

CONSIDERATIONS REGARDING THE USE OF MODERN MANAGEMENT METHODS IN PLANNING THE MARKETING ACTIVITY WITHIN THE SMALL AND MEDIUM-SIZED ENTERPRISES

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This paper aims to highlight, from a marketing perspective, the manner and conditions in which small and medium-sized enterprises can use modern management methods in planning the marketing activity. Using modern methods of management are particularly important for managers of these organizations and especially for marketers. Thus, the following methods play a significant role within the marketing activities' development for marketing specialists, namely: management by objectives, management by budgets, management by projects, and management by product. The high degree of understanding and using the above methods is, in the current economic environment, one of the determinants of the market success of small and medium-sized enterprises. In the current context, the adoption of the management by objectives is not a facultative option for the small and medium-sized enterprises, but rather a binding one in the context of adopting and practicing an efficient marketing with significant results on the development of marketing programs comprised within them. Similarly to the management by objectives, the use of the management by budgets within the small and medium-sized enterprises has a series of features required by their smaller size, features that should be considered by marketers. Regarding the use of management by projects, this method has to constitute the foundation for the elaboration of marketing programs developed within the small and medium-sized enterprises, thereby allowing shaping an action that can be accompanied by success in achieving the goals comprised within the marketing programs. Finally, the role of the management by product is extremely important in the marketing activity within the small and medium-sized enterprises, especially in the operationalization of concepts such as strategic marketing and tactical marketing. This paper thus outlines from a marketing point of view the main issues aiming at understanding and using modern management methods in the marketing activity planning process within SMEs.

Keywords: marketing, SME, management, planning, methods

JEL Classification: M31

Introduction

The planning of the marketing activity within the small and medium-sized enterprises is achieved by using a set of specific methods and instruments included in the broader frame of the instrumental management tools. Planning the marketing activity, in general, and the one developed within small and medium-sized enterprises, in particular, involves the use of modern management methods, out of which the following are distinguished as more important: management by objectives; management by budgets; management by projects; management by product.

All these methods have a significant contribution in the development of the marketing processes, especially in substantiating and operationalization of the marketing programs within SMEs.

Management by objectives within the marketing activities

In the course of marketing processes, the objectives and their manner of fulfillment lean on the organization's management system. On this basis it is necessary for SMEs to adapt management objectives and use management methods that facilitate the achieving of these objectives. One of them is the management by objectives.

Management by objectives consists of rigorously determining the objectives up to the executives' level, thus outlining accurate responsibilities, as well as calendars regarding the execution of the activities on some predetermined terms (Nicolescu and Verboncu 2007: 347).

As a method, *management by objectives* has some features that managers within SMEs should take into account when substantiating and elaborating marketing plans and programs. Among these features of the management by objectives method the following demarcate as more important (Ursachi 2001: 91): top management involvement; participation of all levels of management; frequent performance control and assessment based on the obtained results; freedom in the choice of methods by which objectives are met; assessing and rewarding performance takes into account the obtained results.

From this point of view, many organizations practice the *management by objectives* (Robbins și Coulter 2007: 192) as a process of defining objectives and using these objectives to assess the employees' performance. The system of objectives appears out of this perspective as being structured on several levels that allow their delimitation as follows (Verboncu 2000: 142): fundamental; derivatives 1; derivatives 2; specific; individual.

Specifically, within the marketing activity in general and that within SMEs in particular, the system of objectives is operationalized by means of the marketing policy (Olteanu 2007: 58) reflected by the strategies and tactics used in carrying out the activities of SMEs. In substantiating and elaborating the objectives one should consider to define them so as to allow an easy assessment in relation to the obtained results, i.e. they have to be realistic, measurable and achievable.

Therefore we can assert that the activity of formulating the objectives is a complex process that takes into account all these features that have direct implications on the marketing programs developed at the level of SMEs. Such features of the substantiation process of the objectives (**Figure no. 1**) should be considered by marketers in order to successfully use the *management by objectives*.

