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PROBLEMS OF STRATEGIC MARKETING PLANNING
AND EXECUTION IN NEITAL SHOE AND TANNERY
COMPANY LIMITED, MAIDUGURI

BY

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APPROVAL SHEET

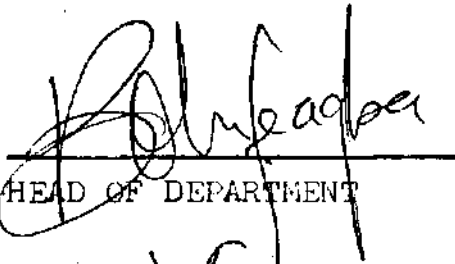
This project entitled: PROBLEMS OF STRATEGIC MARKETING PLANNING AND EXECUTION IN NEITAL SHOE AND TANWERY COMPANY LIMITED, MAIDUGURI, having met the regulation governing the award of the degree of Master of Business Administration (MBA) of Ahmadu Bello University, Zaria is approved and is therefore certified for contribution to knowledge and letenary presentation in the field of Marketing.

NAME AND SIGNATURE OF SUPERVISOR

DATE

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DATE



HEAD OF DEPARTMENT



DATE



DEAN, POSTGRADUATE SCHOOL



DATE

DEDICATION

This work is dedicated to the trio of
Bowman, Michael and Jaspa.

CONFIRMATION

I confirm that this is my own work, except where otherwise, stated, and that it has not been submitted for an award at this University. Furthermore, although such a write up is a team work, I singlehandedly, accept the responsibilities and shortcomings.

ACKNOWLEDGEMENT

A Project of this nature, although is to be an individual product, is really a team work. It owes its existence to many dedicated people.

The team includes my colleagues at Ahmadu Bello University, Zaria who helped in no small measures in the realisation of this project.

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ABSTRACT

The theme of this study is adequately defined by its title - Problems of Strategic Marketing Planning and Execution in Neital Shoe Factory. The topic is dynamic and connotes changes, By directing the study to the company the problems of strategic marketing planning and execution encountered in the Company, are hoped to surface at the end of the exercise.

Change is inevitable, since it is in evitable, therefore it must be managed. The essence of managing change is to sustain an equilibrium between old state of affairs and new state of affairs on the change continuum.

Because of the increasing complexities of business environment, organisation can only muddle their way out of the present melle through strategic planning efforts. Without a strategy Wrote Ross and Kami (1973), "The organisation is like a ship without a radder, going around in circles. Its like a tramp, it has no place to go."

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CHAPTER ONE

1.

INTRODUCTION

1.1 GENERAL BACKGROUND

Strategy is not new. Both successful and unsuccessful business men have always had strategies, whether consciously or unconsciously. These strategies have varied from unwritten plans in the minds of the organisation's leaders to detailed blue prints of what is to be achieved and how.

If however, strategy have been around for quite a long time, then why is there such a renewed interest and feelings of discovery in the process of disciplined strategy development? Simply put, it is that leaders in all works of life have discovered that the dynamics and complexities of the world require more than just conventional wisdom and experience; the mere setting of objectives without examining what actions are feasible and what alternatives are available is not enough.

Experience, intuition and judgement alone are not enough to cope with these complexities. A business must probe deeply, all aspects of its environment and its own resources. This cannot be done in^a rush, because every organisation functions in a dual setting. The Micro environment, made up of customers, markets, related industries, and competitors and the Macro environment, a four-

dimension overplay of societal, government, economic and technological forces that affect the organisations operations (Hambagda O. A, 1980). If a business is to prosper and in some cases even survive, its leaders must explore each of these elements through comprehensive and systematic analysis, synthesis and evaluation.

Strategy may be defined therefore as a "framework that guides those choices that determine the nature and direction of an organisation"¹. Strategy provides a picture of the organisation as it wants to look in the future. Strategy is a vision. It is totally directed at what the organisation should be rather than how the organisation will get there. Strategy is the primary source for getting the separate units of the organisation to work together. A well formulated strategy helps to weld an organisation together by developing among the members of the management team both a shared belief in the efficacy of major action programmes and shared commitment to execute those programme successfully. It also provides the subordinate managers with guidelines which will assist them in deciding how to proceed toward the achievement of corporate objectives.

Marketing strategy are therefore ways by which marketers achieve their goals - ways and means of getting marketing activities implemented. A final definition could be, a consistent feasible route through which marketing goals and objectives can be met. Strategic marketing deals essentially with four basic things - Determination of the nature of the business, definition of the business mission, formulation of functional strategies to achieve the mission and allocation of resources.

A lot of problems however, are real road blocks for effective analysis and putting of the tools into real practice. Planning is everything but plans are nothing because no matter how beautiful plans may be technically, they may not be an instance success because of the dynamic nature of the environment and the human and administrative factors at work.

It is against this background that this write-up is build. The write-up is divided into five chapters. Chapter one is the introduction where effort is made to give a brief background of the concept of strategy and strategic marketing planning. Also, the methodology, objectives, scope of study, limitations and other expectations are further highlighted in the chapter.

The second chapter, deals squarely with the Review of Literature. The researcher devoted a lot of time trying to shed more light on the concept. The writer strongly feels that without giving this part the due attention it deserves, the essence, and in fact, the whole exercise will be fruitless as the reader may find it very difficult to comprehend what strategic marketing planning is all about.

The third chapter is a general discourse on the company. The discourse is however, specifically centered on the historical background of the company, its financial/organisational structure, objectives/goals of the company and finally, the marketing policies of the company.

The fourth chapter is the analysis of the data, where an attempt is made to interpret the responses from the questionnaires in conjunction with the oral interviews conducted. Furthermore, conscious effort is made to blend theory with practice in Neital and Tannery Show Factory Limited. The aim, is to be able to bring to fore, how far the much cherished concept has been adopted by the company. The chapter, further juxtaposes the problem of strategic marketing planning encountered by the company at both the planning and implementation stages.

Chapter five of course, which is the last but

not the least of the chapters, contains the summary and recommendations and or diagnosis to the problems of strategic marketing planning. And finally, the conclusion which are the views of the writer, plus as to what should be done to arrest the situation and to further keep management of the company on its toes to enable them face squarely, the challenges imposed on organisations by the internal as well as the external environments.

1.2 STATEMENT OF PROBLEM

The researcher is primarily interested in studying how far NEITAL SHOE FACTORY LIMITED, Maiduguri is involved in the process of disciplined strategy development with particular reference to strategic marketing planning. It is further geared towards finding out how far the company has gone in using this new tool in solving its marketing problems and in coping with the dynamics and complexities of the business environment. To find out why despite Government encouragement and financial support, the company is not doing well.

1.3 OBJECTIVES OF RESEARCH

Management of NEITAL SHOE FACTORY has been described by officials of Ministry of Commerce and Industry, Maiduguri (Employers of the researcher)

as ineffective, inefficient, unsatisfactory and so on. Most of the employees, especially top management, have equally been described as unqualified and attained those positions through lobbying and god-fatherism. This fact among others makes them insensitive to new changes as most of them lack the basic educational background.

Strategic Marketing Planning as a new marketing tool may or may not be given due prominence. It is against this uncertainty that the study is directed towards specific objectives, viz:

- (a) To investigate and identify whether the firm has adopted the concept of strategic marketing planning process, problems involved at both planning phase and the execution phase.
- (b) The Study is further geared towards finding out how the company goes about analysing their environment interms of competitors products, customers vis-sa-vis the company's internal strenght and weaknesses.
- (c) To find out a lasting solutions or ways of overcoming the problems encountered in their bid to think strategically in responding to the environmental threats and opportunities.
- (d) Lastly, to evolve a modus operandi on how marketing plans should be drawn up to encourage strategic thinking cum strategic marketing planning in the company.

1.4 METHODOLOGY

The researcher hopes to collect his primary data by means of a questionnaire, oral interviews and observation. The researcher will also rely on Chairmans speeches and files (TI/S/172) kept on the company by Ministry of Commerce and Industry, Maiduguri. The secondary data's will further be obtained from guidelines in marketing policies and decision kept by the company.

Personal observation, knowledge and oral interview with the marketing staff, customers distributors of the company will definately contribute to the research study. The researcher hopes to go to most of the dealers in and outside the State and use a sampling (random sampling) procedures to help him in collecting information (data) in the operations of the company. Where the researcher is constraint to travel, he will rely on distributors collection chart (each distributor has a collection day specified in the chart). This could also serve as an avenue to get into contact with the distributors.

The targeted study group will include businessmen that have no dealing with the company as distributors, civil servants, school children and various income groups, high, medium and low income earners, as the company's products, cuts across all spheres of life - its products are

designed for all these different income groups.

1.5 FIELD WORK

As earlier mentioned that the researcher has a wealth of experience about the company's operations and products, a total of 3 weeks may be sufficient to interview and observe both customers and the distributors. This will enable the researcher to find out customer buying patterns and what the distributors have in changes in buying patterns under Structural Adjustment Programme (SAP) era. This if done, the researcher feels, will provide a lot of impetus which will go down into the construction of the questionnaire.

The questionnaires designed therefore, will be administered to the employees of the company to see what would come out of the exercise. And upon collection of the administered questionnaires, time will be devoted to analysing the questionnaires to see what areas are problematic.

By so doing - the progression from observations, local interviews with customers, dealers of the company, marketing staff and going through Board papers, time will now be devoted to data analysis by which time definitely, the problems of strategic marketing planning should surface and efforts will therefore be directed to finding the appropriate doses for the company.

1.6 PRESENTATION

In the presentation, the researcher hopes to firstly, introduce the reader to the general theoretical framework and delve extensively into the crux of the matter to prepare the reader for a better understanding of the topic. The research hopes to then proceed to analyse the application of the concept and problems of planning and execution in NEITAL SHOE FACTORY Limited. By so doing the reader will understand the topic more as the general foundation will aid the reader in understanding how theory is going to be blended with practice in the course of the researchers forward march.

