percent | Rating Average |
|--------------------------|----------------|----------------|
| Out of 7                 | 42.20 %        | 2.955          |
| <b>Total Respondents</b> |                | <b>22</b>      |
| (skipped this question)  |                | 20             |

**Please rate on a scale of 1 - 7 the following in your organisation**

|                                | 1              | 2              | 3              | 4              | 5              | 6              | 7              | Average Rank |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Staff turnover                 | 47.10 %<br>(8) | 17.60 %<br>(3) | 11.80 %<br>(2) | 11.80 %<br>(2) | 5.90 %<br>(1)  | 5.90 %<br>(1)  | 0.00 % (0)     | 2.294        |
| Level of customer satisfaction | 0.00 % (0)     | 0.00 % (0)     | 10.00 %<br>(1) | 0.00 % (0)     | 30.00 %<br>(3) | 50.00 %<br>(5) | 10.00 %<br>(1) | 5.5          |
| Level of customer retention    | 0.00 % (0)     | 10.00 %<br>(1) | 0.00 % (0)     | 10.00 %<br>(1) | 50.00 %<br>(5) | 20.00 %<br>(2) | 10.00 %<br>(1) | 5            |
| Quality of service or products | 8.30 %         | 0.00 % (0)     | 0.00 % (0)     | 25.00 %        | 16.70 %        | 33.30 %        | 16.70 %        | 5.083        |



|  |                |                |                |                |                |                |                |       |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------|
|  | (1)            |                |                | (3)            | (2)            | (4)            | (2)            |       |
| Complaints received versus total sales | 18.80 %<br>(3) | 56.20 %<br>(9) | 6.20 %<br>(1)  | 6.20 %<br>(1)  | 6.20 %<br>(1)  | 6.20 %<br>(1)  | 0.00 % (0)     | 2.438 |
| Employee satisfaction                  | 5.60 %<br>(1)  | 16.70 %<br>(3) | 22.20 %<br>(4) | 16.70 %<br>(3) | 11.10 %<br>(2) | 5.60 %<br>(1)  | 22.20 %<br>(4) | 4.167 |
| Profitability                          | 0.00 % (0)     | 4.50 %<br>(1)  | 27.30 %<br>(6) | 36.40 %<br>(8) | 13.60 %<br>(3) | 13.60 %<br>(3) | 4.50 %<br>(1)  | 4.182 |
| <b>Total Respondents</b>               |                |                |                |                |                |                |                | 26    |
| (skipped this question)                |                |                |                |                |                |                |                | 16    |

**What is the product or service that your organisation renders to the market?** 🗨️

[View Total Respondents 2](#)

**What differentiates your organisation from its competition?** 🗨️



[View Total Respondents 2](#)

**Are you happy with your marketing and communications service providers** 🗨️

|  |  | Response Percent | Response Total |
|--|--|------------------|----------------|
| <b>Doing marketing and communications in-house</b>   |  | 45.80 %          | 11             |
| Very   |  | 12.50 %          | 3              |
| Fairly   |  | 33.30 %          | 8              |
| Not much   |  | 4.20 %           | 1              |
| Not at all   |  | 0.00 %           | 0              |
| <b>Do not do marketing and communications at all</b> |  | 4.20 %           | 1              |

|  |                |
|--|----------------|
| <b>Total Respondents (Total Checked)</b> | <b>24 (24)</b> |
| (skipped this question)                  | 18             |

**Would you be interested in an operational efficiency audit on your company? 🌐**

|  |  | <b>Response Percent</b> | <b>Response Total</b> |
|--|--|-------------------------|-----------------------|
| <b>Yes</b>                               |   | <b>20.00 %</b>          | <b>5</b>              |
| <b>No</b>                                |  | <b>80.00 %</b>          | <b>20</b>             |
| <b>Total Respondents (Total Checked)</b> |  |                         | <b>25 (25)</b>        |
|  |  | (skipped this question) | 7                     |

**Please list any operational or marketing advise you would like to receive free of charge 🌐**

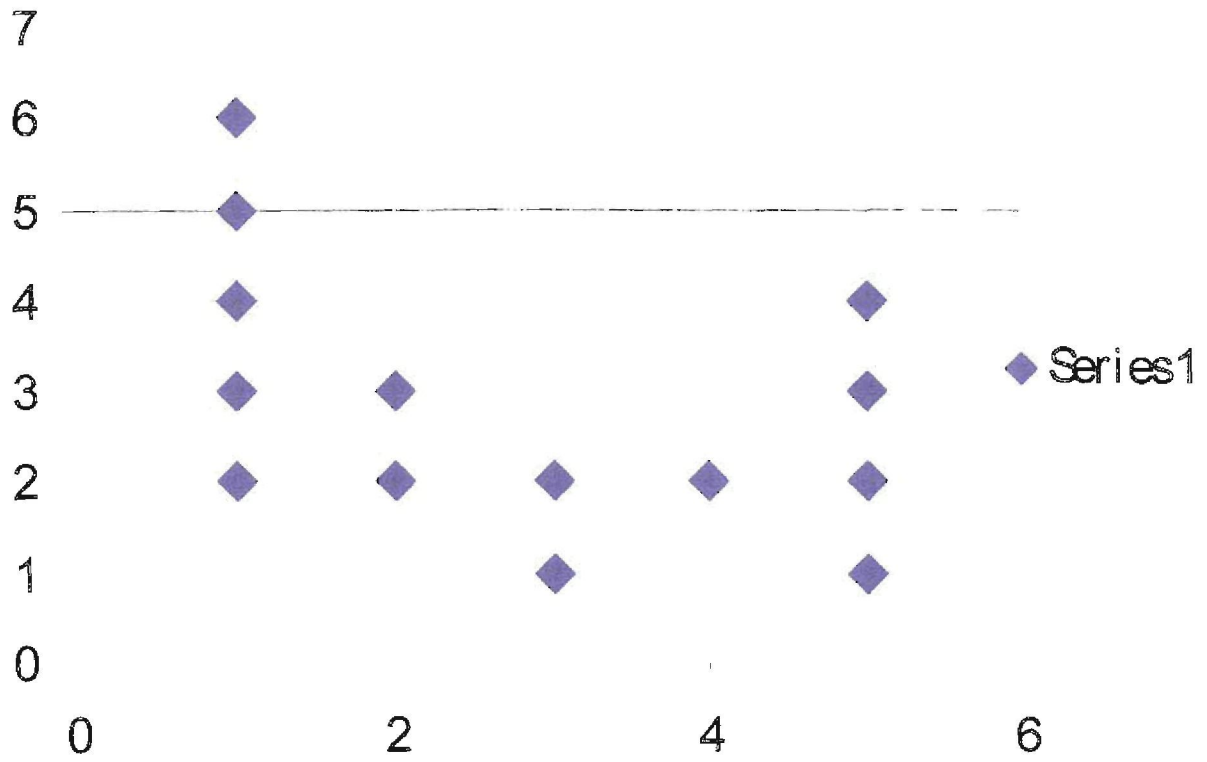
[View Total Respondents 1](#)

