Marketing Planning in Small Manufacturing Firms: An Investigation into the Theory and Practice of Marketing Planning by Small Manufacturing Firms in Counties Cork & Kerry.

John Patrick Cowman
Department of Business Studies, Cork Institute of Technology, Cork, Ireland.

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Marketing Planning in Small Manufacturing Firms

JOHN PATRICK COWMAN
MARKETING PLANNING IN SMALL MANUFACTURING FIRMS.

An Investigation into the Theory and Practice of Marketing Planning by Small Manufacturing Firms in Counties Cork & Kerry.

Supervisor: Mr. Michael Walsh.

November 1997
Marketing Planning in SMFs.

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1:1 - Objectives of Research & The Rationale Underlying This Study
In the introduction to his paper "Ten Barriers to Marketing Planning" by Malcolm H.B. McDonald, Journal of Marketing Management, Vol 5, Number 1, Summer 1989, Page 1, the author says "...marketing planning is still the most enigmatic of all the problems facing management as they brace themselves for whatever challenges the 1990s hold".

Further on in the same paper, McDonald forcibly makes the point that "... even more disturbing, those who recognised the need for a more structured approach to planning their marketing and who turned to the formalised procedures found in prescriptive texts, rarely enjoyed the claimed benefits of marketing planning - indeed the very opposite sometimes happened, in that there were actual dysfunctional consequences, which brought marketing planning itself into disrepute".

In the same journal, page 47, David Carson & Stanley Cromie in the Summary and General Conclusions section of their article "Marketing Planning in Small Enterprises" say "We believe that small firms have a 'distinctive marketing style'. There is little adherence to formal structures and frameworks. Because of their limited resources the marketing activity of small firms is inevitably restricted in its scope and activity. This manifests itself in marketing which is simplistic, haphazard, often responsive and reactive to competitor activity".

In the Journal of Marketing Management, 1987, 3, No.1, p.83/84. in his article "An Exposition of Empirical Research into Marketing Planning", Gordon E. Greenley says "Indeed a search of the literature has identified only seven major studies which have been based on empirical research into company marketing planning: four based on US companies and three on UK companies". Greenley goes on to say "Despite this small
number of studies they represent the current knowledge on marketing planning which is empirically based".

The above commentaries are interesting in that, as far as can be determined from the literature on the subject, they typically represent the conclusions of academics who have chosen to investigate the practice of marketing planning.

If this is the case, then much work remains to be done in order to gather further information which might be used to resolve the apparent contradictions between the formalised doctrinaire approach of the marketing theorist and the, apparently, unstructured but pragmatic approach of the management of those companies who choose a planned approach to their markets or, indeed, choose to ignore marketing planning altogether.
1:1:2 - Overall Objectives of the Research.

As a result of undertaking this study, the researcher hopes to be able to draw conclusions about the practical relevance to small manufacturing firms of the marketing planning concepts set out in marketing literature by writers such as Kotler, McCarthy, MacDonald, Stapelton and others.

This study examines marketing planning in small Manufacturing firms - SMFs - in the Irish Counties of Cork and Kerry.

The essential aims of this study are to try to determine:

(1) How marketing planning is carried out by companies in the target group.
(2) Contrast marketing planning practice among the target population with recommendations for market planning practice as set down in the literature:
(3) Analyse the reasons why any deviations from recommended practice occur:
(4) Determine perceptions of management in target firms of the difficulties and weaknesses in their firm’s ability to carry out the tasks associated with marketing planning:
(5) Draw conclusions about how typical small firm marketing planning problems might be addressed.
1:1:3 - The Small Manufacturing Firm (SMF).

The target population for the research consists of companies belonging to the sector which, for the purposes of this exercise, are referred to under the title 'SMF'.

The term 'SMF' has been coined by the researcher as a generic label for companies belonging to the small manufacturing firms sector of the economy.

The SMF is essentially a company employing forty nine (49) or fewer persons and engaged in primary manufacture i.e. the transformation of raw materials and components into sub assemblies or finished products.

The SMF sector is primarily made up of firms in the general manufacturing, engineering, and fabrication sectors but would also include companies engaged in the development of computer software and basic dairy, agricultural, chemical and textile processing.

Small firms engaged in very small scale production of craft products are also included in the SMF category.

Later on, in the Survey Methodology and Sample Frame sections of this study, a more concise definition of what constitutes an SMF is given.
Little Empirical Research has been Carried Out into Marketing Planning in Small Manufacturing Firms.

This research could have been targeted at a broad spectrum of manufacturing industry or, indeed, at any of a number of specific segments which go to make up the manufacturing sector of the Irish economy.

There are, however, four compelling reasons for choosing to investigate the process of marketing planning as carried out by the managements of SMFs. These are:

(1). While there have been a number of studies of marketing in small firms, there is a distinct scarcity of empirical research into the practice of marketing planning, and in particular, marketing planning in SMFs:

(2). There is some doubt about whether or not marketing planning and, in particular, a highly formalised and structured marketing planning process, is as effective and implementable in SMFs as it undoubtedly is in larger firms:

(3). There is a need to determine the extent to which ignorance of the marketing planning process or belief that the planning exercise is irrelevant, superfluous or unsuitable, underlies the fact that so little marketing planning appears to be carried out by SMFs:

(4). SMFs play a vital role in the economic life of a community and marketing planning, it is claimed, plays a crucial role in the success of all business enterprises including SMFs.
Therefore, any research which enhances our knowledge of how the marketing planning process is presently carried out or which suggests how it can be improved in the future, is not without inherent value.

1:1:5 Conclusion.

A review of marketing planning literature confirms that four reasons set out in the previous page constitute a sound fundamental rationale for undertaking this programme of research.

The findings of this literature review are set out in the next section of this study under the general title "A Review of Empirical Research into Marketing Planning".
LITERATURE REVIEW

1:2:1 - Little Empirical Research into Marketing Planning has ever been carried out.

Given the importance of marketing planning as the process by which the organization hopes to obtain a degree of control over what will happen in its future, it is extraordinary that so little in the way of empirical research seems to have been carried out into the marketing planning process itself and into the constituent components of the ideal marketing plan.

Sections 1:2:2 to 1:2:5 below constitute a review of the research studies which have been located by this thesis writer. This review is set out under two headings as follows:

(1).
Overseas Empirical Research Into Marketing Planning:

(2).
Irish Empirical Research into Marketing Planning.

1:2:2 - Overseas Empirical Research into Marketing Planning.

Stasch and Lanktree (1980), following a review of marketing planning literature, came to the conclusion that there had not been extensive research on the topic.

This was also commented on by Beckman (1991) who, in his address on ‘Contingency Based Approach to Marketing Planning’ to the 20th European Marketing Academy Conference in Dublin in May 1991, also made the point that little empirical research appeared to have been carried out in the area of marketing planning or into the elements which comprised the effective marketing plan.

In fact, further investigation by the writer has shown that, while the number of studies is very small, there have been some quite important pieces of research into the area of marketing planning.
Marketing Planning in SMFs.

Table 1 below gives a profile of the overseas - i.e. non-Irish - studies into marketing planning which have been examined in the course of preparing this thesis.

Table 1.

<table>
<thead>
<tr>
<th>Date</th>
<th>Authors</th>
<th>Target Firms/Industries</th>
<th>Research Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972</td>
<td>David S. Hopkins. 3 &quot;The Marketing Plan&quot;</td>
<td>U.S. manufacturing &amp; service companies: all large in size by Irish standards.</td>
<td>Content of marketing plans - marketing planning process.</td>
</tr>
<tr>
<td></td>
<td>Conference Board Report No. 305.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1980</td>
<td>Hulbert, Brant &amp; Richers. 5</td>
<td>Multinational subsidiaries.</td>
<td>Planning relationships between parents &amp; subsidiaries.</td>
</tr>
<tr>
<td>1981</td>
<td>David S. Hopkins. 6 &quot;The Marketing Plan&quot;</td>
<td>267 large U.S. manufacturing &amp; service companies: all large in size by Irish standards.</td>
<td>Content of marketing plans; marketing planning process.</td>
</tr>
<tr>
<td></td>
<td>Conference Board Report No. 801</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1983</td>
<td>Cosse &amp; Swan. 9 &quot;Strategic Marketing Planning By Product Managers&quot;.</td>
<td>35 manufacturing companies in the U.S.</td>
<td>Strategic marketing planning by product managers.</td>
</tr>
<tr>
<td>1984</td>
<td>Hooley, West &amp; Lynch. 10 &quot;Marketing In The U.K.&quot;</td>
<td>1775 UK firms across a range of industries.</td>
<td>Marketing orientation - marketing planning was just one of the issues studied.</td>
</tr>
</tbody>
</table>

None of the research shown in Table 1 is particularly relevant to marketing in SMFs because the studies were confined almost totally to larger enterprises of various kinds.
1:2:3 - Irish Empirical Research into Marketing Planning.

Profiles of four pieces of empirical research which give an insight into marketing planning in Ireland and which have been examined in the course of preparing this Thesis are shown in Table 2 below.

<table>
<thead>
<tr>
<th>Date</th>
<th>Title/ Authors/ Commissioning Body</th>
<th>Target Firms/Industries</th>
<th>Research Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>&quot;Ireland &amp; Marketing&quot;. Sectoral Development Committee.</td>
<td>204 Irish companies across a range of industries together with 180 of their customers.</td>
<td>Marketing planning was one element of a study designed to provide an evaluation of Irish marketing management.</td>
</tr>
<tr>
<td>1991</td>
<td>&quot;Marketing Practice: The Republic of Ireland &amp; Northern Ireland&quot;. Co-Operation North.</td>
<td>200 firms spread across a range of industries &amp; services.</td>
<td>Marketing practices - marketing planning was just one element of the research.</td>
</tr>
<tr>
<td>1991</td>
<td>&quot;Textile Industry Sectoral Study&quot; Clothing &amp; Footwear Industrial Training Committee.</td>
<td>326 Irish clothing manufacturing companies.</td>
<td>Identification of manpower &amp; training needs - marketing was an element of the research.</td>
</tr>
</tbody>
</table>
Marketing Planning in SMFs.

Again, none of the research shown in Table 2. specifically investigated marketing planning in SMFs, even though some of the findings give useful insight into how marketing planning is carried out by smaller firms in Ireland. Because of this each of these pieces of research is commented upon further below.

Two of these pieces of research, "Ireland & Marketing (1984) and "Marketing Practice: The Republic of Ireland & Northern Ireland" (1991) investigated and evaluated the overall practice of marketing and marketing management in the Irish context.

Investigation of marketing planning was not a specific research objective in either of these studies and the information on marketing planning which emerged in the subsequent reports did so as just one component of a general investigation into marketing practice.

The Textile Industry Sectoral Study, (June 1991) is similar in that, while it investigated a number of different aspects of the clothing and textile industry in Ireland it incorporated an investigation of marketing within an otherwise wide-ranging research brief which included production, finance, design, training, management etc.

However, the Clothing Industry study gives an invaluable insight into marketing planning shortcomings within firms in the textile sector of Irish industry many of which are quite small in size. By and large, the Report supports the conclusion that major marketing weaknesses, especially marketing planning weaknesses, are endemic among smaller firms in the clothing sector.

Only one study, "Marketing Planning in Small Enterprises" Cromie & Carson (1987) deals specifically with the subject of marketing planning.
Marketing Planning in SMFs.


This research by Cromie & Carson is fundamentally different from the other studies mentioned above in two respects.

Firstly, it concentrated specifically on marketing planning as opposed to overall marketing management. Secondly the research was carried out to support the hypothesis that small firms require a fundamentally different planning approach which is entirely suited to their own requirements and capabilities and that marketing planning in small firms is necessarily different in nature to marketing planning in larger firms.

Further references to the findings of this study will be made in the course of the remainder of this literature review.

1:2:5 - **Some Conclusions regarding scarcity of Empirical Research into Marketing Planning in Smaller Firms.**

While it is not a totally unexplored area, there is a general dearth of empirical research into marketing planning.

Most of the research which has been carried out has, in general, been targeted at a particular type or size of company which does not include the small manufacturing firm.

As far as can be determined by this thesis writer, there has been no empirical research carried out which was specifically designed to examine the issue of marketing planning in the SMF.
Marketing Planning in SMFs.

Therefore, it would be extremely useful to put in place a study designed to identify how marketing planning in small manufacturing firms differs from marketing planning in large firms and how marketing planning in SMFs may differ from the accepted academic approach. Such an investigation is further justified by the fact that there are many conflicting viewpoints among respected marketing academics about the whole process of marketing planning itself.

Some of these conflicting viewpoints are commented upon by the writer in Sections 1:2:6 to 1:2:9 below.

1:2:6 Marketing Planning is very important to small firms but the degree of formality required is certainly less than is the case in larger enterprises.

There are very few textbooks on marketing which do not devote a chapter or two to the topic of marketing planning. Not surprisingly, all of them stress the importance to the business of having a formal and well constructed marketing plan. Indeed, the annual marketing plan is regarded by many authors as one of the major outputs of the marketing management system.

However, McDonald* (1982) has some harsh things to say about the textbook approach to marketing planning. "Without exception, writers agree on the need for planning marketing activities. Unfortunately, much of the literature is at best assertive, and at worst merely wafts out waves of marketing planning euphoria in a platonic haze. Marketing planning is logical. Therefore it must be good for the company. Generally speaking, little empirical evidence is provided to substantiate these views".

*(It should be noted that in the literature the spelling of Malcolm H.B. MacDonald's surname changes occasionally and three different spellings have been found - Macdonald, MacDonald and McDonald).
Researchers who investigate marketing in practice frequently include, as part of their brief, a study of marketing planning. Invariably, the research objectives are twofold:

1. To determine whether or not a formal written marketing plan exists.

2. To determine the extent to which any plan which does exist conforms to the planning recommendations set down in the classical literature and standard textbooks.

The findings of research focused on these two issues are usually that;

1. Apart from larger firms with marketing departments and marketing specialists on staff, few firms formulate a marketing plan.

2. Usually, what is claimed as a marketing plan by many companies equates much more closely with a sales forecast or budget and conforms in few respects to the academic marketing plan.

In large firms, the above approaches to researching marketing planning, focusing as they do on the written marketing plan and the extent to which it conforms to academic recommendations, are quite valid. The importance of marketing planning and the need to formalize the plan and systematize the planning process is obvious and appropriate in the large firm situation.

Also, since the academic marketing plan has been drawn up primarily with the large firm in mind, it is quite valid to make comparisons between any large company's marketing plans and the academic models.
However, to the smaller firm, marketing planning may not be as important as it is to the larger firm and the level of formalization and systematization which is appropriate to the larger firm may be quite inappropriate to the smaller firm.

There could be at least four small firm circumstances which diminish the importance of marketing planning.

The first circumstance occurs where small firms with local, reasonably stable customer/market situations and marketing environments, subject to only minor degrees of slow paced change, find that sophisticated marketing planning may not be a factor of critical importance.

This situation can typically arise in the early stages of the firms development where almost everything is organized around the owner who tends to know all that is necessary about the customers and the products. McDonald (1982)\textsuperscript{16}.

The second circumstance arises where management may choose to bypass marketing plans altogether in favour of broader based "business" or "strategic" plans. Very often these plans are the outcome of the preparation of proposal documents for funding institutions or grant aid agencies such as, in the Irish context, the Industrial Development Authority.
The third circumstance arises where management subscribes to the need for marketing planning but not to the need for formalizing the process. In this latter context, Hopkins reported specifically on the number of firms who actively avoided formalization and it is significant that many such firms were of the smaller kind.

"Some, usually in small firms, say that they get by - quite adequately, in their judgment, - with informal planning on the part of senior management. This may be coupled with an element of greater formality in budgeting for sales and marketing expenditures. Wishing to keep their procedures simple and their options open, they see no advantage to in taking the extra steps required to prepare a full-fledged marketing plan with its details explained in writing". Hopkins (1981)\(^{17}\).

Thus, according to Hopkins, target setting and budgetary control replaces marketing planning in such firms.

The fourth circumstance arises where the small firm finds itself in a market which is growing so fast that comprehensive formal planning is not perceived to be of great benefit.

Whatever the situation in which a small firm finds itself, and regardless of the attitude of management to planning, an examination of the literature on small firm marketing indicates quite firmly that marketing planning is considered to be an extremely important and productive part of the management function. Longnecker & Moore (1991)\(^{18}\); Scarborough & Zimmerer (1988)\(^{19}\).
However, when it comes to formalizing the marketing planning process, a number of writers take the view that the formalization of marketing plans themselves may not need to be as rigid or comprehensive as is the case in the larger organization. Dewhurst & Burns (1989)\textsuperscript{20}; Brown (1987)\textsuperscript{21}.

Clarke (1990)\textsuperscript{22} makes the point that the marketing plan is essential for the purpose of control of the enterprise. “A marketing plan is an essential component in your overall approach to the management of your business. It is a vitally important control mechanism”.

However, in the same chapter, Clarke makes the point that, while small firm managers think that the marketing plan has to be a lengthy and complicated document, a perfectly adequate marketing plan for a small firm can be presented on three or four pages.

Brown (1987)\textsuperscript{23} makes similar points in his ‘Marketing for the Small Firm” when he says “Small firms need to retain their great advantage of flexibility, and highly structured planning systems are therefore quite inappropriate. Nevertheless, some kind of framework is necessary if the small firm is not to drift aimlessly”.

Flood & O’ Sullivan (1986)\textsuperscript{24} have no doubts about the importance of the marketing plan and they have included a short paragraph on its importance in their handbook “Marketing and the Marketing Plan”.

Marketing Planning in SMFs.

They say, "What is certain is the definite relationship between a company’s commitment to adoption of formal planning and its performance in achieving both profit margins and success relative to competitors".

However, Macdonald takes the view that a causal relationship between commercial success and formalized marketing planning is something of an assumption and that other factors - especially management style and sheer good luck - are as much determinants of success as formalized marketing planning.

However, having said this, he then goes on to make the point that "it would be foolish, in the face of the evidence, not to assume some relationship between formalized marketing planning and commercial success". Macdonald (1982)\(^{25}\).

*Foley and Green (1989)\(^{26}\)*, in their study of what constitutes success to the small business through what amounts to a series of UK small firm company case studies found that planning is a key factor in the success of small firms and that a key component of planning is the marketing element.

They also found that the degree of formalization varied as did the content of the individual plans.

While it appears that Foley and Green encountered some difficulty in drawing clear demarcation lines between business planning and marketing planning, their findings in no way diminished the importance of marketing planning to small business success.
1:2:7 There is a lack of Marketing Planning Orientation on the part of Small Firms, and this may be partly due to lack of Marketing Planning Formats which suit Small Firms.

There seems to be a considerable body of evidence to support Clarke's (1990) contention that "Many small firms do not have any kind of marketing plan. This is mainly due to the fact that the people responsible for managing small firms have no idea what a marketing plan should look like, or how to go about drawing one up".

The study by Co-Operation North, "Marketing Practice: The Republic of Ireland and Northern Ireland" (1991) found:

1. Only 61% of companies in the Republic of Ireland and 38% of companies in Northern Ireland claim to have marketing plans.

2. The firms which emerged as least likely to possess a marketing plan were those in the 'small' category, this being the case in 48% of such firms in the Republic of Ireland and 87% in the North of Ireland.

3. Approximately half of the Northern marketing plans and over half the Southern marketing plans might more accurately be described as "sales plans".

4. Of those companies which claimed to have marketing plans, 87% of companies in the South and 71% of companies in the North claimed to have formal documented plans: the balance of firms in both locations claimed to have plans which were on a less formal, less documented nature.
Significantly, in presenting the findings, the authors of the Report stated (p.31) "The overall conclusion that is inescapable is that, even by the most open definition of planning, the situation gives rise for serious concern both North and South. There is little evidence of either an orientation, let alone an internal capacity, to plan for the changes which will inevitably follow the completion of the Single Market".

Similarly, one of the findings of the *Textile Industry Sectoral Study (1991)* leads inevitably to the conclusion that companies in that sector, most of whom are quite small, do not formulate marketing plans and need help to do so. "The major element of support required from State Agencies should involve assisting firms in carefully targeting business areas and companies within them that offer the best prospects for development as well as supporting targeted companies in an integrated fashion to develop and pursue well conceived business plans".

However, if it is accepted that, even in part, the marketing planning problems in SMFs are due to ignorance of the standard textbook format or procedures, the question of whether these formats or procedures are actually appropriate to, or capable of being implemented by, SMFs remains.

*Carson and Cromie (1989)* argue strongly that factors such as ownership, management style and competence, available capital, generally localized markets and, especially, small size, all constitute distinctive quantitative and qualitative characteristics which are at least inimical to, and often militate against, effective marketing practice.
They note that small business owners “Tend to have negative attitudes towards marketing; perceive marketing as a cost; treat distribution and selling as uncontrollable problems; and, most significant, believe that each case is so specific that it cannot be approached using general rules.”

A number of researchers including Carson & Cromie, Tyebsee, Bruno and McIntyre, (1983) suggest that the length of time the firm has been in business influences attitudes to marketing planning and that, as the firm evolves, so does management’s attitude to, and regard for, marketing planning.

Leppard and McDonald (1987) identify four levels of acceptance of marketing planning, - owners may deliberately ignore it, treat it unthinkingly and merely pay lip service to it, treat it moderately seriously and, finally, very seriously.

“...acceptance of marketing planning is largely conditioned by the stage of development of the organization and the behavior of the corporate culture carriers. Thus it is that different modes of marketing planning become more appropriate at different phases of the company’s life”.

Greenley (1987) places some of the blame for reluctance on the part of firms to plan their marketing on the academic planning model itself. He states that he has identified weaknesses in marketing planning arising from inadequacies of the academic approach and deficiencies in the academic marketing plan format.
However, Greenley disagrees with McDonald that it is the planning process and format itself which is at fault and with McDonald's view that current literature is inadequate in providing guidelines for the application of marketing planning in specific company situations.

Instead, Greenley suggests that the problems could be due to the fact that managers responsible for planning are simply unwilling or unable to apply the planning procedures prescribed in the literature.

For reluctance on the part of firms to plan their marketing, MacDonald blames the inadequacies of the academic marketing planning format while Greenley mostly blames the inadequacies of management in being able to implement the academic format.

Given that the conclusions of Greenley and MacDonald are based on empirical research, the inference must be that, at the very least, there is some confusion about why the management of SMFs show some severe diffidence in using the marketing planning formats and procedures set out in the literature.

It would appear essential if planning is to be more widely accepted, that marketing planning must fit the circumstances of the organization and especially so if the organization is a small one.
Marketing Planning in SMFs.

The challenge, therefore, becomes one of using empirical research to try to identify the factors which militate against a marketing planning orientation by the management of SMFs and then try to identify at least an outline approach to marketing planning which will suit the particular business situations and specialized requirements of the SMF.

1:2:8 Small Firms are vitally important to the Economy and effective Marketing Planning Can Make A Significant Contribution To Their Well-being.

The significance of the small industry sector to Ireland's economic development lies mainly in its contribution to balanced regional and rural development. This sector is also the seedbed from which larger, internationally trading enterprises can develop not to mention the fact that the small firms sector constitutes a crucial provider of services to larger industrial enterprises in the economy.

In Ireland the sector consists of approximately 6,500 firms with a total employment of around 60,000 persons. The sector accounts for 25% of total employment, 80% of industrial establishments, and around 15% of industrial output. Average employment is less than 10 persons and firms are widely dispersed many enterprises being located in rural areas where alternative employment opportunities are scarce.

The importance of marketing right across the whole spectrum of Irish industry was stressed in the first (1987), and second (1990), Irish Reviews of Industrial Performance and a great deal of emphasis was laid on addressing the marketing weaknesses of Irish industry and on assisting firms to develop an overall strategic marketing approach.
Marketing Planning in SMFs.

The objective of Irish Government policy was to develop the marketing capability of Irish industry so as to enable it to secure and sustain an increased share of World markets.

During the late 1980s, the focus of Government support measures were refocused almost exclusively towards encouraging export marketing development among indigenous Irish firms.

With 60% of small firms dependent exclusively on the domestic market, the question of the over-concentration of assistance to exporting firms is a matter for debate.

The vital importance of providing various forms of marketing assistance as a major contribution to the further development of SME and SMF activity, however, is not in question.

Yet the indications from the various Reports on Irish business and marketing which have emerged over the recent half decade give little grounds for optimism.

There appears to be little evidence to suggest that the marketing situation has changed substantially for the better since the Consultative Committee on Marketing (1984)\(^\text{35}\) said “Marketing is probably the business function most in need of improvement across the general run of Irish firms at the present time”.\(^\text{35}\)
Marketing Planning in SMFs.

Within the whole marketing field, the role of marketing planning does come in for much comment in Reports emanating from academic sources, Government and industry.

Without exception, commentators stress, not just the importance of marketing planning, but also that marketing planning competence is not of a particularly high level in most Irish companies.

1:2:9 - Some Conclusions on the importance of developing Marketing Planning competence in the Small Firms Sector of the Irish Economy.

Given the importance of the small firms sector to the overall well-being of the economy and the contribution of SMFs to employment and the importance of SMFs to rural and regional development, any research which contributes to the development of small firms is of some significance.

Marketing and marketing planning have a vital part to play in the growth and survival of small firms.

Yet the small firm, by its very nature, will have difficulties with marketing planning.

The next section - Section 1:3 - of this study examines further the inherent characteristics of the small firm and the impact of these characteristics the propensity and capability of the management of small firms to plan for the future.
SECTION 1.2 - BIBLIOGRAPHY


Marketing Planning in SMFs.

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Marketing Planning in SMFs.

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(35)
1:3 - BUSINESS PLANNING & MARKETING PLANNING IN SMALL FIRMS.
1:3:1 - Introduction.

The hypothesis underlying this thesis is that marketing planning in the small firm is very different from marketing planning in the larger enterprise.

The basic proposition is that, since most of the principles and concepts of marketing planning set out in marketing literature have been drawn up with the larger firm in mind, it follows that these principles and concepts may be unsuitable for use by the owner/managers of smaller companies.

The overall objective of this Section of the study is to determine what it is about small firms that makes their planning requirements and procedures different from those of their larger counterparts. Particular attention is paid to the role and influence of the owner-manager in bringing about a planning orientation in smaller firms.

1:3:2 - Aspects of Small Business Planning which are reviewed in this Section.

Much of this Section, examines the generality of planning activity in small firms. The emphasis is on business rather than marketing planning because these two topics tend to be inextricably intertwined in the small firm planning situation.

It will be seen in this Section that the owner-manager's priorities and attitudes are often a barrier to planning in small firms.

Issues related to the format of the marketing plan and the processes involved in marketing planning are covered in later Sections 1:4 to 1:10 of this study.

Table 3 on the next page sets out six critical small firm planning issues which have been identified from a search of the literature. The remainder of this Section explores each of these planning issues in turn.
### SIX CRITICAL ISSUES RELATING TO PLANNING IN SMALL FIRMS.