1.7 LIMITATIONS

Though the limitations seems abnormal at this stage, the research deems it necessary least any reader, expects too much from the researcher. By the nature of the company, being a property of Borno State Government, some obvious limitations are inherent in the study.

Firstly, a study of this nature (a case study) demands for an exhaustive and extensive investigation and analysis of the situation. However, Government companies hardly if ever, keeps information records and books correctly and efficiently. This will hamper accurate analysis as

the researcher will be time constrained. Furthermore, as an insider, the researcher knows the extent to which Government officials can frustrate research efforts of this nature. Because of the high rate of fraudulent practices, they are always suspicious and attains to researchers with fixed feelings, most of the time trying to protect their territory from external invasion. This could also be a serious obstacle to any meaningful research.

CHAPTER TWO

2.

REVIEW OF LITERATURE

In a condensed form, it is pertinent to note that every organisation is looking for ways of coping with the complexities of the business environment and even in some cases, ways of surviving. But must survival be tied to strategy? An attempt to answer such a question plunges one into what may be seen as an "adventure into strategic planning in general and strategic marketing planning in particular".

Without a strategy, wrote Ross and Kanu (1973), "the organisation is like a ship without a radder, going around in circles. It is like a tramp, it has no place to go"². In the words of Tregoe and Zimmerman (1979), "clear strategy and effective operations are a winning combination, but with unclear strategy and ineffective operations, you are bound to be the loser"³.

What is a strategy? Strategy has been defined as "a unified, comprehensive and intergrated plan relating the strategic advantages of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprise are achieved"⁴. Marketing strategy is also seen as "Marketing logic by which business units expects to achieve its marketing objectives. Marketing strategy consist of making decisions on the business marketing expenditures, marketing mix, and

competitive conditions".⁵

Marketing strategy could further be seen as a consistent and feasible route through which marketing goals and objectives can be met. As pointed out in the introductory part, strategic marketing deals essentially with four basic things viz: determination of the nature of the business, definition of the business mission, formulation of functional strategies to help in achieving the defined mission and the allocation of scarce resources optimally.

An organisations overall strategy therefore, must always coordinate all the functional strategies and must further be anticipatory in nature. The process consists of specifying present goals in relation to the firms present - market entries, assessment of environmental change as it relates to each entry. Vancil (1976) defined organisational strategy as "a conceptualisation, expressed or implied by the organisations leaders, of the long-term objectives or purposes of the organisation, the broad constraints and policies, either, self-imposed by the leader or accepted by him from his supervision, that currently restrict the scope of the organisations activities, and the current set of plans and near-term goals that have been adopted in the expectation of contributing to the achievement of the organisation objectives".⁶

In order to arrive at a specific strategy(ies), organisations usually go through five main steps. These includes as assessment of where the organisation has been and is at the moment and how its present position has been shaped by personal aspirations, competition, internal resources and the external environmental conditions/threats and and position of competitors, and finally, identification and evaluation of each feasible strategic alternative/choice of the most suitable strategy. Once the strategy is chosen, the task shifts to the development of functional areas. The chosen strategy is therefore implemented through any of the organisations resource - mix (finance, R & D, marketing, production and personnel). Marketing strategy therefore, is the "Marketing logic by which the business unit expects to achieve its marketing objectives. Marketing strategy consist of making decisions on the business's marketing expenditures, marketing mix, and marketing allocations in relation to expected environmental and competitive conditions".⁷

Going by the above definition, the marketing department is automatically charged with 3 responsibilities. First, it must decide on how to make the most effective and efficient use of the resources allocated to it in order to carry out the

assigned task. Secondly, it must decide on how best it could go in selecting the appropriate marketing mix and effectively coordinate them and thirdly, it must decide on the allocation of the funds available to it for the effective coordination of the various marketing mix elements.

That is however, not all, because of the fact that organisations have grown in size and diversified and a further fact that the environment, have become more complex, dynamic and, or turbulent, have among other things, made, or necessitated planning to become more strategic in nature. The orientation has virtually shifted from concentrating on functional areas to a panoramic or business - view point. Managers can therefore, not manage in a vacuum or more precisely at their own peril or that of their own organisation (Keontz 1976). Any successful strategic marketing planning must squarely address itself to four basic areas, namely:-

- (i) The nature of the business which deals with the identification of the customer groups to serve, which particular needs to concentrate its efforts in serving and the best possible way of serving such a need. These therefore, calls on the organisation to find out whether or not, they are enough customer differences that may warrant segmentation. A marketer should not
-

segment only these markets but should keep on checking on likely cracks as the times are two dynamic.

- (ii) A second area is the determination of the performance expectations of the company in terms of sales growth, market share, return on investment, net income and cash. The company's internal capabilities should be determined and if possible quantified. However, the overall corporate strategy should by no means be submerged into the functional strategies as often times is the case in managers bid to plan.
- (iii) Functional strategies must also be formulated, but all the functional strategies must be carefully formulated to make sure that they must all draw logical from the overall corporate strategy.
- (iv) Then lastly, limited resources allocation and budgets must be carefully planned. In these depression era, high emphasis must definitely be placed to the allocation of limited resources in cash constrained environments if a company is to survive.

When a company discovers any opportunity the company should be able to turn round to assess its internal capabilities for satisfying these unserved or insufficiently served needs. This will require the firm to assess its strength and weaknesses in

relation to those of competitors. This is important because it greatly saves a firm from selecting to serve the wrong markets and falling victims of what is called majority fallacy.

The major benefit in analysing the competitor, is to be able to re-inforce our analysis of customers, know their buying habits, behaviour and also know the class of customers to whom that strategy appeals. The information got could be used to predict the number and size of the company's competitors and how they compete in the market place. The company should also, always be on the watchout for new entrants into the market and their current intended strategy to properly take care of them. This will go beyond, merely knowing their mission to knowing their strength and weakness, in order to understand, predict and control their future course of action.

The external environment must also be carefully monitored, especially the economic, social, political, cultural and technological changes. A Manager, must be at the top of the economic environment and may have to source for information on both global and national perspective. Technology is fast changing and management must try to keep pace with it or find itself in trouble or would always be late and never catch up with the train of change. Managers must therefore be prepared to pilot their organisations

through these new realities, changes and general uncertainties.

As Peter Drucker rightly pointed out, "The one certainty about the times ahead, the times in which managers will have to work and perform is that there will be turbulent times. And in turbulent times, the first task of management for survival, is to make sure of the institutions capacity for survival, to make sure of its structural strength and soundness of its capacity to survive a blow, to adapt to sudden change, and to avail itself of new opportunities". Similar statements were jointly made by Emery and Jrist when they said that, "The environment of business organisations are moving from placid randomised to turbulent times"⁸. This contention was also supported by Alfin Toffler in future shock.

Managers must therefore, be prepared and not allow themselves be cut by any sudden change. They should think and plan strategically and should not dance to the dictums of the environment, neither should they allow themselves to be toast to and fro by the environmental wind but should participate actively in transforming the environment to favour his organisation. Thus rather than being a passive recipient of environmental basning, the Manager

should involve his organisation in a game of strategic chess with the environment.

After analysing the environmental trend, the competitors and its customers, it should be in a position to assess whether the company is equipped to seize the opportunity. It should be able to analyse its historical strategy, performance, strength and weakness, its possible response patterns to competitors. This will bring to the fore, its distributive competence, establish the effectiveness of its marketing mix offers, and if the marketing mix offers are no more effective, then a new one should be evolved. The end result of all these should be, a selection of the target markets and therefore, measurable, quantifiable, time-based, and feasible objectives relating to the effective implementation of the marketing strategies via the marketing mix should be established.

The marketing mix refers to "that particular blend of controllable marketing variables that the firm uses to achieve its objectives in the market".⁹ It could also further be seen as the path through which these tools (product, price, channel of distribution and promotion, and infact the four ps) are matched to demand conditions in the market place such that the organisational marketing objectives are achieved.

In the words of Hughes (1980), "the strategist 'mixes these ingredients' to create a broad battle plan for a product. Each is unique to the product and its environment. The influence of the mix on demand and the cost of each element in the mix determines, whether the strategy is profitable". The purpose of the marketing mix strategy is to integrate and coordinate marketing resources and efforts to accommodate the needs of market place, subject to the constraints imposed by the internal corporate environment. Hence, marketing mix selectives is based on the corporate management and marketing objectives and goals, the consumer and his demand conditions, competitors and their strategies, market characteristics, the general environment, internal marketing strengths and weaknesses and the behaviour of cost overtime.

2.1 STRATEGIC PLANNING METHODS

2.1.1 Product Portfolio Approach:

A product strategy may be defined as " a guide to identifying promising market opportunities that effectively employ the firms resources".¹⁰ A uniproduct firm finds planning for single products and single markets more easier than a multi-product firm with hundreds of products serving similar number of markets with differing potentials. There may be

strong or weak products when compared to a competitors products, and each may therefore, require a different marketing strategies if it is to succeed. While the strong ones may generate excess cash, the weaker ones may not generate enough to meet their needs. The problem becomes that of striking a balance between the two products by way of allocating the scarce resources to achieve optimal performance.

The best thing a manager could do under the prevailing conditions is to match the products potentials with resources transfers at the corporate or divisional level. Here, strategic roles are assigned to each product based on the products growth rate and market share relative to competitors. The process is what is termed product portfolio approach. Differences in growth potential relative to market and therefore revenue generation could easily pinpoint investment opportunities to supply fund and products to be eliminated in the portfolio, all aimed at maintaining a balanced cash flows. The information is represented in a growth share matrix.

