

# CONCEPTUAL MODEL OF MARKETING STRATEGIC PLANNING SPECIFIC TO PUBLIC ORGANIZATIONS

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*In public services, the political component of the marketing environment has a major importance, as all decisions adopted within central administration influence both the objectives and measures implemented by units of local government and other public service providers. Any discontinuity in the activity of such entities might result in neglecting the real needs of citizens and slowing the reform process in the public sector. Therefore, all initiatives of public organizations must have a unitary goal and integrate harmoniously within a single process. A tool from the management-marketing literature that both contributes to this purpose and leads to an increased customer satisfaction and organizational performance is strategic marketing planning.*

*This paper presents, firstly, requirements and particularities of this process in the public sector, focusing on the need for bottom-up planning, meaning from the functional levels of public service organizations, to the corporate level, where strategic decisions are taken. To achieve this goal, there should be included in the planning process the clients and other audiences, which can provide useful information about the services they want, the quality or the accessibility thereof, and news about the services they need in the future.*

*There are also mentioned the factors that can influence the quality of strategic marketing planning in public services domain: the importance of marketing within the organization, marketing knowledge of employees in marketing departments and/or of management personnel, the efficiency of activities within the organization, and the manager's marketing vision.*

*In the final part of the paper there are presented the stages of the conceptual model of strategic marketing planning in public services field: (1) accepting the idea of bottom-up planning, (2) avoid or eliminate discrepancies between measures taken at high levels and executions carried out at operational levels, (3) formation of work teams, setting tasks of members and appointment of a coordinator, (4) data collection, (5) establishment of strategic alternatives, based on information gathered from the market, (6) choosing the optimal strategy, which will lead to achieving the objectives set in an earlier phase and (7) establish and implement marketing programs.*

*Keywords: marketing, strategic planning, public services, conceptual model, political factor*

*JEL Classification: M31*

## **1. 1. Introduction**

The influence of political factor is strongly felt in public services, especially by those public entities that receive funds only from the state budget. Decision-making power of these providers is limited, since their responsibilities are limited to management of state assets. The change of governments brings sometimes the change of national strategies according to priorities established by political candidates, in order to the gather an increasing number of votes. As a consequence, the objectives and initiatives of local public services providers can be changed also, as they should follow the high-level established directives. Real needs of citizens are therefore neglected, and public administration reform process is discontinuous.

In this context it can be realized the need for strategic marketing planning in public organizations. Over time, this process conducted within companies brought many benefits, including the following: (a) greater capacity to predict the evolution of external marketing environment's

components, (b) the efficient management of resources, (c) a better organization of managers' work, as they are facing numerous, difficult and sometimes unpredictable tasks, (d) improving the firm's position in the market. (Kotler 2004)

Sometimes, can be identified obstacles in this process, as employees are required to collect and incorporate information regarding the present situation and, using the current data, they have to predict the marketing environment in which the organization will act in the future. However, these obstacles can be overcome by intuition, logical thinking and judgment of experts in marketing and management, which will take decisions and implement fundamental action in such order as to answer questions raised by the very process of strategic marketing planning. Anyway, this process, which involves setting deliberately some objectives related to a desired situation in the near or distant future, and developing ways of achieving these goals can be simple or complex, as necessary, and the strategic plan should be seen as a tool that restores all the activities within the organization and guides them with a purpose, and not as a good piece to put in a shelf, after being completed. (Schraeder 2002)

Finally, strategic planning, though described as very well put together, is not a smooth process, but a creative one, with many reminders of previous decisions, so that organization to make optimal choices.

It is therefore necessary to design a model of strategic marketing planning in public services, outlining some rules and recommendations for increasing the performance of providers. The basis of this conceptual model will be the strategic marketing planning requirements specific to public sector and various influencing factors. These theoretical considerations are presented in the following sections of the paper.

## **2. Requests of strategic marketing planning in the public sector**

*First of all*, strategic marketing planning in public services domain must be the result of cumulative efforts of different providers, institutions of central government, especially ministers, and institutions of local administration, as town halls, local councils and county councils.

The stages of the corporate level planning in public services field are: development of the Government mission, naming the ministries, establishing the state budget and the funds allocated to various divisions.

Thus, if "governance is to set the main directions for a country to follow: economic, cultural, and social policies", with "the public authority right to dictate general rules, top directives of state life and work", "administration has the right to decide the means through which to achieve the general goals pursued by the government and implement these means to obtain the result" (Costea 2000: 51-52).

Instead, the local administration organizations adopt both measures specific to corporate or divisional level and to strategic business units, when they are planning their activities. They have the decision power in the management of public services and can choose one of the following forms of management: direct (direct, depersonalized, or autonomous administration), delegated (concession, lease or interested administration), and half-direct (joint management).