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|                   |                  |
|-------------------|------------------|
|                   |                  |
|                   | 73               |
| APPENDIX 3        |                  |
| BUDGET VS. PROFIT |                  |
| 250000 - 500000   | 0 - 20% Profit   |
| 50000 - 150000    | 0 - 20% Profit   |
| 50000 - 150000    | 0 - 20% Profit   |
| 50000 - 150000    | 0 - 20% Profit   |
| 50000 - 150000    | 21 - 50% Profit  |
| 1000000 +         | 21 - 50% Profit  |
| 50000 - 150000    | 51 - 75% Profit  |
| 250000 - 500000   | 0 - 20% Profit   |
| 1000000 +         | 0 - 20% Profit   |
| 1000000 +         | 0 - 20% Profit   |
| 250000 - 500000   | -5%              |
| 1000000 +         | 21 - 50% Profit  |
| 50000 - 150000    | 0 - 20% Profit   |
| 500000 - 1000000  | 0 - 20% Profit   |
| 50000 - 150000    | 21 - 50% Profit  |
| 250000 - 500000   | 0 - 20% Profit   |
| 1000000 +         | 51 - 75% Profit  |
| 1000000 +         | 21 - 50% Profit  |
| 500000 - 1000000  | 0 - 20% Profit   |
| 50000 - 150000    | 0 - 20% Profit   |
| 50000 - 150000    | 0 - 20% Profit   |
| 50000 - 150000    | 0 - 20% Profit   |
| 50000 - 150000    | 0 - 20% Profit   |
| 1000000 +         | 21 - 50% Profit  |
| 250000 - 500000   | 0 - 20% Profit   |
| 151000 - 250000   | 0 - 20% Profit   |
| 500000 - 1000000  | 0 - 20% Profit   |
| 50000 - 150000    | 21 - 50% Profit  |
| 50000 - 150000    | 21 - 50% Profit  |
| 151000 - 250000   | 21 - 50% Profit  |
| 1000000 +         | 0 - 20% Profit   |
| 500000 - 1000000  | 0 - 20% Profit   |
| 50000 - 150000    | 51 - 75% Profit  |
| 151000 - 250000   | 0 - 20% Profit   |
| 50000 - 150000    | 0 - 20% Profit   |
| 50000 - 150000    | 86 - 100% Profit |
| 50000 - 150000    | 76 - 85% Profit  |
| 50000 - 150000    | 0 - 20% Profit   |
| 50000 - 150000    | 21 - 50% Profit  |
| 1000000 +         | -5%              |
| 50000 - 150000    | 21 - 50% Profit  |
| 151000 - 250000   | 0 - 20% Profit   |
|                   |                  |
| Correlation       | -0.18125         |