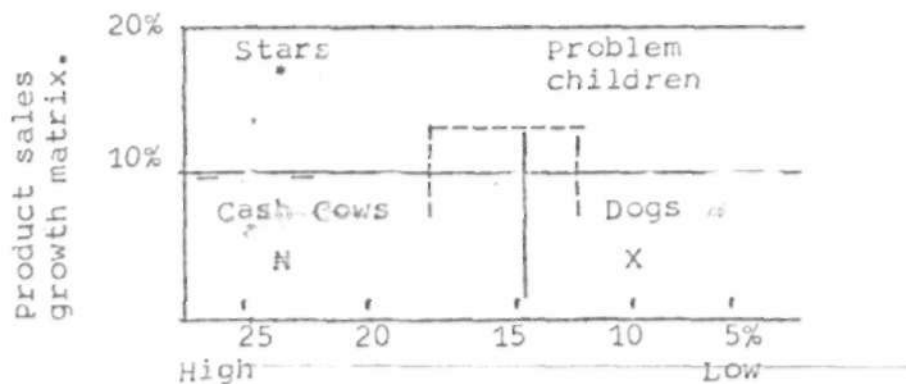


Table 1.1 Relative Market Share

• Source: From Derek Abell and John Hammond (1978)

The Boston Consulting Group's product portfolio matrix (BCG) otherwise known as the Growth-share Matrix is one of the many models used to assist an organisation in determining the desired product or business portfolio and, allocating resources to different products or business units. Others includes, the General Electrics Multifactor Matrix, the margin return model, the pooled business experience etc. The Growth Share Matrix is based upon the learning theory and the "experience effect" in particular. The Matrix contains two dimensions, the growth rate and market share. It assumes that cash generated increases with market share, sells growth requires cash inputs to finance added capacity and working capital, an increase in sells follows with cash inputs and vice-versa and finally, the growth in each market will ultimately slow down as product approaches maturity. Therefore, it logically follows that products below a market growth dividing line will need relatively little investment to hold share, but those above, needs significant investment of cash to keep pace with growth. The Matrix could be grouped into four products, cash cows, dogs, problem children and stars.

The problem children or in some books refered to as question marks represent business/products that operate in high-growth markets but have low relative market share. They have the potential of

becoming stars and dogs. To turn them into stars, a lot of management skills and cash are required. The relevant strategy is penetration/growth or building share. Where turning it to stars may be expensive relative to payoff, then it may be harvested.

Stars are market leaders with fast growth rate. They represent future keys because they are associated with fast growth, technological leadership and enhanced respect in the business cycle (Dalrymple and persons, 1982). Although they generate a lot of cash, they equally use a lot of cash to face competition and maintain growth. These fact makes them require cash from other sources in order to transform into future cash cows. Thus, the primary aim for stars is to invest heavily to increase market share and to maintain leadership position

Cash cows are products operating in low-growth markets but with high market share. Cash cows are apt to be in the mature stage of their life cycles, have established market positions, largest market share and they do not require much money for their maintainance. They generate cash surplus which are used to pay dividends, invest in other products, research and development etc. Occasions however may arise when the cash cows get too weak with bleak future but from which still more cash flows is needed. Under such circumstance, the harvesting strategy may be the best alternative.

Dogs have low market shares and operate in low-growth markets. They are mostly in decline stage of their life cycle, have little prospect for gaining market share and do not generate nor require significant amount of cash. The appropriate strategy to be applied in such a situation is rebuilding strategy, harvesting, or exit.

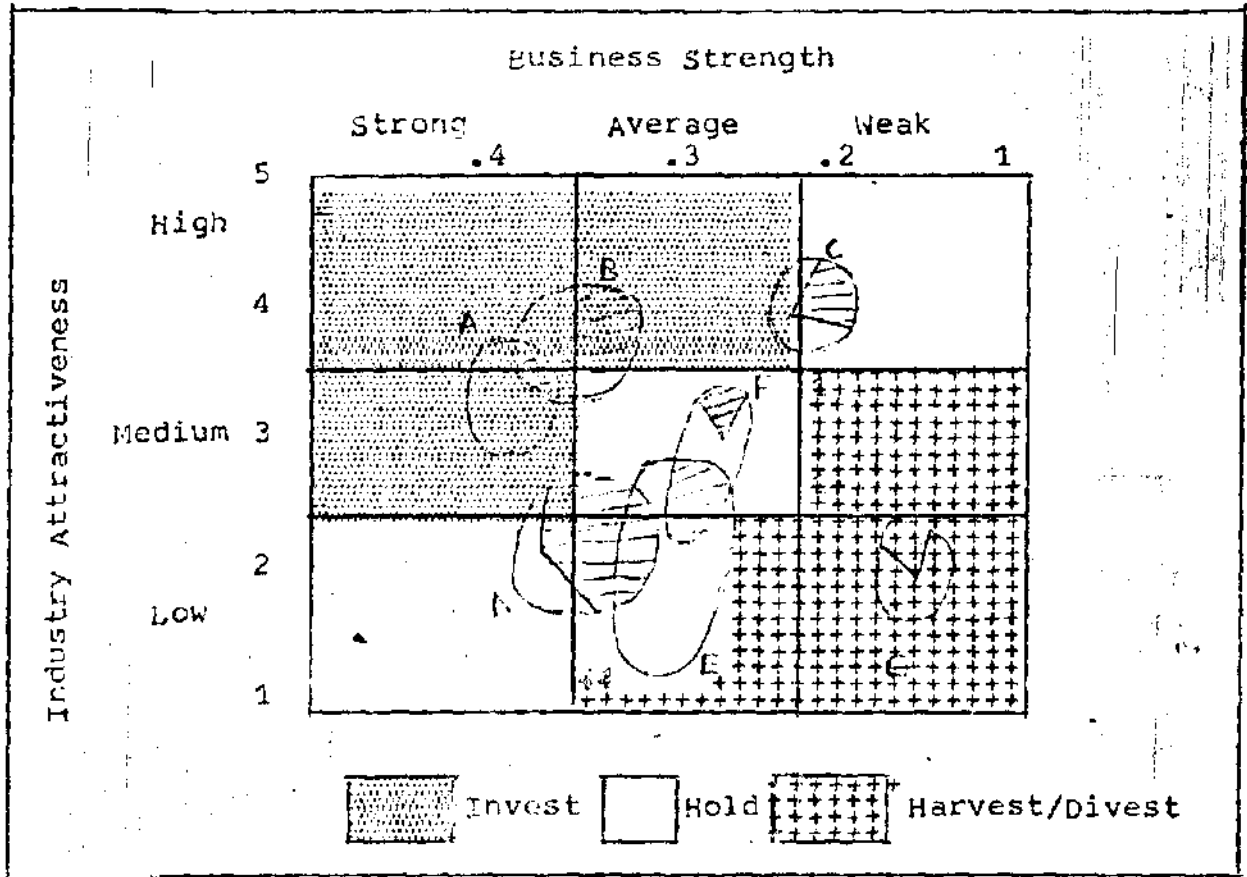
Although the Growth-share Matrix is appealing, it has its short-comings which derive from the very assumptions underlying the concept. (Abell and Hammond, 1977) argued that there is no room or reason to suppose that the actual cash flow patterns cannot deviate from these assumptions. And even if the actual would work out as assumed, the choice of two variables - relative market share and industry growth rate - is inadequate to commit an organisation to an investment decision, the Return on investment is seen as a more appropriate basis of comparison. Another problem that may negate the usefulness of such a technique especially in developing countries is that of data, which are not available or may be too costly to obtain. Because of these short comings, the General Electric Multi-factor portfolio Matrix was developed.

2.1.2 General Electric Multifactor Portfolio Matrix:

The General Electric Multifactor Portfolio Matrix, often just referred to as the multifactor portfolio matrix, also uses a two - dimensional display -

industry, attractiveness and business strength -
to portray the situation of a given product as shown
below:-

Table . 1:2 General Electric's Multifactor Portfolio Matrix



* Source; Charles Hofer and Dan Schendel, Strategy formulation; Analytical concepts (st. Paul Minn West publishing Company 1978) p.32

The General Electric Matrix is a method of displaying the organisation's judgements concerning the environmental opportunities and threats as well as the organisations strengths and weakness revealed by these analysis. The use of G.E. Matrix calls for the identification of all factors that will contribute to attractiveness of the given industry and its strength to succeed. Direction and form of relationship should equally be determined which

requires arranging the factors in order of importance. The factors (each contributing factor) are scored and added up to give an overall composite measure for each of the variables - industry attractiveness and business strength in respect of each product. These results are then plotted in the decision matrix, as shown on figure 1:1, with the composite measure for industry attractiveness in respect of business in the vertical axis, and in the horizontal axis, the composite measure for business strength to compete in that industry. A circle as shown in fig. 1:2 is drawn proportionately to the size of the market where the two variables meet.

Portion of the market representing the market share of the product is represented by the shaded portion. Investment decisions are therefore made, which could be penetrating the market, holding, rebuilding or harvesting (Rothschild, 1976). The Matrix itself is divided into three zones containing nine cells. The three cells in the upper left constitute the green zone with medium to high scores in both industry attractiveness and business strength. Products that fall into this zone have possibility of attracting growth. It can be likened to the star category in the B. C. G. Matrix.

The diagonal cells, from the upper right to lower left constitute the zone with medium overall attractiveness. This zone could also be likened to the cash cows in the B.C.G Matrix. The relevant strategy to apply here is to "invest to hold".

The cells at the lower right are classified as the red zone. Products that fall in this zone are equivalent to dogs in the B.C.G Matrix and the best strategy to use here is the harvesting strategy. Although the G. E. Matrix is more complicated and takes longer time to develop than other methods. Its major advantage is that it allows the inclusion of more evaluative factors which may lead to better predictions and equally important, is the fact that the use of nine cells allows for finer gradations in the assessment of business units. Again, there is less emphasis on costs but in other factors to assess the attractiveness of markets. More so, more emphasis is placed on Return on Investment (ROI) which is a more sensible measure than the cash flow relied upon in B.C.G.

The major problem that is encountered with the G. E. Matrix is that it is very complicated and needs a longer time to develop. The fact that there is no any standardised way of determining the weights to be assigned to the factors creates room for manipulation by the actors and these creates doubts as to the question of reliability.