This is why a public institution, like any private firm, should "set up a specialized department, directly subordinated to corporate management of the company that will deal exclusively with the review and revision process of the product portfolio". (Ionescu 2011: 157)

It can be noticed, therefore, that it is necessary to involve all stakeholders in the public sector in this highly complex and continuous process.

Moreover, planning should not be done from top to bottom, but bottom-up, meaning from the functional levels of public service organizations, to the corporate level, where strategic decisions are adopted. To achieve this desideratum, there should be included in the planning process the clients and other audiences, which can provide useful information about the services they want, the quality or the accessibility thereof, and news about the services they need in the future. Thus,

specific instruments of planning in the public enterprise are the mission, market segmentation and positioning the public services in the minds of potential customers. These tools are necessary because the state institutions can get in touch with the following audiences (Popescu 2003: 163): the organization's internal audience: heads of offices and departments, officials, public managers; external audience of public organization: press, government, customers, local community; primary, secondary and marginal audience – categories representative only for certain types of public institutions such as ministries, agencies; traditional audience (employees and current citizens) and future audience (young generation); opponent, uninvolved and supportive audience.

*Second of all*, all stakeholders involved in strategic marketing planning must have a common view on the enterprise market position and image of public services. Thus, there are no inconsistencies between strategic and tactical decisions that unnecessarily complicate and prolong the process.

In addition, management of public enterprises should pay attention to the whole process of organizing work teams and training of their members. Planning teams will be composed of employees from several departments, so that all perspectives of constituent groups are known and their coordinators are managers of functional areas within the organization. These coordinators will subordinate to one manager, and together they ensure smooth implementing of marketing strategic planning.

Following a general meeting, work teams will be informed and will receive instructions to begin and go through the above-mentioned process, in order to set a high quality level. In the marketing literature and practice there have been highlighted both the favourable consequences of strategic planning, with a high quality level and determinants of this process, which is very important for any business.

Thus, research shows a direct correlation between qualitative strategic planning and superior institutional performance (Oliver 2007). In other words, companies that have a good market position have previously developed an efficient planning process.

Moreover, in some cases strategic planning is not optional but mandatory for the business to survive on the market (Fiddler 2007). In the specialty literature, most authors (Leighton, Ansoff, Thune and House, Denison and McDonald in Pop et al. 2000: 191) believes that exist decisive and significant evidence confirming that firms that have assimilated marketing planning gain superior results compared with those who did not oriented towards this planning.

Also, in the international literature (Dew 1997), quality is defined as that value which “defines an organization and establishes the expected performance”, which leads to the idea that quality managers should coordinate strategic planning process.

### **3. Influencing factors on conceptual model of marketing strategic planning**

The factors that may influence the quality of strategic marketing planning in public services are:

- importance of marketing within the organization;
- marketing knowledge of employees in marketing departments and/or of management personnel;
- efficiency of activities' organization and conduct in the public unit;
- manager's marketing vision.

The first of these four factors, namely the *importance of marketing within the organization*, is determined by the position of marketing department in an organization, by the number of employees in this department, and by the marketing activities carried out within the specific marketing structure.

*Marketing knowledge of employees from marketing departments and/or of management staff* reflect their training in the field of marketing, but also their willingness to deepen certain

concepts or to acquire new ideas from the specialty literature or from the practice of successful companies.

*A high efficiency of the organizational activities* means to accurately establish the responsible employees and their duties. It is also necessary to stay within the time required or necessary for their activities, so that problems will not be postponed or avoided. Also, a good control helps to increase efficiency.

*Manager's marketing vision* is finally defined by attention to customers and all marketing processes, without allowing their development simply because they were included in the marketing plan, or because this is how the staff's initiatives within marketing departments are justified.

In fact, this vision must be shared by all employees of public enterprise, so that the whole team working to have the power to look beyond the "borders" of their organization, but not out of reality.

As Steven M. Hronec stated (in Struebing 1996: 22), companies that want to succeed, must assess the strategic planning process and focus on strategic thinking, a dynamic process that requires constant review of the mission, strategies and operations related to consumer needs and market forces.

Thirdly, the planning team must design some strategic options, based on data collected from the market and from correct identification of institution's competencies, but also based on its weaknesses, and finally must select the optimal strategy and develop the necessary plans.

#### **4. Stages of conceptual model**

In the specialty literature there are many models for strategic planning. One of them belongs to H. Igor Ansoff and was created in 1965 (Ansoff in Mintzberg 2008). This, the precursor of other models that have entered the literature so far, attempts by an incredible amount of information and scenarios to standardize the complex process of planning, but focusing so much on operational activities, leaves in shade the stage of strategy establishment.