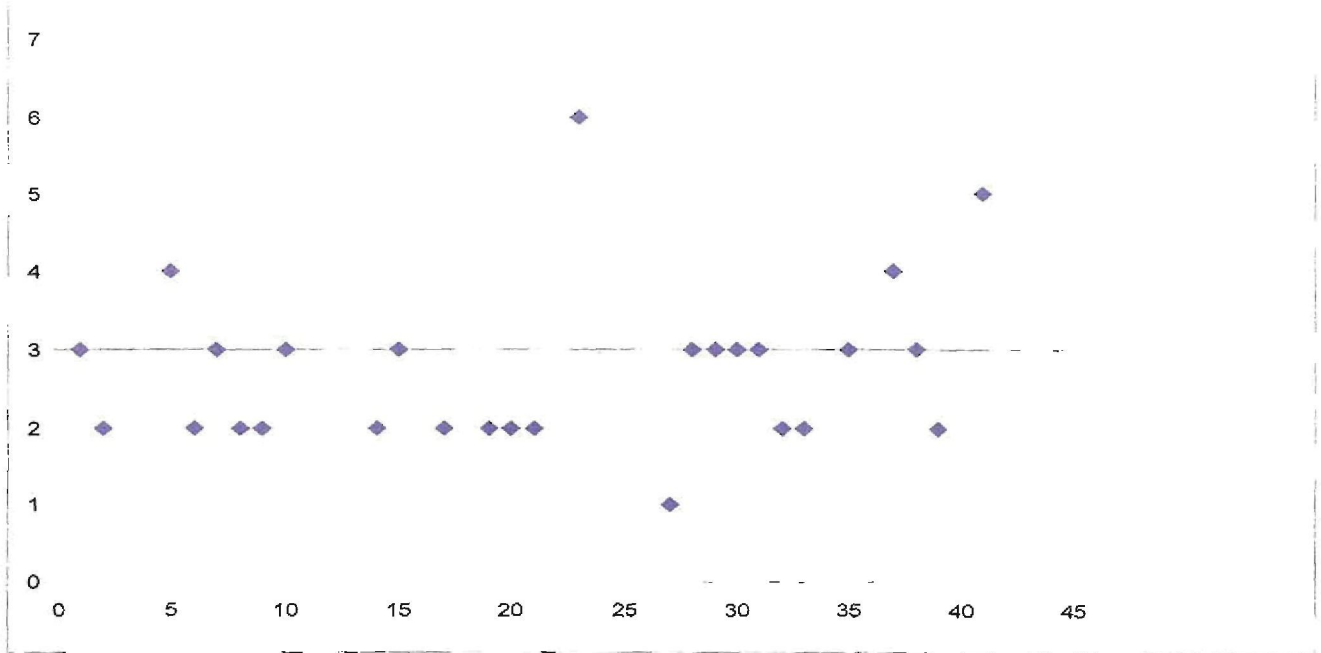
## PROFIT VS. BUDGET



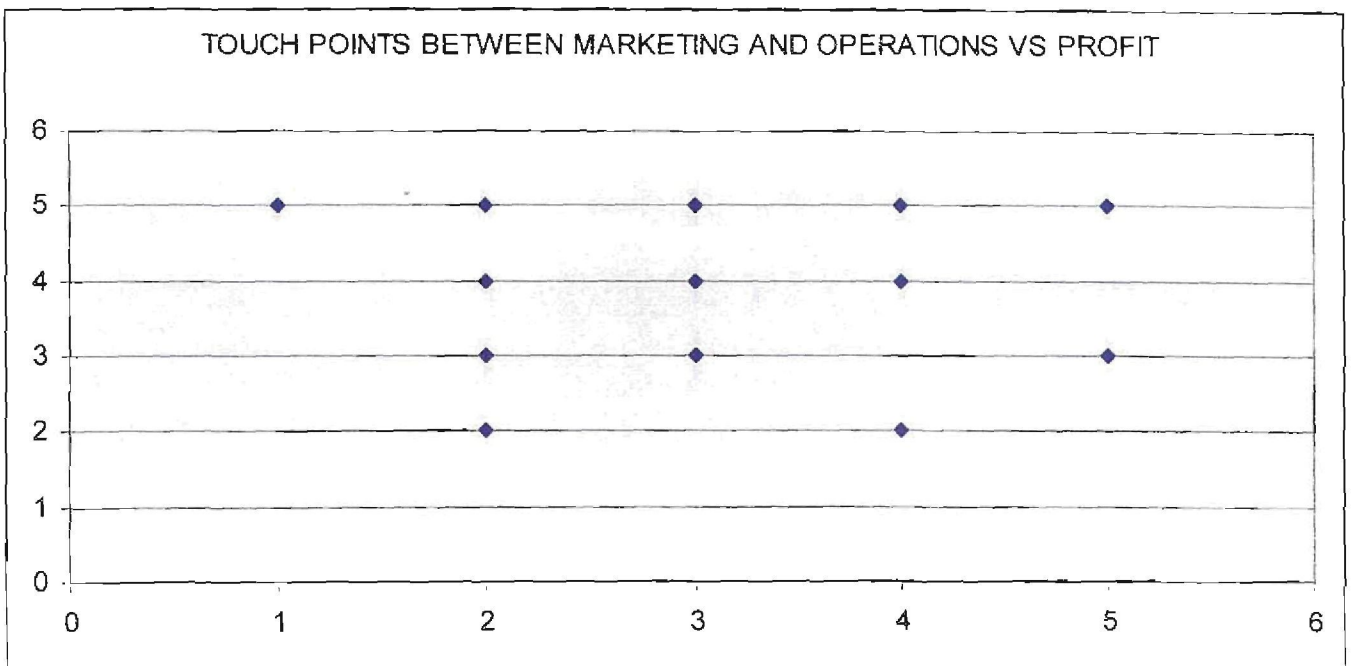
| 75                |            |
|-------------------|------------|
| BUDGET VS. GROWTH |            |
| 50000 - 150000    | 21 - 50%   |
| 50000 - 150000    | 0 - 20%    |
| 50000 - 150000    |            |
| 50000 - 150000    |            |
| 1000000 +         | 51 - 100%  |
| 50000 - 150000    | 0 - 20%    |
| 250000 - 500000   | 21 - 50%   |
| 1000000 +         | 0 - 20%    |
| 1000000 +         | 0 - 20%    |
| 250000 - 500000   | 21 - 50%   |
| 1000000 +         |            |
| 50000 - 150000    |            |
| 500000 - 1000000  |            |
| 50000 - 150000    | 0 - 20%    |
| 250000 - 500000   | 21 - 50%   |
| 1000000 +         |            |
| 1000000 +         | 0 - 20%    |
| 500000 - 1000000  |            |
| 50000 - 150000    | 0 - 20%    |
| 50000 - 150000    | 1 - 20%    |
| 50000 - 150000    | 2 - 20%    |
| 50000 - 150000    |            |
| 1000000 +         | 150% +     |
| 250000 - 500000   |            |
| 151000 - 250000   |            |
| 500000 - 1000000  |            |
| 50000 - 150000    | decline    |
| 50000 - 150000    | 21 - 50%   |
| 151000 - 250000   | 21 - 50%   |
| 1000000 +         | 21 - 50%   |
| 500000 - 1000000  | 21 - 50%   |
| 50000 - 150000    | 0 - 20%    |
| 151000 - 250000   | 0 - 20%    |
| 50000 - 150000    |            |
| 50000 - 150000    | 21 - 50%   |
| 50000 - 150000    |            |
| 50000 - 150000    | 51 - 100%  |
| 50000 - 150000    | 21 - 50%   |
| 1000000 +         | 0 - 20%    |
| 50000 - 150000    |            |
| 151000 - 250000   | 100 - 150% |
|                   |            |
| Correlation       | 0.240259   |

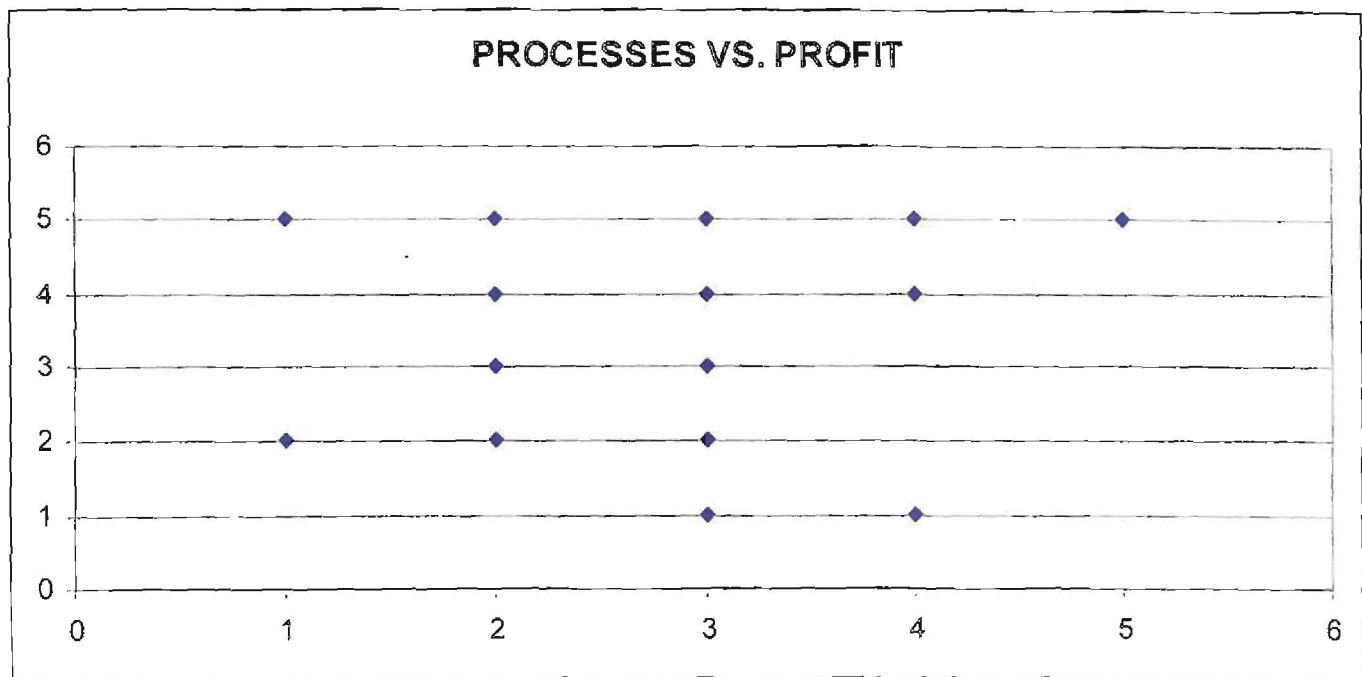
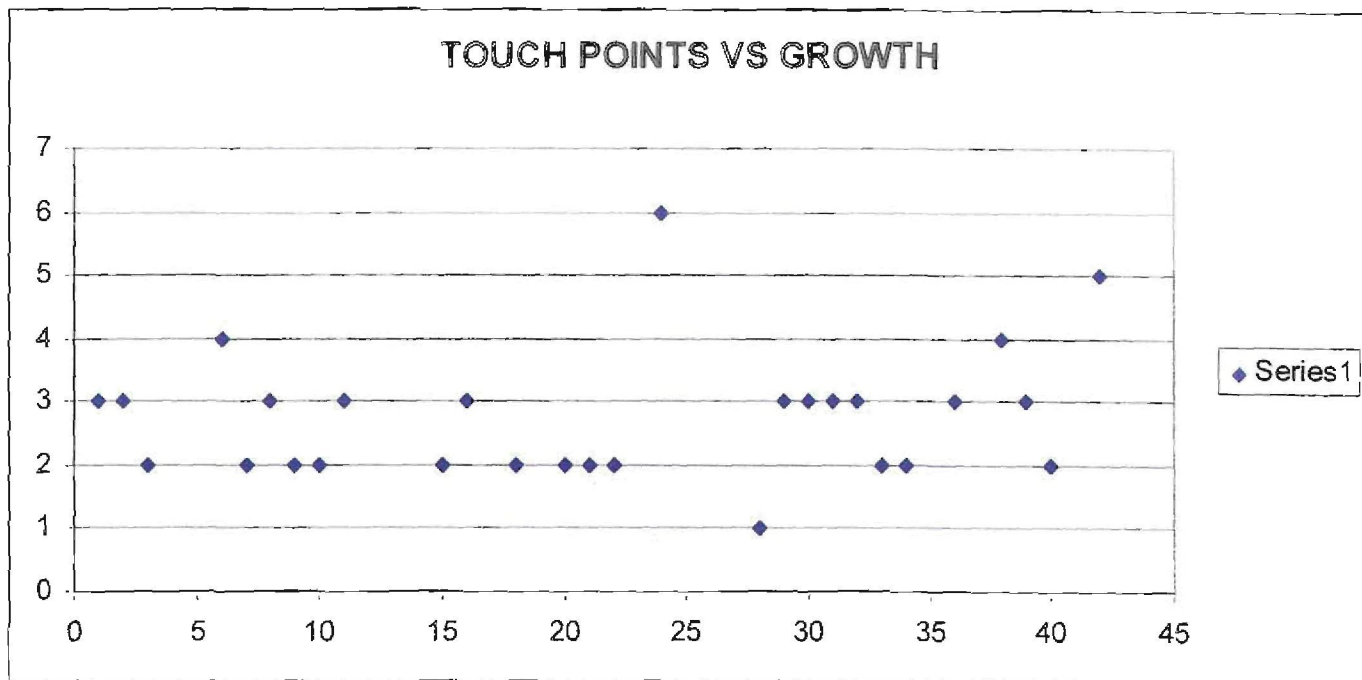
|  | 76  |
|--|---|
| TOUCH POINTS BETWEEN MARKETING AND OPERATIONS VS |   |
| 0 - 20% Profit                                   | Yes, there are formal processes enforcing touch points      |
| 0 - 20% Profit                                   | Yes, but only informally                                    |
| 0 - 20% Profit                                   | Yes, but only informally                                    |
| 0 - 20% Profit                                   | No, not often   |
| 21 - 50% Profit                                  | Yes, but only informally                                    |
| 21 - 50% Profit                                  | Yes, there are formal processes enforcing touch points      |
| 51 - 75% Profit                                  | No, not often   |
| 0 - 20% Profit                                   | Yes, there are formal processes enforcing touch points      |
| 0 - 20% Profit                                   | Yes, there are formal processes enforcing touch points      |
| 0 - 20% Profit                                   | Yes, there are formal processes enforcing touch points      |
| -5%  | Yes, there are formal processes enforcing touch points      |
| 21 - 50% Profit                                  | Yes, there are formal processes enforcing touch points      |
| 0 - 20% Profit                                   | Yes, but rarely   |
| 0 - 20% Profit                                   | Mktng is decentralised to divisions whose practices differ. |
| 21 - 50% Profit                                  | Yes, but only informally                                    |
| 0 - 20% Profit                                   | Yes, but only informally                                    |
| 51 - 75% Profit                                  | Yes, there are formal processes enforcing touch points      |
| 21 - 50% Profit                                  | Yes, there are formal processes enforcing touch points      |
| 0 - 20% Profit                                   | Yes, but only informally                                    |
| 0 - 20% Profit                                   | Yes, there are formal processes enforcing touch points      |
| 0 - 20% Profit                                   | Yes, but rarely   |
| 0 - 20% Profit                                   | No, not often   |
| 0 - 20% Profit                                   | Yes, there are formal processes enforcing touch points      |
| 21 - 50% Profit                                  | Yes, but rarely   |
| 0 - 20% Profit                                   | Yes, there are formal processes enforcing touch points      |
| 0 - 20% Profit                                   | Yes, but only informally                                    |
| 0 - 20% Profit                                   | Yes, but rarely   |
| 21 - 50% Profit                                  | Yes, but only informally                                    |
| 21 - 50% Profit                                  | Yes, but only informally                                    |
| 21 - 50% Profit                                  | Yes, but rarely   |
| 0 - 20% Profit                                   | Yes, but only informally                                    |
| 0 - 20% Profit                                   | Yes, there are formal processes enforcing touch points      |
| 51 - 75% Profit                                  | Yes, but only informally                                    |
| 0 - 20% Profit                                   | Yes, but rarely   |
| 0 - 20% Profit                                   | Yes, but rarely   |
| 86 - 100% Profit                                 | Yes, there are formal processes enforcing touch points      |
| 76 - 85% Profit                                  | Yes, but rarely   |
| 0 - 20% Profit                                   | Yes, there are formal processes enforcing touch points      |
| 21 - 50% Profit                                  | Yes, but only informally                                    |
| -5%  | Yes, there are formal processes enforcing touch points      |
| 21 - 50% Profit                                  | What are touch points?                                      |
| 0 - 20% Profit                                   | Yes, there are formal processes enforcing touch points      |
| Correlation                                      | -0.13095  |