2.2 THE MARGIN - RETURN MODEL

This model was developed by Sheth and Fraizer (1983) as a result of existing models inability to show the links between business unit/product and managements increased desire to maintain net profit and higher return on investment. The model tries to

show whether planned net profit or Return on Investment both reach targeted levels and the various strategic objectives to be sought and how different strategies should be utilised to achieve the goals. The margin-return model as shown below is divided into four quadrants and measured as satisfactorily or unsatisfactorily. Products falling in quadrant one have satisfactory margin and returns. What obtains here is comparable to the cash cows in B.C.G Growth-share matrix

Table 2f3 Margin Return Model
Targeted Return

	Satisfactory	Unsatisfactory
	Quadrant One	Quadrant Two
	1. Market Entrenchment (a) Share Protection strategy (b) Repositioning strategy	1. Volume Improvement (a) Sales Stimulation strategy (b) System Selling strategy
Satisfactory	2. Market Expansion (a) Multinational strategy (b) Full line strategy	2. Capital Restructuring (a) Distribution productivity strategy (b) Reseller alignment strategy
	<u>Quadrant Three</u>	<u>Quadrant Four</u>
Target Margin	1. Margin Improvement (a) Repricing strategy (b) Cost control strategy	Corporate Retrenchment (a) Overhead reduction strategy (b) Reorganisation strategy
Unsatisfactory	2. Product Improvement (a) Margin strategy	2. Corporate Restructuring (a) Divestment strategy

	Satisfactory	Unsatisfactory
	(b) Vertical Integration strategy	(b) Diversification Strategy

* Source: Jagdish Sheth and Gary Fraizer, A Margin Return Model for Strategic Market Planning, Journal of Marketing Vo.47 (Spring 1983), Page. 102.

Products falling into quadrant two have satisfactory margin but unsatisfactory return. This type of situation is common in the early stages of product life cycles. The immediate action of a business in this stage is to increase asset turn over through volume sales. And quadrant three contains businesses/products that have satisfactory returns and unsatisfactory margin. This kind of situation is common in mature industries because of depreciation in book values of its capital assets, interest rates on long term debts and partly because of profit squeeze as a result of competition. Such company's can only survive due to only two strategies - margin improvement and product improvement.

The fourth quadrant are made up of products/business having neither satisfactory margin nor return. A business which happens to find itself here, has only 2 objectives to use - the short term objective called corporate retrenchment and the long term called corporate restructuring. These two objectives if used carefully can tremendously help in restoring a more

desirable financial position of the firm.

Going by the above, there is no doubt that the Margin-Return model exhibits some strengths absent in previously discussed models. For example much placed emphasis on profitable operations, its ability to rank strategic objectives and corresponding marketing strategies and above all its ability to realise and respect the place of strategic marketing in the overall business investment strategy.

However, like the B.C.G. Matrix, the use of the two criterion variables to make investment decisions is surely inadequate. Since margin and return measures are used in quadrant placement, then it is equally right to say that the exercise is too historical. No further information is given as to whether markets/ industries in which products are operating are growing static and/or declining. Thus, while the margin-return model is undoubtedly, a good contributor to existing knowledge, it is not in itself adequate to guide strategic choices. All the three models must come to play at a time if any meaningful analysis is to ever be made.

2.3 ROLES OF THE ANALYTICAL METHODS IN STRATEGY-MAKING

As said above, each of the 3 analytical models at a point, has a role to play in strategy-formulation process as shown on Table 1:3.

Table 2:4 Roles of the Three Methods at Various Levels of Strategy Making Process

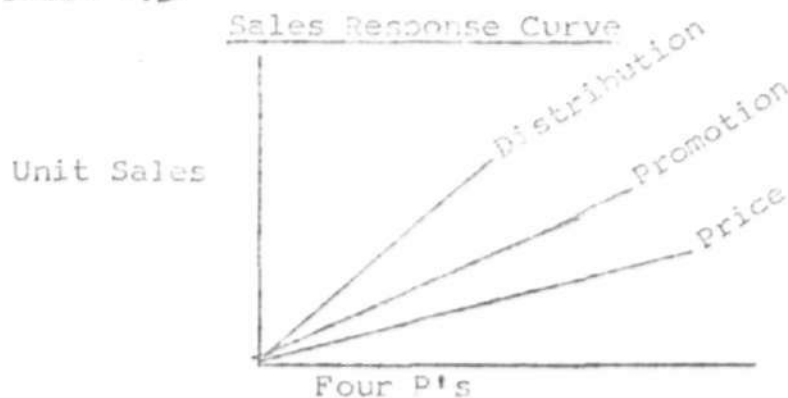
	BCG Growth-Share Matrix	G.E Multifactor Matrix	Margin-Return Model
Step 1:Defining the business	Not Applicable, although the unit of analysis must be defined before any of the methods can be used.		
Step II: Determining the current performance of the business in the portfolio (b)Determining the future mission	In terms of cash flow Useful for checking cash balances	In terms of ROI Useful for assessing opportunity in terms of ROI	In terms of net profit margin and ROI Useful for determining both short-term and long-term mission
Step III Formulating functional plans.	Not Applicable	Judgemental only	Provides clear guides for functional plans
Step IV Setting Budgets	Not Applicable	Not Applicable	Provides clear implications for budgetary allocations.

* Source: From Derek Abell and John Hammond (1978) Strategic Market Planning Page 380 and Jagdish Sheth and Gary Frazier (1983) Journal of Marketing Vol.47 (Spring 1983) Page 107 - 108.

As shown on the table above and going by the roles played by the various approaches, no model can be said to be complete. All the three tools should be used together to provide a sound strategy when trying to formulate a firms strategy.

Since the marketing mix concept emphasizes the fit of the various elements of the mix and the quality and size of their interaction, efforts now will be geared at highlighting the degree of the elements interaction especially in the market place. In achieving this objective, a manager must try to maintain consistency between the marketing mix elements. By this it means, there must be a logical and useful fit between two or more elements. Another level of positive relationship is that the elements of the mix must be intergrated. And that there must also be a high degree of leverage, that is to say each element must be used to the best advantage in support of the total mix. The most widely used tool here is the sales response curve as shown below:-

Table 2:5



Source: From Derek Abell and John Hammond (1978)

The Sales response curve enables a marketer to study a relationship between one or more variables with the likely level of sales (influenced by the market, company and competitors). In so doing therefore a company should develop a programmed market fit, a

programmed company fit and finally, a competitor programme, to deal with competitors. The competitor programme should be designed in such a way as to build or expose a company's strengths and avoid its weaknesses as shown below.

Table 2:6 Competitive Response Matrix

COMPANY A's ACTION

		Price	Quality	Advert
Company B's Price Relation	Price	CPP	CQP	CAP
	Quality	CQO	CQQ	CAQ
	Advert	CPA	CQA	CAA

Reference - Harvard Business Review
Vol.85, No.5, Page 20 (1985).

The most important thing here is the inefficient which can be estimated through past behaviour of competitors and judgement of management. The Inefficient when estimated could help in playing around with price and quantity to check competitors as shown above and the various matches.

2.4 PROBLEMS OF STRATEGIC MARKETING PLANNING

The fact that an organisations overall strategy is anticipatory and long range in nature is enough to breed a lot of problems at both planning and execution stages. Strategy as earlier said, produces

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the future of what the organisation wants to look like at some future point in time.

Planning is futuristic and therefore starts optimistically. It is called upon by the new complexities. Business executives addresses themselves to the important planning process which has been too haphazard in the past. However, in their bid to plan, a lot of problems are encountered.

The first set of problems is that encountered due to human and administrative issues. Most of the time also, data much needed for planning are now where to come by. Even where data exists, planning is at times made a mindless ritual by executives. More so, there is the tendency of over emphasis on subordinate superior relationship, this hampers successful planning process. Still, some departments may withheld or begrudgingly surrender information to those who need it for planning. Derek F. Abell and John S. Hammond in strategic marketing planning: Problems and analytical approaches identified several causes of these problems. These includes the fact that planning is fundamentally, a resource allocation process. Managers therefore, in attaining meetings, becomes advocates of their position and forget their role as promoters of the corporate good.

The causes further stems from the fact that most managers spend their time on day to day affairs

and the long time needed for deep reflection become alien to them. More so, corporate reward punishment systems, concentrates on short run performances rather than long run performance. Less attention is therefore given to the long run objectives of such firms.

Most managers also sees planning as end in itself, because of these they have lost track of strategic planning and have made planning so sophisticated that planning has lost meaning. They spend all their time planning rather than using planning as a tool for effective management.

In most organisations, politics, governmental influences, lobbying, informal alliances and friendship among managers may cause a lot of problems when it comes to planning. Optimal and objective planning can hardly come by given this situation.

Moreover, the knowledge to make planning work is unevenly distributed in the organisation. The lower level people are at advantage since they have intimate knowledge of individual businesses, products and markets, but most of the time denied the chance to prove their worth. However, those responsible for coordinating and evaluating plans are poorly equipped and may assign roles to lower units that are strategically unsound. Whereas the lower people always maintain that those in the ivory tower are too theoretical and

do not understand their business and those at the top equally believe that the lower level people do not know what planning is all about. This results in confusion and makes planning very difficult.

Communication is yet another big problem to successful planning. Good communication and dialogue necessary for successful planning are made difficult by the cross section of people who must plan. They are of different background and are structurally and physically remote from each other. The problem is even compounded further since all the facts and ideas have to be summarised before any meaningful planning could be embarked upon. What obtain is that the necessary details needed for planning may not contain the information needed for planning.

Paradoxically, the real set of danger to an organisational strategy often comes from its own long range planning. It could be seen to be ironic that the process on which executives rely on most heavily to prepare for the future is doing the most damage. Since strategic marketing is long range in nature which invariably predicts the organisations future by extrapolating from the present. This straight jackets the future because current activities are no good indices to forecast the future.