Some writers view the marketing plan as being the primary planning process from which all other planning evolves Kenny & Dyson (1989), Clarke (1990), Brown (1987), while others see the marketing plan as being a vital but discrete component of the overall business plan. Waterworth (1989), Geary (1985), Scarborough & Zimmerer (1988), Longnecker & Moore (1991).


As companies grow and mature, so does the need for formalised planning and particularly formalised marketing planning. Macdonald (1992), Macdonald (1982), Greiner (1989), Tyebjee, Bruno & McIntyre (1983), Carson 1985.)
1:3:4 - The Importance of Business Planning.

The majority of writers agree that business planning, of which marketing planning is a crucial part, is a good thing and that it is probably critical to the success of most firms.

"Planning, it turns out, is really no more - and no less - than another word for good management. And maybe you can start a company without knowing how to plan - but if you don't learn, sooner or later you'll pay an enormous price." Posner (1985).

The importance of planning to commercial success is borne out empirically by the findings of a survey of 61 small (average size 25 full-time employees) U.K. electrical engineering companies in 1989. Foley & Green, (1989). It emerged from this survey that the managers felt strongly that it was essential "To plan for the future and have a clear idea of objectives and goals." The findings also showed a significant correlation between the orientation and capacity to plan and the success of the better performing companies. Significantly, the survey also showed that lack of planning and planning expertise was a contributing factor to the lack of success of the poorer performing firms.

Commenting on the factors which contribute to the rise and fall of business organisations Scholes & Klemm say "...business planning efforts within organisations must be regarded as being central to the performance of companies." In the view of these writers, business planning makes a major contribution to commercial success in two respects. These are:

(1)
It enables the organisation to identify and cope with changes in the external business environment:
(2)
It ensures the efficient operation and co-ordination of the organisations various activities on a day to day basis. Scholes & Klemm (1987).
On the other hand, most writers generally agree that failure to plan, as well as negatively affecting overall business performance, will leave the firm at a grave disadvantage in at least one critical respect.

This is that there is unlikely to be a sufficiently strong strategic dimension to the company's thinking about the future.

That small firms need to plan strategically is commented on by Dewhurst & Burns, Longnecker & Moore, Scarborough & Zimmerer in their writings on business planning for small firms.

Each of these writers consider strategic thinking as addressing not just long term 'company mission' issues, but also critical marketing issues such as the creation of long term 'competitive edge', product differentiation, company/brand positioning and similar factors. Dewhurst & Burns, (1989): Longnecker & Moore, (1991): Scarborough & Zimmerer, (1988).

The importance of ensuring that strategic planning focuses on marketing issues is a feature common to all writers on planning for small firms.


These writers see strategic planning for small firms in terms which correlate quite closely with the concepts of marketing strategy as applied to large scale enterprises by writers such as Hussey, Denning and Ackoff.
Thus, in small firms it is vital that strategic thinking includes definitions of overall mission objectives and the means of attaining them (Hussey), specific objectives such as size, profitability, market-product posture, rate of growth (Denning) and the identification of issues which have an enduring effect on the organisation and relate primarily to the longer term (Ackoff). Hussey, (1982)^11 Denning (1971)^12 and Ackoff (1970)^13.

That is not to say that strategic planning, whether it be of business or marketing parentage, is without criticism particularly with regard to the benefits which arise from its formulation.

Greenley, for example, in 1989 proposes that "Research published to date, relative to manufacturing companies, is far from conclusive in establishing a relationship between strategic planning and company performance." However, he also lists a very comprehensive list of 'process' and 'personal' advantages which he views as arising from strategic planning and stresses that in his article he is merely emphasising the lack of empirical evidence to support the correlation between strategic planning and company performance. Greenley (1989)^14.

McDonald, in his PhD. thesis on marketing planning, also expresses reservations about there being a causal relationship between commercial success and formalised marketing planning and points out the lack of empirical evidence to support this assumption although "It is implicit in the literature." McDonald, (1982)^15.

Deriving from the strategic shortfalls which result from lack of effective business planning, Scarborough & Zimmerer comment specifically on the problems created for the smaller firm of unplanned expansion. These include organisation structure problems, inventory and financial control problems and, particularly, the problems of the expanding business outpacing available managerial expertise. Scarborough & Zimmerer (1988)^16.
There is, therefore, general agreement that business planning is a good thing and that the process provides a number of intrinsic advantages and values to the firm in which it is practised. Indeed, it may well be critical to the success of the enterprise. However, the nature of the small firm is such as to create a number of difficulties which hinder effective business planning.

1:3:5 - Factors which hinder Business Planning in the Smaller Firm.

Over the past twenty five years, there has been a good deal of unanimity among writers regarding the factors which inhibit planning in the smaller firm.

Scarborough & Zimmerer writing in 1989 list almost the same planning problems as did Rodger A. Golde writing twenty five years earlier. Scarborough & Zimmerer (1988)\textsuperscript{17}; Golde, (1964)\textsuperscript{16}.

These planning inhibitors are set out and compared in Table 4 on the next page.
### Table 4.

**FACTORS WHICH HINDER PLANNING IN SMALLER FIRMS.**

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of time.</td>
<td>Inability to get started.</td>
</tr>
<tr>
<td>Lack of planning expertise.</td>
<td>Lack of planning expertise.</td>
</tr>
<tr>
<td>Tremendous uncertainties over which the small firm seems to have little control.</td>
<td>Uncontrollable, often intangible, variables.</td>
</tr>
<tr>
<td>Financial limitations pose severe problems of resource allocation - this includes management time and talent.</td>
<td>Resource poverty.</td>
</tr>
<tr>
<td>Management time taken up handling 'brush fires'.</td>
<td>Focus on daily operations.</td>
</tr>
<tr>
<td>The basic tendency for small business to shy away from planning.</td>
<td>Failure to realise the importance of planning.</td>
</tr>
</tbody>
</table>

The same business planning inhibitors are mentioned in similar formats by a number of other writers on small business planning including Rick Brown, (1987)¹⁹ and Kenny & Dyson (1989)²⁰.

However, there is one factor which, probably more than any other, impacts for better or worse on the orientation towards planning within the small firm. This is the influence of the owner/manager.
1:3:6 - The Role and Influence of the Owner/Manager.

Clarke, (1990)\textsuperscript{21}, Brown (1987)\textsuperscript{22}, Kenny & Dyson (1989)\textsuperscript{23}, and Waterworth (1989)\textsuperscript{24} are just a few of the writers who, throughout their writings, stress that the prime responsibility and the driving force for or against planning in the small firm is the owner/manager. The amount of planning and the sophistication of planning practice is primarily a factor of the attitude of the owner/manager to the process.

In fact, most writers on small business also agree with Golde when he says, "It is important that the chief executive of the small firm become more sophisticated about planning - for, by and large, it is he, and he alone, who plans." Golde, (1964)\textsuperscript{25}.

The attitude of the owner/manager to planning is, however, paradoxical with respect to at least two vital issues. These are,

(1) The drafting of a scenario for the general future of the business:

(2) The setting of business objectives.

One the one hand, when it comes to the future, no one has as much orientation towards the future of the business as the owner/manager, especially since few small businesses are profitable in the initial years even though long run prospects may promise substantial rewards. On the other hand planning the future involves dealing with tremendous uncertainties over which little control can be exercised. In this situation, coping with the tangibility of today's problems and opportunities is far more comfortable than trying to grapple with the elusiveness of an uncertain future.
Similarly, where the owner/manager is largely responsible for planning, "Personal objectives intertwine with corporate objectives." *Thurston, (1983)*. This, in Thurston's view, can lead to conflict and ambiguity especially where;

(1)
The owner/manager plans to bring another family member into the business or;

(2)
It appears to the owner/manager that the price of a successful business is an unsuccessful lifestyle.

However, he suggests that "Even something as difficult as personal conflict may benefit from an objective (planning) approach."

Birley, in writing about corporate strategy and the small firm, also highlights the fact that the objectives of the firm and those of the owner become, to some extent at least, one and the same, and will encompass personal lifestyle and family considerations as well as commercial ones. *Birley, (1982)*.

The influence of the owner/manager on planning has also come in for a good deal of comment in recent years in the context of the "life style company" which, while it is not a peculiarly Irish phenomenon, is nonetheless a widespread occurrence in Ireland.

"The life style company, in which the objectives of the owner/manager are primarily to establish a position of personal prestige within the business community, and where the business would support a lifestyle of some affluence and leisure, is an all too common phenomenon in Ireland. Management in such a company is aimed at preserving the image and lifestyle of the owner/manager rather than at developing the full commercial potential of the enterprise". *Geary (1992)*.
The second area of attitude paradox on the part of the owner/manager of the small firm relates to the control of the business.

Almost all the writers on small business comment on the fact that the owner/manager is likely to be deficient either in overall business planning skills or in the planning skills necessary for effective integration within the business plan of one or more vital areas such as finance or marketing.

It follows, therefore, that the owner/manager will need some level of assistance, and this will mean delegating responsibility and authority for planning tasks to subordinates or consultants and giving them access to information on company resources and performance.

This, the owner/managers may be reluctant to do regardless of the fact that they cannot do the job effectively themselves. The pride of achievement in having set up the business in the first place, and the continuing pride in its ownership, can lead to reluctance on the part of the owner/manager to delegate control.

The owner/manager "May view any devolving of responsibility as loss of his control of the firm, and resist setting up functions which the external observer would consider vital to the continued development of the firm." *Birley (1982)*

There are, therefore, many factors which work against business planning in the small firm. Not the least of these, in many cases, is the attitude and orientation of the owner manager.

Despite the difficulties involved, however, as companies grow and mature, the need for more sophisticated and formalised planning usually becomes ever more apparent. As the need is acted upon, even if only in quite a rudimentary manner, a review of the marketing dimension of the firm's operations becomes mandatory, since it is from the firm's interaction with markets that all the major concepts of growth strategy emerge.
However, it is not necessarily the case that concern for marketing will lead automatically to the setting up of a marketing planning process within the firm. It is quite possible that what will emerge is the 'bolting on' of a marketing dimension to the firm's overall business planning.

Disentangling the relationship between business planning and marketing planning has proved to be one of the most difficult tasks to emerge from this present study of small business literature.

It may be that the relationship is so company and case specific as to defy anything other than general comment and, once again, this area justifies inclusion as part of any empirical research into marketing planning in the small firm. The following pages synopsise the thinking on the topic which emerges from a study of the literature.


As was mentioned previously, in small businesses where formal planning is practised, it is often difficult to differentiate between business planning and marketing planning, because the two processes are so tightly intertwined.

What is far from clear in the literature is the process by which the two planning processes should be integrated.

There appears to be two schools of thought regarding the relationship between business planning and marketing planning.
The first of these schools might be said to put forward the 'fission' view, which considers marketing planning and business planning as being quite separate and distinct processes with the major emphasis and importance being allocated to marketing planning.

Advocates of the fission view often consider marketing planning to be of such primacy and potency as to be almost all that is necessary in planning terms for the small business. It could be taken from their writings that they consider the marketing plan as the source from which all other planning decisions derive their impetus and guidelines.

The second school supports a 'fusion' view and considers the marketing plan as a component part of a total business plan, and that marketing planning is no more important than any of the other functional planning areas.

The fission approach is supported by many writers on marketing in small business who maintain that marketing is the primary business function and marketing planning is the primary planning function.

Subscribers to this approach maintain that getting the marketing and the marketing planning right in the small firm will, almost by default, ensure that all other business functions will operate efficiently and to maximum benefit of the organisation as a whole.

Kenny & Dyson support the separatist 'fission' stance and take the view that marketing provides the two essential focal points for overall business planning in the small firm. Marketing, they say "...provides the longer term (strategic) viewpoint which is the focal point for planning the future direction of the firm and the efficient harnessing of scarce resources towards achieving long term goals." _Kenny & Dyson (1989)_.
Kenny & Dyson also make the point that marketing, in that it provides the customer focus which in turn provides direction for the other functions in business such as finance, production and human resources, is the logical framework for activity and resource planning within the small enterprise. *Kenny & Dyson, (1989)*

Clarke and Brown adopt very much the same 'marketing primacy' attitude and perceive planning in the small firm as deriving almost totally from market and marketing considerations.

Clarke makes no mention of the business plan in his book 'Marketing For The Small Business In Ireland' and the fact that there is no reference to integrating the marketing plan into a business plan certainly implies that the marketing plan provides almost all that is required in planning terms for the small business. *Clarke (1990)*

Brown similarly makes little mention of integrating marketing planning into an overall business planning process in small firms. Thus, his readers will almost certainly take objectives as being marketing objectives, strategies to mean marketing strategies, tactics to mean marketing mix tactics. Again, the readers are left with the impression that the marketing plan is essentially all that is required in terms of business planning. *Brown (1987)*

It should be said, that the writers commented upon above are writing about marketing rather than planning or marketing planning in small business. Nevertheless, there is certainly little or no mention of the role of the marketing plan in overall business planning.
There may well be inherent dangers in this fission approach especially in that it can neglect or dangerously overlook other factors critically important to the success and long term well being of the small business. Factors such as financial management, cash flow planning, production and quality assurance technologies, and organisational development are frequently cited as being the causes of business failure among small firms and thus vital components of the planning process.

That a customer/market orientation can provide invaluable guidelines to the formulation of policies in each of these non-marketing areas is beyond dispute. However, the marketing plan in itself is unlikely to provide a sufficient framework for functional decision making in these areas.

It appears that supporters of the 'fission' view argue that the marketing plan provides an essential customer focus right across all functions of the firm's operations. However, it is doubtful if the marketing plan and customer focus, in themselves, will overcome inevitable conflicts at the interfaces between the various business functions and that a marketing plan, no matter how well formulated, can thus serve as a substitute for a more comprehensive overall business plan.

Some writers prefer a degree of fusion of the business plan and the marketing plan and stress the need to create an essential balance in the planning of all the business functions.

Waterworth strongly promotes this fusion point of view and gives primacy to the planning of targeted financial results in the planning process. He sees the marketing plan as taking the form of a financial model, which sets out corporate financial objectives, a market analysis which identifies opportunities and constraints on the achievement of the financial objectives, and an action statement which sets out strategic and tactical marketing imperatives and deadlines for achieving the financial goals within targeted time scales and without jeopardising cash flow imperatives.
Waterworth's marketing plan, therefore, is much closer to being a classical business plan. Far from giving marketing the primary role, his formula concentrates on the financial objectives to be achieved. Marketing is not allowed to dictate so much as to act as a catalyst around which are built plans for survival, profit, cash flow and corporate growth. *Waterworth, (1989)*\(^{34}\).

An Bord Trachtala, The Irish Export Board, also support the fusion process. "The marketing plan is an essential part of the total business plan. It defines where the sales revenue will come from, and how it can be generated. The marketing plan states how much of each product can be sold and so it is a vital input to the production and financial planning process." *An Bord Trachtala, (1985)*\(^{35}\).

Scarborough & Zimmerer take the view that the development of a strategic business plan is "Critical to the creation of the small company's competitive edge - the aggregation of factors that sets the small business apart from its competitors." *Scarborough & Zimmerer, (1988)*\(^{36}\).

In general, to writers who support the 'fusion' concept, by far the most important outcome of effective strategic business planning, is the creation of long term capacity to compete through the creation of company/product/brand differentiation in the target market place.

Some go a step further than Waterworth in that, while acknowledging that the focal point of the entire strategic plan is the customer, they maintain that an effective strategic plan will identify a complete set of success factors - financial, operating and marketing - that, taken together, yield a competitive advantage to the small firm.
Their view of business planning is extremely holistic and marketing planning and marketing considerations evolve, not just from opportunities and constraints in the marketplace and external environment, but also to a major extent from opportunities and constraints within the small firm's management, organisation and production resources.

Thus marketing and the marketplace, rather than being the determinant of business planning, act as screens through which the potential of other corporate objectives and resources are filtered.

Longnecker & Moore go further than most other writers on business planning in separating out the components of business planning and in refusing to allocate to any one component more than its equal share of importance. These writers view the business plan as being made of seven completely discrete, although interrelated stages - the General Company Description, Products & Services Plan, Marketing Plan, Management Plan, Operating Plan, Financial Plan and Legal Plan. *Longnecker & Moore, (1991)*.

It is clear from examination of the literature that the relationship between marketing planning and business planning is open to interpretation, and that the only issue on which writers agree is the importance of there being an extremely strong marketing dimension to planning of any kind in the small firm.

1:3:8 - The progression towards Marketing Planning in the Small Firm.

Whatever the viewpoint regarding the appropriate relationship between business and marketing planning, it is clearly difficult to conceive of even a basic marketing planning function emerging in an enterprise unless and until there is some level of marketing orientation and overt marketing activity already going on within the firm.
However, for the small firm faced with limited resources and the day to day pressures of business, marketing may seem something of a luxury.

"...there is a widespread feeling that marketing is only for large firms - it is regarded as too expensive, too sophisticated, and the province of experts." Brown, (1987).  

However, for many enterprises, especially as they move along the growth curve, the need for marketing usually becomes ever more apparent.

The very nature of the small firm is such that developing even a basic level of marketing proficiency is a trial of determination. This is further discussed in the paragraph 1:3:9 to 1:3:13 below.

1:3:9 - Factors which militate against Marketing in the Small Firm.

All of the factors which inhibit the development of business planning in small firms (Table 4, Page 39) apply equally to the adoption of marketing planning.

However, there are four issues which especially militate against the adoption of marketing in the small firm. These are set out in Table 5 on the next page.
Table 5.

<table>
<thead>
<tr>
<th>FACTORS WHICH MILITATE AGAINST MARKETING IN SMALL FIRMS.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of marketing expertise/ generally negative attitudes towards marketing on the part of the owner/manager.</td>
</tr>
<tr>
<td>Cost.</td>
</tr>
<tr>
<td>Perceived complexity.</td>
</tr>
<tr>
<td>Difficulties in predicting returns on marketing investments.</td>
</tr>
</tbody>
</table>

1:3:10 - The impact of lack of Marketing Expertise by the Owner/Manager.

Many writers comment on the fact that very often the manager of the small business is not clear in his own mind about what marketing is and what marketing does.

"Specialist (marketing) expertise may be a constraint because managers in small businesses tend to be generalists rather than specialists. Traditionally, the owner/manager is a technical or craft expert, who is unlikely to be trained in any of the business disciplines. In addition, marketing expertise is often the last of the business disciplines to be acquired by the expanding small company. That is, finance and production expertise (if the company is a manufacturing unit) usually precede the acquisition of a marketing counterpart." Carson, (1985)\textsuperscript{39}.\
Cohn & Lindbore also make the point that, in addition to lack of expertise, the owner/manager of the small firm has a generally negative attitude to marketing. Marketing is perceived as a cost, distribution and selling are regarded as generally difficult and uncontrollable variables, and, most significantly, the owner/manager's firm is seen as being a very specific type of operation which cannot be approached using general rules. *Cohn & Lindbore, (1972)* [46].

Clarke suggests that a solution to this problems is to 'buy in' marketing expertise.

"Because so many small firms are started on the basis of a particular technical skill of the owner/manager it is probably appropriate, where marketing skill and experience is lacking, that it be bought in the same way as legal, financial or technical advice." *Clarke, (1990)* [47].

It is probable that buying in expertise will serve the small firm well in the short term. However, in the longer term, the intricate nature of the marketing function's relationship with all other aspects of the successful business's operations is such as to require the development of competence in-house.

The real payoff on the investment in marketing planning may come as the result of accumulated experience of developing this in-house competence through each cycle of marketing activity.

1:3:11 - The Cost Factor.

Marketing, like any other business activity, imposes costs on the firm. However, the owner/managers of small firms frequently exaggerate the costs of marketing or have difficulties in applying the same investment criteria to marketing decisions that they would quite happily apply to decisions regarding more tangible business assets or resources.
Many of the writers on small business claim that marketing need not be expensive and that low cost and relatively straightforward techniques are available to small firms. *Brown, (1987)*\(^42\).

The cost factor in small business marketing may, to some extent at least, be a reflection of the small firm's perception that it is necessary to borrow indiscriminately from the theories and techniques of large firm marketing.

Nevertheless, that marketing does impose extra costs on the firm is beyond dispute.

The expense of activities such as market research, advertising, and sales promotion, not to mention the cost of the organisational and administrative change which are a consequence of the move towards a marketing stance, inevitably gives rise to major misgivings in the small firm which normally has very limited financial resources.

Clarke, like Kenny & Dyson, Brown, Waterworth et al., takes the view that investment in marketing is investment in the company's future. "Remember that expenditure on marketing is just as much an investment in the future prosperity of your company as buying a new machine or acquiring larger premises." *Clarke, (1990)*\(^43\).

Clarke, while stressing that marketing costs need not be excessive, also warns against under-resourcing the marketing effort. "Effective marketing is not impossibly difficult and need not be incredibly expensive. Imagination and creative flair are required to make a real impact, but detailed analysis, careful planning and effective implementation are also needed." *Clarke, (1990)*\(^44\).

Kenny & Dyson throughout "Marketing in Small Businesses" make no bones about the cost of marketing and particularly the costs of marketing planning.
"There is of course the cost factor to consider in adopting a systematic planning approach and with the drain on resources faced by most small enterprises, marketing often tends to take a back seat. Nevertheless, it is important to consider the possible cost of ignoring the issues and the subsequent longer term problems which may arise." Kenny & Dyson, (1989)\textsuperscript{45}.

1:3:12 - The Complexity Issue.

The lack of marketing expertise which is often found at management levels in the small firm, inevitably means that marketing and marketing planning are often perceived to be processes of considerable complexity. There is some justification for this attitude.

Accounting, finance and many technical areas are made up of standardised routines which are generally accepted and widely practised. Marketing is situation specific and, by its nature, is both extensive in principle and complex in practice - especially in the small firm situation.

"While marketing principles have, in general, universal acceptance, marketing practice does not readily lend itself to standardisation and marketing practice in small firms is especially difficult to standardise." Kenny & Dyson, (1989)\textsuperscript{46}.

Nor is it easy to overcome the problem of complexity through training or education as Clarke and Carson, both of whom are widely experienced and highly respected academics, found to their cost when they set up courses to teach marketing to the owner managers of small firms. The problems which they encountered are set out in Table 6 on the next page.
Table 6.

<table>
<thead>
<tr>
<th>PROBLEMS ENCOUNTERED WHEN TEACHING MARKETING TO THE OWNER/MANAGERS OF SMALL FIRMS.</th>
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</thead>
<tbody>
<tr>
<td>Owner/managers of small businesses were not aware that they needed assistance to improve their marketing, nor did they believe education or training programmes could be of any assistance to them in this respect.</td>
</tr>
<tr>
<td>Owner/managers felt that marketing principles were too academic or that they were interesting in a general way, but not really of much use.</td>
</tr>
<tr>
<td>It was quite evident that the owner/manager's skills of analysis and synthesis were inadequate.</td>
</tr>
<tr>
<td>The ideas and alternative approaches developed during the education programme were not implemented in the majority of companies because of the pressures of coping with day to day operations.</td>
</tr>
<tr>
<td>Without exception, owner/managers experienced particular difficulties in applying general principles to their own situations.</td>
</tr>
<tr>
<td>Informational inputs needed to be expressed simply and without jargon, and related where ever possible to 'real world' situations; teaching style needed to be primarily reactive and applied, rather than theoretical and conceptual.</td>
</tr>
</tbody>
</table>

*Clarke & Carson (1986)*

Nor is the complexity of marketing always helped by the jargon involved. "It is at once both amusing and annoying to sit through a marketing 'workshop' organised for the owners and managers of small businesses and to watch them switch off one by one while a marketing 'expert' rambles on in a language which is incomprehensible to most of them, using examples which are totally irrelevant to their needs." *Clarke, (1990)*
1:3:13 - Difficulties in predicting Return on Marketing Investments.

In the thesis writer's experience, the difficulty of predicting the return on marketing investments, is a particularly perplexing problem for the owner/manager of the small business.

For many small businesses wishing to grow, expand, or further develop turnover, most investment decisions are complex and the cause of a good deal of soul searching. The area of business in which return on investment is most problematic is marketing and this is readily perceived by the owner/manager of the small firm.

Therefore, when weighing up investment alternatives, the easier decision is to invest in resources which promise a measurable and tangible return in terms of increased output, enhanced efficiency, saving in costs, or similar. The consequences of putting money into marketing are simply too unpredictable from the perspective of the owner/manager of the small firm.

The decision to invest in marketing is not an easy one and it is made even more complex by the need to decide between alternative marketing mix activities and by the difficulty of trying to measure and forecast the level of competitive advantage, increase in sales, contribution to profit or sales stability which incremental expenditure in any one of them will bring about.

Similarly, in the thesis writer's experience, many small firms decide to venture too timidly into marketing and are disappointed in the results simply through under-investment in the process.
The would-be marketer must make on-going decisions with regard to both the areas of investment and the levels of investment. Otherwise the result is that often there are shortfalls in terms of advertising campaigns which do not reach 'critical mass', product ranges neither wide nor deep enough to command consumer attention, products short on packaging design, brand campaigns lacking sufficient weight to create brand loyalty and, in the end analysis, firms which never reach true market, profit or sales potential.

The development of a marketing dimension to a small firm's operations and the possible progression to formal marketing planning will inevitably require that management comes to grips with and overcomes the four inhibiting factors set out above.

1:3:14 - The Evolution of Marketing Planning in the Small Firm.

"Undertaking marketing planning is like 'trying to nail a jelly to the wall'; it is a messy process which evolves over time". McDonald, (1992).\textsuperscript{49}

In his 1982 PhD. Thesis, McDonald saw the evolution of marketing planning in a company as being almost totally a reflection of external marketing factors.

Thus, the evolution towards formalised marketing planning in the organisation was seen by McDonald as a progression, the speed of which was influenced primarily by the hostility and complexity of competitive and environmental conditions. Hostility and complexity were related primarily to three factors - product/market diversity, market growth rate and company size. McDonald, (1982).\textsuperscript{50}

This emphasis on external factors in his PhD. Thesis in 1982, would appear to have been modified somewhat by 1992 when McDonald published the second edition of "Marketing Plans, How to Prepare Them: How to Use Them".
Marketing Planning in SMFs

Over the decade between publishing his PhD. Thesis and the 1992 edition of "Marketing Plans", two factors appear to have emerged as having a critical influence on the development of formal marketing planning in the firm in McDonald's view. These were;

(1)
The influence of the organisational life phase (company life cycle) on acceptance of the need for marketing and marketing planning;

(2)
The influence of the 'culture carriers', particularly the role of the Chief Executive.

Apparently, drawing on the previous work by Greiner which identified five specific phases of organisation evolution and revolution, McDonald agrees with Greener's point that sometimes the company will be extremely receptive to marketing planning, at other times less so. *Greiner, (1989)*.

In the context of culture carriers, McDonald described four sequential levels of acceptance of the need for marketing planning. These ranged from its being ignored, to its being treated unthinkingly, to its being treated moderately seriously to, finally, being treated very seriously.