### BUDGET VS. GROWTH



### TOUCH POINTS BETWEEN MARKETING AND OPERATIONS VS PROFIT







## PROCESSES VS PROFIT

|                  |   |
|------------------|---|
| 0 - 20% Profit   | Processes are well developed and documented             |
| 0 - 20% Profit   | Some processes exist                                    |
| 0 - 20% Profit   | Processes are well developed, documented and adhered to |
| 0 - 20% Profit   | Processes are well developed, documented and adhered to |
| 21 - 50% Profit  | Processes are well developed and documented             |
| 21 - 50% Profit  | Processes exist but are not documented                  |
| 51 - 75% Profit  | Not at all  |
| 0 - 20% Profit   | Processes are well developed, documented and adhered to |
| 0 - 20% Profit   | Processes are well developed and documented             |
| 0 - 20% Profit   | Processes exist but are not documented                  |
| -5%              | Processes are well developed, documented and adhered to |
| 21 - 50% Profit  | Processes are well developed and documented             |
| 0 - 20% Profit   | Some processes exist                                    |
| 0 - 20% Profit   | Processes are well developed, documented and adhered to |
| 21 - 50% Profit  | Some processes exist                                    |
| 0 - 20% Profit   | Processes are well developed and documented             |
| 51 - 75% Profit  | Processes are well developed, documented and adhered to |
| 21 - 50% Profit  | Processes are well developed and documented             |
| 0 - 20% Profit   | Processes are well developed and documented             |
| 0 - 20% Profit   | Processes are well developed, documented and adhered to |
| 0 - 20% Profit   | Some processes exist                                    |
| 0 - 20% Profit   | Some processes exist                                    |
| 0 - 20% Profit   | Processes are well developed, documented and adhered to |
| 21 - 50% Profit  | Processes are well developed and documented             |
| 0 - 20% Profit   | Processes are well developed, documented and adhered to |
| 0 - 20% Profit   | Processes are well developed and documented             |
| 0 - 20% Profit   | Some processes exist                                    |
| 21 - 50% Profit  | Processes exist but are not documented                  |
| 21 - 50% Profit  | Processes are well developed, documented and adhered to |
| 21 - 50% Profit  | Some processes exist                                    |
| 0 - 20% Profit   | Processes are well developed and documented             |
| 0 - 20% Profit   | Processes are well developed and documented             |
| 51 - 75% Profit  | Processes exist but are not documented                  |
| 0 - 20% Profit   | Some processes exist                                    |
| 0 - 20% Profit   | Some processes exist                                    |
| 86 - 100% Profit | Processes are well developed, documented and adhered to |
| 76 - 85% Profit  | Processes are well developed, documented and adhered to |
| 0 - 20% Profit   | Processes are well developed, documented and adhered to |
| 21 - 50% Profit  | Some processes exist                                    |
| -5%              | Some processes exist                                    |
| 21 - 50% Profit  | Not at all  |
| 0 - 20% Profit   | Processes are well developed and documented             |
| Correlation      | 0.04184   |