Also lack of data for managers to use in setting their objectives result in faulty forecast and sets the future on a very fragile and shaky

foundations and any deviation spells down for the organisation. Long range planning (strategic) consists of a series of projections about the future and are built up from the lowest levels, where information exists to make projections. These projections are additive for the various parts of the organisation and, in total, tends to become the recommended plan. But by the time these strategic plans reach the top, there is no way of interjecting fresh insights about the future. Flexibility vanishes. The comment of one Chief Executive on strategic marketing planning is typical. That they get too much concerned with precision and hardly questions whether the plans would get them where they want. This shows how confused managers are when it comes to strategic planning in general and marketing in particular.

Strategic marketing planners seems to be too much overly optimistic. Every manager predicts to do better in the years ahead. Personalities therefore defend all these optimistic plans since all resources allocation are based on such unrealistic goals (projections). The end result is confusion and low level performance since various units end up not breaking even talkless of meeting projections.

Strategic planning usually begins with assumptions about the environment - the economy,

technological change, socio-political events and the organisations strength and weaknesses. Though this information could have a great strategic significance, strategic planning only utilises such data as a guide for determining how optimistic or pessimistic to make the plans - product market projection. Long range plans are not flexible. It takes tremendous amount of work to project the future and modification of plans usually occurs only when events reach a crisis proportion.

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CHAPTER THREE

3.1

HISTORICAL BACKGROUND

Neital Shoe Factory Limited, Maiduguri was incorporated in February, 1974 under the company's Act of 1968 by the defunct North Eastern State Government with an authorised issued and fully paid capital of N1 million naira divided into 1,000,000 ordinary shares of N1.00 each. The amount was subscribed by North Eastern State Government, N.I.D.B, U.B.A and Effe Spain, an Italian firm.

The project was billed to fully take-off in 1976. However, the plan could not materialise owing mainly to financial and technical management problems that besieged the company. It was therefore, commissioned in 1982, and even then, only the Shoe Factory was commissioned with a production capacity of 1500 hides per day and one million shoes per annum.

The conception and establishment of Neital Shoe Factory Limited, was well justified. Apart from harnessing the abundant stock of hides and skin in this part of the country, the ever rising demand for shoes, the continuous dwindling of employment opportunities and other benefits that continue to elude the state were among the burning issues the promoters had in mind when the project was established in 1976. To realise these, the

project was strategically located at Maiduguri to take advantage of the abundant raw materials. The promoters further believed that when the project becomes fully operational, it will guarantee the employment of well over 400 persons.

The mere commissioning of the project as proposed, could not, however, materialise until 1982. This was further, due mainly to some problems encountered at the planning stage of the project. Such teething problems could be traced to non-availability of technical staff, financial constraints and managerial problems. With time and proper handling however, the project was able to take off.

3.2 FINANCIAL STRUCTURE

Initially, the company was jointly owned by the North Eastern State Government and Effe Spain, an Italian firm, with North Eastern State Government controlling 70% of the shares, while Effe Spain, had 30% of the shares. Borno State Government however, on creation, inherited such structure until Equity was raised to 3 million naira. This therefore, change the financial structure of the company. Borno State Government however, maintained the lead with 63% shares, Effe Spain 7%, N. N. D. C 10% and N.I.D.B 20%. These steps were in the right direction as efforts were geared at reducing government holdings. By so doing, the usual government interference may equally be reduced.

Events however, further forced down Borno State Government holdings to 40%, N.N.D.C 10%, Effe Spain 7% and others 43%. This was necessitated by increased cost obligations. Continuous loan syndication and reappraisal of the project, necessitated the full participation of various banks concerned, to ensure that the terms of loan agreement are religiously abided by.

3.3 ORGANISATIONAL STRUCTURE

Every organisation, for the purpose of clarity in areas of authority, responsibility and task to be performed, has to be structured into specific departments, no matter how small the organisation may be. Modern day organisations are structured on functional areas, under functional heads to allow for quicker understanding and flow of information. The company under review therefore, cannot be an exception.

Neital Shoe Factory Limited, Maiduguri is structured along functional areas under the control of specialists (functional heads). Under each functional head are a number of employees directly answerable to the functional heads as shown in the next page.

BOARD OF DIRECTORS

GENERAL MANAGER

CHIEF ACCOUNTANT

INTERNAL AUDITOR

PERSONAL ASSISTANT TO GENERAL MANAGER

CONFIDENTIAL SECRETARY

MEETING MANAGER

ASSISTANT MARKETING MANAGER

ADMINISTRATION MANAGER

ASSISTANT ADMINISTRATION MANAGER

PRODUCTION MANAGER

FINANCIAL ASSISTANT

ACCOUNTS SUPERVISOR REVENUE

ACCOUNTS SUPERVISOR EXPENDITURE

EMPLOYMENT OFFICER

SALES OFFICER

FOREIGN OFFICER

FABRIC SELECTION OFFICER

ASSISTANT PRODUCTION MANAGER SHOES

HEAD OF MAINTENANCE

AGENCY CHIEF SLIPPERY OFFICER

ASSISTANT PRODUCTION MANAGER TANN

MARKETING SUPERVISOR

SALES SUPERVISOR

PRODUCTION SUPERVISOR SHOES

MAINTENANCE SUPERVISOR

PRODUCTION SUPERVISOR TANN

As can be seen in the Chart, the company's organisational structure is that of functional departmentalization. It is departmentalised into production, Accounts, Commercial, Administrative and Tanning. At the helm of affairs, are the Board of Directors charged with policy initiation. Under them, is the General Manager who reports to the Board of Directors, and under the General Manager, are the various functional heads, who are in turn, answerable to the General Manager. Also under the functional heads are the subordinates who also reports and takes orders from the functional heads.

3.4 AIMS AND OBJECTIVES OF THE ORGANISATION

The conception and birth of Neital Shoe Factory, Limited was based on cogent economic reasonings. It was established to take advantage of the abundant hides and skins which are the most vital raw materials for the company in the production of shoes. It was further hoped that the shoes if sold would generate revenue which could be used for the economic and social development of the state in particular and the country in general. As contained in the company's Memorandum and Articles of Association, several objectives of the company are stated as follows:-

- (a) To buy, manufacture, process, sell or in any way deal with all kinds of hides and skins, leather footwear and leather goods generally.

- (b) To engage in cattle and cow rearing, breeding, leather and animal skin refinement for the purpose of accomplishing the objects mentioned above and to participate in the management of abattoirs for the purpose of enhancing the profit of the company.
- (c) To buy, sell, import, export and deal in hides, skins, weather raw or processed, and generally engage in the marketing and sale of its products within and outside Nigeria.
- (d) To act as Managers and to direct the Management of business, properties, and estates of corporations and foundations of every description and of private persons in any capacity and upon such terms in all respects as may be thought advantageous.
- (e) To adopt such means of knowing the product of the company as may seem expedient and, in particular, by advertising in the press, by circular, by purchase and exhibition of works of arts or interest, by publications of books and periodicals, and by granting prizes, awards and donations
- (f) To borrow or raise or secure the payment of money for the purpose of or in connection with the company's business.
- (g) To receive money in deposit or loan upon such terms as the company may approve, and to guarantee the debts ~~and contracts of~~ customers and others.

- (h) To make advances to customers and others with or without security and upon such terms as the company may approve and generally to act as bankers for customers and others.
 - (i) To issue and deposit any securities which the company has power to issue by way of Mortgage to secure any sum less than the nominal amount of such securities, and also by way of security for the performance of any contracts or obligations of the company or of its customers and others
 - (j) To grant pensions, allowances, gratuities and bonuses to directors or ex-directors or employees or the dependents of such persons and to establish and support or to aid in the establishment and support of any schools educational, scientific, literacy, religious or charitable institutions or trade societies, whether such institutions or societies be solely connected with the business carried on by the company or not, and to institute and maintain any club or other establishment or profit sharing scheme calculated to advance the interest of the company or of the persons employed by the company.
 - (k) To enter into any partnership or joint venture arrangement or arrangement for sharing profits, union of interests of corporation with any company, firm or person carrying on or proposing to carry on any business within the objects of the
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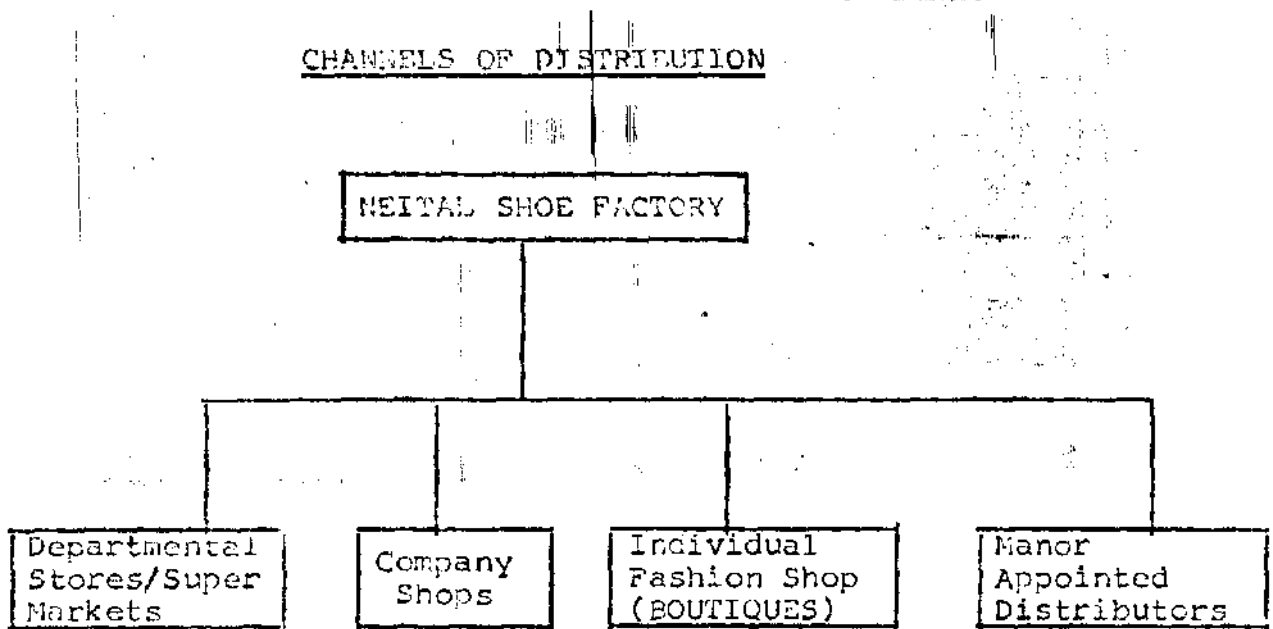
company, and to acquire and hold, sell deal with or dispose of shares, stock or securities of any such company.