McDonald ascribed the level of acceptance at a particular time as being primarily due to the influence of the culture carriers within the firm, particularly the Chief Executive. "While it could be argued that the level of acceptance of marketing planning is a purely cognitive problem and that it reflects understanding, this does not square with our experience. The acceptance of marketing planning seems to be more an attitudinal problem and being prepared to subscribe to the values inherent in a complete planning process." *McDonald, (1992)*.
Tyebjee, Bruno and McIntyre hold similar views to McDonald on how marketing and marketing planning evolve, especially in fast growing new ventures. They believe that the growing company goes through four distinct marketing development stages - entrepreneurial marketing, opportunistic marketing, responsive marketing and diversified marketing - and that the key to developing an effective marketing organisation lies in planning for each stage rather than reacting to them haphazardly. *Tyebjee, Bruno & McIntyre, 1983*.

Carson also believes that firms progress through four stages - initial marketing activity, reactive selling, DIY marketing and integrated pro-active marketing. Each of these stages represent a move along the curve towards more sophisticated marketing planning activity. *Carson, (1985)*.

1:3:15 - Summary.

This Section set out to explore how small firms plan for the future and the extent to which their plans include a formalised approach to marketing planning. The following six points summarise what emerged from a review of the literature.

(1).

There is ample evidence to support the contention that planning contributes to the commercial success for the small firm, and that lack of planning negatively affects performance and leaves the small firm at a critical strategic disadvantage in the market place.
There is a good deal of agreement that the factors which hinder business planning in the smaller firm include lack of time, lack of planning expertise and lack of finance, together with a feeling on the part of management that many aspects of the commercial future are uncontrollable in any case. There is a basic tendency on the part of small business management to fight 'brush-fires', and to shy away from the planning which might have prevented their breaking out in the first place.

The role of the owner/manager is crucial to the development of a planning orientation within the small firm. However, his or her attitudes to planning may be somewhat distorted by the intertwining of personal and commercial objectives, and also by a lack of planning, and particularly marketing planning, expertise.

It is difficult in small business to differentiate between business planning and marketing planning, and there appears to be some difference in opinion on the part of many writers on small business about the relationship between the two types of plan. There is no difference among all authors on the essential fact that effective business planning requires an extremely strong marketing dimension.

Factors which militate against marketing in small firms include lack of marketing expertise, perceived cost and complexity. To these might be added the problem of predicting returns on marketing investments.

The progression towards formalised marketing planning in small firms is a difficult evolutionary one, influenced by factors such as the levels of hostility and complexity in the external environment, and the stage of development of the firm itself together with the attitude to marketing planning on the part of the 'culture carriers' within the firm's management structure.
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(54) Carson, David, (1985), Marketing And Small Business (Special Issue), European Journal of Marketing, 19, (5), pp.7 - 16.
1:4 - THE IMPACT ON MARKETING PLANNING OF THE MANUFACTURING DIMENSION OF SMF OPERATIONS.
1:4:1 - Introduction.

In Section 1:3 of this Study, an examination of planning from the perspective of the smaller firm has confirmed that the **key characteristics** of the small firm impose special constraints on the business and marketing planning processes.

The objective of Section 1:4 is to determine if the **manufacturing dimension** of the small firm's operations impacts on marketing planning and, if so, in what way.

Of particular interest, is to examine the hypothesis that production orientation rather than marketing orientation may underlie many of management's attitudes and behaviour, and because of this, that marketing planning may not be considered a very high priority in the small firms engaged in manufacturing.

It has emerged in preparing this Section that literature comment on the impact of manufacturing/production on marketing planning seems to be quite scarce and that there seems to be little or no empirical evidence to support the comment of writers who have referred to the topic.

1:4:2 - The Nature of the Manufacturing Firm.

By its very nature, the manufacturing firm possesses a number of characteristics which affect its business philosophy, management priorities, and planning orientation.

*Amrine, Ritchey and Hulley (1982)* have indicated that at least three common company characteristics apply to manufacturing firms.
These are:

(1)
Product specialisation; manufacture of a single item or a line of related products:

(2)
Management specialisation; management devoted to production, sales and finance:

(3)
Mechanisation; emphasis on technology and industrial engineering.

Closer examination indicates that these three factors appear to support the hypothesis that marketing may well be a neglected function in the manufacturing firm.

1:4:3 - Implications of Product Specialisation on Marketing and Marketing Planning.

Product specialisation and the fact that the manufacturing firm, particularly the SMF, is engaged in the production of a single item or a line of related products could well mean that management of the firm may well have quite a narrow market and marketing focus. The manufacturing firm, especially if it is enjoying a reasonable level of success, may see little point in enhancing its marketing capability.
Marketing and marketing planning are likely to be dedicated to generating a viable level of sales and customer response from one particular market or a narrow range of market segments.

The danger is that such a narrow market focus could readily translate into narrow marketing planning horizons which ignore the potential of a structured marketing plan to make valuable contributions in at least three respects to the development and success of the firm. These are:

(1)

The identification of opportunities for new product development;

(2)

Adding a systematic approach to expanded or new market development;

(3)

The integration of production functions in a manner which moves present manufactured output more smoothly and efficiently to the final users.

All three of these benefits are fundamental outputs of the structured marketing planning system. Everything which Stacey and Wilson (1963) had to say about industrial market research applies equally to marketing planning.

"Marketing research is a management aid to ensure the viability of the business enterprise; if skilfully interpreted and intelligently applied, it provides for the firms continuity between today and tomorrow. Marketing research is often called upon to investigate short-term market prospects for products passing through the production shop and the assembly line".
Another of its tasks is looking ahead to the future by estimating likely demand for goods and services, either within the narrower context of the firm or in the wider context of the economy." *Stacey and Wilson (1963)*.

1:4:4 The implications of SMF Management Focus on Production, Sales and Finance for Marketing Planning.

The fact that Amrine, Ritchie & Tulley found management in manufacturing firms centred around production, finance and sales would indicate that all the classical symptoms are present in SMFs for production and sales orientation rather than marketing orientation as commented on by most marketing writers including Kotler and Cooper & Madden. *Kotler (1972)*; *Cooper & Madden (1993)*; *et.el.*

In turn, production and sales orientations do not encourage the sophisticated approach to marketing planning required by the highly structured academic marketing plan. On the contrary, it leads to "...heavy emphasis on short-run policy planning." *McCarthy (1971)*.

It would not be beyond the bounds of possibility to find that SMFs consider the academic marketing plan model as somewhat elaborate for what they perceive to be limited planning needs of their enterprises. Or, indeed, to find SMF management somewhat disparaging of the usefulness of the outcomes of the marketing plan to their types of business.

The concern with financial priorities in SMFs is hardly something which can be criticised. This is especially the case with SMFs where the costs associated with manufacture are often incurred well in advance of the arrival of income from sales. Indeed, production often has to take place even before a firmly reliable sales and ordering cycle can be set up. Therefore, concern with manufacturing investment and cash flow planning is not only natural, but these financial factors must assume an extremely high priority from management's point of view.
Marketing Planning in SMFs

It is easy, however, to envisage a problem arising when financial priorities outweigh consideration for the capacity of marketing planning to help management identify and provide for these financial priorities in the first place. The usefulness of marketing planning in helping management to foresee financial problems and to help solve them would especially apply where a high level of integration across the production, finance and marketing functions is built into the business and marketing planning processes themselves.

1:4:5 The implications of SMF Management Focus on Technology and Manufacturing Engineering for Marketing Planning.

Amrine, Ritchie and Tulley, when investigating manufacturing organisation and management, researched U.S. firms which are relatively larger than their Irish counterparts and, in many cases, it could be expected that they would be technologically more advanced. The mechanisation factor and the use of technology and industrial engineering in manufacturing firms may not apply to SMFs, especially Irish SMFs, which are usually very small by international standards.

This is not to say, that technological expertise is the province only of large firms. There is every reason to assume, bearing in mind the ability of even very small Irish firms to survive in international markets and their ability to supply the technology, quality and service requirements of even very large, technologically advanced multinationals that Irish firms are just as technologically and engineering competent as their overseas counterparts.

Where Irish SMFs are technologically developed on the industrial engineering and mechanisation fronts, however, this will immediately generate something of a paradox from the marketing planning perspective.
On the one hand, the well organised and reasonably advanced SMF will have a heavy process/production/technology focus and will prioritise issues which reduce costs, improve quality, and enhance production efficiency. Marketing planning will have no direct role in achieving these goals.

However, the search for production efficiency by the SMF will inevitably create the need for marketing intelligence and sales forecasts which can lead decisions about what to manufacture, in what quantities, for which markets and at what prices.

Furthermore, in the case of many of the SMFs engaged in the sub-supply sector to technologically sophisticated multinationals, the process of identifying contract opportunities, negotiating agreements and servicing the on-going relationships call for expertise, time and experience all of which are likely to be best understood and carried out by qualified and experienced marketing personnel with quite sophisticated planning skills.

The more technologically advanced the SMF and its customer base, the more it may see the need for, and come to rely on, marketing planning to guide production and business policies.

This concept of integration of production and marketing planning is explored further below.

1:4:6 - The interdependence of Manufacturing/Production Planning & Marketing Planning.

The production dimension of a manufacturing firm inevitably generates a degree of conflict between the production/ manufacturing function and the marketing function, and this will certainly not make marketing planning any easier.
Wilson (1994), Kotler (1972) and Murray & O'Driscoll (1993) highlight the capacity for conflict which exists in manufacturing firms between the need for customer responsiveness and the need for cost consciousness.

Each of these writers stress the interdependence of the marketing and manufacturing functions and the impact of their interdependence on the ultimate success or failure of the firm.

This interdependence between the two functions is commented upon by Wilson (1994) and his views are summarised in Table 7 below.

Table 7.

<table>
<thead>
<tr>
<th>THE INTERDEPENDENCE OF MANUFACTURING PLANNING AND MARKETING PLANNING. Compiled &amp; Adapted from Wilson (1994).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective capacity at manufacturing level depends on long range sales forecasting.</td>
</tr>
<tr>
<td>Production scheduling depends on short term sales forecasting</td>
</tr>
<tr>
<td>Inventory control is required by manufacturing to smooth variations in supply and demand and by marketing to provide flexibility and fast customer service: both manufacturing and marketing must reconcile their mutual requirements in the interests of cost control.</td>
</tr>
<tr>
<td>Manufacturing depends on marketing to keep it up to date on additional or revised customer specifications, product features and quality control issues.</td>
</tr>
<tr>
<td>Manufacturing depends on marketing for stable specifications, volumes and deliveries and marketing depends on manufacturing for cost controls and efficiencies especially when competitive pricing is an essential marketing tool.</td>
</tr>
<tr>
<td>Marketing depends on effective new product development from manufacturing especially where NPD is a vital element for continuing and extending life cycles.</td>
</tr>
</tbody>
</table>
Marketing Planning in SMFs

Clearly, despite the conflict which usually exists between the production and marketing functions, the role of marketing planning is vital to the short term operational efficiency and long term technical and capacity development of the manufacturing firm.

The influence of the type of market being served - consumer or industrial - on marketing planning will be discussed next.


Depending on whether production is aimed at a consumer or industrial market, there are different issues operating within the firm which will impact on the focus of marketing planning and content of marketing plans.

Amrine, Ritchie & Tulley (1982)\(^9\) set out a classification of manufactured products which stresses the differences between firms producing for consumer and industrial markets.

Their classification is summarised by the thesis writer in Table 8 on the next page.
Table 8.

<table>
<thead>
<tr>
<th>A CLASSIFICATION OF MANUFACTURED PRODUCTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Compiled &amp; Adapted from Amrine, Ritchie &amp; Tulley - 1982)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Manufactured Consumer Products</th>
<th>Manufactured Industrial Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm can concentrate on local, national or world wide markets.</td>
<td>Number of prospective customers and market segments is more limited than in consumer markets.</td>
</tr>
<tr>
<td>Production takes place in anticipation of receipt of orders.</td>
<td>Most production takes place in response to received orders.</td>
</tr>
<tr>
<td>Non-personal channels of communication are widely used and buyers are not usually skilled in sourcing &amp; negotiation.</td>
<td>Personal channels of communication predominate and buyers are skilled in sourcing &amp; negotiation.</td>
</tr>
<tr>
<td>Most comparable products are highly substitutable and have similar values unless they are durables.</td>
<td>There is a good deal of product differentiation and customer tailoring of product with heavy emphasis on engineering, technical and sales service and installation.</td>
</tr>
<tr>
<td>Mass or extensive channels of distribution &amp; influence prevail.</td>
<td>Compared to consumer products, channels of distribution are shorter and there is a narrower choice of channels of influence.</td>
</tr>
<tr>
<td>Demand fluctuates widely as the business cycle fluctuates.</td>
<td></td>
</tr>
</tbody>
</table>
The nature of the product which is being manufactured is likely to impact on the focus and content of any marketing planning carried out by the firm. The exact nature of this impact remains unclear, but some issues could be anticipated.

A major focus of marketing planning in consumer markets, because of the diversity of these markets and the fact that production usually takes place in anticipation of demand, is likely to be the generation of information on changing trends within the various elements of the consumer market environment and the identification of those trends which need to be anticipated, and taken account of, if the firm is to thrive.

Therefore, manufacturers of consumer goods, may need to place a good deal of emphasis on the Analysis and Strategy Formulation Stages of the classical academic marketing plan.

The producers of industrial products, on the other hand operate in a more reactive manner to fairly readily identified local or industry based market demands and such firms may see themselves, validly or otherwise, as needing to place less emphasis on analysis and more on responsive action.

Industrial goods producers are more likely to focus planning on the harder and more actionable elements of the Strategy Formulation and Marketing Mix Stages of the classical marketing plan.
This Section set out to explore the relationships between manufacturing and marketing in SMFs. The following points summarise what has emerged from a review of the literature.

(1) The nature of the manufacturing firm and the management of the production process tend to militate somewhat against marketing planning. Certainly the nature of manufacturing indicates that management priorities may focus on areas other than on marketing planning.

(2) There could well be a failure on the part of management of manufacturing firms to appreciate the extent to which marketing planning can contribute to the day to day operations and the long run fortunes of the manufacturing enterprise.

(3) The literature would suggest that marketing academics have a very clear view of the need to generate a close integration of manufacturing and marketing functions and of the benefits which would ensue from this. The marketers viewpoint may not be shared or appreciated by their manufacturing colleagues.

(4) The nature of the product being manufactured and whether production is marketed in consumer or industrial market segments could well affect the structure of a marketing plan. The nature of the product will almost certainly influence the priority which will be allocated to various elements of the classical academic marketing plan by the management of the SMF.
SECTION 1:4 - BIBLIOGRAPHY.


(8)

(9)
Wilson, Ian, (1994), op. cit., p.94.

(10)
1:5 - Issues Associated With The Theoretical Marketing Plan Which May Make It Unsuitable For Use By The Small Manufacturing Firm
1:5:1 - Introduction.
The objective of this Section of the study is to further investigate factors which may adversely affect the SMF's propensity to plan their marketing.

1:5:2 - Possible reasons for reluctance by SMFs to use the Theoretical Marketing Plan.

It has become apparent in Section 1:3 that small firms typically have problems with marketing planning. It has emerged in Section 1:4 that a small firm which is also engaged in manufacturing is likely to encounter further impediments which will hinder their propensity to formally plan their marketing.

However, the fact that an SMF is small in size and engaged in manufacturing are not, in themselves, sufficient reasons for reluctance to adopt a marketing planning orientation. Unfamiliarity with the procedures and formats of the academic marketing plan could also be a contributory factor. That there is likely to be a knowledge deficit about marketing and marketing planning among owner managers of small firms has also already been established in Section 1:2 of this Study.

However, ignorance of the procedures and formats is unlikely to apply to all small firms and may not, therefore, be the only reason why the theoretical planning model is not used. There could be at least two issues associated with the theoretical marketing plan itself which make it unsuitable for use by the SMF. These are:

(1).
The capacity to carry out the stage by stage procedures involved in marketing planning are beyond the capabilities and resources of the SMF;

(2).
The outcomes of the marketing planning process are considered by the SMF to have insufficient relevance to the on-going management of the firm.
1:5:3 - Proposition - The Theoretical Marketing Plan is Unsuitable for use by SMFs.

The proposition explored in this Section is that, even if the SMF wished to compile a marketing plan based on the structures set out in marketing literature, the theoretical procedures and formats are, by their very nature, unsuitable for use by the small manufacturing firm.

(It is interesting to find that management accounting theory as set out during the 1980s is currently going through a critical evaluation for the same reasons as is marketing planning, i.e. that the theory does not seem to fit the needs of practitioners. "It has become apparent that there is a significant gap between the 'theoretical' material contained in management accounting textbooks and the methods used by management accountants in practice." 


Before delving into the literature to explore this proposition, however, it is necessary to decide whether or not there is a universally accepted marketing planning format.

1:5:4 - Is there a 'Universal' Theory of Marketing Planning?

Even a cursory examination of marketing literature leads to the conclusion that there is a large degree of consensus about what elements go to make up the theoretical marketing plan. These elements include the processes of analysis, objective setting, strategy formulation, marketing mix planning, and identification of control procedures.

These stages constitute the essential components of the marketing plan according to writers such as Kotler (1972), Mandell & Rosenberg (1981), Dibb, Simkins, Pride & Ferrel (1991) and many others.
Extra components such as formulation of mission statements, identification of SBUs etc. are found in the works of many other authors. However, these extra components form additions to, rather than alteration of, the fundamental marketing plan building blocks.

Also, these extra components tend to be associated with writings which tackle marketing planning from the point of view of the larger more diversified firm or from a specialist strategic marketing perspective.

As well as widespread agreement on the constituents of the theoretical marketing plan, there is also consensus in the literature on the sequence in which each of the elements should be approached beginning with the analysis stage, and ending with the control stage.

The conclusion that there is a 'universal' theory of marketing planning is almost inescapable.

1:5:5 - If there is a Universal Theory, why is it not more widely applied in business?

Why, therefore, if there is so much agreement about the format of the marketing plan in theory, does there appear to be so little acceptance of it in practice, especially among smaller firms.

At least some of the answer to this question may be found in the works of Malcolm HB MacDonald, (1982)^5, especially his 1982 PhD. thesis.

His research and conclusions cannot be ignored in the context of this present study.
1:5:6 - Macdonald on Marketing Planning.

Macdonald describes the conceptual approach to marketing planning as being "A logical sequence and series of activities leading to the setting of marketing objectives and the formulating of plans for achieving them." *Macdonald (1982)*.

The question which then arises is, why a good deal of empirical research led Macdonald to the state that

"...the only conclusion that can be reached is that the current theory of marketing planning is largely irrelevant, which may account for why so few companies conform to the theory." *Macdonald (1982)*.

That so few firms conform to the theory is not in dispute because more than sufficient evidence has already emerged in the course of Section One of this study to support this.

The question which needs to be answered is why this should be the case i.e. why so few firms plan at all and, if they do, why their approaches so seldom conform to the recommendations which are so widely accepted by the marketing planning theorists.

Macdonald believes that it is what he calls the ‘contextual issues’ surrounding the planning process rather than the systematisation of the process itself which lies at the root of the problem.

These contextual issues include factors such as degree of environmental turbulence, market growth rate, market share, management style and, significantly from the point of view of this study, company size.
Each of these factors contributes to the belief among management that there is neither the time to formally plan, that planning in the light of rapid changing environment is impossible, or that the outcome of the formal planning process is simply not worth while.

In Macdonald's view, there is nothing wrong with the theoretical plan - in theory. It is simply that there are so many inhibiting factors operating within the firm, that it is seldom capable of being used in practice.

The task of the next five Sections of this study is to take each of the stages of the theoretical marketing plan which contribute to Macdonald's "systematisation of the process" - Analysis, Objective Setting, Strategy Formulation, Marketing Mix Development and Control Setting - and examine them in terms of the "contextual issues" which apply to the typical SMF.

If Macdonald is correct, it will be found that the inherent characteristics of small manufacturing firms are such as to make the procedures and format involved in the theoretical marketing plan unsuitable for use by the SMF.

Therefore, Sections 1:6 to 1:10 of this thesis carry out a component by component analysis of the academic marketing plan in order to confirm the viewpoint expressed in Sections 1:3:9 and 1:3:13 that;

(1) Typical SMF owner/managers are likely to have the skills of synthesis and analysis needed to carry out the stage by stage process.

(2) The outcomes of each planning component are likely to be perceived as being useful or relevant to aspiring SMF planners.
SECTION 1.5 - BIBLIOGRAPHY


1:6: - ISSUES INVOLVED IN THE SMF CARRYING OUT THE ANALYSIS STAGE OF THE MARKETING PLAN.
1:6:1 - The importance of Information to effective Marketing Planning.

Information on markets and marketing is highlighted by most writers as a basic management resource without which effective marketing planning is impossible.

The Co-Operation North Study (1991)\textsuperscript{1} adopted the view that information is a key factor in effective marketing planning. "The extent and quality of information gathering and use was addressed as a key indicator of the firm's approach to the business of market analysis and decision making".

Among the findings of the Co-Operation North study were confirmation that marketing planning and decision making suffers as a result of lack of formal information systems and that non-existent or poor information systems are a common phenomenon among firms which do not have discrete marketing management functions.

Carson & Cromie (1989)\textsuperscript{2}, in the course of their investigation of small firm marketing planning, also placed great emphasis on the need for information as a resource essential to the whole process of marketing planning. They looked closely at the availability of market information among small firms on the basis that lack of information or inadequate information systems could be taken as an indication of lack of marketing planning effectiveness.

Again, their work confirmed that lack of market information was a contributing factor to poor business performance.

1:6:2 - Factors to be considered in the Analysis Stage.

The areas on which information is required in the Analysis Stage vary very little from writer to writer.
Marketing Planning in SMFs

Typically, they consist of customer, competitor, macro-environmental, market, company and cost analyses. These provide the information needed to identify market opportunity and assess the company's capacity to take advantage of the opportunity. Abell & Hammond (1979).

1:6:3 - The need for Formalisation of Marketing Information.

There is general agreement in the literature that a certain degree of structuring and formalisation of the information is required.

Abell & Hammond suggest that nothing less than formal data is necessary for effective analysis and that data should be compiled in such a manner that the significance of the data for marketing decision making can be readily taken into account by the planning firm. Abell & Hammond (1979).

However, the literature generally reflects the information and information systems requirements of larger firms and more complex organisations.

In the case of the smaller firm, the need for formal systems may be considerably less.

The degree of formalisation required for marketing planning in SMFs is one of the factors which is explored further in the remainder of this Section which compares the information requirements of the Analysis Stage of the academic marketing plan with the likely market information requirements of the SMF planner.

1:6:4 - Customer Analysis.

Knowledge of customers and their needs is a sine qua non to marketing.
It is not surprising then, that customer analysis is seen as a fundamental component of the Analysis Stage of the marketing plan.

A typical customer information list (Abell & Hammond [1979]) is set out in Table 9 below.

Table 9.

<table>
<thead>
<tr>
<th>THE MARKETING PLAN'S ANALYSIS STAGE - CUSTOMER ANALYSIS. (Adapted from Abell &amp; Hammond 1989).</th>
</tr>
</thead>
<tbody>
<tr>
<td>What customer factors influence demand?</td>
</tr>
<tr>
<td>What are customer's important buying criteria?</td>
</tr>
<tr>
<td>What services do customer's expect?</td>
</tr>
<tr>
<td>How do customers buy?</td>
</tr>
<tr>
<td>How do the various elements of the marketing mix influence demand?</td>
</tr>
<tr>
<td>Where do customers seek information?</td>
</tr>
<tr>
<td>Where do customers buy?</td>
</tr>
<tr>
<td>When do customers buy?</td>
</tr>
<tr>
<td>Why do customers choose one product or supplier rather than another?</td>
</tr>
<tr>
<td>Who are the firm's potential customers?</td>
</tr>
<tr>
<td>Who are the decision makers in the customer's companies?</td>
</tr>
</tbody>
</table>

Few marketers would argue the fact that the items on the Abell & Hammond list could be regarded as essentials of effective marketing planning.
Marketing Planning in SMFs

However, it is unlikely that much of the listed information would be available within the average SMF as formally compiled data.

Nor is it likely that SMFs would commission market surveys to uncover and structure most of this information since Co-Operation North notes that the use by small firms "Of external research is negligible," *The Co-Operation North Study (1991)*.

Therefore, it would appear that SMFs are likely to be weak in terms of their ability to provide the basic information necessary for customer analysis.

However, not having what amounts to a marketing information system may not be as major a drawback to planning in the SMF as might first appear to be the case.

Because small firms serve predominantly local or regional markets, *(Carson, 1985)*, their customer information requirements are usually limited in extent and specific in nature.

Also, because of the smallness of the organisation and the personal involvement of the owner manager, a good deal of customer information is readily available within the firm, even if on an informal basis. "The small business may have neither a marketing director nor a marketing manager, and yet its operating employees will be likely to have direct connections with all its customers." *Waterworth (1989)*.

The customer information requirements of the SMF will also vary somewhat depending on whether or not consumer or industrial markets are being served.

Industrial marketing SMFs are particularly likely to be better equipped with customer information than their consumer marketing counterparts.

In industrial markets because "The number of potential customers is limited", *Amrine, Ritchie & Tulley (1982)*, it is likely that the firm will know a good deal about each customer.
The point that considerable negotiating and information exchange takes place between specialists and representatives from the various functional areas within both the customer and supplier firms is also made about industrial marketing firms by Reeder. Reeder, Brierty, Reeder (1987). 

Although probably not as well informed as their industrial counterparts, the fact that consumer marketing SMFs serve mostly local or regional markets and tend to develop very close relationships with their directly served end customers and channel intermediaries, is also likely to provide them with a good deal of customer information.

However, there are some extra complexities attached to consumer marketing which can lead to important shortfalls in customer information required for planning purposes.

In consumer marketing planning, information about consumer motivation and the impact of various aspects of the marketing mix on consumer perceptions is of particular importance.

However, lack of marketing expertise is likely to leave the SMF at something of a loss when it comes to compiling and understanding information about these complex issues.

Also, Mandell & Rosenberg (1981) hold the view that "How well marketing is able to explain and predict consumer behaviour and how much influence and control it yields are issues open to debate."

1:6:5 - Does lack of information on Customers inhibit Marketing Planning?

It could be concluded that adequate customer information for marketing planning purposes may be fairly readily available within the SMF - albeit on an unstructured basis - and that factors other than the availability of customer information inhibit the marketing planning process.

Only field research can hope to determine if this is the case.
1:6:6 - Competitor Analysis.

The information required under the heading of Competitor Analysis is shown in Table 10 on the next page, again taken from Abell & Hammond (1989).12

Table 10.

<table>
<thead>
<tr>
<th>MARKETING PLAN'S ANALYSIS STAGE - COMPETITOR ANALYSIS. (Adapted from Abell &amp; Hammond 1989).</th>
</tr>
</thead>
<tbody>
<tr>
<td>What are competitors present strategies?</td>
</tr>
<tr>
<td>How are they performing?</td>
</tr>
<tr>
<td>What are their strengths and weaknesses?</td>
</tr>
<tr>
<td>What actions can be expected from them in the future?</td>
</tr>
</tbody>
</table>

Again much of what has been found to apply to SMF customer analysis in Sections 1:6:4 and 1:6:5, will also apply to the analysis of competitors.