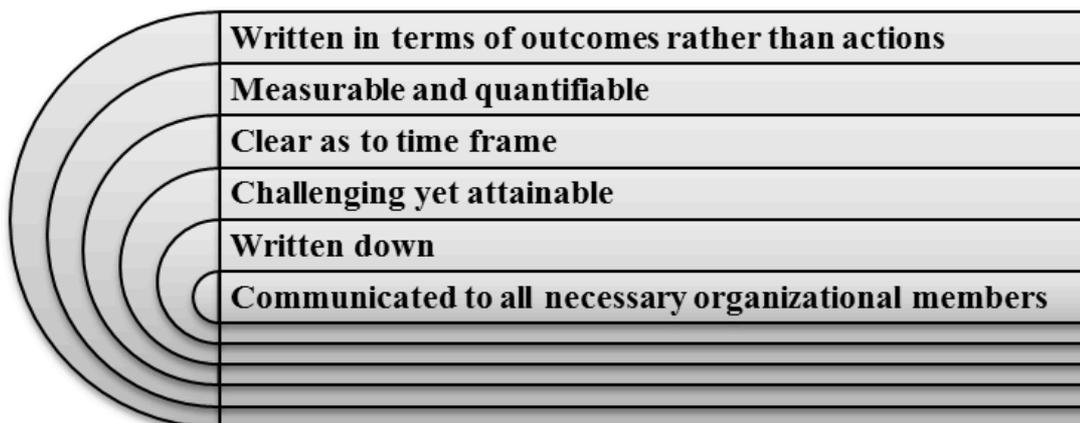


Figure no. 1. Characteristics of Well-Designed Objectives

Source: Adapted from Robbins, Stephen P. and Coulter, Mary. *Management*. 6th Edition, New Jersey: Prentice Hall, 2007: 193

We may note that the management by objectives is also retrieved in the strategic marketing planning, where we do not identify a single objective, but a group of objectives, such as those related to (Kotler 1999: 126): profitability; sales growth; market share increase; risk reduction; innovation. Following this approach we find within the strategic planning process objectives afferent to each organizational level, namely (Kotler and Keller 2008: 59): the entire company level; the division level; the business unit level; the product level.

The instruments that operationalize these objectives are presented in sequence as follows (Kotler and Keller 2008: 59): marketing plan; strategic marketing plan; tactical marketing plan. In the case of the marketing planning process, the system of objectives (**Figure no. 2**) is adequately reflected at each strategic planning level.

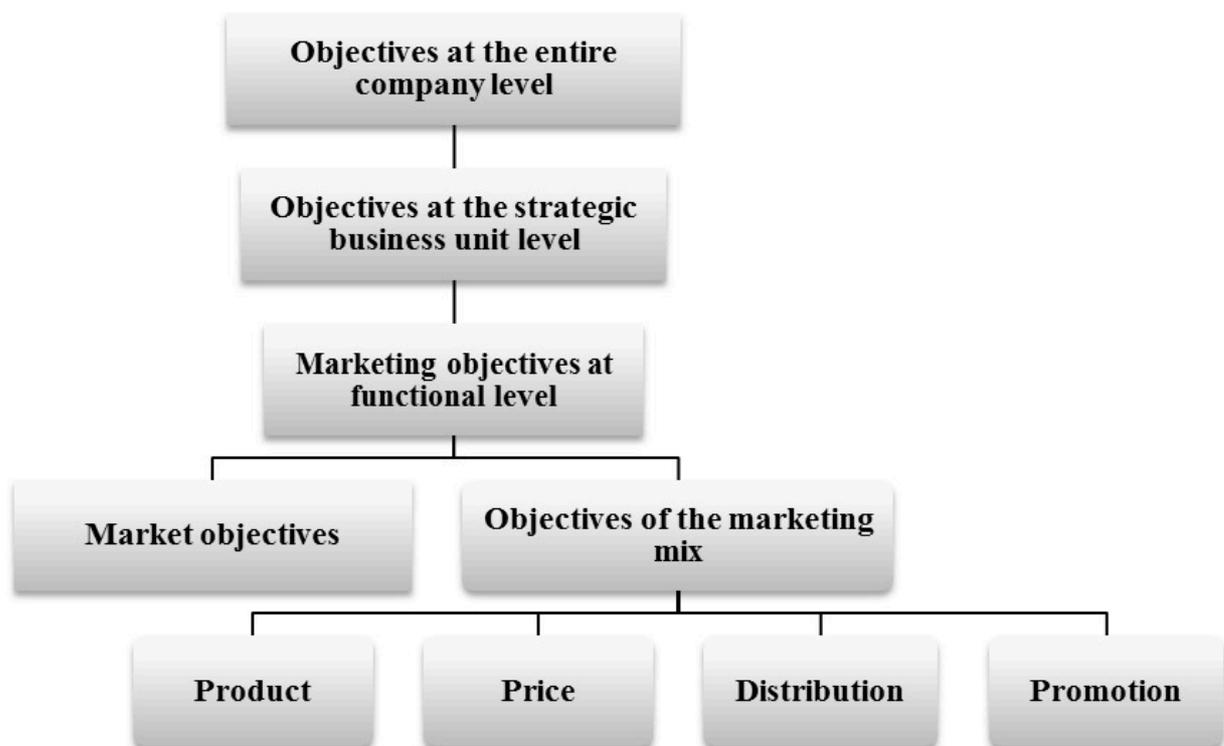


Figure no. 2. The system of objectives within the strategic planning

Source: Adapted from Olteanu, Valerică. *Management – Marketing*. București: Editura Ecomar, 2007: 59