- (1) To Purchase or, otherwise, acquire and undertake all or any part of the business, property, liabilities and transactions of any person, firm or company carrying on any business which this company is authorized to carry or processed of property suitable for the purpose of the company or to promote any company.
- (m) To pay for any property or rights acquired by the company, either in cash or fully or partly paid-up shares, with or without preferred rights in respect of dividends or repayment of capital or otherwise or by any securities which the company has power to issue or partly in one mode and partly in another and generally on such terms as the company may determine.

3.5 MARKETING POLICIES AND CHANNELS OF DISTRIBUTION/
SECRET PARTION

Neital Shoe Factory Limited, until now, has not given any serious attention to marketing policies and practices due mainly to the fact that it has been operating in a sellers market. The only form of marketing practice was that of rationing of its goods among distributors. However, with the cropping up of foot wear companies all over the nation, smuggling activities in this part of the country, competition is now tense. The company

has recently addressed itself to not only marketing consciousness alone, but strategic marketing practices in order to survive competition.



The table above shows the channels of distribution. As shown above, the company uses an indirect system of distribution. It has both whole-sales and retailers who buy from the company and in turn sell to the ultimate consumers. The retailers and wholesalers could be classified into four groups. The first is the departmental stores or supermarkets who buy from the company and sell to ultimate consumers. There are also company shops, where it sells its products directly to the final users at relatively cheaper rates. Boutique shops also exist who buy from the company and sell directly to customers. And lastly, its appointed

distributors who buy at wholesale prices from the company and sell directly to the customers at market prices. The indirect system of selling adopted by Neital Shoe Factory Limited is very advantageous because transportation and advertisement cost are borne by middlemen.

MARKET SEGMENTATION

At the inception of the company in 1982, there was a decision to segment the company's market. The plan was however, shelved aside until recently when things started to be difficult for the company. Segmentation is therefore, necessary if effective marketing practices, product targetting to the selected markets, sales appeals are to be effective. This led Neital to segment its market as follows:

- (a) Primary Market
- (b) Secondary Market
- (c) Tertiary Market

NEITAL'S MARKET SEGMENTATION/BASES FOR SEGMENTATION

MARKET SEGMENTS	REGION/AREA COVERAGE	RATIONALE
Primary	Whole of Borno State	For systematic Market development of the Shoe Market
Secondary	Bauchi, Gongola and North Eastern part of Kano State	For maintaing Commercial presence, develop future partial market and satisfying present demand from adjoining states.

MARKET SEGMENTS	REGION/AREA COVERAGE	RATIONALE
Tertiary	Niger T Chad and Cameroun	Future exploration of geographical environment and cultural proximites and similarities in ECOWAS Countries

* Source: Marketing (Commercial) Department
Neital Factory Limited, Maiduguri
(1988).

The primary market is the main market for immediate, short, medium and long exploitation. The secondary market is aimed at satisfying demand for shoes from the former members of the defunct North Eastern States. The North-Eastern part of Kano State is a vast area close to Borno State which is also being exploited. The entire secondary market would cater for specific medium and long-term marketing strategy. The Tertiary market is enough envisaged for long-term regional and interaction export trade to Niger, T Chad and Cameroun. This market has similar cultural, environmental and geographical characteristics with the primary market and could cater for future market opportunities and strategies. But these classification should be subjected to a continuous study of the markets because of the volatile environment.

CHAPTER FOUR

4. DATA ANALYSIS AND INTERPRETATION

The aim of this Chapter is to again bring to fore what the concept of strategic marketing preaches in the literature - What has been considered in the academic circuit as an intellectual nicety with the realities of strategic marketing planning in Neital and Tannery Shoe Company Limited. The Chapter illustrates the relationship between theory and practice.

In the past, many organisations survived even when they lacked a clear sense of strategic marketing direction. Now, however, with diminishing resources, world competition and rising cost, even the most efficient operations/execution may no longer escape the grips of operating without a clear strategic planning steering. Public Corporations, should refuse to be spoon-fed and teach themselves how to survive in turbulent times, grow and supplement governments meagre resource that are not enough to go round the many sick organisations successfully. The afore-mentioned, could only be achieved when management is able to know the reason why it is existing, where it should be, able to assess its internal strength and resources, competitors and its external environment.

Any company that fails to successfully analyse the above should prepare for the burial ceremony of strategic marketing planning in the organisation. It is officially dead.

As further shown in the literature, Managers should involve their organisations in a game of strategic chess with the environment visa-viz its distributive competence, establish the effectiveness of its marketing mix offers and finally, a selection of the right target markets. This, if carefully implemented, will lead to a measurable, quantifiable, time-based and feasible objectives that could be effectively implemented given the right organisational set up.

As would be expected, the available responses show that a young company in the shoes of Neital and Tannery Company Limited, until now, does not engage itself in any serious marketing policies and practices, mainly due to the fact that it has been operating in a sellers market. The only form of marketing effort, was that of rationing of its goods among its distributors. However, with the proliferation of foot-wear companies all over the country, smuggling activities, the company has now addressed itself to not only just serious marketing practices but strategic marketing planning and execution.

From my discussions with the top-management staff

of the company, it shows that the company has now a strong marketing department with equal staff strength with administration/personnel and production departments. The only serious problem is that of qualified staff to effectively, strategically and successfully execute most of the marketing plans. All the same, the available marketing staff are able to target its products to both low and high income earners. Each class with a different product, price, promotion and distribution strategies.

4.1 PRODUCTS/PRODUCT POLICY

From the available responses the company has recognised the product and/or service as the core of the marketing endeavour, for, it is the medium through which the organisation is optimising its dual objectives of both consumer and organisational satisfaction. The company, therefore, produces cover shoes for men, slippers/sandals for women, half shoes for men and Military boots. The products are purely the creativity and analytical sophistry of the organisation.

Although, the company does not often introduce new foot-wears, the quality are good and competitive. The few cases of new product introduction is carried out by all the departments, although, production and marketing plays the greatest role. Any product produced which does not satisfy the customers,

the marketing department draws the attention of production department on the need to improve the quality and in most cases customers are re-issued new ones.

The available ^{responses} \angle also reveals that the company recognises and indirectly uses a number of analytical tools such as B.C.G Product Portfolio Matrix, the growth game Matrix and a host of others. Among the company's popular products as revealed by the respondents, are the military boots, 103, 508, 512, all are men's wears. The highest selling products are the Military boots and 508. The Military boots as per my discourse with the marketing staff are the cash cows, the 508 are the stars, 103 are the dogs and women's slippers are the problem children. Revenues from Military boots are therefore used to finance the other products which require financial support in fast growing markets.

4.2 PRICING DECISIONS

The available data reveals that the company greatly recognises that pricing is the most important ingredients in the marketing mix. According to the Marketing Manager, "Pricing is both a decisive and an onerous Management Function". Decisive because it brings revenue and its mis-management or management may spell disaster for the organisation. Its setting, especially in a complex society like Borno State depends on a lot of factors.

to a young and fast growing company like Neitel Shoe Factory, the main objectives as indicated by most of respondents includes profit maximization, checking of competitors and satisfaction of customers at the lowest possible price. The major difficulty the company encounters in price setting are psychological, behavioural dimensions, competitive activities, cost considerations in terms of cost of production, sales share and profitability, Government regulatory activities, and influences/price control and the environment, such as the present economic climate i.e. forex problems and inflationary trends leading to higher cost of production since the soles are imported from Italy and Spain. Any finally, technological advancement and problems of product obsolescence.

Armed with the information and analysis on its target markets, the response is indicative that the firm (company) embarks on both skimming the Cream pricing strategy and penetration strategy. The skimming strategy is applied to the high income earners with a bit inelastic demand. Moreover, their latest superior products which are made of snake skins are highly accepted among the high income earners. It is even interesting to know that they are only made on special orders. The only first mass production embarked upon was for the Second Joint Domestic Trade Fair staged at Ribadu Ultra Modern Complex, Yola.

The strategy attracted a lot of attention cum orders from the upper crust of the society.

The penetration strategy is applied mostly to the new products, especially the sandals and slippers meant for the low income earners and which does not require much technical expertise to design. This strategy is seen as necessary because large volume sales must be made before substantial profits are made. Moreso, the products are sold to price sensitive low income earners. The sandals and slippers also faces serious threats of competition as similar products are made in abundance in Tamsu and Buba Shoes, both in Maiduguri and in almost all the streets of Kano.

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4.3 PROMOTION

As shown in all literature on the subject, promotion is one of the marketing mix elements. Promotional activities are important in both the introductory as well as the maturity or growth stages of a product. It is important in the introductory stage in generating enthusiasm about the product in the companies own salesmen, in convincing customers to try the products, and in reducing artificial scarcity by middlemen. Promotional tools are also used as a reminder strategy, to remind customers of the existence of the product.

As per the available responses from the questionnaire and oral interview, the major promotional tools used by Neital and Tannery Shoe Company Limited, are Advertising and personal selling. The promotional expenditures are based on what the company can afford at a particular time and the most commonly used media are televisions and radios. They are commonly used because the televisions are mostly used in the urban areas, while radios have wider coverage. The choice of the media as shown by most of the respondents are not based on their cheapness but their availability and coverage. Newspapers are used at times but most on special and rare occasions.