Serving predominantly local markets and a small number of market segments in which there is a high level of interaction between the firm and its customers, there is likely to be considerable awareness of competitor activities within a typical SMF.

This is again particularly the case in industrial marketing SMFs where "Buyers are skilled at their work. Purchasing agents enjoy a certain amount of professional stature and are tending more and more to leave personal prejudice and emotion behind when buying industrial goods. Instead they are carefully studying costs of operation, effects on safety, and productivity, before signing a purchase order. They usually ask the advice of many people within their companies before deciding on purchases". Amrine, Ritchie & Tulley (1982).13
Also, in industrial markets, the process of playing potential suppliers off against one another goes on all the time. This means that customers inevitably provide suppliers with valuable insights into competing supplier's strategies.

In consumer markets, especially where indirect channel systems are employed, information availability may not be as comprehensive as in industrial market situations. However, it is in the nature of small firms serving predominantly local markets to be sensitive to their competitors and to changes in competitor's marketing activities.

Again, as was the case with customer information, it is possible to conclude that SMFs are likely to be well informed about their competitors. Their information, while not likely to be formalised to any degree, enables management to "Recognise competition and potential competition and utilise information and intelligence in a positive, even strategic, manner."

Co-Operation North 18 (1991)\textsuperscript{14}.

\textbf{1:6:7 - Environmental Analysis.}

Environmental analysis is important in that it helps to identify the economic, social, political and technical changes which "Continually reshape customer behaviour and competitor strategies."

\textit{Abell & Hammond (1981)}\textsuperscript{15}.

The components which make up a typical environmental analysis stage are shown in Table 11 on the next page compiled from Abell & Hammond.
The SMF could conceivably be interested in compiling information on technological change since SMFs - like all manufacturing firms - are characterised by "Mechanisation" and "Use of technology and industrial engineering." Amrine, Ritchie & Tulley (1982). However, it is difficult to envisage the generality of economic, social, political and demographic information being of much relevance to the planning needs of the typical SMF - even assuming that the technical and analytical capacity existed within the firm to compile the information in the first place.
That is not to say that SMFs are not interested in fashion trends, lifestyle trends and social change in so far as these affect their specific product and market areas. These factors are likely to be seen as the specifics of good product or new product development policies with very specific implications for the identification of threats to, or opportunities for, the firm's future. The idea of monitoring the environment on a broader and less specific basis is unlikely to be seen as particularly relevant to the typical SMF.

The conclusion that environmental analysis is likely to be considered both overly complex and of insufficient end-use value by the average SMF is difficult to escape. It is certainly a proposition which will need to be explored in the course of the field research.

1:6:8 - Market Analysis.

Market analysis is designed to complete the external factor picture and provide information on the "Characteristics of the market that cannot be gained from a study of customers, competitors or environmental trends alone." Abell & Hammond (1981)\textsuperscript{17}.

This planning stage provides information on product/market opportunity (Evans & Berman [1985]\textsuperscript{18}; Cravens [1994]\textsuperscript{19}, measures present and future market potential (Makens [1989]\textsuperscript{20}, and furnishes market share information (Makens [1989]\textsuperscript{21}.

Among the major outcomes of this analysis is information which allows the firm to begin the vital planning task of forecasting, particularly sales forecasting.

The components which make up the stage are set in Table 12 on the next page compiled from Abell & Hammond.
Table 12.

THE MARKETING PLAN'S ANALYSIS STAGE - MARKET ANALYSIS.
(Adapted from Abell & Hammond 1989).

<table>
<thead>
<tr>
<th>Market Characteristic</th>
<th>Factors.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand</td>
<td>Delineation of market boundaries and how they are changing.</td>
</tr>
<tr>
<td></td>
<td>Assessment of present and future buyer concentrations.</td>
</tr>
<tr>
<td></td>
<td>Projections of total demand for total market and major segments.</td>
</tr>
<tr>
<td>Supply</td>
<td>Assessment of present and future supply structure, supply concentration, product differentiation, and entry barriers.</td>
</tr>
<tr>
<td></td>
<td>Description of the character of supply, present and projected.</td>
</tr>
<tr>
<td></td>
<td>Analyses of cost structures and cost behaviour.</td>
</tr>
</tbody>
</table>

1:6:9 - Demand and the SMF.

SMFs are normally well 'tuned in' to developments in the demand side of their markets. Again, their knowledge is likely to be intuitive, but it is likely to have the 'implicit marketing dimension' mentioned in the Co-operation North Report.

Industrial marketing SMFs are especially likely to become quickly aware of shifting market boundaries arising from technological and service shifts because of their "Heavy emphasis on the use of technology and industrial engineering. Further, industrial engineers have been able to devise improvements and increase productivity in every phase of the business whether in the factory, office or salesroom." Amrine, Ritchie & Tulley (1982)\(^{22}\).
Consumer marketing SMFs serving local consumer markets and specialised segments are also likely to become aware of shifting market boundaries through changes in sales patterns and through contact with end users and channel intermediaries.

Projections of total market size are likely to be of little relevance to the SMF since "Small firms tend to have a very limited share of a given market and are relatively small in the industry." Carson (1985).

1:6:10 - Supply & the SMF.

The nature of small business in limited markets is such that SMF owner/managers usually pride themselves on knowing their competitors and being sensitive to changes in competitor's operations and strategies.

SMF owner/managers are well aware of supply concentration - how many firms supply the market and how sales are distributed between them - and also product differentiation as it applies between one supplier and another.

Costs are likely to be basically similar for all SMFs of relatively the same size and aiming at the same target markets. The nature of SMFs is that economies of scale or variable cost advantages seldom apply and, where they exist, are seldom sustainable over the long term.

1:6:11 - Are SMFs sufficiently well informed about Supply & Demand for Marketing Planning purposes.

Again, it is possible to conclude that SMFs are basically well informed about the structure and mechanics of their market places. "Without any formal processes or systematic approaches, business managers and owners know their customers, markets and industries well." Co-Operation North Study (1991).
1:6:12 - Company Analysis.

The analysis of customers, competitors, environmental trends and market characteristics have as their objective the assessment of opportunity.

The analysis of the company itself is aimed at assessing whether or not the company is equipped to seize the opportunity.

In particular, it asks whether company resources are relevant to and adequate for an identified opportunity and, if not, what can be done to improve or expand them.

The components which make up the stage are set in Table 13 below.

Table 13.

<table>
<thead>
<tr>
<th>THE MARKETING PLAN'S ANALYSIS STAGE - COMPANY ANALYSIS. (Adapted from Abell &amp; Hammond 1989).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm's particular competencies.</td>
</tr>
<tr>
<td>Historical performance.</td>
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<tr>
<td>Strengths &amp; Weaknesses.</td>
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<tr>
<td>Past response patterns.</td>
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<tr>
<td>Company resources.</td>
</tr>
<tr>
<td>Value systems of management and employees.</td>
</tr>
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</table>

The criteria listed above provide a fairly comprehensive framework for analysing the firm's competence to take advantage of opportunities. It could also be assumed, because the factors are so much under the control of and within the experience of management, that using the framework for SWOT purposes poses no particular difficulties.
This may, however, be far from the truth.

According to MacDonald, "The SWOT device is potentially a very powerful analytical tool that can give impact to ensuing assumptions, objectives, strategies and budgets. Unfortunately, it is rarely used effectively". *MacDonald (1992)*[^25].

MacDonald does not elaborate to any extent on the reasons why this should be the case.

However, one possible reason could be that an element of clinical and dispassionate objectivity is necessary for effective assessment of most of the factors, and the owner/manager is seldom well equipped in this regard.

Apart from the fact that the owner/manager often comes from a technical rather than a marketing background, his or her personal involvement with the business inevitably introduces emotional dimensions to what should be an extremely rational analysis of "Internal differential strengths and weaknesses vis-a-vis competitors and key external opportunities and threats." *MacDonald (1992)*[^26].

Yet another reason why SWOT analysis may not be completely effective might be that objective assessment is best carried out by comparing actual performance against previously planned objectives.

However, as is already known, small firms seldom plan objectives and even more rarely quantify any plans which they make. Thus the magnitude of previously planned objectives is not available. This, in turn, removes one vital element of SWOT analysis from the appraisal equation. *Foley and Green (1989)*[^27].

A third reason why SWOT analysis may not be a simple in practice as it sounds in theory is that there is often a tendency towards intertwining issues with one another in a way which obscures strengths or weaknesses.
Hopkins (1971) noted this phenomenon in the course of his research into marketing planning and suggested that it is essential that "Each problem should be reduced to a concise statement. Avoid the obscuring of a problem or opportunity that may be caused by combining it in the statement of another".


It may be in the analysis of the internal environment that the SMF will find most difficulty in formulating relevant and accurate statements of fact.

Many of the issues will necessarily be addressed in qualitative rather than quantitative terms and results are bound to contain a good deal of subjectivity.

Even quantitative information may be lacking in SMFs due to the informal nature of the management and control functions.

The firm's capacity to plan to avoid emerging market threats and capitalise on emerging market opportunities demands clinical analysis of strengths and weaknesses.

Unless this company analysis is carried out effectively, the end result may be information which can at least distort, and could possibly corrupt, subsequent stages of the marketing plan.


Table 14, on next page, sets out the cost information which is generally required for planning based on the academic marketing planning model.
Cost analysis is essential to effective marketing planning.

"Cost information can aid in the detection of weak products, customers and territories. Accurate cost information is necessary in order to make correct decisions on prices. The marketing executive is more effective to the extent that he joins cost analysis to sales analysis in the planning and control of the marketing effort." Kotler (1972)²⁹.

The effectiveness of cost analysis as a marketing planning tool is dependent on two elements. The first element is the compiling of information on costs and the second is the application of the compiled cost information to marketing decision making.

It could be anticipated from the characteristics of the SMF as a business organisation that, however SMFs may be in compiling cost information, they are likely to be less effective in applying the information to basic price setting or strategic market decision making.
This will be due in part to the management structure in the SMF.

"The characteristics of the manufacturing firm are such that there is management specialisation. Management effort generally is divided into various special functions such as engineering, sales, and finance - the more so as the business grows in size and complexity." Amrine, Ritchie & Tully (1982). Therefore, the absence of marketing expertise at management level leads to a situation where "In most small firms, prices are set by the company accountant." Clarke (1990).

The same reasoning underpins the findings of the Co-Operation North Study that "Pricing activity tends to be accountant driven and had little strategic objective." Co-Operation North (1991).

It is likely, therefore, that the effectiveness of marketing planning and strategic decision making suffers for want of an approach to costing which is less accounting/financial control based than marketing decision based.
SECTION 1:6 - BIBLIOGRAPHY


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Abell, Derek F., & Hammond, John S. (1979), op. cit., pp.51-54

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(26) McDonald, Malcolm H. B., (1992), ibid., p.28


1:7 - SETTING OBJECTIVES IN SMALL MANUFACTURING FIRMS.
1:7:1 Introduction.

The setting of marketing objectives - a statement of what is to be accomplished through marketing activities - Dibb, Simkin, Pride & Ferrell (1991)\(^1\) - is obviously an extremely important part of marketing planning.

"Establishing marketing objectives is generally considered the single most important step in the planning process. Without objectives planning would have no practical purpose". Mandell & Rosenberg (1981)\(^2\).

However, the range of objectives which are found in the academic marketing plan, very much reflect the fact that the academic model has developed from the perspective of the larger firm.

It would not be surprising, therefore, if some adaptation and modification of the objective setting processes recommended in the academic marketing planning model were necessary before it can be used effectively by the SMF.

1:7:2 - Setting Objectives in the Smaller Enterprise.

Corporate objectives such as profit, growth and sales stability - Kotler (1972)\(^3\) - apply equally to most firms regardless of size.

In the smaller firm, these objectives would be fairly readily identified as desirable goals, and might even be considered crucial, by management.

However, it is in the effort to quantify these objectives and elevate them to the status of forecasts, that the small firm may run into difficulties.
Study of the literature has already found that small firms are generally not at all sophisticated in terms of marketing technique. They are also, by their nature, highly production and sales orientated and not always convinced of the need for other than a rudimentary level of marketing orientation.

Thus, management in the small firm, when it comes to setting objectives, may not be particularly well informed about the realities of the marketplace or sufficiently pragmatic in assessing the firm's resources.

The result could be objectives which are basic extrapolations of previous performance or simple 'wish lists'.

This could result in management's failure to maximise market opportunities, or in their being disappointed by non- or under-achievement of targets and budgets.

1:7:3 - Financial Objectives - The Theoretical Marketing Plan View.

A good deal has been written about the role of financial objectives in marketing planning.

"Marketing objectives are essentially financial." Mandell & Rosenberg (1981).\(^4\)

"Money is the common language of business and is, therefore, the most suitable medium for expressing company objectives." Stapleton (1982).\(^5\)

Financial objectives do, of course, measure the value, health and current performance of the business. Undoubtedly, a major attraction of financial objectives is that they are quantifiable and, therefore, unambiguous.
This advantage of lack of ambiguity appears to heavily influence writers such as Makens (1989)\(^6\) and Evans & Berman (1985)\(^7\) in favour of financial objectives.

However, other writers on small businesses have some mixed feelings about the effectiveness of financial goals in the planning context.

1:7:4 - Financial Objectives - The Small Firm View.

Some writers on small business marketing planning have very few problems supporting the use of financial objectives as major components of the marketing plan.

"Every marketing decision is a money decision. It is this fundamental fact, which is misunderstood, often ignored, or is even unknown, that causes so many major problems in companies, especially in the small business". Rodgers (1968)\(^8\).

However, at least two writers on small business planning add important caveats to the basic idea of giving primacy to financial objectives.

"If set, financial objectives must be flexible. It is no use a small firm trying to operate within a pre-determined financial strait-jacket, though it must stay within its borrowing limit." Brown, Rick (1987)\(^9\).

Similarly, Thurston says, "Financial planning is influenced by the performance and opportunities of the business, by the realities of the financial market, and by the choice of the chief executive or the owners." Thurston, Philip H. (1983)\(^10\).

It is, therefore, quite apparent that financial objectives form an essential part of objective setting for any business including the smaller one.
However, in the case of the smaller firm there is very often a dichotomy between the potential for growth and development of the firm and the need to operate within strict financial guidelines and according to the typical criteria set out in ratio analyses.

Thus, it is appropriate that financial, and particularly, profit objectives, reflect existing or potential company and market growth potentials if such exist.

Otherwise, it can be argued that there is little to be gained by setting profit objectives in the first instance since it is the natural instinct of small firm managers to maximise them in any case.

1:7:5 - Impact of Management's Personal Goals on Objective Setting.

Management's personal goals must be taken into account when setting objectives in the small firm.

Waterworth (1987)\(^\text{11}\) is at least one writer who suggests that, while financial objectives are essential components of the small business marketing plan, there is also need for a planning dimension which takes into account the personal, non-business objectives of the owner/manager.

He makes the point that it is useful to separate company objectives into those which he calls economic and others which he calls non-economic.

He goes on to suggest that economic objectives relate directly to desirable financial results to be found in the company balance sheet or profit and loss account - return on capital, sales volume/revenue, profit/margin, and cash flow.
Non-economic objectives relate to the value system within the firm and are not shown on the balance sheet - prestige and status, managerial ego, social conscience, social engineering, and political ambition.

Waterworth suggests that, for the small business, economic objectives - especially cash flow - must take primacy, but that they simply cannot be set in isolation of non-economic objectives.

"The job of the boss in a company is to balance out several objectives in order to go successfully into the future. Further, it may be that what amounts to an objective for one person is really only a means to achieving a higher goal or objective for another". Waterworth (1987)\textsuperscript{12}.

Brown goes even further in highlighting the importance of the owner/manager's personal goals.

"Perhaps the most important objective in the small firm, is the personal objective of the owner/manager. This is a subject which is rarely regarded as relevant to the large firm; but in the small firm it can have a crucial impact on the firm's approach to many business decisions", Brown (1987)\textsuperscript{13}.

Waterworth's and Brown's views on the need to take into account personal objectives in the context of the small business, are borne out by many other writers including especially Birley and others mentioned in Section 1:2 of this study. Birley, Sue (1982)\textsuperscript{14}. 
The impact of Personal and Economic Trade Offs on SMF Objective Setting.

The influence on marketing planning, which should theoretically be a pragmatic business oriented process, of the SMF owner/manager's personal non-economic emotional and aspirational goals is difficult to assess.

Two quite opposite scenarios suggest themselves.

If management of the small firm is satisfied with the current performance of the business and with present sales/order levels and there appear to be no immediate threats to the customer base, marketing and setting of revised marketing objectives could be seen as somewhat irrelevant.

The problem is that today's success and satisfaction may quickly disappear in the presence of tomorrow's more hostile environment.

On the other hand, if the owner/manager decides to drive forward aggressively for growth and increased profit, the need to set realistic and attainable marketing objectives becomes very real; it then becomes vital to identify and provide for the trade-offs which are inevitably involved.

The trade-off relationships between financial growth/profit and customer/market growth are highlighted by writers such as Weinberg. Weinberg (1969).15

The second scenario, in which the owner/manager decides to strive for growth and development of the firm, is obviously the more dangerous, at least in the short term.
However, both scenarios suggest, once again, the need to take account of the marketing environment and for an overall marketing orientation by management during the planning process.

1:7:7 - The Manufacturing Dimension's impact on SMF Objective Setting.

So far, this Section of the study has concentrated primarily on examining 'smallness' issues related to objective setting in small businesses.

The fact that the SMF is engaged in manufacturing also has an impact on objective setting and the type of manufacturing in which the SMF is involved influences the types of objective which are chosen and the manner in which they are prioritised.

Nicol (1994)'s suggests that manufacturing firms tend to set objectives based much more on production priorities rather than marketing priorities. Therefore, objectives, he suggests, tend to concentrate on new product development, product quality, inventory control, production batch sizes, breath of product range, cost control, etc.

Hopkins (1981)'s research has shown that for industrial goods manufacturers, the most important marketing objectives are profit margins (71% of firms surveyed), field sales effort (72%), new product development (70%), sales to minor accounts (61%), and pricing policies (61%).

For consumer goods manufacturers, marketing objective centre on profit margins (71% of firms surveyed), sales promotion (69%), new product development (68%), pricing policy (64%), field sales effort (64%), and advertising expenditure (64%). Hopkins (1981)'s.
It emerges that the objectives listed by Hopkins correspond quite closely to objectives which are typical of the theoretical marketing plan.

However, it cannot be taken for granted that the results of Hopkins research, which surveyed U.S. manufacturing companies which tend to be considerably larger than their Irish counterparts, will apply in the case of SMFs, particularly Irish SMFs.

Therefore, his findings may need some further field research and refinement before it can be said that they are typical of Irish SMFs.

1.7.8 - Some Conclusions about Objective Setting in SMFs.

The logic of the objective setting activity contained in the academic marketing plan remains beyond dispute.

However, MacDonald seems to have been quite correct in maintaining that it is the contextual issues which inhibit the use of the theoretical marketing plan in the case of the SMF.

The particular circumstances of the small firm, together with the further complexities imposed by the fact that the SMF is engaged in manufacturing, mean that the basic tenets of the theoretical marketing plan must be treated with caution.

It falls to field research to determine the nature of the objectives which the owner/managers of SMFs set for their businesses, to try to determine how personal goals influence objective setting, and to try to establish whether or not objectives in SMFs form part of a complete marketing or business plan.
SECTION 1:7 - BIBLIOGRAPHY

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1:8 - STRATEGY FORMULATION IN THE SMF
1:8:1 - Some Academic perspectives on Strategy.

Strategy is a term which can be used to describe the overall method by which objectives will be achieved or the process by which the objectives themselves are decided upon in the first place.

At one level strategy can apply to the organisation as a whole; it can also apply at a functional level, e.g. financial strategy, marketing strategy; or it can apply at a tactical level e.g. promotions strategy, pricing strategy.

The term strategy, therefore, embraces a number of different dimensions and it can legitimately mean different things under different circumstances.

Wilson, when writing about the tangled nature of the term strategy and the interface between marketing strategy and functional strategies says, "The interface becomes even more problematic when terms such as marketing strategy and strategic marketing are loosely used and, more particularly, when the tools and techniques of marketing are misused by strategists and the tools and techniques of strategy are misused by marketers." Pearson, (1994).4

In terms of the typical theoretical marketing plan, strategy is usually taken to be the broad guidelines for the achievement of marketing objectives. This is the view of writers such as Mandell & Rosenberg (1981), Dibb, Simkins, Pride & Ferrell (1991), Kotler (1972) and also McDonald.

"Strategy is the overall route to the achievement of specific objectives and should describe the means by which objectives are to be reached, the time programme and the allocation of resources." McDonald (1992).5
Strategy drives the targeting of markets, the make-up of the marketing organisation, the drafting of the marketing budget, and especially, the assignment of objectives and tasks to the various elements of the marketing mix. (Evans & Berman [1987], Makens [1989], Wilson [1994]).

Clearly, it is necessary to assign to strategy formulation a specific role and a set of tasks which enables it to fit into the process of marketing planning in the SMF.

1:8:2 - The role and tasks of Strategy in SMF Marketing Planning.

The role which this thesis writer has chosen to assign to marketing strategy conforms to the views of Evans & Berman, Makens, Wilson, et al. i.e. strategies are designed to accomplish marketing objectives.

The tasks which the writer has assigned to marketing strategy conforms to the views of Murry and O'Driscoll (1993), Evans & Berman (1987), Dibb, Simkins, Pride & Ferrell (1991) in that strategy enables the SMF to;

(1) Choose profitable, defensible and appropriate target markets;

and

(2) Develop a viable competitive presence in the chosen target markets through effective formulation of marketing mix tactics.

1:8:3 - The problems posed for SMF Strategy Formulation by lack of Marketing Expertise.

If strategy formulation is to accomplish the tasks assigned to it, then a good deal of effort - much of it analytical and judgmental - is required.
"Developing a sound long term marketing strategy is one of those areas where perspiration is at least as important as inspiration". Clarke (1990)\textsuperscript{12}.

It is to the task of strategy formulation that the Analysis Stage of the Marketing Plan will probably make its most important and sustained contribution.

The effectiveness of ultimate strategy decisions will be heavily dependent on management's willingness to devote the time and effort to analysis and evaluation of the information contained in the Analysis Stage of the marketing plan.

However, time and effort in themselves are unlikely to produce effective results. Effective strategy formulation is a complex process which is largely marketing theory and marketing skills related.

There are many manifestations of demand and, therefore, many optional target markets even for the smaller firm. Usually, there are also a number of alternative competitive market positions and tactical marketing mix choices available to the firm.

A working knowledge of marketing theory and of the techniques of strategy formulation is necessary if management is to be able to generate the alternative options in the first place and then make decisions about which options are most appropriate to their individual firms.

That is not to deny the 'intuitive' capacity of the management of small firms to develop strategic decisions. Co-operation North Study (1991)\textsuperscript{13}.

Nor is it possible to overlook the intimate local or specialist market knowledge which the owner manager of the SMF will bring to bear on the business of creating and maintaining a competitive presence in the marketplace.
However, it is also reasonable to conceive of a scenario in which an SMF could develop more effective and longer lasting strategies through awareness of relevant marketing theory and application of some of the more formal tools of marketing strategy as set out in the marketing literature.

The question of which strategic marketing techniques best suit the SMF situation then arises.

1:8:4 - Suggested techniques for Marketing Strategy formulation in SMFs.

Because of the diversity of SMF activity, company size, markets served, not to mention the scarcity of marketing expertise, any efforts to prescribe strategy formulation techniques for the generality of SMFs would be somewhat speculative.

However, some techniques would have obvious potential for application in the small business situation.

Market segmentation is highlighted in both academic marketing literature and in writings on small business marketing as being basic to strategy formulation.

"In the small business, skill in segmenting the market is crucial and fundamental to success." Waterworth (1989)\footnote{Waterworth (1989)\textsuperscript{14}.}

Also, segmentation, "Is one of the most important marketing skills which can be used in the small enterprise. By concentrating on specific groups, we will discover different needs which require different blends of what we call the 'marketing mix' and therein lie the opportunities for the firm." Waterworth (1987)\footnote{Waterworth (1987)\textsuperscript{15}.}
"For example, (market segmentation) can help minor players in the market to achieve a foothold in a particular niche, perhaps by identifying an opportunity not directly exploited by market leaders." *Dibb, Simkin, Pride & Ferrell (1991)*\(^6\).

The contention is that, unless sufficient strategic alternatives are generated and evaluated in the work place, then it is unlikely that the best options will be implemented in the market place.

AnCO, The Industrial Training Authority, now FAS, in their small business training programmes, suggest that Boston Portfolio Matrices and Market Attractiveness/Business Position Assessment techniques could effectively be used even by smaller businesses in making decisions about product strategies, target markets and marketing mixes. *AnCO, (1984)*\(^7\).

Clarke in writing specifically about strategy in the smaller firm, proposes the Ansoff Matrix as being extremely useful for the firm which has set itself growth as a major objective. *Clarke (1990)*\(^8\).

The ability to use some or all of the techniques mentioned above is bound to enhance management's ability to generate alternatives with regard to what Murray & O'Driscoll consider the major aspects of strategy i.e. the '3Ms' of market choice, market positioning and marketing mix. *Murray & O'Driscoll (1993)*\(^9\).

1:8:5 - Investigating Strategy formulation as part of Field Research.

One of the challenges for the field research element of this study, is to determine how SMFs formulate strategies and whether or not they use, or have the ability to use, the techniques suggested in the literature.
SECTION 1:8 - BIBLIOGRAPHY.


Marketing Planning in SMFs

(15) Waterworth, Derek, (1989), ibid., p.28.


(18) Clarke, Bill, (1990), op. cit., p.176.

1:9 - SMALL MANUFACTURING FIRMS AND THE MARKETING MIX.
1:9:1 - The role of the Marketing Mix in Planning.

The marketing mix translates conceptual marketing strategy recommendations into implementatable '4P' decisions; marketing strategy is given effect through the medium of the marketing mix.

1:9:2 - Objective of this Section.

The particular objective of this section is to identify aspects of marketing mix development which are likely to cause problems for the SMF.

1:9:3 - Potential SMF Marketing Mix problems.

A great deal has been written about the marketing mix since Frey suggested in 1961 that there were two essential elements for successful marketing in practice. His work was taken up by Lazer & Kelly who suggested in 1962 that marketing in practice was made up of three elements. They, in turn, were followed by Neil Borden who coined the phrase 'the marketing mix' in 1964 and maintained there were in fact twelve elements required, only to have McCarthy, later in the same year, arrive on the scene and consolidate Borden's twelve elements into the 4Ps, which subsequently became the ubiquitous academic marketing mix. Frey (1961); Lazer & Kelly (1962); Borden (1964); McCarthy (1964).

The elements which go to make up the marketing mix are well known.

Also well known are the issues involved in development of the marketing mix - the need for integration between the elements, the need for integration with objectives and strategies, the importance of targeting customer needs and wants in developing each element of the mix, etc.
However, a good deal of what has been written about the marketing mix has been prescriptive in character and little appears to be known about how small firms plan and implement the 4Ps or the problems which they encounter in doing so.