80

## PROCESSES VS. GROWTH

|             |   |
|-------------|---|
| 21-50%      | Processes are well developed and documented             |
| 21 - 50%    | Some processes exist                                    |
| 0 - 20%     | Processes are well developed, documented and adhered to |
|             | Processes are well developed, documented and adhered to |
|             | Processes are well developed and documented             |
| 51 - 100%   | Processes exist but are not documented                  |
| 0 - 20%     | Not at all  |
| 21 - 50%    | Processes are well developed, documented and adhered to |
| 0 - 20%     | Processes are well developed and documented             |
|             | Processes exist but are not documented                  |
| 21 - 50%    | Processes are well developed, documented and adhered to |
|             | Processes are well developed and documented             |
|             | Some processes exist                                    |
|             | Processes are well developed, documented and adhered to |
| 0 - 20%     | Some processes exist                                    |
| 21 - 50%    | Processes are well developed and documented             |
|             | Processes are well developed, documented and adhered to |
| 0 - 20%     | Processes are well developed and documented             |
|             | Processes are well developed and documented             |
| 0 - 20%     | Processes are well developed, documented and adhered to |
| 1 - 20%     | Some processes exist                                    |
| 2 - 20%     | Some processes exist                                    |
|             | Processes are well developed, documented and adhered to |
| 150% +      | Processes are well developed and documented             |
|             | Processes are well developed, documented and adhered to |
|             | Processes are well developed and documented             |
|             | Some processes exist                                    |
| decline     | Processes exist but are not documented                  |
| 21 - 50%    | Processes are well developed, documented and adhered to |
| 21 - 50%    | Some processes exist                                    |
| 21 - 50%    | Processes are well developed and documented             |
| 21 - 50%    | Processes are well developed and documented             |
|             | Processes exist but are not documented                  |
| 0 - 20%     | Some processes exist                                    |
| 0 - 20%     | Some processes exist                                    |
|             | Some processes exist                                    |
| 21 - 50%    | Processes are well developed, documented and adhered to |
|             | Processes are well developed, documented and adhered to |
| 51 - 100%   | Processes are well developed, documented and adhered to |
| 21 - 50%    | Some processes exist                                    |
| 0 - 20%     | Some processes exist                                    |
|             | Not at all  |
| 100 - 150%  | Processes are well developed and documented             |
| Correlation | 0.28913   |

| TOUCH POINTS VS GROWTH                                      |             |
|---|-------------|
| Yes, there are formal processes enforcing touch points      | 21-50%      |
| Yes, but only informally                                    | 21 - 50%    |
| Yes, but only informally                                    | 0 - 20%     |
| No, not often   |             |
| Yes, but only informally                                    |             |
| Yes, there are formal processes enforcing touch points      | 51 - 100%   |
| No, not often   | 0 - 20%     |
| Yes, there are formal processes enforcing touch points      | 21 - 50%    |
| Yes, there are formal processes enforcing touch points      | 0 - 20%     |
| Yes, there are formal processes enforcing touch points      | 0 - 20%     |
| Yes, there are formal processes enforcing touch points      | 21 - 50%    |
| Yes, there are formal processes enforcing touch points      |             |
| Yes, but rarely   |             |
| Mktng is decentralised to divisions whose practices differ. |             |
| Yes, but only informally                                    | 0 - 20%     |
| Yes, but only informally                                    | 21 - 50%    |
| Yes, there are formal processes enforcing touch points      |             |
| Yes, there are formal processes enforcing touch points      | 0 - 20%     |
| Yes, but only informally                                    |             |
| Yes, there are formal processes enforcing touch points      | 0 - 20%     |
| Yes, but rarely   | 1 - 20%     |
| No, not often   | 2 - 20%     |
| Yes, there are formal processes enforcing touch points      |             |
| Yes, but rarely   | 150% +      |
| Yes, there are formal processes enforcing touch points      |             |
| Yes, but only informally                                    |             |
| Yes, but rarely   |             |
| Yes, but only informally                                    | decline     |
| Yes, but only informally                                    | 21 - 50%    |
| Yes, but rarely   | 21 - 50%    |
| Yes, but only informally                                    | 21 - 50%    |
| Yes, there are formal processes enforcing touch points      | 21 - 50%    |
| Yes, but only informally                                    | 0 - 20%     |
| Yes, but rarely   | 0 - 20%     |
| Yes, but rarely   |             |
| Yes, there are formal processes enforcing touch points      | 21 - 50%    |
| Yes, but rarely   |             |
| Yes, there are formal processes enforcing touch points      | 51 - 100%   |
| Yes, but only informally                                    | 21 - 50%    |
| Yes, there are formal processes enforcing touch points      | 0 - 20%     |
| What are touch points?                                      |             |
| Yes, there are formal processes enforcing touch points      | 100 - 150%  |
| Correlations  | 0.110001179 |

## MARKETING BEING INVOLVED IN OPERATIONS VS. PROFIT

|   |                  |
|---|------------------|
| Fully involved  | 0 - 20% Profit   |
| Not involved at all   | 0 - 20% Profit   |
| Fully involved  | 0 - 20% Profit   |
| Informed when process is completed  | 0 - 20% Profit   |
| Fully involved  | 21 - 50% Profit  |
| Informed when process is completed  | 21 - 50% Profit  |
| Not involved at all   | 51 - 75% Profit  |
| Fully involved  | 0 - 20% Profit   |
| Being consulted at the end of the process   | 0 - 20% Profit   |
| Fully involved  | 0 - 20% Profit   |
| Being consulted at the end of the process   | -5%              |
| Being consulted at the end of the process   | 21 - 50% Profit  |
| Fully involved  | 0 - 20% Profit   |
| Fully involved  | 0 - 20% Profit   |
| Fully involved  | 21 - 50% Profit  |
| Being consulted at the end of the process   | 0 - 20% Profit   |
| Fully involved  | 51 - 75% Profit  |
| Fully involved  | 21 - 50% Profit  |
| Not involved at all   | 0 - 20% Profit   |
| Fully involved  | 0 - 20% Profit   |
| Not involved at all   | 0 - 20% Profit   |
| Fully involved  | 0 - 20% Profit   |
| Fully involved  | 0 - 20% Profit   |
| Being consulted at the end of the process   | 21 - 50% Profit  |
| Fully involved  | 0 - 20% Profit   |
| Fully involved  | 0 - 20% Profit   |
| Not sure the products and services are developed in the US  | 0 - 20% Profit   |
| Not applicable  | 21 - 50% Profit  |
| Our cart is in front of the horses - marketing takes place and the products and services has to follow suit | 21 - 50% Profit  |
| Being consulted at the end of the process   | 21 - 50% Profit  |
| Informed when process is completed  | 0 - 20% Profit   |
| Being consulted at the end of the process   | 0 - 20% Profit   |
| Informed when process is completed  | 51 - 75% Profit  |
| Being consulted at the end of the process   | 0 - 20% Profit   |
| Informed when process is completed  | 0 - 20% Profit   |
| Fully involved  | 86 - 100% Profit |
| Fully involved  | 76 - 85% Profit  |
| Fully involved  | 0 - 20% Profit   |
| Being consulted at the end of the process   | 21 - 50% Profit  |
| Being consulted at the end of the process   | -5%              |
| Not involved at all   | 21 - 50% Profit  |
| Fully involved  | 0 - 20% Profit   |