SMEs who are considering the adoption or improvement of the management by objectives within their organizations and consequently the marketing activity should not ignore a series of criteria that can generate most favorable results from using the method of management by objectives. Among these we mention as significant the following four criteria (Kotler and Keller 2008: 59): the objectives have to be arranged hierarchically, from the most important one to the least important one; the objectives have to be specified in quantitative terms whenever it is possible; the objectives have to be realistic; the objectives have to be correlated.

Management by budgets within the marketing activities

In the planning of marketing budgets are an important determinant of success or failure of a marketing program, and not necessarily in terms of resources that are greatly diminished within SMEs relative to large companies, but especially because of their deficient manner of allocation and management, which is mainly reflected by the execution of these budgets. Thus, all these elements are assumed by the management by budgets, a modern method of management,

providing a coherent vision in managing and executing budgets, method that consistently supports the marketing processes within the organization, be it on marketing research, strategic planning, or scheduling marketing activities.

Obviously, all these marketing processes cannot run without a fundamented, fair and flexible allocation of resources at the enterprise's disposal, especially the small and medium-sized one.

As a method, using the *management by budgets* (Nicolescu and Verboncu 2007: 368) ensures in a financial expression the sizing of objectives, expenses, revenues and results at the level of management (profit) centers and, finally, the assessment of the economic efficiency in comparison with their budgeted level. Thereby, the marketing processes undertaken within the company appear to be separate in terms of the previously mentioned mechanism, but interconditioned in terms of planning their marketing activity.

Consequently, the management by budgets, as a managerial tool included in the management system, separates the marketing activity generated by adopting this method in two categories:

- delimitation of the marketing processes as profit center (Olteanu 2007: 61);
- elaboration and substantiation of budgets.

As such, the *research budgets*, for example, appear to be distinct and delimited in relation to the *promotion budgets* (Olteanu 2007: 61) thus allowing not only a more adequate evidence of the achievement level of the objectives assumed within each marketing process, but also the analysis of the results in relation to the allocated budget.

It is true that the process complexity decreases when SMEs determine the allocation of budgets for marketing activities as a percentage share of profits or turnover (Anghel and Petrescu 2002: 210), which is correct and recommended within these enterprises, noting that such a mechanism has certain limitations with regard to assuimg some daring objectives within the marketing programs.

In terms of strategic planning we can mention that different levels of planning require the allocation of resources by considering these levels and the objectives established at their level, delimiting the allocation of resources for each strategic business unit – USA (Kotler 1999: 112) at the entire company level, concomitantly there is an intercorrelation within the entire process.

In conclusion, we mention that the usage of the management by budgets method is necessary for marketing processes even from the design stage, constituting a support in their implementation, the operationalization being properly reflected within the procedural and structural organization (Verboncu 2000: 182), which requires adjusting and adapting the entire management system. Such an approach should also be considered within the SMEs, allowing an increased flexibility and a prompt manner of solving their marketing activity. Finally, marketers should consider analyzing the expenses-sales ratio (Kotler and Keller 2008: 652) as well as the impact of bugets' allocation on the results obtained by different marketing programs within the SMEs, taking the appropriate measures.

Management by projects within the marketing activities

Marketing activity in general and the operationalization of the marketing program in particular requires that in carrying out the marketing processes within the organization to also take into account a series of features that require the usage of management by projects as a management tool of the marketing activity within SMEs.

As a method, *management by projects* (Nicolescu and Verboncu 2007: 361) can be defined as a process that must: have a limited duration of action; be designed to solve complex, but precisely defined problems; benefit from the contribution of a wide range of different specialists; the specialists must be part of different organizational subdivisions of the enterprise; be temporarily integrated into an autonomous organizational network.