1:9:4 - The problems for the SMF of setting a Marketing Mix Budget.

To the small firm, the marketing budget is quite likely the total cost of the investment in the various aspects of the marketing mix i.e. the marketing mix adds up to the total effort which the company is making for the purpose of generating sales.

The level of effort is measurable in financial terms and constitutes the major portion of the marketing budget. (Omitted from this simplified type of marketing budget are the costs of certain activities such as price reductions to stimulate sales, investment in R&D to improve quality etc. as suggested by Kotler). Kotler (1972). Kotler (1972).

Applying Kotler's theories on setting advertising budgets to the setting of the marketing budget, the fact that SMF's command small shares of specific markets could mean that 'affordable', rather than 'objective and task' approaches to setting and allocating the budget applies in the typical SMF. Kotler (1972). Kotler (1972).

Cost rather than potential return could well be the over-riding concern and the firm may well be sacrificing long-term market gain for short-term financial savings.

Given the lack of marketing expertise which is a normal hallmark of small firms, it is very difficult to envisage the SMF being willing to undertake the budgeting task other than on a piecemeal expense item by expense item basis.

The marketing effort in the small firm may suffer badly as a result of this somewhat haphazard approach.
Waterworth takes the view that the small firm must be willing to tackle the complexities of marketing mix budget setting on a more coherent basis.

In writing about small firm marketing, he stresses the importance of setting a marketing mix budget and monitoring results and, also, of balancing investment in each of the elements of the marketing mix and monitoring responses in order to get the optimum balance across the mix. Waterworth (1987)7.

It appears, therefore, that setting the budget, while it may pose difficulties for the SMF, is nevertheless a basic step towards proper management of the marketing mix.

1:9:5 - Problems of predicting response.

Whether or not SMFs are willing to undertake the more complex and difficult task of formalising the budget setting process is somewhat open to question.

However, their willingness to do so will depend to a major extent on the confidence with which they can predict the level of sales response which will result from different levels of investment in individual or combined elements of the marketing mix.

Predicting sales response is a problematic exercise even for firms with a good deal of marketing expertise and SMF's are usually better geared to evaluating investment in production plant and equipment than they are to investment in marketing.

Waterworth acknowledges this. "It may be that this (seeking optimum balance across the mix) is rather esoteric stuff for a large business, let alone a small one, but the basic thinking of 'more of this, less of that' is gone through by executives in all sizes of companies." Waterworth (1987)8.
Kotler also comments on the difficulties of predicting and balancing investment in the various elements of the marketing mix.

"There are obviously millions of ways to break up the marketing budget. The problem of determining the optimum allocation is extremely difficult. What the notation is designed to emphasise is that company sales are not only a function of the total mix and the level of marketing effort but also of their allocation over the different customer segments, products and sales areas." Kotler (1972).9

The problems which arise in trying to predict response are in part due to the fact that the elements of the marketing mix are mutually interdependent and there is a synergetic effect to be taken into account.

Also, the difficulties are complicated by the fact that the effects of marketing activities take place over varying time periods. A price reduction could have immediate effect whereas an advertising campaign could take some time to produce results and it might not even be possible to clearly attribute results to the advertising campaign at the end of the day.

1:9:6 - The problem of generating Options.

When investigating the Strategy Formulation Stage of the marketing plan, an issue to be explored is whether or not SMFs would have the marketing expertise to be able to generate and evaluate a sufficient number of strategic options from which to choose.

Unless the planner is aware and capable of discriminating between the effectiveness of various available strategic options, the effectiveness of the marketing mix itself is bound to suffer.
It is possible, even likely, that SMFs, because of limited knowledge of alternatives, adopt very basic approaches to investment in marketing or to development of the marketing mix.

It would not be surprising to find that, rather than seeking to develop effectively differentiated mixes, SMFs could quite likely concentrate on established 'me-too' approaches to sales stimulation in particular markets, on branding and sales promotion in consumer markets and on personal selling, trade fairs and exhibitions in industrial markets.

McCarthy when writing about the 4Ps comments, "The (4P) framework may appear simple enough, but the task of making choices within this framework is fairly complex. For one thing each of the 4Ps has many potential variations, making the number of possible marketing mixes very large". *McCarthy (1971)*

1:9:7 - The impact on the SMF of developing effective Marketing Mixes.

The impact of developing an effective marketing mix on the well being and long term development of the firm itself could be quite substantial.

It has to be accepted that effective strategy is more important than effective tactics.

"The 'one time' planning decisions - the critical decisions that determine what business the company is in and the general strategy it will follow - may be more important than has been realised. In fact a good plan might be badly implemented and still be profitable, while a poor but well executed plan can still lose money." *McCarthy (1971)*
However, the best strategy is useless in the absence of at least a moderate level of marketing mix effectiveness.

As has been pointed out by Kotler, "Company sales depend on the level of the company's marketing effort adjusted by its effectiveness. If effectiveness is below the maximum level, the company can concentrate on improving the employment of its present funds. If, however, the company is doing the best job possible with its given funds, it must increase the budget in order to increase sales". Kotler (1972).

It can be argued that, at the end of the day, the marketing mix will be the major determinant of the sales revenue which is the lifeblood of the business.

Apart from the role of the marketing mix in sales stimulation, there is a longer term implication of really effective marketing mix development.

Positioning the firm in its chosen markets so that customers are served in a competitively superior and competence enhancing manner is significantly a factor of marketing mix considerations.

"The marketing mix components reflect marketing's investment in the implementation of a strategy for market-based advantage." Murray & O'Driscoll (1993).

At the end of the day, the chosen marketing mix will have a major part to play in determining the ultimate success or otherwise of the firm as a viable contender in the competitive market place.
1:9:8 - The Marketing Mix - issues of significance to the Field Research Brief.

Unlike previous stages of this study which tried to determine how SMFs might plan their marketing, this stage tried to gain an insight into how they carry out their current marketing activities. Hopefully, one of the most useful outcomes of the field research element of this study will be further insights into just how SMFs formulate their marketing mixes.

One of the problems for field research is that SMFs may be quite unfamiliar with the concept of the marketing mix itself. Substituting the term 'marketing activities' for the phrase marketing mix may prove useful in "de-jargonising" the information gathering process.

Issues to be incorporated into the research brief include those listed below.

1. On what marketing activities do SMFs spend money?

2. Do SMFs understand the concept of the marketing mix to the extent of discriminating between marketing roles of product, price, distribution and promotions decisions?

3. Are SMF marketing activities the result of planned strategic objectives or are marketing activities prompted by other objectives or considerations?

4. What marketing activities give SMFs most problems?

5. In which marketing activity areas do SMFs feel they are least/most effective?

6. Do SMFs formally budget marketing expenditures?
SECTION 1:9 - BIBLIOGRAPHY

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1:10 - ESTABLISHING MARKETING PLAN CONTROLS IN THE SMF
1:10:1 - Objective of this Section.

The objective of this Section is to examine the concepts of control as set out in literature on marketing planning and try to determine if the ideas are suited to the needs and capabilities of the SMF.

1:10:2 - The role of Controls in Marketing Planning.

To be effective, planning must be matched by controls. In order to achieve organisational and marketing objectives, there must be effective control of marketing efforts.

It is essential as part of planning that there be regular monitoring and review of overall and specific performance.

1:10:3 - Basic concepts of the Control Process.

The actual concepts involved in the control process itself have been summarised by Dibb, Simkin, Pride & Ferrell as follows:


1:10:4 - Marketing factors which require Control by the SMF

One of the problems for the SMF is that control calls for marketing/sales and accounting systems capable of providing the necessary information.
Obviously there is a limit to the time and resources available to the SMF for operating and maintaining such systems.

The ideal SMF system is one which is likely to provide adequate control at minimum cost in money, time and effort.

In any organisation, the first step in setting up a control process is to decide on the factors which need monitoring and evaluation.

"The first step in establishing a control system is to define its boundaries. It is neither possible nor practical to attempt to control everything in the marketing environment and, therefore, the company must measure the benefits likely to ensue from attempting to control any one variable against the costs involved". Mandell & Rosenberg (1981)².

Sales and costs are the marketing variables which are almost universally suggested as being essential to the control process.

Many writers, however, stress that evaluating performance within just these two areas alone is a complex business especially if the outcomes are to serve really useful purposes in terms of improving overall marketing performance by the firm. McCarthy (1971)³; Mandell & Rosenberg (1981)⁴; Dibb, Simkin, Pride & Ferrell (1991)⁵.

According to each of the above writers, a measure of the usefulness of the control system lies in the depth with which each of the analyses of sales and cost are carried out.
1:10:5 - Sales Analysis.

The analysis of sales is probably the most common marketing control.

Sales volumes not only reflect the target market's reaction to the marketing mix, but a major attraction of sales analysis is that sales data are often readily available in aggregate form.

However, there is a danger in aggregate sales figures.

"Although helpful, aggregate sales analysis is often insufficient because it does not bring to light sales variations within the aggregate. It is not uncommon for a marketer to find that a large proportion of aggregate sales comes from a small proportion of products, geographic areas or customers". Dibb, Simkin, Pride & Ferrell (1991)⁵.

In order to provide the in depth analysis mentioned above, the efficient sales control system will give timely and detailed information on total sales broken down by product, target market, individual customer, customer type, sales person or any combination which indicates how effectively the marketing mix and the marketing organisation is performing.

1:10:6 - Cost Analysis.

Marketing and sales cost money and costs should, therefore, be analysed and controlled.

However, the task of determining marketing costs is often complex and difficult.
McCarthy and Dibb, Simkin, Pride & Ferrell suggest that marketing cost analysis usually requires a departure from the traditional accounting way of classifying accounting data. McCarthy (1971); Dibb, Simkin, Pride & Ferrell (1991).

They suggest that it is necessary to try to develop a functional rather than a natural accounting system which makes it possible to identify the purpose for which money is spent and allocate costs to specific products and specific customers.

Only in this way can actual costs be compared to expected costs and only in this way does it become possible to arrive at performance indices which measure what is being achieved in terms of return on costs.

1:10:7 - The Problems for SMF Management of Establishing Performance Standards.

Having decided on the marketing factors which are going to be controlled, the next step in setting up the control system is to establish performance standards.

"Much of our discussion on strategy planning was concerned with setting objectives, policies, and tasks to be accomplished. If a firm has expressed these in specific terms, performance analysis can be used routinely to determine whether plans are being carried out." McCarthy (1971).
However, it could be anticipated that SMFs would have some problems in establishing the performance standards required of the academic marketing plan. The indications from the literature (See paragraph 1:7:2) are that, even where marketing plans exist, objectives are likely to be expressed as aggregate targets to be accomplished at the end of trading periods rather than detailed breakdowns against which to regularly monitor performance across all aspects of marketing activity.

The nature of objectives is such that they describe the firm's aspirations in both gross quantitative terms and overall qualitative terms. *Evans & Berman* [1987]°. The nature of the control process is that it concentrates on the quantitative objectives and translates them into "Budgets, timetables, sales statistics and cost analyses." *Evans & Berman* [1987]°. These can then be used to assess results.

Setting performance standards for sales is likely to be easier for the SMF than setting performance standards for costs.

It should be possible for SMF management using industry norms, past performance or management expectations to set standards for sales broken down by product and customer over the planning period. It should also be possible for SMFs to set 'efficiency' standards in terms of expected sales call levels, sales call conversion rates, etc.

However, it may be a more difficult task for SMF management to set standards in financial and profit terms because of the complexities of cost allocation.

McCarthy is one of a number of writers who makes the point that accountants and accounting systems are generally poor at allocating marketing costs to particular products and customers. "Detailed cost analysis has been highly useful in the factory but much less has been done with marketing cost accounting. Many accountants have, unfortunately,
shown little interest in the marketing process. They wind up treating it as a general overhead cost, then forget about it." *McCarthey (1971)*.

The problems likely to be encountered by SMFs in setting up performance standards are, therefore, likely to stem mainly from inadequate reporting systems capable of allowing management to trace the source of revenue shortfalls or marketing cost overruns.

1:10:8 - The problems of generating Control information in the SMF.

Daly commented on the problems encountered by small firms in setting up information systems suitable for marketing control purposes.

He suggested that the major source of marketing/sales information is the sales invoice and he suggests at least ten major items of marketing information which results from detailed analysis of invoices.

The ready availability of computerised sales/accounting systems make the generation of invaluable sales information a task which is well within the capabilities of small firms.

He also commented on the fact that small firms are generally very badly equipped with cost and financial information which resulted in up to 40% of them having to wait for end of financial year audit information in order to determine whether or not they had made a profit. *Daly (1985)*.
Based on what Daly has said and on what academics have written about the problems of management information availability in small firms, the capacity of the SMF to set up and implement control systems is somewhat problematic and worthy of investigation.

There is another dimension to control and control systems which is of great interest in the context of SMFs. Murray & O'Driscoll suggest that control can be used as a tool whereby the SMF could learn more about the effectiveness of its marketing decision making i.e. that it can be used as a learning tool for marketing.

This concept could be particularly important in the SMF situation, since SMFs are so often deficient in marketing skills.

1:10:9 - The concept of Control as a Design for Learning.

There are few problems in accepting that control systems are at the heart of successful implementation of the marketing plan.

However, Murray & O'Driscoll suggest that it is not merely in measuring performance against desired outcomes that controls contribute to the well being of the business organisation.

They also suggest that the control process should be viewed as a design for learning. "Control processes are fundamental to good marketing management and central to organisational learning about the company's relationship with its environment. To learn the company must be self-conscious about what it wants to do, about its assumptions, about linkages between its own behaviour and reactions of the market, and about its expectations concerning the outcomes of each strategic move". Murray & O'Driscoll (1993)14.
It has already emerged in the course of this study that in small firms assessment of performance by the owner/manager tends to be informal and intuitive rather than being based on rational analysis of quantified performance figures.

This informal approach to control may, in fact, be quite adequate from the owner manager's point of view. Yet, it could have at least one major drawback.

This is that it prevents the owner/manager from developing his or her marketing skills through the process of continuous critical evaluation of the results of management and marketing decisions with the objective of improving future decision making through retained learning and experience.

This concept of learning through control is one which would be extremely interesting to explore in the course of field research although it is fraught with difficulty from a research methodology point of view.

1:10:10 - Control - Implications for Field Research Brief.

An essential element of the field research into marketing planning will be to examine how SMFs control marketing activities and any marketing planning which they undertake.

Issues to be incorporated into the research brief will include those listed below.

1. What marketing factors are at present subject to regular reporting and evaluation?

2. Are pre-determined marketing budgets, targets and time schedules in operation in the firm?

3. How does the sales control process operate, is there provision for regular reporting of sales performance, what areas are covered by the reporting system and in what depth?
4. Is there a provision for monitoring marketing costs?
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SECTION 2.

PLANNING THE FIELD RESEARCH.
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SECTION 2:1.

PROBLEMS WHICH, ARISING FROM A REVIEW OF MANAGEMENT RESEARCH LITERATURE, WERE TAKEN INTO ACCOUNT WHEN DESIGNING THE FIELD RESEARCH PROJECT.

This Section sets out some of the problems which it was anticipated would need to be taken into account when designing and carrying out the field research element of this study.

2:1:2 - The Problem The Complexity of the Original Research Objectives.

The original aims of this study were to try to determine:

(1) How marketing planning is carried out by companies in the target group:

(2) Contrast marketing planning practice among the target population with recommendations for market planning practice as set down in the literature:

(3) Analyse the reasons why any deviations from recommended practice occur:

(4) Determine perceptions of management in target firms of difficulties and weaknesses in their firm's ability to carry out the tasks associated with marketing planning:

(5) Draw conclusions about how typical small firm marketing planning problems might be addressed.

In the light of the findings of the literature review, the complexity of the topic under study indicated strongly that it would be wise to shorten the content and tighten the focus of field research. The list of objectives for field research was, therefore, amended to just the three objectives set out in paragraph 2:1:3 overleaf.
2:1:3 - Amended Field Research Objectives.

The overall objectives of the field research were modified to focus on just three issues:

1. To improve understanding of the marketing planning process in small manufacturing companies;

2. To evaluate manager's perceptions of the contribution which marketing planning can make to the profitability, growth and commercial success of such firms;

3. To suggest how theoretical marketing planning concepts might need to be tailored in order to make them better suited to the requirements of small manufacturing firms.

2:1:4 - Three Problems Associated With Designing The Research Project.

A review of the literature prior to designing the field research project indicated that the researcher would be wise to anticipate three potential problems. These were:

1. The problem of SMF management's probable reluctance to take part in the research;

2. The problem of the qualitative nature of some of the information required;

3. The problem of drawing up a representative sample.

Referring where appropriate to a review of the literature on management and market research, the remainder of Section 2.1 describes how the first two of these problems were dealt with when designing the field research. The problems of designing the sample are dealt with in the next section of this Thesis, Section 2:2.
2:1:5 - The Problem of SMF Management's Probable Reluctance to Take Part in the Research.

It was thought that one very serious research problem would arise from the likely interaction between the management of companies which were to be surveyed and the subject matter under study. This reaction, it was thought, would be unfavourable from at least three points of view.

Firstly, the literature indicates that marketing planning in small companies is at a fairly rudimentary and unsophisticated level in most cases. This would impact on the willingness and ability of SMF management to discuss the issues and provide information on aspects of marketing planning which in many instances would possibly be outside their experience.

Secondly, it was thought possible that lack of familiarity with marketing planning would lead to an attitude on the part of managers that research into the topic is a highly theoretical exercise and of little practical value to the day to day management of SMFs.

Thirdly, a problem was anticipated in that management of SMFs would naturally be reluctant to discuss issues which they perceived to be implied criticism of their ability to manage their enterprises.

Therefore, if the research were to result in real insights into marketing planning in SMFs, much would depend on obtaining the understanding, co-operation, and willing participation of management of the firms taking part in the field research. This meant it was necessary to devise solutions to overcome the three problems listed above.
To the academic, marketing planning is a fairly advanced and sophisticated activity. To the owner/manager of an SMF, the theoretical marketing plan, its formal structure and associated concepts may be quite outside both their experience and perceived relevance.

In this situation seeking to administer a formal questionnaire asking respondent managers for technical information on marketing planning would be likely to encounter at least one major problem. This would be that the level of awareness of marketing techniques and terminology among most respondents would simply not be good enough to enable them to handle the interrogation process.

In this situation, the literature suggests that, rather than a formal questionnaire, a series of semi-structured personal interviews should be used.

The use of a series of semi-structured interviews which proved so successful for Carson & Cromie (1989)\(^1\) has much to recommend it. Such semi-structured interviews would appear to fulfill the three criteria set down for motivating respondents to willingly provide accurate information by Boyd, Westfall & Stasch (1985)\(^2\).

"Methods of motivating respondents to report accurately tend to fall into three categories: (1) get respondents to commit themselves to try conscientiously to report accurately and fully, (2) instruct respondents fully on what is expected of them, and (3) provide respondents with feedback which lets them know how they are doing."
However, having to conduct personal interviews with a large and geographically dispersed sample - at the design stage it was thought that a sample size of 30 firms chosen at random from the entire Cork/Kerry region would be necessary - would pose considerable problems for the researcher. The logistical problems of having to contact the Chief Executives/Owner Managers of at least 30 widely dispersed firms scattered through a large geographical area, to discuss a topic which would require some hours of in-depth interviewing, ruled out anything other than the use of a mailed questionnaire.

The solution to helping the respondents deal with the marketing technicalities of the questionnaire proved to be the provision of a telephone help line. The Chief Executive/Owner Manager of each respondent firm was telephoned prior to mailing them the questionnaire. During the telephone conversation, the purpose of the research was clearly explained as was the structure and terminology of the questionnaire. They were also encouraged to avail of the telephone help line if any assistance was required. This approach proved extremely helpful in practice and about one third of respondent firms availed of the telephone help line.

2:1:7 - Providing for the Perception that the Research Project is a Theoretical Exercise and of Little Practical Value to SMF Management.

In order to elicit respondent’s co-operation, the need to establish the legitimacy of the research was of primary concern.

The solution arrived at was to establish with potential respondents both the credentials of the researcher and the practical usefulness of the findings once the research had been completed.
The issue of the researcher's credentials was commented upon by Cannell and Fowler (1964). Their comments referred to interviewers who were employed to carry out field work rather than to the actual researcher. However, their observations are valid because, in the case of a research project such as this study, the researcher is, in effect, the interviewer.

"Interviewers are the primary link between the researcher and the respondent, and they are instrumental in setting the respondent's level of desire to co-operate. Interviewers who obtain the most complete personal interviews do so because they are able to induce respondents to work hard...."

With this in mind the researcher, in the course of the introductory telephone call to respondents was careful to point out his practical SMF management experience and his belief that it was of considerable importance to validate the increasing emphasis which was currently being placed by commercial, funding and academic organisations on the need for marketing planning in SMFs.

This approach was successful not only in generating interest in the research among respondents but also in overcoming the initial perception that the research was of academic interest rather than practical application. The indications from the literature review were quite right in indicating that when designing management research studies it was always possible that the project could be perceived by respondents as being primarily academic and theory oriented and, for this reason, could be rejected as irrelevant to the highly practical and pragmatic approach which frequently applies to managing the small firm.

This theory/action divide, as well as a number of other problems associated with management research, have been commented upon by Bennett (1983). According to Bennett, one of the problems of management research is that managers are, by and large, not particularly favourably disposed to research or researchers especially if the research is
"Theory-orientated research (as represented by "pure basic" research) is concerned with generating new knowledge, and developing new concepts and models - pushing back the frontiers of science. Action-orientated research is concerned more with information to help serve current needs, solve existing problems and generate decision alternatives in a managerial action context."

According to Bennett (1983), "Opportunities to carry out knowledge seeking research may be very rare, except as a spin off from more action orientated project."

What emerges throughout Bennett's writing is the need in the course of field research for the researcher to be sensitive to the perspective of managers which necessarily differs quite substantially from the perspectives of researchers.

To further reinforce the practicality of the research, the researcher also pointed out to respondents during the introductory telephone call that, by completing the Questionnaire, they were carrying out what amounted to a potentially extremely useful supervised mini-marketing audit of their firms. This proved to have a considerable appeal to respondents and, in some cases, this point proved to be a telling factor in obtaining the respondent's agreement to take part in the survey.

2:1:8 - Providing For The Problem of the Research being Perceived as an Implied Criticism Of The Planning Abilities of SMFs.

The need for sensitivity on the part of the researcher to the respondent's position and viewpoint was a particularly important design consideration given that the nature of the research was going to be such that questions could easily be interpreted as implied criticism of SMF manager's ability to manage their firms.
It was thought that this could result either in the respondent refusing to co-operate with the interviewer and the research process, or in the distortion of answers and information by the respondent in an effort to enhance his/her apparent marketing planning skills.

This has been commented upon by Boyd, Westfall & Stasch (1985)^.

"When interviewing takes place on a subject about which there is some expectation regarding social approval or disapproval, or in which there is a strong ego involvement, respondents err by idealising their behaviour."

Not surprisingly, the literature seems to have no definitive recommendations for dealing with this difficult problem.

However, according to Boyd, Westfall & Stasch (1985)^, "A basic condition for optimum communication is that respondents perceive interviewers as people who are likely to understand and accept them and what they have to say. Interviewers must be perceived as 'within range' - that is, they must be seen as people to whom the respondent's statements and experience will not be seen as foreign or offensive."

The earlier in the research process that the researcher establishes 'common ground' and understanding on the difficulties of marketing planning in SMF's, the more likely will be the probability of a successful interview.

Again, the preparatory telephone call did much to allay respondent's fears about this problem.
In the context of this study, a major challenge for the researcher was to formulate research methodologies which would go beyond the mere gathering of information on how marketing planning is carried out in SMFs.

A major criterion for judging the ultimate success or otherwise of the research would be the extent to which it probed attitudes and beliefs in SMFs to marketing planning itself and to marketing planning's likely role and usefulness to respondent firms.

The research would, therefore, need to borrow not only from the quantitative techniques which are the basis of many management and marketing research studies but also from the techniques of qualitative research which are so frequently used in the sociological research fields.

In fact, the nature of this study is such that it stands astride the classical theory-testing and theory-building gap, which constitute the two dominant tendencies in sociological literature described by Rose (1982)\(^8\).

Rose, and later Layder (1993)\(^9\), stress that research carried out primarily to test theories uses structured techniques of data collection, relies heavily on quantified information and, usually, makes use of a standard questionnaire.

Theory-building research, on the other hand, relies on less structured interview techniques, participant observation and much more flexible approaches aimed at generating qualitative information.
Rose & Layder both suggest that, in the case of theory-building research, it is perfectly valid that research design and sampling will be decided upon during the course of research work rather than in the planning phase.

The Grounded Theory strategies for qualitative research of Glaser & Strauss (1967) continue to be the corner stone of the case for seeking out qualitative as opposed to quantitative data. Grounded theory advocates a flexible approach to research design and sampling in studies which aim to *generate* as well as test theories.

However, there was never any doubt that the probing of attitudes and beliefs about marketing planning would call for information which was qualitative rather than quantitative in nature and that this would create some special problems.

It was, therefore, possible that a multi-strategy approach aimed at gathering a mix of quantitative and qualitative information, might be called for as the research progressed.

However, the problem which then arises is that using qualitative information runs the risk of being rejected for lack of academic rigour.

2:1:10 - The Problem of the Validity of Qualitative V. Quantitative Information.

Academic journals show a distinct bias in favour of conclusions drawn from quantitative data especially in the case of research into topics such as marketing, international marketing and marketing planning. Hampton (1979).
MacDonald (1982) also makes the point that in subjects such as marketing planning "It is difficult to build mathematical models or to do a fundamental type of research because:

1. There is not much literature to draw hypotheses from;
2. It is difficult to draw a meaningful sample;
3. Decisions depend on too many factors to be able to rely on questionnaires or on quantitative techniques".

MacDonald concludes that, qualitative research runs the risk of being dismissed for lack of academic rigour, but comes down firmly on the side of qualitative research as an excellent means of isolating the real issues in marketing and management research situations.

Other writers have also commented on this dichotomy between qualitative and quantitative data.

Quantitative information by its nature is accepted as being less ambiguous. "...those who favour quantitative data and analysis (do so) on the basis that they are more 'scientific'." Layder (1993).

"Conversely, those who advocate qualitative analysis have often been hostile to the use of quantitative data on the grounds that the data 'impose a fixity on social life that it does not have'...." Layder (1993).

The major criticism of qualitative research seems to centre around approaches used to analyse qualitative information and it appears that imposition of 'academic rigour' on the process of analysis could do much to facilitate acceptance of findings and conclusions.
Glaser & Strauss (1967) comment on the shortcomings of trying to quantify through a process of pre-coding "all relevant data that can be brought to bear on a point" and then systematically assembling, assessing and analysing these data in a fashion that will "constitute proof for a given proposition."

"If the analyst wishes to generate only new ideas - new categories and their properties, hypotheses and interrelated hypotheses - he cannot be confined to the process of coding first and then analysing the data since, in generating theory, he is constantly redesigning and integrating his theoretical notions as he reviews his material."