Correlation

0.00973

## APPENDIX 4

**Question: 5. Is there any awareness of the need for integration between marketing and operations and your organisation?**  
(Choice: Other (please specify))

| <u>Text</u> |                   |
|-------------|-------------------|
| Select      | in theory, yes    |
| Select      | slight disconnect |
| Select      | Some              |

**Question: 6. Are there any formalised touch points between marketing, communications and operations in your organisation?**  
(Choice: Other (please specify))

| <u>Text</u> |   |
|-------------|---|
| Select      | Mktng is decentralised to divisions whose practices differ. |
| Select      | What are touch points?                                      |

**Question: 10. To what extent is marketing involved in the development of new products and services?**  
(Choice: Other (please specify))

| <u>Text</u> |   |
|-------------|---|
| Select      | Not sure the products and services are developed in the US  |
| Select      | Not applicable  |
| Select      | Our cart is in front of the horses - marketing takes place and the products and services has to follow suit |

**Question: 14. Has any problems ever been experienced through a lack of integration of marketing and operations, i.e over or under selling?**

| <u>Text</u> |   |
|-------------|---|
| Select      | Over sold on service capabilities   |
| Select      | We are a professional practice and sometimes get more work than we have capacity for. |
| Select      | time but were fulfilled   |
| Select      | Yes   |
| Select      | Marketing isn't really taken very seriously   |
| Select      | due to lack of continued focus on objectives  |

|        |  |
|--------|--|
| Select | Marketing is always ahead of the game, which put the production side under pressure. |
| Select | over selling   |

**Question: 15. Please give examples of any other experiences you have had due to a lack of integration between marketing and operations.**

| Text   |   |
|--------|---|
| Select | occasional lack of communication on service sold at rates quoted  |
| Select | Marketing isn't something taken terribly seriously in itself. Senior staff are well known in the sector in which we operate, and we ensure that we're visible and keep up the necessary connections.  |
| Select | Consulting company - Marketing & Ops often found in same people!  |
| Select | Duplication of work, confusion of responsibilities, lack of taking responsibility and blaming the other party if things go wrong.   |
| Select | good experiences  |
| Select | launch of new services nor communicated to call-centre; launch of new products within a silo resulting in competitors being alerted and in our other regions not being able to exploit potential initial advantage                          |
| Select | Our divisions are well integrated, although the Marketing department does not consider all technicalities relating to new product releases.   |
| Select | Marketing is considered a 'by the way' activity. Due to the insufficient knowledge of the marketing department in the organisation no strategic input is given.   |
| Select | The market perception/branding of our group tends to be unstable due to both a lack of focussed marketing as well as changing landscapes/requirements resulting in ongoing change in product and service offerings. Schizophrenic at times. |
| Select | none  |
| Select | Not closing the deal and losing the client  |
| Select | Lack of marketing collateral due to the operational focus of the business. Therefore, not benefiting fully from the investment in marketing.  |
| Select | When two people are working on a function and some gaps appeared in the communications between them.  |

**Question: 16. Have you ever experienced positive results due to interaction between marketing and operations?**

| Text   |  |
|--------|--|
| Select | yes  |
| Select | Marketing, such as we do it, keeps us visible in the market in which we operate, and ensures a constant flow of work for the practice.                                 |
| Select | No   |
| Select | Consulting company - Marketing & Ops often found in same people!   |
| Select | Yes  |
| Select | Yes  |
| Select | Successful deployment of large tenders   |
| Select | yes--- but not consistently so. Hampered buy occasional Marketing focus on the prettiness of a brochure or smartness of a campaign, rather than on post-order or post- |

|        |  |
|--------|--|
|        | sale delivery & measurement  |
| Select | Yes, market leaders in certain product domains.  |
| Select | yes  |
| Select | Yes, only when strict project plans are implemented  |
| Select | Not applicable.  |
| Select | Nothing tangible   |
| Select | yes  |
| Select | Yes, opening of stores become faster and business grows  |
| Select | Customer perception of the organisations sustainability changed due to our marketing exposure. |
| Select | No   |
| Select | N/A  |

**Question: 17. Who handles the operational management in your company?**

| <u>Text</u> |   |
|-------------|---|
| Select      | general manager   |
| Select      | The general manager   |
| Select      | Managing Director   |
| Select      | Senior Consultant responsible for Ops   |
| Select      | General Manager: Sales & Operations   |
| Select      | management team   |
| Select      | COO and team  |
| Select      | divisional heads of operations/administration reporting to divisional MD's            |
| Select      | The MD for the African region.  |
| Select      | Executive Director  |
| Select      | MD  |
| Select      | Shared Services Director  |
| Select      | Liane and Janyce  |
| Select      | Partly a IT Application Support and Development Team and partly the Managing Director |
| Select      | divisional directors  |
| Select      | COO   |
| Select      | Ops Manager   |
| Select      | Service delivery manager & Operations Manager over seen by CEO                        |
| Select      | General Management  |
|             |   |

**Question: 18. What formal qualifications does the operations manager in your organisation have?**

| <u>Text</u> |   |
|-------------|---|
| Select      | None.   |
| Select      | M Comm  |
| Select      | QBE (Qualified by experience)                               |
| Select      | B.Comm CA MBA   |
| Select      | B. Com Hons   |
| Select      | in house training   |
| Select      | IMM, BSc, MDP, MBA  |
| Select      | generally the top qualification for the sector and/or B Com |
| Select      | B-Ing (Electrical & Electronics) as well as MBA.            |
| Select      | Engineer  |
| Select      | MBA   |
| Select      | Chartered Accountant  |
| Select      | No operations training.                                     |
| Select      | No dedicated Operation Manager                              |
| Select      | N/A   |
| Select      | Legal, IR and Managerial                                    |
| Select      | MBA   |
| Select      | Bcomm   |
| Select      | MBA   |
| Select      | Life and industry experience                                |
| Select      | B.com HR Management   |

**Question: 20. What value were you expecting from your marketing or communications service provider?**

| <u>Text</u> |   |
|-------------|---|
| Select      | We don't use a service provider.  |
| Select      | Improved turnover as marketing budget is spent  |
| Select      | 1. Complete understanding of our business, 2. Aligning message & media to suit targeted companies and customer segments.    |
| Select      | Creating new initiatives and campaigns to create PR opportunities to meet with clients and get your name in the newspapers. |
| Select      | Commitment  |
| Select      | Enhancing our brand   |



|        |  |
|--------|--|
| Select | more needed in anticipation of on reaction to negative issues  |
| Select | Visibility in all African Operations.  |
| Select | Constant visibility  |
|        |  |
| Select | Knowledge of competitors Knowledge of the industry Communication of this information to the organisation Strategic input into the sales strategy   |
| Select | To have had a better understanding of our business, trends and challenges and not only to serve as a media/communications coordinator following instruction.   |
| Select | To make an effort to understand our exact needs and priorities and genuinely care about the outcomes of the marketing / PR campaign. We'd prefer some risk/ reward sharing model as we feel there's no risk for the provider if they don't deliver on the promise. |
| Select | More growth  |
| Select | Function performed in-house  |
| Select | Clear involvement in ensuring the delivery of marketing. Ensuring the effectiveness of the investment  |
| Select | Proactive assistance, rather than background facilitator   |
| Select | I am the provider  |
| Select | profit   |

# MARKETING

## Secret to success is streamlining

## Pluck one s

Bringing marketing, communications and operations in line can improve service and profits

Frances Wright

EVERY marketing and communications specialist is accustomed to hearing: "Our previous service provider did not achieve anything!" This is due to a failure by these specialists to integrate their clients' marketing, communications and operations into a powerful money-saving package.