An entire series of similarities is ascertained at the level of the marketing program with regard to their content in relation to the management by projects, which determines its integration at enterprise level in the management system that operates at the entire company level. Since the initial design stage of the marketing program one can distinguish such similarities as the *establishing of responsibilities and schedule regarding the development of activities* (Olteanu 2007: 62), which concretely reflects the implementation of the management by projects within the marketing activities. With regard to the organizational structure of management by projects (MbP), it involves the incorporation of some requirements among which we mention (Nicolescu and Verboncu 2007: 361): general definition of the project; designation of the project manager; organizational project definition; climate preparation for the MbP implementation; establishment of control modalities; implementation of the MbP; periodic assessment of the project fulfilment stage. In this context it seems that the usage of the marketing program is at least difficult, if not impossible (Olteanu 2007: 63) without reflecting these requirements of the management by projects, knowing that many of the failures of marketing programs are based on ignoring such requirements.

Management by product within the marketing activities

Although apparently not of equal importance within the SMEs in relation to the above described methods, the management by product can be used in addition to the management mechanism within the organization together with the methods mentioned above.

Thus we retrieve within SMEs systems that consider criteria regarding certain market segments or geographical areas and even markets on which the company operates or intends to operate in the future. Therefore the *management by product* system (Nicolescu and Verboncu 2007: 366) is characterized by assigning main management tasks, competences and responsibilities regarding the manufacture and marketing of a product or of a group of similar products with significant importance in the organization's production to a management framework that deals exclusively with the decision-making and operationalization of actions for maintaining and increasing its competitiveness.

From a marketing perspective, the *management by product* is of particular importance within the strategic planning process conducted across the entire firm, which refers particularly to (Olteanu 2007: 64):

- defining the scope of products and markets;
- establishing the strategic activity units (USA).

Thus, defining the scope of products and markets is the starting point in using the management by product, a profound understanding of its operationalization mechanism ensuring within the SMEs, too, a proper use of instruments specific to the marketing activity and especially the use of those contained in strategic planning (Olteanu 2007: 65), such as: market segmentation; positioning; brand policy.

Conclusions

In conclusion, the adoption of the *management by objectives* is not a facultative option for small and medium-sized enterprises, but rather a binding one in the context of adopting and practicing an efficient marketing with significant results regarding the development of marketing programs contained within them.

The usage of the *management by objectives* by these enterprises has a number of peculiarities generated by their reduced size, out of which the following stand out:

- *The objectives' degree of detail is much lower*, corresponding to the reduced hierarchical levels. Most times, SMEs set goals related to profit, production, sales across the entire firm that are broken down at an operational level, either quantitatively on employees or work teams, or by work tasks by whose concatenation the achievement of the general objective is ensured;

- *Increasing the size* has the effect of more pronounced separation of the levels and consequently of the objectives used for each level, for which reason the objectives are detailed horizontally at each level and vertically between hierarchical levels;
- More numerous production centers appear within the medium-sized enterprises that are organized as *profit centers*, where a detailing of the objectives corresponding to these centers, addressed separately, takes place.

Similarly to the management by objectives, the usage of the **management by budgets** within SMEs has peculiarities imposed by their reduced size, as follows:

- Most SMEs use the method in its simplest form, by preparing the income and expense budget at the entire company level, within which the marketing activities are provided separately, usually comprised within the expenses;
- Along with the increase in size and especially with the development of several operational, production or distribution units, SMEs constitute income and expense budgets specific to them, which are usually transformed into profit centers;
- In medium-sized enterprises, profit centers are transformed into strategic business units, gaining a wide autonomy and specific marketing function.

As regards the usage of the **management by projects**, this method has to constitute the foundation of elaborating the marketing programs developed within SMEs, thereby shaping an action that can be accompanied by success in achieving the objectives contained within the marketing programs.

In its simplest form, the *management by projects* is reflected in the (daily, weekly, monthly, eventually quarterly) scheduling of production, sales, by preparing "work programs" that provide specific tasks for the personnel designated to execute them.

In a more evolved form, the *management by projects* is reflected in "distinct programs" prepared temporarily for the carrying out of some activities that have such a nature. For example, participation in fairs and exhibitions, with sale, requires the use of programming the actions connected to this participation.

In an even more evolved form, usually in SMEs, the *management by projects* is reflected in the development of distinct projects properly designed on distinct business areas: production, sales, procurement, marketing, etc.

Finally, the role of the **management by product** is extremely important within the marketing activity of SMEs, especially in the operationalization of some concepts such as strategic marketing and tactical marketing.

Such a role is evidenced especially in SMEs, whose line of business comprises different businesses that appear as separate products out of the *management by product* perspective. In most cases such companies organize their businesses separately, each area being constituted in a "profit center" with a specific management system that stands for just an application of the product management. To the extent that the business areas thus constituted use distinct brands, the management by product takes the form of the management by brand.

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