Glaser & Strauss suggest a procedure which they call 'the constant comparative method of joint coding and analysis' variations of which have been developed by other researchers and writers over the years.

Most of these researchers and writers agree with Silverman (1985), that "simple methods of counting can deepen and extend qualitative analysis", and with Miles & Huberman (1984) that counting can be an essential way of verifying impressions that have been formed on an intuitive basis, or on the basis of what seems to have been the case in observations or interviews.

Therefore, when it comes to investigating attitudinal and some behavioural aspects of marketing planning in SMFs, some procedures for supporting observations and resulting 'statements of theory' with quantification based on simple counting of the number of incidences or on measuring the strength of belief in particular marketing issues, might be required.

This again leads to the conclusion that a multi-strategy approach to field research in the context of this present study might well be required.
2:1:11 - Coping with the Problem of Quantitative v. Qualitative Information.

Despite the potential weaknesses in the ultimate findings, it was decided to concentrate the research on obtaining quantitative and factual data on behaviour among SMFs with regard to marketing planning and to collect this data by means of a mailed Questionnaire.

Into the Questionnaire, however, would be built a number of questions asking about levels of satisfaction, relative importance, perceptions etc. with various elements of marketing planning to help bring about understanding of the qualitative issues. This, it was hoped, would add the required qualitative dimension to the research.

Three further provisions were made for obtaining qualitative information. The researcher asked for qualitative information on a number of issues during:

1. Personal interviews with the Owner Manager/Chief Executives of ten of the respondent firms;

2. Telephone conversations with all respondents prior to mailing them the Questionnaire;

3. Conversations with respondents when they telephoned with queries in the course of their filling out the Questionnaire, when respondents telephoned to advise that the completed Questionnaire was being returned, or when the researcher telephoned respondents to clear up occasional problems with the way in which the Questionnaire had been completed.

It was hoped that, with the observations of Glaser & Strauss on the need for a flexible approach in mind, if the findings of the research employing the above combination of
approaches proved to be unsatisfactory, new data gathering procedures would be put in place to overcome any shortfalls or ambiguities in the final results.

2:1:12 - The Problem of Drawing Up a Representative Sample.

As had been anticipated, there were numerous difficulties in designing the survey sample. Most of these difficulties were technical in nature and resulted from the need to ensure that a rigorous statistical and methodological approach was inherent in the survey design.

For this reason it was thought appropriate to set out details of how the actual sample was drawn up in a separate Section.

Therefore, the next section, Section 2.2 deals with this topic.
 SECTION 2:1 - BIBLIOGRAPHY


(5) Bennett, Roger (1983), op. cit., p.44.


Marketing Planning In SMFs

(11)
Hampton, G.M., (1979), "International Marketing in the 80's And Beyond: Problems and Challenges", Delphi Study, Albers School of Business, Seattle University,

(12)

(13)

(14)

(15)

(16)

(17)
SECTION 2.2

DRAWING UP THE SAMPLE & ADMINISTERING THE RESEARCH
2:2:1 Introduction.

This Section reviews the procedures used to construct the sample and administer the field research.

2:2:2 The Sample Frame

This study concentrated on researching marketing planning in SMFs located in the Counties of Cork & Kerry. The only suitable sample frame which appeared to be available was the Industrial Development Authority (Forbairt) 'Directory of Manufacturing Companies in the South West Region'.

From the outset, it was clear that constructing a probability sample using this sampling frame would pose some statistical difficulties.

The IDA/Forbairt directory contained a list of manufacturing firms classified according to the type of production in which they are engaged and the number of people employed.

One of the worries attached to using the Forbairt/IDA Directory as a sample frame was that the frequency with which SMFs enter and retire from the marketplace and alter the number of persons they employ, means that there were hidden and incalculable built-in errors in the sample frame and these would necessarily be reflected in the research findings.

However, the edition of the Directory which was used, was updated in 1995 and the listing was believed to be reasonably up-to-date, comprehensive and accurate at the time the Directory was used as the sample frame for this study.
Nevertheless, while the Directory provided a reasonably current list of firms, the manner in which they were classified required that a lot of work be done in order to properly structure and size a stratified random sample.

2:2:3 - Drawing and Sizing the Stratified Random Sample.

The effectiveness of random sampling in enabling valid statistical inferences to be extrapolated from sample to population is widely discussed in the literature.

However, practical problems of cost, statistical efficiency and administrative difficulty attached to using simple random sampling for research are also well known.

If the sample were a small one, as was the case with this study because of the difficulties in physically researching a large number of firms, a simple random sample from the universe as an homogeneous whole would yield a sample mean with quite a large sampling error.

The use of stratified random sampling is one way of overcoming this problem.

However, it was obvious from the outset that a good deal of work would be required before the information provided by the IDA/Forbairt sampling frame on the size of firms and the nature of production would make it possible to divide the firm universe into suitable strata.

It was also obvious that, if the work could be done effectively, a relatively small sample taken within each stratum would then provide a good estimate of the mean of that stratum because of the similarity of the items included in that subgroup.
Furthermore, once the work had been done on the sample frame, it would become possible to determine how frequency distribution of the marketing planning variables under investigation would vary by company size, type of production unit, etc. Again, being able to obtain useful information about different parts of the universe is one of the major advantages of stratification.

Finally, it would be quite possible to develop confidence limits for a universe mean estimated from a stratified random sample.

However, while stratified random sampling would be dramatically more efficient than simple random sampling, there would be a price to be paid in terms of the greater complexity of both design and analysis.

One obvious difficulty in the case of this project was going to be to work out the proportions of the population to be included within each stratum.

This was because two different types of strata had to be set up, one based on firm size and the other on the various types of production in which the firms were engaged.

2:2:4 - Stratification of the Sample in Terms of Firm Size.

 Appropriately stratifying the sample in terms of firm size did not to pose too many problems because the IDA/Forbairt Directory had already classified every firm according to whether it was ‘small’ -employing 15 to 49 employees, or ‘very small’ - employing between 1 and 14 employees. A count was carried out of all the ‘small’ and ‘very small’ firms in the directory to give the relative proportions of the two strata.

However, it was felt that marketing planning practice might conceivably differ among firms at the upper and lower ends of each of the ‘small’ and ‘very small’ strata.
Therefore, a question asking respondents for the number of employees in their firms was included in the Questionnaire. By appropriately coding the SNAP2 data analysis software, it proved possible to obtain four categories of company size, effectively breaking each of the original ‘small’ and ‘very small’ strata at their mid-points. This meant that the data could be examined later for any differences in marketing practice based on four rather than two categories of firm size.

2:2:5 - Stratification of the Sample in Terms of Type of Production.

A second level of stratification of the sample related to the type of manufacturing in which the various firms in the population are engaged. Setting up this element of stratification proved to be somewhat more difficult than had been anticipated.

The system of classification used by the Central Statistics Office for its Census of Industrial Production (see Appendix One of this Section) was an obvious choice around which to base strata. However, a major problem arose when attempting to ensure that the sample strata mirrored the strata used by the Central Statistics Office for the Census of Industrial Production.

This was because it was not always obvious from the IDA/Forbairt Directory to which of the Census of Industrial Production categories a particular firm belonged. A typical page of the Forbairt Directory shows 45 firms. (See Appendix Two of this Section).

Only a few of the firms listed on the page, however, are engaged in manufacturing product which is reasonably easy to categorise according to the Census of Industrial Production system - pharmaceuticals, food, metallic engineering, timber or wooden furniture, etc. Most of the firms are given as producing products which are quite difficult to categorise according to the CIP system. Examples include firms engaged in production of plastic moulding, decorative glasswork, machine components, pressure
wheels, canvas backed photos, etc.

Yet every firm in the entire Directory had to be accurately identified in terms of its Census of Industrial Production category, so that the number of firms in each category could be counted and the their incidence built into the sample in proportion to their incidence in the population.

The only solution which presented itself was for the researcher to go through every one of the 753 firms in the IDA/Forbairt Directory and, using reasonable judgement, allocate each firm to a particular category. This was done and it is believed that the system worked out quite well.

The result was that:
1. Each of the 753 firms in the IDA/Forbairt Directory were sized into 'Small' and 'Very Small' categories;
2. Each firm was allocated to one of the 12 Census of Industrial Production classifications;
3. The number of firms in each classification was counted;
4. The proportion which each classification made up in terms of the overall population was calculated.

The results of this rather long procedure are illustrated in Table 13 shown on the next page.
Table 13
SMFs in Cork/Kerry Classified According to Industrial Sector and Size.

<table>
<thead>
<tr>
<th>NACE CODE</th>
<th>INDUSTRIAL SECTOR</th>
<th>SMALL FIRM POPULATION</th>
<th>V. SMALL FIRM POPULATION</th>
<th>TOTAL POPULATION</th>
<th>SECTOR'S PERCENTAGE OF TOTAL POPULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>11, 12, 13</td>
<td>Mining, Quarrying &amp; Turf</td>
<td>8</td>
<td>2</td>
<td>10</td>
<td>1%</td>
</tr>
<tr>
<td>13,16, 17</td>
<td>Electricity &amp; Gas</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>0.25%</td>
</tr>
<tr>
<td>24</td>
<td>Non Metallic Minerals</td>
<td>18</td>
<td>43</td>
<td>61</td>
<td>8%</td>
</tr>
<tr>
<td>25, 26</td>
<td>Chemicals</td>
<td>12</td>
<td>7</td>
<td>19</td>
<td>2.5%</td>
</tr>
<tr>
<td>22, 31-37</td>
<td>Metals &amp; Engineering</td>
<td>87</td>
<td>144</td>
<td>231</td>
<td>31%</td>
</tr>
<tr>
<td>411-423</td>
<td>Food</td>
<td>44</td>
<td>78</td>
<td>122</td>
<td>16%</td>
</tr>
<tr>
<td>424-429</td>
<td>Drink &amp; Tobacco</td>
<td>2</td>
<td>7</td>
<td>9</td>
<td>1%</td>
</tr>
<tr>
<td>43</td>
<td>Textiles</td>
<td>5</td>
<td>5</td>
<td>10</td>
<td>1%</td>
</tr>
<tr>
<td>44-45</td>
<td>Clothing, Footwear</td>
<td>21</td>
<td>48</td>
<td>69</td>
<td>9%</td>
</tr>
<tr>
<td>46</td>
<td>Timber &amp; Wooden Furniture</td>
<td>16</td>
<td>59</td>
<td>75</td>
<td>10%</td>
</tr>
<tr>
<td>47</td>
<td>Paper &amp; Paper Products</td>
<td>13</td>
<td>17</td>
<td>30</td>
<td>4%</td>
</tr>
<tr>
<td>14, 48-49</td>
<td>Miscellaneous Industries</td>
<td>38</td>
<td>77</td>
<td>115</td>
<td>15%</td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td>265 (35%)</td>
<td>488 (65%)</td>
<td>753 (100%)</td>
<td>100%</td>
</tr>
</tbody>
</table>

Because some of the categories - Electricity & Gas in Table 13 above being one of them - were so small that they added an unnecessary complexity to targeting respondent firms without adding anything to the statistical reliability of findings, it was decided to amalgamate them into one larger category which was titled 'Combined Sectors'. In the Table the categories which were amalgamated in 'Combined Sectors' are shown in red. This resulted in Table 14 on the next page and this was ultimately used as the basis for stratifying the sample.
**Table 14.**

SMFs in Cork/Kerry Classified and Sized for the Purpose of Constructing a Stratified Sample.

<table>
<thead>
<tr>
<th>NACE Code</th>
<th>INDUSTRIAL SECTOR</th>
<th>SMALL FIRM POPULATION</th>
<th>VERY SMALL FIRM POPULATION</th>
<th>TOTAL POPULATION</th>
<th>SECTOR'S PERCENTAGE OF TOTAL POPULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>Non Metallic Minerals</td>
<td>18</td>
<td>43</td>
<td>61</td>
<td>8%</td>
</tr>
<tr>
<td>22, 31-37</td>
<td>Metals &amp; Engineering</td>
<td>87</td>
<td>144</td>
<td>231</td>
<td>31%</td>
</tr>
<tr>
<td>411-423</td>
<td>Food</td>
<td>44</td>
<td>78</td>
<td>122</td>
<td>16%</td>
</tr>
<tr>
<td>44-45</td>
<td>Clothing, Footwear, Textiles</td>
<td>21</td>
<td>48</td>
<td>69</td>
<td>9%</td>
</tr>
<tr>
<td>46</td>
<td>Timber &amp; Wooden Furniture</td>
<td>16</td>
<td>59</td>
<td>75</td>
<td>10%</td>
</tr>
<tr>
<td>14, 48-49</td>
<td>Miscellaneous Industries</td>
<td>38</td>
<td>77</td>
<td>115</td>
<td>15%</td>
</tr>
<tr>
<td>11, 12, 13, 16, 17, 25, 26, 43, 424-429</td>
<td>Combined Sectors</td>
<td>41</td>
<td>39</td>
<td>80</td>
<td>11%</td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td>265</td>
<td>488 (65%)</td>
<td>753 (100%)</td>
<td>100%</td>
</tr>
</tbody>
</table>

(35%)
2:2:6 Sizing the Sample.

The problems of sizing stratified samples have been commented on by the researcher in the previously in Sections 2:2:3 to 2:2:5.

In order to estimate the sizes of each of the strata making up the sample, an overall sample size had to be arrived at.

Before stratification of the sample took place, it was taken that a sample size of 30 firms would probably prove satisfactory in terms of the reliability of the results. However, this sample size appeared to be low in view of the need to ensure adequately large response levels across each of the strata in the sample.

Therefore, influenced by the observations of Boyd, Westfall & Stasch, “Marketing Research: Text & Cases”, Irwin, (1985) and Moser and Kalton in “Survey Methods in Social Investigation”, Heineman, London, Second Edition, 1983, pp. 146-148 it was decided to further increase the original sample size to 50 firms or just over 6.5% of the population.

Having arrived at the overall sample size, it was then quite easy to arrive at sample sizes within each of the strata in a manner which ensured that each stratum was sampled in proportion to its relative weight within the population as a whole. The end result in terms of the number of firms required in each stratum is shown in the right hand column of Table 15 on the next page.
Table 15.

SMFs in Cork/Kerry Classified and Sized for the Purpose of Sizing Strata Within the Sample.

<table>
<thead>
<tr>
<th>NACE Code</th>
<th>INDUSTRIAL SECTOR</th>
<th>SMALL FIRM POPULATION</th>
<th>VERY SMALL FIRM POPULATION</th>
<th>TOTAL POPULATION</th>
<th>SECTOR’S PERCENTAGE OF TOTAL POPULATION</th>
<th>SECTOR’S SAMPLE SIZE @ 6.5% OF TOTAL POPULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>Non Metallic Minerals</td>
<td>18</td>
<td>43</td>
<td>61</td>
<td>8%</td>
<td>4</td>
</tr>
<tr>
<td>22, 31-37</td>
<td>Metals &amp; Engineering</td>
<td>87</td>
<td>144</td>
<td>231</td>
<td>31%</td>
<td>15</td>
</tr>
<tr>
<td>411-423</td>
<td>Food</td>
<td>44</td>
<td>78</td>
<td>122</td>
<td>16%</td>
<td>8</td>
</tr>
<tr>
<td>44-45</td>
<td>Clothing, Footwear, Textiles</td>
<td>21</td>
<td>48</td>
<td>69</td>
<td>9%</td>
<td>5</td>
</tr>
<tr>
<td>46</td>
<td>Timber &amp; Wooden Furniture</td>
<td>16</td>
<td>59</td>
<td>75</td>
<td>10%</td>
<td>5</td>
</tr>
<tr>
<td>14, 48-49</td>
<td>Miscellaneous Industries</td>
<td>38</td>
<td>77</td>
<td>115</td>
<td>15%</td>
<td>7</td>
</tr>
<tr>
<td>11, 12, 13, 16, 17, 25, 26, 43, 424-429</td>
<td>Combined Sectors</td>
<td>41</td>
<td>39</td>
<td>80</td>
<td>11%</td>
<td>6</td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td>265</td>
<td>488 (65%)</td>
<td>753 (100%)</td>
<td>100%</td>
<td>50</td>
</tr>
</tbody>
</table>

(35%)
2:2:7 - Randomising the Sample.

The randomising of the respondent firms within each of the seven strata which made up the sample proved to be a reasonably simple task once the size of each of the strata had been determined.

Within the IDA/Forbairt sample frame, every firm was sequentially allocated a number within the stratum to which it belonged. Thus, each firm was numbered in a stratum according to the sequence in which it appeared in the original sample frame.

The random number generator function in Microsoft Excel was then asked for a number. The number generated by Excel was matched against the same number on the relevant stratum in the original sample frame to determine the name and address of the corresponding firm. The random number generator was consulted as often as was necessary to make up a sample of the requisite size. On the few occasions when a number appeared twice, the second appearance was ignored and a replacement was asked for.

Thus, a target respondent list was compiled.

A major advantage of using this approach was that it became relatively simple later on during the research process to find replacements for firms which chose not to take part in the study or who did not return questionnaires, simply by generating a replacement random number.

The problem of structuring the sample so that there was an appropriate incidence of ‘small’ and ‘very small’ firms was totally ignored at this stage. This was because it was assumed that, having increased the size of the sample and employed a rigorous approach to randomising, ‘small’ and ‘very small’ firms would occur in the sample in the same proportions as in the population.
For the same reasons, no attempt was made to structure the sample so that the incidence of Cork and Kerry firms was proportionate to the universe. In fact, it was considered that it would be a very good test of the sample structure to see if the incidence of 'small' and 'very small' firms and their location in Counties Cork and Kerry were reflected in the sample at the same level as they occurred in the population.

It eventually turned out that the sample reflected the population very closely indeed as illustrated in Sections 3:1:1 to 3:1:3.

2:2:8 - The Questionnaire.

A copy of the Questionnaire is shown in Appendix Three of this Section.

The Questionnaire was quite long and consisted of 78 questions in all. Despite its length, most respondents completed all of the questions in a manner which showed that they had done so with considerable care.

While the Questionnaire itself presented few difficulties, analysing the resulting data was somewhat complicated due to the nature of SNAP2 data analysis software.

While the Questionnaire was made up of Question 1 to Question 78, SNAP2 was unable to handle the data in terms of just 78 variables. The nature of some of the questions meant that, for data analysis purposes, the question had to be broken down into a number of individual components.
Question 77, for example, asks if respondents 'agree' or 'disagree' with five distinct statements regarding marketing forecasts and budgets. Snap2 needed to 'see' this variable as five separate questions for analysis purposes.

This problem occurred with quite a few of the questions. As a result, SNAP2 saw the Questionnaire as being made up of 145 analysis variables rather than the original 78 questions in the questionnaire.

When presenting the data, it was necessary to present the findings in terms of the 145 SNAP2 variables rather than the original 78 Questions.

A Table showing how questions in the Questionnaire translated into data analysis variables is given in Appendix 2:2:4, page 218.

2:2:9 - Administering the Research.

Administering the research, while it took quite a long time - almost a year from start to finish - was not nearly as difficult as had been anticipated.

The initial telephone call to the target firms proved to be crucial in persuading respondents to take part in the study. The approaches used were based on standard telemarketing and telephone account management techniques and refusals turned out to be at a very low level. Where refusals were encountered, substitute respondent firms were chosen according to a rigorous randomised system indicated previously.

Respondents were invited to return completed questionnaires within four weeks of receipt and, where this did not happen, follow-up telephone calls were made.
The sheer volume of work involved in making calls, and the problems of making contact with the Chief Executives of each of the firms and the need for follow up and, on a number of occasions, having to clarify questions made for considerable delays in completing the field research.

The first ten questionnaires were personally administered by the researcher in order to test the effectiveness of the Questionnaire itself in eliciting the information required and also the ability of the software to analyse the data.

Administering these first ten Questionnaires by personal interview also gave an invaluable opportunity to gather the qualitative information as mentioned in the previous Section. The results of the pilot showed that the objectives of the study stood a good chance of being achieved. Thereafter, about five questionnaires were sent out every couple of weeks.

The slow rate of the administration of the research resulted from the difficulties of contacting the Chief Executives/Owner Managers of respondent firms and the need to ‘sell’ them the idea of taking part.

2:2:10 - Tracking of Refusals and Non-Returns of Questionnaires.

Very few of the targeted firms refused to take part in the study when initially approached by telephone. Each time a refusal was received or when completed Questionnaires had not been returned within three weeks or so of mailing, the researcher tried to establish a reason.
The following reasons were given for refusal to take part in the study:

Because firms saw themselves as not being involved in any way in marketing (7 instances)*

Lack of time (6 instances)

No perceived benefit to the firm ("What's in it for me?") (1 instance)

*Seven target firms were single product production plants only - usually for overseas parent companies - or they were monopsonies catering for one or very few major industrial client customers. As such, they saw themselves as having no sales or marketing function and they perceived no benefit to the study from their taking part. This was accepted by the researcher.

Only thirteen of the firms who agreed to take part in the study failed to return completed Questionnaires and, while the reasons were not determinable in all cases, there seemed to be a pattern indicating that the reasons arose from lack of time or simple lethargy.

Although every effort was made to track whether or not non-returns emanated from a particular type or size of firm, there did not seem to be any pattern to these non-returns. Eight of the non-responses were 'very small firms' and five were 'small firms' which, in effect meant that non-returns occurred more or less in proportion to the incidence of these size firms in the sample.
APPENDIX 2:2:1

THE SYSTEM OF CLASSIFICATION OF FIRMS USED BY THE CENTRAL STATISTICS OFFICE FOR ITS CENSUS OF INDUSTRIAL PRODUCTION
<table>
<thead>
<tr>
<th>NACE Code</th>
<th>Industrial Sector</th>
<th>Gross Output</th>
<th>Net Output</th>
<th>Wages and Salaries</th>
<th>Persons Engaged</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.21.23</td>
<td>Mining, quarrying and turf</td>
<td>276.3</td>
<td>206.2</td>
<td>91.7</td>
<td>6.467</td>
</tr>
<tr>
<td>13.16.17</td>
<td>Electricity, gas and water</td>
<td>953.4</td>
<td>636.8</td>
<td>214.3</td>
<td>14.324</td>
</tr>
<tr>
<td>24</td>
<td>Manufacture of non-metallic mineral products</td>
<td>750.7</td>
<td>388.2</td>
<td>160.8</td>
<td>10.724</td>
</tr>
<tr>
<td>25-26</td>
<td>Chemicals (including man-made fibres)</td>
<td>1,894.8</td>
<td>1,101.9</td>
<td>200.0</td>
<td>12.510</td>
</tr>
<tr>
<td>22.31-37</td>
<td>Metals and engineering</td>
<td>5,619.2</td>
<td>2,831.6</td>
<td>704.8</td>
<td>60.606</td>
</tr>
<tr>
<td>411-423</td>
<td>Food</td>
<td>5,780.1</td>
<td>1,609.1</td>
<td>411.3</td>
<td>37.480</td>
</tr>
<tr>
<td>424-429</td>
<td>Drink and Tobacco</td>
<td>770.5</td>
<td>481.2</td>
<td>117.5</td>
<td>6.779</td>
</tr>
<tr>
<td>43</td>
<td>Textiles</td>
<td>456.5</td>
<td>173.6</td>
<td>100.2</td>
<td>10.505</td>
</tr>
<tr>
<td>44-45</td>
<td>Clothing, footwear and leather</td>
<td>357.5</td>
<td>157.0</td>
<td>92.0</td>
<td>13.645</td>
</tr>
<tr>
<td>46</td>
<td>Timber and wooden furniture</td>
<td>300.4</td>
<td>121.0</td>
<td>57.9</td>
<td>7.238</td>
</tr>
<tr>
<td>47</td>
<td>Paper and paper products, printing and publishing</td>
<td>699.4</td>
<td>378.6</td>
<td>187.8</td>
<td>14.184</td>
</tr>
<tr>
<td>14.48-49</td>
<td>Miscellaneous industries</td>
<td>746.6</td>
<td>293.8</td>
<td>119.6</td>
<td>11.369</td>
</tr>
<tr>
<td></td>
<td>Total of All Industries i.e. NACE 1 to 4</td>
<td>18,605.4</td>
<td>8,379.0</td>
<td>2,457.8</td>
<td>205.831</td>
</tr>
</tbody>
</table>

| of which  | Transportable Goods Industries                        |                   |            |                   |                |
|-----------|-------------------------------------------------------|                   |            |                   |                |
|           | i.e. NACE 1 to 4 less 13.16.17                         | 17,652.0         | 7,742.1    | 2,243.6            | 191,507        |
|           | Manufacturing Industries                               |                   |            |                   |                |
|           | i.e. NACE 1 to 4 less                                  | 17,375.7         | 7,535.9    | 2,152.9            | 185,040        |

* Including earnings of outside piece-workers
** Excluding outside piece-workers
APPENDIX 2:2:2

TYPICAL PAGE OF THE FORBAIRT/IDA DIRECTORY OF SMALL MANUFACTURING FIRMS IN THE SOUTH WEST REGION (CORK/KERRY)
**ISKEANE / BALLINEEN**

<table>
<thead>
<tr>
<th>Company</th>
<th>Address</th>
<th>Phone</th>
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<tbody>
<tr>
<td>Leary</td>
<td>Coach Road, Underhill, Dunmanway</td>
<td>(023) 45111</td>
</tr>
<tr>
<td>Last Limited</td>
<td>Bread &amp; Confectionery, Small</td>
<td>(023) 45333</td>
</tr>
<tr>
<td>F. Cotter</td>
<td>Bakery, Med.</td>
<td></td>
</tr>
<tr>
<td>J. O'Leary</td>
<td>Plastic Moulding, Med.</td>
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<tr>
<td>Dunmanway</td>
<td></td>
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<tr>
<td>Underhill, Dunmanway</td>
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<tbody>
<tr>
<td>Cross &amp; Sons</td>
<td>Mill Road, Castlehyde West</td>
<td>(023) 31212</td>
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<tr>
<td>Signs Limited &amp; Associates</td>
<td>McCurtain street</td>
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<tr>
<td>Bros</td>
<td>Orahilly Road</td>
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<td>Glass</td>
<td>Chapel Square</td>
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<tr>
<td>Glancy Glass</td>
<td>Cork Road, 4 Rathealy Road</td>
<td></td>
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<tr>
<td>an Computer Services</td>
<td>36 Patrick Street, Cork Road</td>
<td></td>
</tr>
<tr>
<td>Confectionery</td>
<td>Corrin</td>
<td></td>
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<tr>
<td>ea &amp; Sons Ltd.</td>
<td>Kevin Barry Hill, Corrin</td>
<td></td>
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<tr>
<td>Business Advisors Limited</td>
<td>Fermoy, 7 McCourt Street, Fermoy</td>
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<tr>
<td>Inter</td>
<td>Duntaneen, Fermoy</td>
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<tr>
<td>Hils Commodities Ltd.</td>
<td>Crowley Quay</td>
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<tr>
<td>Gardiner</td>
<td>Fermoy Ind. Estate, Rathealy Rd.</td>
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</tr>
<tr>
<td>Downlands A-Z Limited Enterprises</td>
<td>Main Street, Fermoy, Cork Rd.</td>
<td></td>
</tr>
<tr>
<td>Bio (Ire) Ltd.</td>
<td>S. P. &amp; T. Barry, Castlehyde West</td>
<td></td>
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<tr>
<td>&amp; Sonns</td>
<td>Duntaneen, Fermoy, Crowley Quay,</td>
<td></td>
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<tr>
<td>Linnan Computers</td>
<td>Fermoy Ind. Estate, Ramie Rd.</td>
<td></td>
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<tr>
<td>Ticket</td>
<td>Main Street, Fermoy, Cork Road.</td>
<td></td>
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<tr>
<td>Allied Dairies Ltd. Limited</td>
<td>S. P. &amp; T. Barry, Castlehyde West</td>
<td></td>
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<tr>
<td>Cob (Cork) Limited</td>
<td>Duntaneen, Fermoy, Crowley Quay,</td>
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<td>Fermoy, Cork Rd., Farran South</td>
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**NMIRE - WATERGRASSHILL**

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<td>Us Limited</td>
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<td>Glenview, Glanmire Upr, Glenview</td>
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<td>High pressure pump sets, V. Sm.</td>
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<td>Canned Butter, V. Sm.</td>
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<td>Analytical Company, V. Sm.</td>
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<td>Handling Systems, V. Sm.</td>
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<td>Stirling</td>
<td>Engineering, V. Sm.</td>
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<tr>
<td></td>
<td>M. Quinian, (025) 31212</td>
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<td>S. Ryan, (025) 31212</td>
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<td>L. Dynan, (025) 31212</td>
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<td>T. O'Leary, (025) 31212</td>
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<tr>
<td></td>
<td>M. O'Dowd, (025) 31212</td>
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<td></td>
<td>K. Lynch, (025) 31212</td>
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<td>M. Grace, (025) 31212</td>
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**IGARRIFF**

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<tr>
<td>in Focus</td>
<td>Canvas Backed Photos, Small</td>
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**IGEELAGH**

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<td>Inchigeela</td>
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<td>Deep Cut Ploughs, Small</td>
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APPENDIX 2:2:3

QUESTIONNAIRE
MARKETING PLANNING IN SMALL MANUFACTURING FIRMS.