If this package is optimised, clients will discover their marketing and communications budget is recouped through operational savings and economies of scale.

Of course, this assumes that the client's company buys into the package and continuous improvement becomes a focus.

Traditional thinking says if a company needs to improve profitability it throws marketing budget at the problem. This is likely to work, but is equally likely to result in production being put under pressure to meet the demands of the extra business coming in, either increasing costs further or resulting in a decrease in quality and service levels.

A lack of profitability is often the result of an incorrect financial structure and inefficient operational processes. No matter how

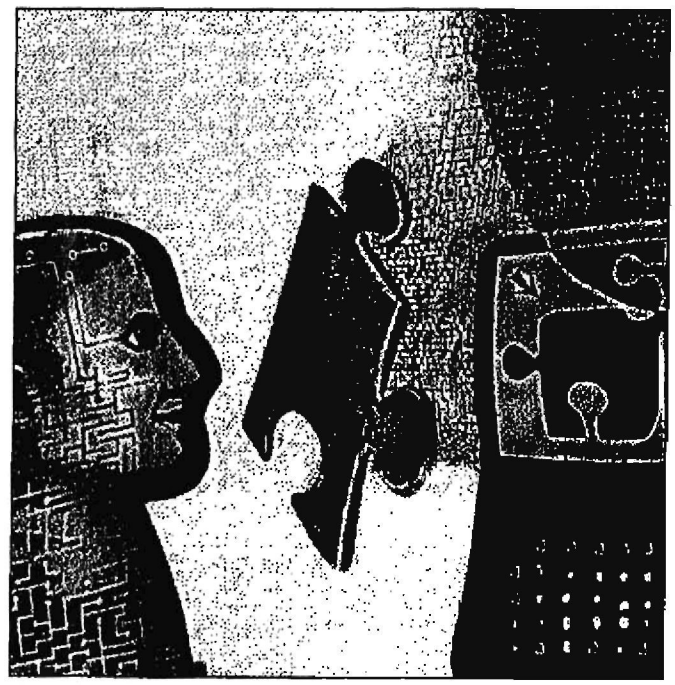
much new business is brought in, if these processes remain unchanged, costs will simply grow in accordance with the increase in income, as will the resultant bottom-line losses.

Streamlining operations will normally reduce losses and place the company in a better position to achieve profitability, if it does not immediately save enough to put it in the black. Of course, when we mention operations we include all areas of corporate operations, such as human resources, finance, production, supply chain, quality management and IT.

When embarking on an integrated re-engineering of marketing, communications and operations, the following results are certain:

- Costs will go down as operational efficiencies improve;
- Marketing will be done at a much lower cost and will prove more effective; and
- Operations and marketing will be synchronised with each other as well as with company strategy.

An integrated approach provides keener insight into the business and will, therefore, also prevent over- or underselling



from occurring. If marketing undersells, costs will soar as the company has to pay for unused storage, an overcapacity in human resources, opportunity

costs and so forth. A worse scenario is when marketing oversells and production cannot fulfil the resultant demand. The outcome in this scenario will be

unhappy customers, a lack of quality and lost brand integrity — none of which are easy or cheap from which to recover.

This methodology will also ensure that what is sold is in line with what the company can deliver. We all know about the entrepreneur who promises the moon and stars to get business, forgetting that his company does not have the capacity to deliver. Efficient operations allow companies to under promise and over deliver every time.

The bottom line is if marketing, communications and operations are integrated in line with company strategy and are working towards a common goal, the business will achieve operational and service excellence. In real terms, this means it is operating at the ideal capacity with no losses due to the employment of unnecessary resources, while marketing sells exactly what the company can produce at maximum efficiency and quality — and at the lowest cost possible — resulting in a real, positive effect on the bottom line.

■ Frances Wright is MD of Tyntas Consulting.

Gregory Serandos

TRYING to be all the people is one of the surest ways to sink a business. We want to be a market leader, defined by Jack Welch as being in the top three of market share, but we want to do with segment

Well, do not sink, Geoffrey Moore, author of *Crossing the Chasm*, famously observed, "The best way to grow is to shrink yourself to greatness". The shrinking process is a market in your own terms.

Once you understand market segmentation, you will be in a better position to control your resources as it enables you to tailor products and services to meet specific requirements.

**Primary markets**

Enterprise Predictive

## Ironing out an explicit service-level agreement



## The POWER of integration

by Frances Wright, Managing Director, Trinitas Consulting

An integrated marketing package is devised and effectively optimised, clients will discover their marketing and communications budget is recouped through operational savings and economies of scale. Of course, this assumes the client's company as a whole buys into the package, and continuous improvement becomes a focus.

### Should you throw marketing budget at the problem?

In traditional business thinking, if a company needs to improve profitability it throws marketing budget at the problem. This will most likely work, but is equally likely to result in production being put under pressure to meet the demands of the extra business coming in, either increasing costs further or resulting in a decrease in quality and service levels. A lack of profitability is often the result of an incorrect financial structure and inefficient operational processes. No matter how much additional business is brought in, if these processes remain unchanged, costs will simply grow in accordance with the increase in income, as will the resultant bottom-line losses.

### The advantages of integrating

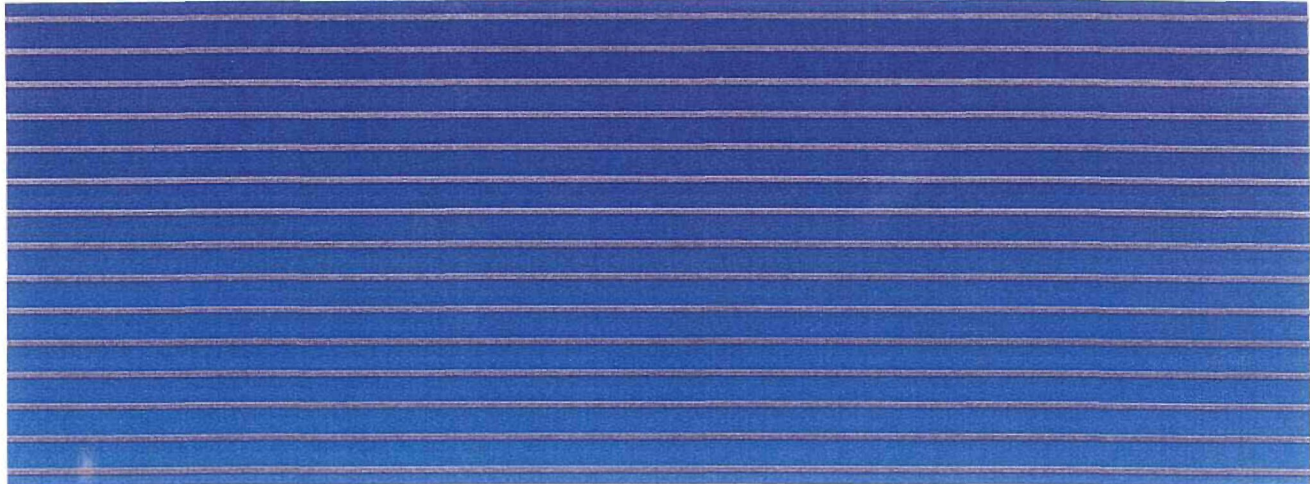
Streamlining and optimising operations will normally reduce losses and place the company in a better position to achieve profitability. If it does not immediately save enough to put it in the black. Of course, when we mention operations we include all areas of corporate operations, such as HR, finance, production, supply chain, quality management and IT. When embarking on an integrated re-engineering of marketing, communications and operations, the following results are certain:

- Costs will go down as operational process efficiencies improve;
- Marketing will be done at a much lower cost and will prove more effective; and
- Operations and marketing will be synchronised with each other as well as with company strategy.