George Steiner, more pragmatic than Ansoff presents strategic planning process in a much simplified form (Steiner in Mintzberg 2008). But both his model and Ansoff's model follow mainly the same steps as mentioned by Mintzberg (2008: 53) in one of his works on planning:

- external evaluation, which involves identifying environmental threats and opportunities and success key-factors;
- internal evaluation, which consists in assessing the strengths and weaknesses of the organization, and distinctive competencies;
- creating strategy, stage influenced by social responsibility and managerial values;
- evaluation of alternatives and choice of one strategy;
- implementation of the strategy.

About strategic planning other authors have written (Ginter and Swayne 2006), who addressed the field of health services. Although they advocate for the implementation of strategic management practices specific to private sector also in the healthcare domain, they believe that certain strategic alternatives successfully adopted in other companies are not realistic for healthcare organizations. This is due to the specificity of these services, the difficulty of staff to perform other activities in addition to the basic one and the limits on diversification or vertical integration.

Other findings of the study were:

- health organizations have a unique culture that influence the style of strategic planning and the involvement in this process;
- healthcare was controlled by external environmental factors belonging to the providers;

-society and its values put some requirements on organizations in this field, by the fact that health care is viewed as people's right, the way to care, indicating the quality of life, which has unfavourable effects on strategic planning process.

Health services were also in the area of interest for the authors Dey, Hariharan and Brookes (2006), who developed a quality management model with seven stages: performance analysis, identifying problems, elaborating objectives, determining the logical framework, project planning - implementation - evaluation, operations and organizational performance measurement. Far from being a model of strategic marketing planning, in its structure are found, however, some common elements: resource assessment and therefore identification of problems (like marketing audit), setting goals, offering solutions (the strategic alternatives) and development of the necessary framework for its implementation (operational level).

Returning to the stages of strategic marketing planning model specific to public services domain, these are:

-Achieving the conception that is necessary to involve current and potential customers, and other participants in the creation and delivery of public services, and in the strategic marketing planning process;

-Closely related to this step is accepting the idea of bottom-up planning, because of its special advantages.

-Preventing or eliminating discrepancies between measures taken at high levels and the executions carried out at functional levels;

-Forming work teams, setting tasks for members and appointment of a coordinator;

-Training the planning team members (including communication of objectives).

-Data collection;

-Establishing strategic alternatives based on information collected from the market;

-Choosing the best strategy that will lead to achieving the objectives set in an earlier phase;

-Establishing and implementing marketing programs (launching of tactical actions).

Depending on the values of influence factors and the ways of covering the stages of marketing planning, this process can have a high or low quality level. Consequently, public service organization may or may not be successful on the market where it activates. In fact, in this area, success can be measured by different indicators for providers such as public institutions, respectively for other public service providers, which activate in the private sector.

In the first case are concerned:

-Favourable image among citizens and thus among state authorities, which may lead to allocation of increased budgetary funds for this particular public services domain;

-Getting into the allocated state budget, which means avoiding financial deadlock, rewards for the employees based on their efforts and activities conducted in a given time.

In the second case, the following advantages are of interest:

-Building and maintaining a good position on the market, which means overcoming competitors, large market share, numerous and/or profitable customers, high sales volume, significant profits;

Identification in a given time of market opportunities and high capacity of organization to adapt rapidly to changes in marketing environment, which leads to winning situation.

## **5. Conclusions**

Like any other major event, strategic planning has an appropriate time and place in the organization. There are several organizational elements to be considered to ensure that the strategic planning process will bring maximum benefit to public service providers. Before resorting to strategic planning, is indicated for the organization to ensure the following:

-The organization management is active and involved throughout the entire strategic marketing planning process;

-Analysis the possibility of appearing major problems during the planning;

-Management employees and those on lower hierarchical levels are not involved in any conflict and they understand together the purpose of marketing strategic planning;

-A commitment of resources to be adequate to current programs and the analysis of the ability to meet current and future customer needs.

It is also undeniable the fact that successful strategic planning has many advantages. This key instrument determines the public organization to pay particular attention to external marketing environment and especially to customers, leading to provider's market orientation. Thus, it obtains high quality data from the market and manages to motivate both employees and management staff, printing on the common activity a vision based on organization's values. Strategic planning involves a set of decisions about the tasks to be undertaken and carried out successfully, the reasons behind these responsibilities and how to act. Because it is sometimes difficult or even impossible to organize all activities necessary, due to strategic planning some decisions and actions take precedence and therefore should be adopted those decisions that are closely related to organizational success.

## 6. Acknowledgements

This work was co-financed from the European Social Fund through Sectorial Operational Program Human Resources Development 2007-2013, project number POSDRU/1.5/S/59184 „Performance and excellence in postdoctoral research in Romanian economics science domain”.

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