RESEARCH QUESTIONNAIRE.

THE FIRM.

Name of Firm: ____________________________________________________________

Address: ________________________________________________________________

Telephone Number.................................. Fax Number..................................

Nature of Firm's Business: ________________________________________________

Question 01.
For how many years has your firm been in business?

...................................... years.

Question 02.
How many people are employed by your firm?

Full time.........................

Part-time..........................

Question 03.
Which of the following best describes your firm?

Sole trader......................... [1]

Partnership....................... [2]

Co-operative.................... [3]

Private Ltd. Co............... [4]

Public Ltd. Co................. [5]

Branch of a larger enterprise [6]
Question 04.

Which of the following best describes the status of the firm's Chief Executive?

Owner-Manager.................... [1]
Employed General Manager.......... [2]
Other...................................... [3]

If 'Other', please explain:

..................................................
..................................................
..................................................

Question 05.

How many years experience of heading up a firm has the firm's Chief Executive had?

With this firm..........................
With a previous firm....................

Question 06.

Which of the following best describes the background of the firm's Chief Executive?

General Management background................. [1]
Financial Management background............... [2]
Production Management background............... [3]
Professional Marketing/Sales background........ [4]
Technical/Trades background.................... [5]
Artistic/Crafts background.................... [6]
Question 07.
Does the firm's Chief Executive have any formal business or technical qualifications?
Yes.............................. [1]
No.............................. [2]
If 'Yes', please elaborate:

Question 08.
Is the Chief Executive Irish born?
Yes.............................. [1]
No.............................. [2]
If 'No':
What nationality is the Chief Executive/how long has Chief Executive lived in Ireland?
Nationality..........................
No. of years in Ireland..............

Question 09.
Are any other people involved in the making of executive decisions within the firm?
Yes.............................. [1]
No.............................. [2]
If 'Yes', what position titles (e.g. Business Partner, Production Manager, Sales Manager) if any, do the other people who are involved in decision making, hold?

Question 10.
From which, if any, of the following sources does the Chief Executive normally seek professional advice or consultancy in the running of the firm?
Accountancy firm............. [1]
Bank................................. [2]
Professional Consultants........... [3]
State Agencies................... [4]
Question 11.

Which of the following best describes your firm's current business situation?

My firm is still at an early stage of development and is performing somewhat below my expectations. [1]

My firm is still at an early stage of development, but is performing well up to my expectations. [2]

My firm has established itself in the market but is not growing as rapidly as I had expected. [3]

My firm has established itself in the market and is growing at a rate which is well up to my expectations. [4]

My firm is mature and there are not too many opportunities for growth or expansion. [5]

Other (please elaborate) [6]

BUSINESS PLANNING.

Question 12.

How important to the success of your firm do you consider business planning to be?

Critical [1]

Very Important [2]

Important [3]

Not Very Important [4]

Not at All Important [5]

Question 13.

How important to the success of your firm do you consider it to be that any planning would be written up and incorporated into a formal business plan?

Critical [1]

Very Important [2]

Important [3]

Not Very Important [4]

Not at All Important [5]
Question 14.

Has management ever developed a formal, written business plan for the firm’s future?

Yes.......................... [1]

No.............................. [2]

If ‘Yes’, which of the following best describes the firm’s business planning process?

A formal business plan was drawn up in order to raise the resources to START UP the firm, but has since paid little attention to formal planning.

............................ [1]

Management ANNUALLY reviews progress and up-dates a formal written plan for the future of the business.

............................. [2]

Management PERIODICALLY reviews progress and draws up a formal written plan for the future of the business.

............................. [3]

Management believes a written business plan, REGULARLY drawn up, is not necessary for the effective running of the business.

............................. [4]

Question 15.

Do you believe your company spends sufficient time planning for the future?

Yes............................ [1]

No............................ [2]

Question 16.

To what extent do you consider finding enough time to plan is a problem for your firm?

Major problem............. [1]

No great problem........... [2]

No problem at all.......... [3]

Question 17.

To what extent are you satisfied that there is sufficient business planning expertise available within your company?

Extremely satisfied........... [1]

Very satisfied................... [2]

Satisfied......................... [3]

Not very satisfied............. [4]

Not at all satisfied.......... [5]
Question 18.
Please list the major items in the product range manufactured by your firm.

Question 19.
Please list the brand(s) or company name(s) under which your products are marketed.

Question 20.
Approximately what percentage of your firm’s sales are accounted for by each of the markets listed below?

- Consumer markets........ [1]
- Industrial/Institutional markets........ [2]
- Government/Local Government........ [3]
- Other........... [4]

If ‘Other’, please elaborate:

Question 21.
Approximately what percentage of your firm’s sales are accounted for by each of the markets listed below?

<table>
<thead>
<tr>
<th>Percentage</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Local............. [1]</td>
<td></td>
</tr>
<tr>
<td>Regional.......... [2]</td>
<td></td>
</tr>
<tr>
<td>National.......... [3]</td>
<td></td>
</tr>
<tr>
<td>Export............ [4]</td>
<td></td>
</tr>
</tbody>
</table>
Question 22.
Which of the statements below best describes with whom in your firm responsibility for sales lies?
- The Sales Force.............. [1]
- One sales rep. responsible for all the selling................... [2]
- The Chief Executive/Owner Manager......................... [3]
- Other arrangement........... [4]
  If ‘Other arrangement’ please elaborate:

Question 23.
Have the person or persons who are responsible for selling ever received formal training in sales techniques?
- Yes.................... [1]
- No..................... [2]

Question 24.
To what extent are you satisfied that there is sufficient selling expertise available within your company?
- Extremely satisfied........... [1]
- Very satisfied.................. [2]
- Satisfied......................... [3]
- Not very satisfied............. [4]
- Not at all satisfied........... [5]

Question 25.
In your firm, what are the decisions which relate to marketing?

Question 26.
Who is primarily responsible for marketing decisions within your company?
Question 27. Has the person who is responsible for marketing ever received formal training in marketing or marketing management?

Yes.................... [1]

No.................... [2]

Question 28. Please rank 1, 2, 3, 4, 5 the following functions in order of their importance to your firm's on-going operations.

   Production..................

   Financial decisions...........

   Sales decisions................

   Marketing decisions.......... 

   Other decisions..............

If 'Other', please elaborate:

.......................................................... 
..........................................................
..........................................................
..........................................................
..........................................................

Question 29. Approximately what percentage of management time is devoted to marketing decisions?

..............................%
Question 31.

In which of the following marketing activities has your firm been involved over the past twelve months or so?

Marketing planning..................... [1]
Market research........................... [2]
New product development...........[3]
New market development..........[4]
Sales planning/forecasting........[5]
Displays/Exhibitions...............[6]
Advertising............................. [7]
Press releases/publicity..........[8]
Price setting/amendment........[9]
Enlisting new distributors......[10]
Enlisting new retailers........[11]
Negotiating contracts..........[12]
Development of new brands....[13]
Packaging design................[14]
Test marketing..................[15]

Question 31B.

Which of the following marketing activities would pose particular difficulties for your firm?

Marketing planning..................... [1]
Market research........................... [2]
New product development...........[3]
New market development..........[4]
Sales planning/forecasting........[5]
Displays/Exhibitions...............[6]
Advertising............................. [7]
Press releases/publicity..........[8]
Price setting/amendment........[9]
Enlisting new distributors......[10]
Enlisting new retailers........[11]
Negotiating contracts..........[12]
Development of new brands....[13]
Packaging design................[14]
Test marketing..................[15]
Question 32.

If the firm were offered training in marketing, what four marketing aspects would receive most priority?

1. ..............................................

2. ..............................................

3. ..............................................

4. ..............................................

Question 33.

What marketing decisions taken in the last year or so have proved most beneficial to the firm?

..............................................

..............................................

..............................................

..............................................

Question 34.

With what marketing decisions taken in the last year has your firm been least satisfied?

..............................................

..............................................

..............................................

..............................................

Question 35.

Has there been an occasion or occasions when poor marketing badly affected the firm or its development?

Yes......................... [1]

No......................... [2]

If ‘Yes’, please elaborate:

..............................................

..............................................

..............................................

..............................................

..............................................

Question 36.

In the immediate future, what would be the most important role in the development of your firm which would you assign to marketing?

..............................................

..............................................

..............................................

..............................................

..............................................
MARKETING PLANNING.

Question 37.
Does your firm have a current formal written up marketing plan?

Yes............ [1]

No............ [2]

If ‘Yes’, how often is it updated and rewritten?


Question 37b.
Which of the following most closely describes marketing planning in your firm?

“We do not consider it important to plan our marketing. There are more important management issues which we need to address in our firm”.

............ [1]

“We do not do much marketing planning other than to try to forecast the level of sales which we might be able to achieve in a given period in the future”

............ [2]

“We try to forecast sales for a year or so ahead, and we examine the level of sales response which we can expect from various customers and segments of the market. However, we do not budget marketing activities such as sales promotions, market research, etc.”

................. [3]

“We make an effort to understand what is happening in various segments of our markets and to build sales forecasts accordingly. We draw up budgets for various aspects of marketing and build them into a marketing plan.”

................. [4]

“We draw up a fairly comprehensive marketing plan and monitor progress throughout the trading year. We know at any time more or less how we are performing against plan.”

................. [5]

“We draw up a set of business objectives and an overall business plan. We then examine the role of marketing and what marketing has to achieve in order to accomplish the aims of the business plan. We monitor sales and marketing issues on a continuous basis. We draw up a marketing budget each year.”

................. [6]
Question 37b
On a scale of 1 to 5, to what extent do you believe enhanced MARKETING PLANNING ABILITY would contribute to the future well being of your firm? (1 indicates a contribution of major importance, 5 indicates a contribution of no importance).

Question 38.
To what extent are you confident that you could, if called upon to do so very quickly, draw up a list of your major customers.
Extremely confident............ [1]
Very confident.................... [2]
Confident............................ [3]
Not very confident............. [4]
Not at all confident............ [5]

Question 39.
Are you in a position to quickly determine the percentage of your total sales are going to each of your major customers.
Definitely......................... [1]
Probably......................... [2]
Probably not..................... [3]
Definitely not.................... [4]
Not at all confident............ [5]

Question 40.
To what extent are you confident that you could, if called upon to do so very quickly, draw up a list of your major customer groups/market segments?
Extremely confident............ [1]
Very confident.................... [2]
Confident............................ [3]
Not very confident............. [4]
Not at all confident............ [5]

Question 41.
Are you in a position to quickly determine the percentage of your total sales are going to each of your major customer groups/market segments?
Definitely......................... [1]
Probably......................... [2]
Probably not..................... [3]
Definitely not.................... [4]
Not at all confident............ [5]
Question 42.
To what extent are you confident that you could, if called upon to do so very quickly, draw up a list of the major criteria which influence your customer's buying decisions?

Extremely confident........................................ [1]
Very confident................................................ [2]
Confident....................................................... [3]
Not very confident.......................................... [4]
Not at all confident......................................... [5]

Question 44.
To what extent are you confident that you could, if called upon to do so very quickly, draw up a list of reasons why customers choose to buy from your major competitors?

Extremely confident........................................ [1]
Very confident................................................ [2]
Confident....................................................... [3]
Not very confident.......................................... [4]
Not at all confident......................................... [5]

Question 43.
To what extent are you confident that you could, if called upon to do so very quickly, draw up a list of services which customers expect from your firm?

Extremely confident........................................ [1]
Very confident................................................ [2]
Confident....................................................... [3]
Not very confident.......................................... [4]
Not at all confident......................................... [5]

Question 45.
To what extent are you confident that you could, if called upon to do so very quickly, draw up a list of the strengths and weaknesses of your major competitors?

Extremely confident........................................ [1]
Very confident................................................ [2]
Confident....................................................... [3]
Not very confident.......................................... [4]
Not at all confident......................................... [5]
Question 46.
Are you confident that you give sufficient attention to understanding how each of the factors listed below will affect demand for your products in the future?

(a) Overall Economic Growth:  
Yes........ No........

(b) Changes in Exchange Rates/VAT Rates etc:  
Yes........ No........

(c) Social Changes such as more leisure time, improved living standards, etc:  
Yes........ No........

(d) Legislation Changes such as product liability, safety standards etc:  
Yes........ No........

(e) Changes in Technology:  
Yes........ No........

Question 46b.
Does your firm carry out a SWOT analysis of it strengths, weaknesses, opportunities, threats?

Yes........ No........

If ‘Yes’, how often?.................

Question 47.
Does your firm have a costing system which allows you to accurately identify all the costs incurred by your business under appropriate headings?

Yes........ [1]

No........ [2]

Question 48.
To what extent does your firm carry out cost reviews?

Continuously... [1]

Monthly......... [2]

Quarterly....... [3]

Years end....... [4]

Other............... [5]

Question 49.
Does your firm calculate sales/marketing expenses as a distinct and separate cost area?

Yes................. [1]

No.................. [2]

If ‘Yes’, how often?.................
Question 50.

Please describe the objectives which you hope your business will achieve in the short and long term future.

In the Short Term:

Question 51 continued:

(e) Sales Volumes broken down by major products......[5]

(f) Sales volumes broken down by major customers..........................[6]

(g) Growth in Turnover..............[7]

(h) None of the above...............[8]

(i) Other..............................[9]

If ‘Other’, please elaborate:

Please rank, 1,2,3 etc. in order of priority the objectives which you have ticked above.

Question 52.

Has the firm quantified the rate of growth which it wishes to achieve over the next three to five years?

Yes..............[1]

No..............[2]
Question 53.
If your firm has set growth as an objectives, from which of the following areas have your decided growth will come?
(a) Present products for present markets? [1]
(b) New products for present markets [2]
(c) Present products for New markets [3]
(d) New products for new markets [4]
(e) Diversification into new areas of business or investment [5]
(f) We have not planned in detail where growth will come from [6]

Question 54.
To what extent are you satisfied that you know the size or worth of the markets for the major products which you produce?
Extremely satisfied [1]
Very satisfied [2]
Satisfied [3]
Not very satisfied [4]
Not at all satisfied [5]

Question 54 continued:
Not very satisfied [4]
Not at all satisfied [5]

Question 55.
To what extent are you satisfied that you know the rate of growth or decline of the markets for your major products?
Extremely satisfied [1]
Very satisfied [2]
Satisfied [3]
Not very satisfied [4]
Not at all satisfied [5]

Question 56.
To what extent are you satisfied that you know your firm’s share of the markets for the major products which you produce?
Extremely satisfied [1]
Very satisfied [2]
Satisfied [3]
Not very satisfied [4]
Not at all satisfied [5]
Question 57.

Have your firm dropped out of marketplaces because they did not live up to expectations or because they had declined in attractiveness?

Yes.......... [1]

No.......... [2]

Question 58.

Which of the statements below best describes the extent to which your firm would formally evaluate marketplaces for their size, growth rate, profitability, etc. before entering them?

"My firm would normally carry out formal research and investigation before entry".

............... [1]

"My firm would normally rely on my knowledge of the trade and marketplace, and would not carry out a formal investigation".

............... [2]

"My firm would normally go on intuition and instinct and would not try to formally identify market size or structure".

............... [3]

Question 59.

Which of the statements below best describes how your firm would normally assess its competitive position in the marketplace?

"My firm periodically tries to identify the strengths and weaknesses of the main competitors and then tries to put this information to good use".

............... [1]

"My firm ‘keeps an eye’ on major competitors, but does not set out to assess and exploit their weaknesses”.

............... [2]

"My firm normally does not take too much notice of competitors and what they are doing unless we are competing for a particular order or contract”.

............... [3]
Question 60.

To what extent are you satisfied that your firm can identify the extent to which the strongest items in your product portfolio contribute to overall profitability?

Extremely satisfied............ [1]
Very satisfied.................. [2]
Satisfied........................ [3]
Not very satisfied............... [4]
Not at all satisfied............. [5]

Question 61.

Has your firm taken steps to predict for how far into the future the strong items in your product portfolio will continue to perform well?

Yes................ [1]
No.................. [2]

Question 62.

To what extent are you satisfied that your firm can identify the products which are weakest in terms of their contribution to profitability?

Extremely satisfied.......... [1]
Very satisfied............... [2]
Satisfied.................... [3]
Not very satisfied.......... [4]
Not at all satisfied......... [5]

Question 63.

To what extent are you satisfied that your firm can identify the reasons why your weak products are not performing up to expectations?

Extremely satisfied........... [1]
Very satisfied................ [2]
Satisfied.................... [3]
Not very satisfied.......... [4]
Not at all satisfied......... [5]
Question 64.
To what extent are you satisfied that your firm is aggressive enough in eliminating weak items from your product portfolio?

Extremely satisfied............ [1]

Very satisfied..................... [2]

Satisfied............................. [3]

Not very satisfied............. [4]

Not at all satisfied............ [5]

Question 65.
Does your firm have plans to develop new products in the immediate future?

Yes........... [1]

No............ [2]

If ‘Yes’, are your plans for developing new products based on;

The need to replace present weak products;

The discovery of a market opportunity;

Customer or trade inquiries;

Exploitation of firm’s technological competences;

Other factors

If ‘Other factors’, please elaborate;

Question 66.
Will you carry out a formal evaluation of projected sales volumes, sales revenue, costs and profits for each of the proposed new products before embarking on their development?

Yes............. [1]

No............. [2]
Question 67.

Does your firm normally draw up budgets, time projections and formal project development procedures for new product development?

Yes............. [1]

No.............. [2]

If ‘No’, to what extent are you satisfied that the necessary expertise exists in your firm to be able to do so?

Extremely satisfied........... [1]

Very satisfied................ [2]

Satisfied...................... [3]

Not very satisfied............ [4]

Not at all satisfied.......... [5]

Question 68.

To what extent are you satisfied that you can accurately cost the major items in your product portfolio?

Extremely satisfied........... [1]

Very satisfied................ [2]

Satisfied...................... [3]

Not very satisfied............ [4]

Not at all satisfied.......... [5]

Question 69.

To what extent are you satisfied that your firm’s pricing of products accurately reflects their costs?

Extremely satisfied........... [1]

Very satisfied................ [2]

Satisfied...................... [3]

Not very satisfied............ [4]

Not at all satisfied.......... [5]
Question 70.

Does your firm’s pricing policies normally reflect the prices charged by your nearest competitors for similar products?

Yes....................... [1]

No....................... [2]

If ‘Yes’, do you regularly check your competitor’s prices to ensure that any changes which they make are reflected in your own prices?

Yes....................... [1]

No....................... [2]

Question 71 continued;

If ‘Yes’, to what extent are you satisfied that your firm manages its intermediaries to best effect?

Extremely satisfied................. [1]

Very satisfied........................ [2]

Satisfied........................ [3]

Not very satisfied.................... [4]

Not at all satisfied................. [5]

Question 71.

Does your firm employ intermediaries (Wholesalers, Cash & Carries, Retailers, Agents) to enable you to reach your target customers?

Yes....................... [1]

No....................... [2]

If ‘Yes’, does your firm normally track the effectiveness with which the intermediaries provide sales support and market coverage for your product?

Yes....................... [1]

No....................... [2]

Question 72.

If firm decided to carry out a major restructuring of your intermediary system, to what extent are you satisfied that your firm has the expertise to plan such a project?

Extremely satisfied................. [1]

Very satisfied........................ [2]

Satisfied........................ [3]

Not very satisfied.................... [4]

Not at all satisfied................. [5]
Question 73.

Does your firm normally use advertising to communicate with target markets?

Yes............. [1]

No............. [2]

If ‘No’, go to Question 74.

If ‘Yes’, please answer all other Questions on this page.

Do you use advertising:

Occasionally........... [1]

Frequently.............. [2]

Continuously......... [3]

Does your firm plan advertising expenditure in terms of:

A yearly advertising budget.................................. [1]

On a campaign by campaign basis................... [2]

Cost per advert basis.......... [3]

No planning:
Incur cost of advertising only as necessary................. [4]

To what extent are you satisfied that your firm has the competence to plan and manage the advertising dimension of your market communications activities?

Extremely satisfied............ [1]

Very satisfied..................... [2]

Satisfied......................... [3]

Not very satisfied.............. [4]

Not at all satisfied............ [5]

Do you consider that your firm needs to upgrade its planning of advertising activities?

Yes................ [1]

No................. [3]

Please give reasons for your answer;

........................................................................
........................................................................
........................................................................

Does your firm use an advertising agency?

Yes............. [1]

No............ [2]
Question 74.

In the context of your firm, with which of the statements below would you agree or disagree?

(a) “We prepare a detailed forecast of overall sales on a regular basis”.

  Agree............... [1]
  Disagree.......... [2]

(b) “We prepare a detailed forecast of sales by product on a regular basis”.

  Agree............... [1]
  Disagree.......... [2]

(c) “We prepare a detailed forecast of sales by major customer on a regular basis”.

  Agree............... [1]
  Disagree.......... [2]

(d) “We prepare sales forecasts but they are not detailed enough to be used for effective sales planning”.

  Agree............... [1]
  Disagree.......... [2]

(e) “We prepare sales forecasts but they are something of a formality and not really useful for sales planning”.

  Agree............... [1]
  Disagree.......... [2]

(f) “We prepare sales forecasts but don’t do enough matching of sales achieved against targets set in the forecasts”.

  Agree............... [1]
  Disagree.......... [2]

(g) “We can determine on an ongoing basis how sales are progressing against target”.

  Agree............... [1]
  Disagree.......... [2]

(h) “We review sales in a manner which means we are always in control of performance”.

  Agree............... [1]
  Disagree.......... [2]
**Question 75.**
Does your firm promote sales by use of special offers, contests, giveaways and other forms of sales promotions?

<table>
<thead>
<tr>
<th>Response</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>[1]</td>
</tr>
<tr>
<td>No</td>
<td>[2]</td>
</tr>
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</table>

If ‘No’, please go to Question 76.

If ‘Yes’, please answer (a) and (b) below.

(a) Is there a sales promotion budget prepared each year?

<table>
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<th>Code</th>
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<tbody>
<tr>
<td>Yes</td>
<td>[1]</td>
</tr>
<tr>
<td>No</td>
<td>[2]</td>
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</tbody>
</table>

(b) To what extent are you satisfied that sales promotions activities are planned and evaluated effectively by your firm?

<table>
<thead>
<tr>
<th>Response</th>
<th>Code</th>
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<tr>
<td>Extremely satisfied</td>
<td>[1]</td>
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<tr>
<td>Very satisfied</td>
<td>[2]</td>
</tr>
<tr>
<td>Satisfied</td>
<td>[3]</td>
</tr>
<tr>
<td>Not very satisfied</td>
<td>[4]</td>
</tr>
<tr>
<td>Not at all satisfied</td>
<td>[5]</td>
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</tbody>
</table>

**Question 76.**
Does your firm communicate with its markets by means of Publicity, Press Releases, P.R.?

<table>
<thead>
<tr>
<th>Response</th>
<th>Code</th>
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</thead>
<tbody>
<tr>
<td>Yes</td>
<td>[1]</td>
</tr>
<tr>
<td>No</td>
<td>[2]</td>
</tr>
</tbody>
</table>

If ‘No’, please go to Question 76.

If ‘Yes’, please answer (a) and (b) below.

(a) Is there a sales Publicity/PR budget prepared each year?

<table>
<thead>
<tr>
<th>Response</th>
<th>Code</th>
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<tbody>
<tr>
<td>Yes</td>
<td>[1]</td>
</tr>
<tr>
<td>No</td>
<td>[2]</td>
</tr>
</tbody>
</table>

(b) To what extent are you satisfied that Publicity/P.R. activities are planned and evaluated effectively by your firm?

<table>
<thead>
<tr>
<th>Response</th>
<th>Code</th>
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</thead>
<tbody>
<tr>
<td>Extremely satisfied</td>
<td>[1]</td>
</tr>
<tr>
<td>Very satisfied</td>
<td>[2]</td>
</tr>
<tr>
<td>Satisfied</td>
<td>[3]</td>
</tr>
<tr>
<td>Not very satisfied</td>
<td>[4]</td>
</tr>
<tr>
<td>Not at all satisfied</td>
<td>[5]</td>
</tr>
</tbody>
</table>
Question 77.

In the context of your firm, with which of the statements given below would you agree or disagree?

(a) "We prepare detailed forecasts and budgets for expenses in each area of marketing on a regular basis".

Agree............... [1]

Disagree............ [2]

(b) "We prepare forecasts and budgets of marketing expenses but they are not detailed enough to be used for effective marketing planning and control".

Agree............... [1]

Disagree............ [2]

(c) "We prepare forecasts of marketing expenses but they are something of a formality and not really useful for planning or controlling marketing expenditure".

Agree............... [1]

Disagree............ [2]

(f) "We prepare marketing expense forecasts but don’t review expenditure against targets on a regular basis or in a manner which means we are exercising control".