Advertising, like personal selling in the company is all year round, but about 40% of the respondents shows that efforts are intensified at some particular periods especially around Sallah and Christmas periods. Rarely however, does the organisation achieve all its advertisement objectives. Though according to Mr. B. T. Sharare, "The company achieves most of its advertisement objectives". The personal selling aspect, is however, confined to the company's salesmen who are trained to assist and educate both the middlemen and final users and at the same time providing feedback to the company.

4.4 PLACE (DISTRIBUTION)

The concept of distribution is the ability of making available the right quantity of the product at the right place at the right time. About 60% of the response indicates that emphasis is shifting in Neital and Tannery Shoe Company from mere distribution to logistical management which has as its components warehousing, transportation, inventory control, materials handling etc. The whole essence of the transfer, is to enable exchange to take place.

The available response reveals that about 60 - 70% of the distributive system is carried out through retailers and wholesalers. These are further, classified into four groups. The company engages in direct departmental store sales, company shops- where it sells directly to the final users at relatively cheaper prices. They further sell through Boutique shops which sell directly to customers and lastly, the company's appointed middlemen. The response further reveals that this type of distributive system saves a lot of cost that would otherwise, have been encountered. Moreover, the commissions given out to the distributors keep between 80 - 90% of them loyal to the company as revealed by the marketing staff of the company.

4.5 SOCIAL RESPONSIBILITIES

Available literature on social responsibility

shows that a business organisation can only survive if it continues to contribute to the needs of the society. It is expected that business organisation should fully understand the concept and act in a socially responsible manner. However, contrary to the expectations of idealist, a business executive should not act in all facets of every reform that is socially desirable.

It is in line with the above basic framework that Neital shoe factory is operating. The concept does not seem new especially to the top and middle managements. About 40% of the available responses, are indicative of traces of the company's engagement in rendering social responsibilities, through the effort seems minimal. My encounter with about 10 top and middle management staff reveals that the organisation has been justifying its existence as resource converter of resource inputs of labour, materials ideas, government moral and financial backings and capital into outputs of goods and services desired by the society. The marketing manager has this to say, "We have over the years, built a continuous exchange flow with the resource suppliers designed in most cases, on local conversion technology suitable for local production and tanning".

Also, a discourse with the lower level management shows that it is true that the organisation engages in rendering social services. About 65 percent of

the responses from lower management shows that, they have gained by way of employment and training as part of the social responsibilities of the company.

Finally, the marketing manager has the following to say on their efforts in rendering social responsibilities "Although the company does not engage itself very often in rendering social services such as benefits to other businesses, road haulage, electricity or social development of the community such as sports promotion and award of scholarships, we have increased the industrial base of the state. Moreso, we have succeeded in providing employment opportunities to more than 200 indigenes who might have been jobless".

4.6 PROBLEMS ENCOUNTERED AT THE STRATEGIC MARKETING PLANNING AND IMPLEMENTATION STAGES

Contrary to the problems encountered in most literature on strategic marketing planning and execution, Neital shoe and Tannery company limited has its own peculiar problems as revealed by the responses from the questionnaires, oral interviews and Board of Meetings papers. Over 45% of the responses shows that the problems encountered are as a result of too much Governmental influences and the continuous change of plans day in day out depending on who is at the helm of affairs. A lot of other problems are eminent. Strategic marketing planning

is futuristic and needs seasoned men of proven ability to be able to succeed. These type of professionals are not very many in the company. Experience and intuition alone are no more focal points in seeing a company through. Serious marketing researches must be conducted to provide the data needed for planning. Experts who are conversant with the analytical tools must be ready to analyse available data, as marketing has come to mean more than mere guess work.

From the responses based on the questionnaire, and the chain of discussions, managerial power relations and organisational structure is yet another serious problem encountered in Nital and Tannery Shoe Company Limited. Enough power and free hand has not been given to the marketing department as could be seen in pricing, product, promotion and distribution policy of the company. This is a serious minus in strategic marketing planning and execution as cliques and informal alliances have good rooms for manipulations and decisions of strategic choices.

The above conditions creates a situation and draws a line between strategic marketing planning and operation. While in real practice, it should not be the case. In the company in question, one finds that the planners and executers are different set of people. The result is confusion, because it becomes difficult to execute what one has no prior knowledge of.

It is further indicative, from the available response that strategic marketing planning in Neital and Tannery Shoe company is being carried out in the "Ivory Tower". About 70% of the lower level management seem to be hearing about the concept for the very first time and it seems alien to them when told that all literature, available on strategic marketing planning, demands their participation. That further, their importance cannot be under-estimated as intimate knowledge of customers, markets, competitors and products lies with them. The data further shows that the result is a bunch of confused set of people in the "Ivory Tower" working on extrapolations, projections and past strategies, not knowing what are actually demanded by the customers in the market place and from which angles the competitors are competing.

Communication is yet another serious problem inhibiting planning and execution in the company. Literature demands that good communication and dialogue are necessary for successful planning. However, available response indicates that a cross section of those concerned with the task of strategic planning in the company are of different backgrounds, physically and structurally divorced from each other. Furthermore, strategic marketing planning and execution is compounded further in the company. The response shows that just below 20% of the

respondents indicate that interchange of ideas between departments takes place prior to planning. The remaining 80% categorically, refute any form of interchange of ideas between the departments. Every manager therefore, in the conference room and on the conference table, becomes overly optimistic, unnecessarily arrogant and advocate of himself, thereby defending these optimistic and highly unattainable plans. The result again is confusion and is the main reason for the company's low level performance hence the continued dependence on government for subventions.

CHAPTER FIVE

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

As we have seen, the concept of strategic marketing planning and problems of both planning and execution, is increasingly, receiving a serious attention in the organisation under review in particular, and other businesses and academic circuits as literature demands in general. These increased tempo is not unconnected with the dynamic, turbulent and complex national and international environment in which business operates. The extent to which the minds of managers have been polluted and impregnated about the concept can better be imagined than described as evidenced by number of articles, conferences and seminars at both National and International level.

The contention that only organisations that embark on strategic marketing planning can escape from the present melee is now generally accepted and is even a household discussion. However, while the importance of the concept is not to be disputed, the benefits could only be reaped, if, the procedure adopted in planning is right.

A company could do that by frequently checking its marketing strategy. Whether its product - market policies and decisions are too frequently, a reaction to outside influences such as government, competition,

unionism and other outside factors. Are investment opportunities being considered in determining where the company was and where it wants to be in the future? And how competitors, internal resources and external environmental conditions, strengths and distributive competence would cope with the opportunities/threats, and all strategic alternatives and feasible marketing strategy should be analysed.

The above steps are deemed necessary because strategic marketing planning is not something that can be copied from the developed nations, nor, even from organisations operating in the same political frontier. It is purely based on data on the particular company and its external environment. A data vacuous organisation will find the concept more ruinous than of any importance.

The next stage is to make sure that the best alternative selected is carefully implemented. Careful, because no decision no matter how sound and or prolific can succeed if not rightly implemented and evaluated. Most plans fail because managers deviate from original plans and they lack the inertia to review the plans timely. Implementation of plans are made difficult because most of the time, the executives in their bid to impress their superiors, embark on short term plans with immediate solutions. Executives also fear sticking out their necks to try new innovations and embarking on radical changes.

At times, executives are constrained by the resources available to carry out the plans. This type of attitudes are more pronounced in public organisations, where a lot of budgets/estimates are made on the papers but the actual resources to embark on the plans, are not there. And finally, a major reason for non-implementation of strategic marketing plans is the inability of the new strategies formulated to "fit" the existing structure.

The golden question yet unanswered is, what is the position of the company under review, vis-sa-vis the dictums of strategic marketing planning? As far as the analysis is concerned, their action has been peniculous and debilitating at encouraging short term expediency at the expense of long-term prosperity. The responses juxtaposed that strategic marketing planning is still a new invention, and that the company is living on "troubled waters".

5.2 RECOMMENDATIONS

From the preceeding discussion, it is suggestive that the concept of strategic marketing planning and execution is undergoing a metamophisis in the company. A lot of problems as we have seen are militating against the concept, and management must seriously wake up to the occassion so that the concept goes beyond semantic quibbles or academic debating points. The adoption of the policy offers prospects for

survival, and even prosperity, while lack of its adoption contains seed of disaster. Change in the company is inevitable, in order to survive the organisation must anticipate and adapt to change, and that responsibility and knowledge of anticipating changes belongs with everybody. The Management should learn to live not only for today but also tomorrow. What then should be done? Clearly, considering the problems being juxtaposed by the available information, many prescriptions will be offered differently, by different writers. But my own preferred solution are as follows:-

- (a) Management should be bold to tell any Government to stay away from the affairs of the company. Godfatherism and lobbying for any post should not be accepted. That if done, hopefully, will make executives confident of themselves and not fearful of losing their positions. Furthermore, appointments should be based purely on merits. Only when this is done, would there be enough qualified, seasoned and competent hands to put into practice, confidently, the new and inevitable "saviour" of modern organisations.
- (b) Management of Neital should note that every management action is either deterministic and progressive or fatalistic. Human beings are complex creatures and behave in a cunningly and funny manner. Every action is interpreted differently. The cliques and informal alliances and politics taking place in the organisation should be studied

and carefully curbed out. They are dangerous when it comes to making strategic choices. Mistakes are easily made since opposition, if ever, is hardly heard of when planning and during the implementation stages of the plans for fear of annoying their "friends". This does not augur well for any meaningful organisation and it can even "kill" a set up.