An integrated approach provides keener insight into the business and will therefore also prevent an over, or under, selling scenario from occurring. If marketing under sells, costs will soar as the company has to pay for unused storage, an over capacity in human resources, opportunity costs and so forth. A worse scenario is when marketing over sells and production cannot fulfil the resultant demand. The outcome in this scenario will be unhappy customers, a lack of quality and lost brand integrity - none of which are easy or cheap to recover from. This methodology will also ensure that what is sold is in line with what the company can actually deliver.

### Working towards a common goal

The bottom line is if marketing, communications and operations are integrated in line with company strategy and are working towards a common goal, the business will achieve operational and service excellence. In real terms, this means it is operating at the ideal capacity with no losses due to the employment of unnecessary resources, while marketing sells exactly what the company can produce at maximum efficiency and quality - and at the lowest cost possible - resulting in a real, positive effect on the bottom line. ■



## MarketingX

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### TECHNEWS

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# Marketing and communications can affect the bottom line

**March 2005**

Every marketing and communications specialist is used to hearing the statement "Our previous service provider did not achieve anything!", when being shown the door before they have a chance to prove their worth. Frances Wright, MD of Trinitas Consulting contends this is due to a failure on the part of these specialists to integrate their clients' marketing, communications and operations into a powerful money-saving package.

If this integrated package is devised and effectively optimised, clients will discover their marketing and communications budget is recouped through operational savings and economies of scale. Of course, this assumes the client's company as a whole buys into the package and continuous improvement becomes a focus.

In traditional business thinking, if a company needs to improve profitability it throws marketing budget at the problem. This will most likely work, but is equally likely to result in production being put under pressure to meet the demands of the extra business coming in, either increasing costs further or resulting in a decrease in quality and service levels.

"A lack of profitability is often the result of an incorrect financial structure and inefficient operational processes," explains Wright. "No matter how much additional business is brought in, if these processes remain unchanged, costs will simply grow in accordance with the increase in income, as will the resultant bottom-line losses."

"Streamlining and optimising operations will normally reduce losses and place the company in a better position to achieve profitability, if it does not immediately save enough to put it in the black. Of course, when we mention operations we include all areas of corporate operations, such as HR, finance, production, supply chain, quality management and IT."

When embarking on an integrated re-engineering of marketing, communications and operations, the following results are certain:



- \* *Costs will go down as operational process efficiencies improve.*
- \* *Marketing will be done at a much lower cost and will prove more effective.*
- \* *Operations and marketing will be synchronised with each other as well as with company strategy.*

An integrated approach provides keener insight into the business and will therefore also prevent an over, or under, selling scenario from occurring. If marketing under sells, costs will soar as the company has to pay for unused storage, an over capacity in human resources, opportunity costs and so forth. A worse scenario is when marketing over sells and production cannot fulfil the resultant demand. The outcome in this scenario will be unhappy customers, a lack of quality and lost brand integrity - none of which are easy or cheap to recover from.

This methodology will also ensure that what is sold is in line with what the company can actually deliver. We all know about the entrepreneur who promises the moon and stars to get business, forgetting that his company does not have the capacity to deliver. Efficient operations allow companies to under promise and over deliver every time.

The bottom line is if marketing, communications and operations are integrated in line with company strategy and are working towards a common goal, the business will achieve operational and service excellence. In real terms, this means it is operating at the ideal capacity with no losses due to the employment of unnecessary resources, while marketing sells exactly what the company can produce at maximum efficiency and quality - and at the lowest cost possible - resulting in a real, positive effect on the bottom line.

For more information contact Frances Wright, managing director, Trinitas Consulting, +27 (0)11 566 2016, [www.trinitas.co.za](http://www.trinitas.co.za)



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## **Integrate marketing and operations to spur growth**

The ICT industry is one of the fastest changing and most competitive markets in the world. Yet, even with cutthroat competition and decreasing margins, few companies have made the effort to optimise their operational processes and integrate them with marketing.

A survey conducted by Trinitas Communications demonstrates the lack of marketing and operational smarts in ICT organisations, as well as poor integration between marketing and operations, indicating the significant impact on the bottom line.

When companies want to improve their revenues or profitability, or simply launch a new product to market, they rely on the marketing department to come up with a plan that will deliver bottom-line results. Ask any marketing manager if his/her efforts result in financial improvements and the answer is always positive.

Independent research undertaken by Trinitas does not support this, however. As many as 48% of companies surveyed have never tested the effect of marketing on profitability. This indicates a lack of pressure on the marketing department to provide a real, measurable return on investment, or perhaps an intuitive knowledge of the real results they deliver.

The scenario changes somewhat when a correlation is drawn between "Return on Marketing Investment" and "Awareness of the Need for Integration between Marketing and Operations", as a positive connection is clearly evident. A further correlation between well-developed processes and profitability was also clearly ascertained in the survey.

What this means is that when marketing plans are aligned with the operational processes in a company, there is evidence that the bottom-line benefits. Unfortunately, the research also shows a general lack of coordination in most companies between marketing teams and operations.

For example, at none of the companies surveyed was marketing and communications represented at board level. Furthermore, at 52% of the companies, marketing has no involvement with logistical planning and there is no input or control over the "place" part of the marketing mix.

These figures, while not unexpected, highlight why marketing is inclined to fail in delivering the goods in South Africa. It is carried out independent of the corporate strategy and is not linked to the actual operational capabilities of the organisation.

While there is an acknowledged awareness of the need for integration between marketing and operations in 76% of the companies surveyed, only 40% have formal touch points between marketing and operations. The results of this disconnection are easy to identify:

- Marketing delivered orders that production cannot fulfil;
- Marketing does not deliver, resulting in too much stock or over capacity;
- Marketing makes promises that operations cannot fulfil.

Moreover, when respondents were asked to give examples of experiences they have had due to a lack of integration between marketing and operations, the following comments were forthcoming:

- Marketing isn't taken seriously. Senior staff are well known in the sector in which we operate and we ensure that we're visible.
- Duplication of work, confusion regarding responsibilities, lack of taking responsibility and blaming the other party if things go wrong.

- Launch of new services not communicated to call centre, launch of new products within a silo resulting in competitors being alerted and other regions not being able to exploit the initial advantage.
- Marketing department does not consider all technicalities relating to new product releases.
- Marketing is considered a 'by the way' activity due to the marketing department's insufficient knowledge of the organisation.
- Lack of marketing collateral due to the operational focus of the business, which leads to the company not fully realising its investment in marketing.

It is clear therefore that the disconnect between marketing and operations has a significant impact on business performance. One would expect a professional marketing and communications programme to show an understanding of the business and its strategy, and as a result work to improve turnover. Strangely enough, this is a rare occurrence.

A need for the integration of marketing and operations is therefore a critical necessity in ICT organisations to empower them to achieve profitability through increasing throughput, efficiency and effectiveness, while decreasing operational costs. To achieve this, the level of operational knowledge within the company has to be enhanced, while marketing and operations should, working together, proceed with due consideration of the company's ultimate goal – to make net profit.

The way marketing and operations are measured will then also have to change to accommodate net profit for both marketing and operations. Furthermore, it is important that the integration does not only happen on one occasion, but becomes part of the overall culture of the organisation.