- (c) Management should also delegate enough responsibility and authority to functional heads especially, the marketing executive where strategic marketing planning is becoming very crucial. Without proper delegation, modern organisation cannot function properly. "The primary purpose of delegation is to make organisations possible".¹¹ This contention was further supported by Koontz et al (1980) when they said "just as no one person in an enterprise can do all the tasks necessary for accomplishment of group purpose, so it is impossible, as an enterprise grows, for one person to exercise all the authority for making decisions. Authority should therefore, be vested in a subordinate by a superior to make decisions." ¹²

Management should realise the importance of delegation and further realise the role of marketing in modern day organisations. The "era" is gone when marketing was associated with women, or when it was considered as the easiest and the only thing one can do with his "clothes on"

(F. F. Taffam, 1979). It has come to mean more than that. As much as possible therefore, the marketing executive (manager), should be given a free hand in making pricing decisions, product decisions, promotions and distribution policy. The company price should be set based on competition, customer sensitivity to prices, the particular target market being chosen and also cost considerations. As rightly pointed out by P. Kotler "The marketing mix is that particular blend of controllable marketing variables that the firm uses to achieve its objectives in the market place".¹³

It is worth noting that the company's product policy seems a bit okay, however, it should not be the responsibility of production department alone to design the products. Specifications, should come from marketing department. The marketing executive should also be given a free hand to make what the company can sell and not what the company can make. Selling what the company can make breeds a lot of problems for marketing executives. With the rapid and fast technological advancement, consumer preferences and tastes fast changing, it is only when researches are conducted that consumer wants could be known and catered for by way of new product introduction.

- (d) Management should also ensure that the concept of strategic marketing planning is clearly understood by those to be involved in the planning process since the ultimate knowledge for successful planning is unevenly distributed in the organisation. All levels of management, should participate in the planning process. Unless lower level management are constantly educated and made used to the conferende rooms i.e. the heavy airconditioners, planning will be useless. As one author puts it "If planning is ¹⁴ everything, may be is nothing" (W.A.1973). Without educating the employees on planning and the acclimatization exercises, even when employees are chanced to participate in planning processes, they may find it strange and may not contribute appropriately, their useful quotas. The high tendency is, they may think strategic marketing planning means coffee taking spree and listning to Top Management Speeches.
- (e) Management should further, evolve on effective communication system. A two way communication system should be evolved. Furthermore, a top-to-bottom and bottom to top planning system should be evolved. employees should be informed well before hand on what is to be done and should not be left till the eleventh hour as is mostly the practice. A typical example, was an encounter I had in the course of the oral interview. A lower level management staff when asked as to whether he is on the team billed

to participate at the just concluded Trade Fair, staged at Ribadu Complex Yola, has the following to say: "Rarely, do we know who is participating till a day or two to the opening ceremony". The implication of this statement is two-fold. Firstly, that hoarding of information in the "Ivory Tower" is a common practice in the company. And secondly, there is a "distance" being maintained between the junior cadre and the senior cadre. This type of management practices have a lot of repercussions on the employees. The sense of belongingness and accomplishment to motivate employees are totally not there. The result is, employees are not motivated and may not perform.

The management of Neital Shoe and Tannery Company should note that, for a high level performance to be achieved, employees must be motivated to work. This contention stands unchallenged as evidence by both the process and content theories of work motivation. According to Abraham Maslow, an individuals needs could be arranged in a hierachical order and once a given level of need became satisfied, it no longer motivates. Therefore, higher level need must be activated in order to motivate the individual.

Frederick Herzberg in an article which appeared in Business Havard Review, titled one more time: how do

you motivate employees, have this to say "Not by improving work conditions, raising salaries, or shuffling task but by giving him challenging work in which he can assume responsibility".¹⁵ All what the popular two factor theory is preaching is that motivators and hygiene factors (factors that do not motivate but must be present in an organisation) are both absolutely necessary to maintain human resources in an organisation. Once an employees stomach is full, then dangling before him without giving him a challenging job that has as sense of accomplishment, belongingness, advancement and responsibility, cannot motivate him. My message to the management of Neital Company is to go beyond merely seeing these as theoretical jargons and or semantics." They should carefully put them into practice vis-sa-vis other management tools. The art of managing is not mathematical, having established formulaes. Management should therefore, apply all the management theories as preached by the various paradigms. Moreover, strategic marketing planning is a complex decisional process and requires a total intergration of the various functional areas if, result is to be achieved.

- (f) Lastly, but by no means the least of the recommendations, is the fact that the products of the company does not cut-across all the age groups. In the course of my personal contact with the production department and company distributors, I found that the products are mostly directed

to men. Recently however, due attention is being given to women, though women's cover shoes are not produced. The available sizes, mostly ranges from sizes five to eleven. That means, children have totally been neglected, and funny enough, children are suppose to be the main target of the company. Apart from being careless with their foot-wears, children seems more in number than the middle age group to which most of the company's product is directed.

I would therefore, recommend that a serious marketing research is conduct to find out which of the target group more emphasis should be given. Whether men and the middle age as it is or children and whether both sexes, or male children.

5.3 CONCLUSION

All said and done, the preceeding discussion clearly brings to the limelight that the concept of strategic marketing planning is undergoing a metamorphosis in Neital and Tannery Company Limited. Mainly because of the ever increasing dynamics of National and International business environment. Mere experience and intuition, are not enough to cope with these complexities. A business must probe deeply, into all aspects of its environment and use all available resources to pilot its organisation to a safe landing.

As Levitt once point out "every major industry

was once a growth industry. But some that are riding a wave of growth enthusiasm are very much in the shadows of decline. Others which are thought of as seasoned growth industries have actually stopped growing. In every case, the reason growth is threatened, slowed, or stopped is not because the market is saturated. It is because there has been a failure of Management".¹⁶ This statement contains some salient features. One of such is that the race for this new source of salvation may not be possible unless current approaches to strategic marketing planning are constantly reviewed in relation to the changing environment. Furthermore, strategic marketing planning needs to be totally intergrated into the organisations overall objectives. The essence, is not to force others to accept alternatives chosen, but to jointly reason, understand and appreciate why a particular course of action is choosen, as not only economically logical and viable, but operationally, feasible.

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QUESTIONAIRES

Dear Sir/Madam,

This Questionnaire is a research for my final year M.B.A. Project , A.B.U., Zaria.

The purpose of this questionnaire is purely an academic exercise and therefore has no implications on the respondent whatsoever.

Your objective and bias free response is therefore highly solicited for.

Thank you.

Yours faithfully,

SGD.

Mshelia A. Bata.

Please tick the appropriate answers.

1. How long have you been with Neital Shoe Factory Limited?
 - (a) 1 - 2 years
 - (b) 2 - 5 years
 - (c) 5 - 10 years
 - (d) 10 years and above.

2. Which of the following category of management do you belong to?
 - (a) Top-Management
 - (b) Middle Management
 - (c) Lower Management

3. In which of the following departments do you work?
 - (a) Marketing
 - (b) Production
 - (c) Finance
 - (d) Research and Development
 - (e) Personnel

4. Who are the company's target Market?
 - (a) High income earners
 - (b) Low income earners
 - (c) or both

5. How does the company reach them?
 - (a) Through advertisement
 - (b) Company salesmen
 - (c) Publicity

6. How does the company generate feedback from the customers?
 - (a) Through company salesmen
 - (b) Competitors
 - (c) Marketing Research
 - (d) or all of the above

7. What are the different types of footwears produced by Neital Shoe Factory Limited?

.....

.....

8. How do you classify them in terms of quality when compared to other types of footwears obtained in the market?
 - (a) of equal quality with those of competitors
 - (b) Better than those of competitors
 - (c) Not as good as those of competitors

9. To what extent has the organisation adopted any of the following strategies?
 - (a) Product simplification (attempt made at producing cheaper goods compared to competitors)
 - (b) Product quality (attempt made at improving quality of the goods (Product))
 - (c) Product guarantee

10. How frequent do you introduce new footwears
 - (a) Very often
 - (b) Not very often
 - (c) Not often

11. What influence has the marketing department over new product introduction?
 - (a) Total control
 - (b) Partial Control
 - (c) Or both

12. What are the company's pricing objectives?
 - (a) to check competitors
 - (b) profit maximization
 - (c) Customer satisfaction at the lowest possible price
 - (d) All of the above

13. Which of the following factors influence price setting in your organisation?
 - (a) Cost of Production
 - (b) Demand
 - (c) Competitors
 - (d) Government
 - (e) All of the above

14. Is there an effective interchange of ideas among your functional departments in pricing decisions?
 - (a) Yes
 - (b) No
 - (c) Partially

15. How often do you use the views of youngmen working hand in hand with your distributors/or customers in identification of product needs and opportunities?
 - (a) Very often
 - (b) Often
 - (c) Not so often

16. Which of the following factors plays significant role in selection of the companies middlemen?
 - (a) An individual ability of meet his financial obligation
 - (b) Geographical location
 - (c) Ability to provide Warehousing facilities
 - (d) All of the above

17. Which of the following channel members does the company use most?
 - (a) Wholesales
 - (b) Retails
 - (c) Others

18. Which of the following promotional tools does the company use most?
 - (a) Personal selling
 - (b) Advertising
 - (c) Sales promotion
 - (d) Publicity

19. Which Media does the company use most:
 - (a) Television
 - (b) Radio
 - (c) Newspapers

20. Which of the following reasons explains media selection?
 - (a) Availability of the media
 - (b) Cheapness
 - (c) or coverage
 - (d) All

21. How does the company make decision on advertising expenditure? Is it based on:
 - (a) What the company can afford at a particular time
 - (b) A fixed percentage of sales
 - (c) What other competitors are spending
 - (d) Or other factors

22. Is your advertisement confined to a
 - (a) particular period
 - (b) continuous all year round
 - (c) or both

23. Does the company achieve
 - (a) All of its advertisement objectives
 - (b) Most its advertisement objectives
 - (c) or both

24. What sort of compensation is provided by the company
 - (a) Salary
 - (b) Commission
 - (c) Bonus
 - (d) or combination of above

25. How often does the company engages - its services in rendering social responsibilities
- (a) Very often
 - (b) Often
 - (c) Not often
26. Which of the following social responsibilities has the company ever rendered to the community?
- (a) Agricultural development of the country either by way of rearing cattle.
 - (b) Industrial expansion of the country and usual employment opportunities
 - (c) Development of manpower by way of training its employees
 - (d) Benefits provided to other businesses such as road haulage, electricity etc.,
 - (e) Social development to the community such as sports promotion, award of scholarship etc.

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