Agree................ [1]

Disagree............ [2]

(g) "We can determine on an ongoing basis how marketing expenses are progressing against target".

Agree................ [1]

Disagree............ [2]
Question 78.

Do you prepare a regular report of sales performance?

Yes......... [1]

No......... [2]

If 'Yes', does the sales report show;

Sales by volume;

Yes......... No........

Sales by value;

Yes......... No........

Sales by customer;

Yes....... No....... 

Sales by product or product version;

Yes...... No.....

Increase in sales from one period to the next;

Yes..... No.....

If 'Yes', how often is the report prepared?

........................................
APPENDIX 2:2:4

KEY TO CONVERTING SURVEY QUESTIONS INTO DATA ANALYSIS VARIABLES
<table>
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<th>Topic.</th>
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<tr>
<td><strong>Type, Size and Management of Firm.</strong></td>
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</tr>
<tr>
<td>Location of firm</td>
<td>Introduction</td>
<td>Q01 p.251</td>
</tr>
<tr>
<td>Type of business</td>
<td>Introduction</td>
<td>Q02 p.249</td>
</tr>
<tr>
<td>Age of firm</td>
<td>Question 01</td>
<td>Q03 p.252</td>
</tr>
<tr>
<td>Number of full time employees</td>
<td>Question 02</td>
<td>Q04 p.255</td>
</tr>
<tr>
<td>Number of part time employees</td>
<td>&quot; &quot;</td>
<td>Q05 p.255</td>
</tr>
<tr>
<td>Size of firm</td>
<td>Derived</td>
<td>Q06 p.250</td>
</tr>
<tr>
<td>Type of ownership</td>
<td>Question 03</td>
<td>Q07 p.254</td>
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<tr>
<td>Status of Chief Executive</td>
<td>Question 04</td>
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<tr>
<td>Years of CE’s experience in present firm</td>
<td>Question 05</td>
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<tr>
<td>Years of CE’s experience previous firm</td>
<td>&quot; &quot;</td>
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<tr>
<td>Professional background of Chief Executive</td>
<td>Question 06</td>
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</tr>
<tr>
<td>Does CE have formal qualifications?</td>
<td>Question 07</td>
<td>Q12 p.257</td>
</tr>
<tr>
<td>Nature of CE’s formal qualifications.</td>
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<tr>
<td>Is Chief Exec. Irish born?</td>
<td>Question 08</td>
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<tr>
<td>Nationality of non-Irish Chief Executives.</td>
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<tr>
<td>Years in Ireland of non-Irish CEs.</td>
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<tr>
<td>Do persons other than CE make decisions?</td>
<td>Question 09</td>
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<tr>
<td>Titles of decision makers other than CE.</td>
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<tr>
<td>Sources of outside advice/consultancy</td>
<td>Question 10</td>
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<tr>
<td>Description of firm’s present bus. situation.</td>
<td>Question 11</td>
<td>Q20 p.330</td>
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<tr>
<td><strong>Business Planning</strong></td>
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<tr>
<td>Perceived importance of business planning</td>
<td>Question 12</td>
<td>Q21 pp.262/264</td>
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<tr>
<td>Perceived importance of formal bus. plan</td>
<td>Question 13</td>
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<tr>
<td>Has formal bus. plan ever been developed?</td>
<td>Question 14</td>
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<tr>
<td>Description of formal business plan</td>
<td>&quot; &quot;</td>
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<tr>
<td>Does firm spend sufficient time planning?</td>
<td>Question 15</td>
<td>Q25 p.331</td>
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<tr>
<td>How difficult is it to find time to plan?</td>
<td>Question 16</td>
<td>Q26 p.268</td>
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<tr>
<td>Availability of bus. planning expertise.</td>
<td>Question 17</td>
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<tr>
<td><strong>Sales/Marketing</strong></td>
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<tr>
<td>Major items in product range</td>
<td>Question 18</td>
<td>Q28 p.331</td>
</tr>
<tr>
<td>Number of brand/company names</td>
<td>Question 19</td>
<td>Q29 p.332</td>
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<tr>
<td>Nature of markets</td>
<td>Question 20</td>
<td>Q30 - Q33</td>
</tr>
<tr>
<td>Geographical extent of sales</td>
<td>Question 21</td>
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</tr>
<tr>
<td>Who is responsible for sales?</td>
<td>Question 22</td>
<td>Q38 p.322</td>
</tr>
<tr>
<td>Has person with responsibility for sales been formally trained?</td>
<td>Question 23</td>
<td>Q39 p.332</td>
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<tr>
<td>Perceived satisfaction with selling expertise</td>
<td>Question 24</td>
<td>Q40 p.332</td>
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<table>
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<th>Topic.</th>
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<tr>
<td><strong>Sales/Marketing (continued)</strong></td>
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<tr>
<td>What decisions relate to marketing?</td>
<td>Question 25</td>
<td>Q41 p.333</td>
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<tr>
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<td>Question 26</td>
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<tr>
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<td>Question 27</td>
<td>Q43 p.276</td>
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<tr>
<td>Ranked importance of business functions</td>
<td>Question 28</td>
<td>Q44 - Q48 p.277/8</td>
</tr>
<tr>
<td>% of management time devoted to marketing</td>
<td>Question 29</td>
<td>Q49 p.279</td>
</tr>
<tr>
<td>Perceived satisfaction with marketing expertise</td>
<td>Question 30</td>
<td>Q50 p.280</td>
</tr>
<tr>
<td>Perceived importance of enhanced marketing expertise to firms future well-being</td>
<td>Question 30b</td>
<td>Q51 p.334</td>
</tr>
<tr>
<td>Marketing activities of last 12 months</td>
<td>Question 31</td>
<td>Q52 p.334</td>
</tr>
<tr>
<td>Particularly difficult marketing activities</td>
<td>Question 31b</td>
<td>Q53 p.335</td>
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<tr>
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<td>Question 32</td>
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</tr>
<tr>
<td>Most beneficial marketing decisions last year</td>
<td>Question 33</td>
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</tr>
<tr>
<td>Least satisfactory M. decisions last year?</td>
<td>Question 34</td>
<td>Q56 p.336</td>
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<tr>
<td>Have marketing decisions badly affected firm?</td>
<td>Question 35</td>
<td>Q57 p.337</td>
</tr>
<tr>
<td>Most important future role of marketing</td>
<td>Question 36</td>
<td>Q58 p.337</td>
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<tr>
<td><strong>Marketing Planning</strong></td>
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<tr>
<td>Does firm have current marketing plan?</td>
<td>Question 37</td>
<td>Q59 p.282/284</td>
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<td>If firm has M. plan, how often is it updated?</td>
<td>&quot; &quot;</td>
<td>Q60 p.285</td>
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<td>Description of marketing planning.</td>
<td>Question 37b</td>
<td>Q61 pp.286/287</td>
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<td>Perceived importance of enhanced marketing planning ability</td>
<td>&quot; &quot;</td>
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<tr>
<td>Ability to list major customers</td>
<td>Question 38</td>
<td>Q63 p.290</td>
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<tr>
<td>Ability to determine sales to major customers</td>
<td>Question 39</td>
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</tr>
<tr>
<td>Ability to list major market segments</td>
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<td>Q65 p.290</td>
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<td>Ability to determine sales to market segments</td>
<td>Question 41</td>
<td>Q66 p.290</td>
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<td>Ability to list buying motivations of major customers</td>
<td>Question 42</td>
<td>Q67 p.290</td>
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<td>Ability to list services expected by major customers</td>
<td>Question 43</td>
<td>Q68 p.290</td>
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<tr>
<td>Ability to list reasons why customers buy from competitors</td>
<td>Question 44</td>
<td>Q69 p.291</td>
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<tr>
<td>Ability to carry out SWOT on competitors</td>
<td>Question 45</td>
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<tr>
<td>Understanding of how listed environmental factors affect demand</td>
<td>Question 46</td>
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</tr>
<tr>
<td>Does firm carry out SWOT analysis on own firm?</td>
<td>Question 46b</td>
<td>Q76 p.293</td>
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<th>Topic.</th>
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<td><strong>Marketing Planning (continued)</strong></td>
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<tr>
<td>How often does firm carry out SWOT?</td>
<td>Question 46b</td>
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<tr>
<td>Effectiveness of firm’s costing systems</td>
<td>Question 47</td>
<td>Q78 p.294</td>
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<tr>
<td>Frequency of cost reviews within firm</td>
<td>Question 48</td>
<td>Q79 p.294</td>
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<tr>
<td>Are Sales/Marketing expenses calculated as separate cost area?</td>
<td>Question 49</td>
<td>Q80 p.295</td>
</tr>
<tr>
<td>Description of firm’s short and long term business objectives</td>
<td>Question 50</td>
<td>Q81 - Q82 p.296/9</td>
</tr>
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<td>Business objectives quantified and planned for at beginning of year</td>
<td>Question 51</td>
<td>Q83 p.300</td>
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<tr>
<td>Priority of listed business objectives</td>
<td>Question 52 - Question 61</td>
<td>Q84 - Q91 p.301</td>
</tr>
<tr>
<td>Has firm quantified target growth?</td>
<td>Question 52</td>
<td>Q92 p.302</td>
</tr>
<tr>
<td>Sources of expected growth</td>
<td>Question 53</td>
<td>Q93 p.303</td>
</tr>
<tr>
<td>Extent of satisfaction with knowledge of size/worth of major markets</td>
<td>Question 54</td>
<td>Q94 p.304</td>
</tr>
<tr>
<td>Extent of satisfaction with knowledge of rate of growth/decline of major markets</td>
<td>Question 55</td>
<td>Q95 p.305</td>
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<tr>
<td>Extent of satisfaction with knowledge of firm’s share of major markets</td>
<td>Question 56</td>
<td>Q96 p.306</td>
</tr>
<tr>
<td>Has firm ever been forced to drop out of markets?</td>
<td>Question 57</td>
<td>Q97 p.338</td>
</tr>
<tr>
<td>Extent to which firm plans market entry</td>
<td>Question 58</td>
<td>Q98 p.307</td>
</tr>
<tr>
<td>Methods of assessing competitive position</td>
<td>Question 59</td>
<td>Q99 p.308</td>
</tr>
<tr>
<td>Satisfaction with ability to assess profitability of major products</td>
<td>Question 60</td>
<td>Q100 p.309</td>
</tr>
<tr>
<td>Has firm projected PLCs for strong products?</td>
<td>Question 61</td>
<td>Q101 p.310</td>
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<tr>
<td>Satisfaction with ability to identify weak products</td>
<td>Question 62</td>
<td>Q102 p.338</td>
</tr>
<tr>
<td>Satisfaction with ability to identify why products are weak</td>
<td>Question 63</td>
<td>Q103 p.338</td>
</tr>
<tr>
<td>Willingness to eliminate weak products</td>
<td>Question 64</td>
<td>Q104 p.339</td>
</tr>
<tr>
<td>Does firm plan to develop new products</td>
<td>Question 65</td>
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<tr>
<td>What are the bases for NPD?</td>
<td>Question 66 - Question 67</td>
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<td>Extent of commercial planning for NPD</td>
<td>Question 66</td>
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<td>Does firm have formal procedures for NPD?</td>
<td>Question 67</td>
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<tr>
<td>Satisfaction with ability to install formal procedures for NPD</td>
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<tr>
<td>Satisfaction with ability to accurately cost major products</td>
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<tr>
<td>Satisfaction that prices reflect real costs</td>
<td>Question 69</td>
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<tr>
<td>Do firm's prices reflect competitor’s prices?</td>
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3:1:1 Research Objective One - Insights Into Marketing Planning in SMFs.

The main objectives of the field research were to obtain a clear picture whether or not SMFs prepare marketing plans and to determine attitudes to marketing planning among the Owner Managers/Chief Executives of SMFs.

When it came to determining whether or not SMFs prepared marketing plans, the research found that;

- The incidence of marketing planning SMFs is quite low.
- Less than 40% of SMFs prepare formal marketing plans.
- There is a quite high incidence of business planning among SMFs.
- Almost 70% of SMFs prepare business plans.

When it came to determining attitudes to marketing planning in SMFs, the research found that;

- There is a widespread appreciation of the importance of marketing and marketing planning among SMFs as well as a high level of recognition of the lack of marketing and marketing planning expertise.

- However, marketing as a business function is considered to be of less importance than Production, Finance or Sales in most SMFs and this may be one reason for the low incidence of marketing planning in SMFs.

- At the same time, SMFs do plan their sales and marketing activities although they do so in a fashion which would be considered quite informal and unstructured by the standards of the academic marketing plan model.
However, there is a very high level of satisfaction among Owner Managers/Chief Executives with the intuitive and informal approaches to sales and marketing planning which are used in most SMFs and there is no great perception of a need for formal marketing planning.

Few SMFs appear to have the technical marketing expertise to be able to formulate strategy at the levels required to draw up an effective, formal marketing plan based on the academic marketing plan model.

Most SMFs would appear to have the information bases and the managerial ability to develop all of the stages of the academic marketing plan with the exception of the Strategy Formulation Stage.
3:1:2 Research Objective Two - SMF Manager’s Perceptions of the Potential of Structured, Formal Marketing Planning to the Commercial Success of their Firms.

A secondary objective of the research was to evaluate perceptions among SMF management of the potential of formal marketing planning for commercial success in their firms.

The findings show that;

- 74% of all SMFs believe enhanced marketing planning capability could make at least a ‘Very Important’ contribution to the future well being of their firms.

This regard for the usefulness of enhanced marketing planning is given a good deal of validity by the fact that when asked to focus on future objectives, a very large proportion of respondents expressed future goals in terms of the sales or marketing results which they hoped to achieve.

- 75% of short term business objectives were expressed by SMFs in terms of marketing or sales goals which the firms desired to achieve. (pp.296/297)

- 71% of long term business objectives were expressed by SMFs in terms of marketing or sales goals which the firms desired to achieve. (pp.298/299)

Evidence of the perceived importance of enhanced marketing planning emerged from the fact that, when asked about preferred training needs in the area of marketing, respondents focused on training needs which are closely related to marketing planning.

In fact, training in Marketing Planning ranked third behind training in New Product Development and Market Research in terms of priority marketing training needs.

- 22% of firms rated training in New Product Development as their first priority.

- 22% of firms rated training in Market Research as their first priority.

- 18% of firms rated training in Marketing Planning as their first priority.
It is unlikely, that Marketing Planning would have been ranked so highly in terms of training priority unless the activity was seen as one of considerable importance and potential for the future well fare of the firm.

Yet further evidence of the perceived importance of marketing planning emerged when respondents were asked the marketing activities which posed most difficulties for their firms.

- 49% of respondents ranked Marketing Planning as the activity posing most difficulty for their firms.

Again, the results of this inquiry indicate the perceived importance by SMFs of Marketing Planning to future commercial success.

While a little under 40% of SMFs prepare marketing plans, those firms which do have marketing plans in operation are obviously convinced of their usefulness as shown by the fact that

- 80% of firms with Marketing Plans update them annually.

The conclusion that perceptions among Owner Managers/Chief Executives that enhanced marketing planning could make a considerable contribution to the future well being of their firms is difficult to escape.
3:1:3 Research Objective Three - Insights Into How Academic Marketing Planning Concepts Might Need to Be Tailored In Order To Make Them More Suitable For Use in SMFs.

Finding how the academic marketing planning format might need to be made more user friendly for SMFs proved to be the most elusive of all the research objectives.

The information which emerged in the course of the field research is derived primarily from conversations between the researcher and respondents, especially when administering 20% of the Questionnaires by personal interview.

This information indicates strongly that quite a number of SMFs have good information and costing systems, many of them computerised, and that the information required for structured marketing planning is fairly readily available in many firms.

However, it was strongly indicated to the researcher that available information is presently being used primarily for sales forecasting and financial accounting and production planning as opposed to marketing planning.

It was clearly evident that the low level of marketing planning orientation among SMFs stems from marketing planning inexperience or simple lack of knowledge of how to go about formulating a structured marketing plan.

It was the view of the researcher that, in order to obtain the empirical evidence necessary to fulfil the objective of determining how the academic marketing plan model would need to be tailored to make it more suitable for use by SMFs, further research designed to specifically explore this question is necessary.
Longitudinal research which investigates the marketing planning systems used by a group of SMFs, attempting to correlate the marketing planning systems used with the systems set out in the academic model is a methodology which might prove suitable for this purpose.

At the same time, it might be possible to introduce a separate group of SMFs to the academic model and measure the degrees of difficulty involved in their attempting to implement the academic model in their firms.
SECTION 4:1

DETAILED FINDINGS
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4:1:1 Introduction.

This Section sets out the detailed findings of the Survey under the following headings:

- 4:1:2 The Sample
- 4:1:3 The Management of SMFs
- 4:1:4 Business Planning in SMFs
- 4:1:5 Marketing Management in SMFs
- 4:1:6 Overview of Marketing Planning in SMFs
- 4:1:7 Ability of SMFs to Formulate the Analysis Stage of a Marketing Plan
- 4:1:8 Strategy Formulation in SMFs
- 4:1:9 Marketing Mix Management in SMFs
- 4:1:10 Personal Selling in SMFs

The findings are presented as a series of statements showing the results of the research in each of the above areas.

The page references given in red following each statement below refer to the page numbers in Section Five where detailed findings on a variable by variable basis are given in a series of charts and tables.

4:1:2 The Sample (p.249 - p.252)

*The sample is extremely representative of the population.*

The types of firm in the sample mirror the types of firm in the population. (p.249)

The incidence of Cork/Kerry firms and 'Small' and 'Very Small' firms in the sample reflect very closely the incidence of such firms in the population. (p.250 - p.251)
4:1:3 The Management of SMFs. (p253 - p.261)

Management: (p.253)
70% of SMFs are Owner managed: 22% are managed by employed General Managers, 8% are managed by a Partner/Co-Director.

Ownership: (p.254)
78% of SMFs describe themselves as Private Limited Companies: 10% are branches of larger firms.

Employment: (p.255)
24% of Very Small SMFs employ between 1 and 3 people full time:
17% " " " " " 4 and 7 people full time:
59% " " " " " 8 and 14 people full time.
34% of Small SMFs employ between 15 and 25 people full time:
66% " " " " " 26 and 49 people full time.

Background of Chief Executives: (p.256)
26% of Chief executives come from a Technical or Trades background:
35% " " " " " a General Management or Finance background:
26% " " " " " Production or Arts-Crafts background.

Qualifications of Chief Executive: (p.257, p.258)
60% of Chief Executives have formal technical or business qualifications.
39% of Chief Executives have Third Level Business Studies qualifications.

Executive Decision Making: (p.259 - p.261)
In 84% of SMFs, persons other than the Chief Executive are involved in executive decisions (p259, p260). 54% of SMFs employ the services of State Agencies in a consultancy capacity; 46% employ professional consultants. (p.261)
There is a much higher incidence of business planning in SMFs than would have been expected from the literature review.

There is evidence that the incidence of business planning varies according the size of the firm.

There is little or no evidence of a correlation between the incidence of business planning and the fact that the Chief Executive/Owner Manager has a formal business qualification.

Just under half of SMFs are satisfied with their business planning expertise, even though finding time to plan is a major problem for about 60% of SMFs.

Over 80% of SMFs claimed to have prepared a business plan at some time; of those firms which claim to have prepared a business plan, 44% claim to prepare periodic business plans and over 39% claim to prepare annual business plans.

Over 60% of SMFs claim that lack time for business planning is a ‘major problem’ and this, appears to be the major inhibitor to business planning.

48% of SMFs are ‘satisfied’ with their business planning expertise: 30% are ‘not very satisfied’ or ‘not at all satisfied with their business planning expertise.

76% of Very Small firms claim to have prepared formal business plans, but 91% of Small Firms claim to have prepared formal business plans. (P.273)

There is little evidence that the incidence of formal business planning is related to whether or not the Chief Executive has formal business qualifications. (P.274)

There is a low level of formal marketing qualifications in SMFs; marketing is not considered to be a priority management decision area in SMFs.

In almost 75% of SMFs, the Chief Executive/Owner Manager is the person primarily responsible for Marketing decisions; only 10% of SMFs have a Marketing Director or Marketing Manager. (p.275)

Only 46% of the persons responsible for Marketing decisions have had formal training in Marketing. (p.276)

Over half of all SMFs ranked Marketing as third, fourth or fifth behind Production, Finance, Sales or some other function in terms of importance to the firm’s ongoing operations. (p.277, p.278)

Less than 25% of management time is devoted to Marketing decisions in over 85% of the SMFs surveyed. (p.279).
Marketing Planning in SMFs


The incidence of formal Marketing Plans is quite low in SMFs, especially in Very Small SMFs.

However, where Marketing Plans do exist, they seem to equate pretty well to the requirements of the academic Marketing Plan model.

60% of SMFs do not have a current, formal, written Marketing Plan (p.282); the incidence of formal Marketing Plans being higher in Small (51%) than in Very Small SMFs (31%). (p.283)

Of those SMFs who have Marketing Plans, 77% update them annually. (p.285)

Approaches to marketing planning vary very widely among SMFs and there is a low incidence of anything which would equate with a formal marketing plan which would equate to the academic model. (p.286).

Of the 20 SMFs in which it is claimed there are Marketing Plans, over half the firms would have reasonably sophisticated plans and just under one third of plans would appear to conform to the requirements of the academic marketing plan format. (p.287).

Almost 75% of the SMFs surveyed consider that enhanced Marketing Planning ability would make a 'very important contribution' or a 'contribution of major importance' to the well-being of the firm. (p.288)
4:1:7 - Ability of SMFs to formulate the Analysis Stage of the Academic Marketing Plan. (p.290 - p.295)

SMFs would probably have little trouble in effectively formulating the Analysis Stage of the Academic Marketing Plan should they wish to do so.

There is a very high level of confidence among SMFs in their ability to produce the necessary customer, market, competitor, environmental, cost and SWOT information required for the Analysis Stage of the academic Marketing Plan. (p.290 - p.293)

88% of SMFs would claim to have costing systems capable of providing the cost information required for the Analysis Stage of the academic Marketing Plan. (p.294-295)

4:1:8 - Objective Setting in SMFs. (p.296 - p.302)

SMFs claim to have a very clear ideas about what they wish to achieve in business terms in both the short and long term. The majority of their business objectives clearly relate to performance in the marketplace.

All SMFs, when asked, were able to articulate very clear long and short term objectives which they hoped to achieve. (p.296 - p.299)

SMFs were able to distinguish quite clearly between short term and long term objectives. (p.296 - p.299)

57% of short term objectives and 64% of long term objectives are expressed in terms which are clearly market or marketing related. (p.297, p.299)

Over 50% of respondent firms claimed to have targeted growth rate objectives for 3 to 5 years ahead. (P.302)
4:1:9 - Strategy Formulation in SMFs. (p.303 - p.308)

There is a clear lack of system and structure to the manner in which SMFs evaluate potential target markets and assess competitive position within markets. However, there seems to be no identifiable reason why most SMFs, should they wish to do so, could not carry out the task of effectively segmenting markets and choosing target segments, albeit on an intuitive and unstructured basis.

There is quite a low level of formal marketing training in SMFs and an apparent lack of satisfaction with available marketing expertise. It could be deduced from this that strategy formulation would suffer badly from lack of effective application of the tools of strategic planning.

However, there is no empirical evidence in the data that this deduction is valid. This deduction is heavily reinforced by conversations between the researcher and respondents when administering 20% of the questionnaires by personal interview and by the sort of questions asked by respondents who availed of the help line provided for them during the course of their completing questionnaires.

54% of the persons responsible for marketing in SMFs have had no formal training in marketing (p.276) and only 60% of SMFs are 'satisfied or more than satisfied with their levels of marketing expertise. (p. 280).

Almost 70% of SMFs see growth for the enterprise coming from a policy of new market development, while 50% see growth as a factor of new product development. (p.303)

The majority of SMFs claim to be satisfied with their knowledge of the size, growth/decline rates and own firm market share in the markets for their major products. (p.304 - p.306)

However, understanding of markets size, growth rate, profitability etc. is based mostly on 'knowledge of the trade' and intuition rather than formal and structured analysis. (p.307)
4:1:10 - Marketing Mix Management in SMFs. (p.309- p.321)

*It appears that SMFs manage the product and price components of the mix with more confidence than they manage distribution and promotions. However, there appears to be a very low level of forward planning applied to the management of the mix.*

There is a very high level of satisfaction among firms with their ability to identify strong and weak products and to manage them appropriately albeit in a somewhat unsystematic and informal fashion. (p.309, 310)

Based on a mix of different motivations, there is a strong orientation towards New Product Development among SMFs. (p.311)

Firms are very satisfied with their costing systems and their ability to manage pricing policies competitively. (p.313 - p.314)

52% of firms use intermediaries for distribution and are, for the most part, satisfied with their ability to manage them but not so many are satisfied with their ability to design and restructure distribution systems. (p.315 - p.316)

It is not the norm for SMFs to plan and budget advertising and sales promotions on an annual basis and there are mixed levels of satisfaction among respondents with their ability to do so. (p.317 - p.321)
4:1:11 - Personal Selling in SMFs. (p.322 - p.326)

*There is a high incidence of sales performance reporting in SMFs - over 70% prepare regular monthly reports of sales performance.*

Personal Selling in SMFs is the responsibility of just one sales representative in just under 50% of firms and the Chief Executive/Owner Manager in around 35% of firms: the person primarily responsible for sales has received sales training in less than 50% of SMFs. (p.322)

Over 70% of firms prepare regular monthly sales reports, and would claim to include many of the standard items which one would expect to find in such reports. (p.323 - p.326)
SECTION 5

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5:1 The Sample.

5:1:1 Types of firm in Sample compared to types of firm in population.

The chart shows that the types of firm in the sample is an exact mirror of the population. This had been the intention when constructing the sample.

Ensuring that this would occur was considered to be the major requirement of sample design and more important to the validity of the results than location or size of firm.

![Graph showing comparison of firm size in sample versus population.]

Again the sample structure in terms of firm size compares quite favourably with the distribution of firm size in the population.

The population is made up of 62% Very Small firms (58% in sample) and 38% Small firms (42% in sample).

It will be remembered that no specific measures were taken to design this into the sample.

It was hoped that a sample size of 50 firms chosen at random would be large enough and random enough to ensure that the sample structure would accurately reflect the population structure in terms of firm size.
5:1:3 Location of firms in Sample compared to location of firms in Population.

The findings show that 78% of the Sample firms were located in County Cork compared to 80% in the population.

22% of firms in the Sample were located in Co. Kerry compared to 20% in the population.
One small cause for concern is the age profile of the sample.

The sample appears to be skewed very much towards the older firm although, given the randomness with which the sample was chosen, it is difficult to know if there is a sample structure problem or not.

It is also possible that the sample frame - (Forbairt/IDA List) - does not pick up firms until they have been trading for a few years.

There was no way of determining if the age profile of the firms in the sample accurately matched the age profile of the population as this information does not seem to be available. It may, therefore, be perfectly valid that most firms in the population have, in fact, been in business for more than eight or nine years.
5:2 The Management of SMFs.

5:2:1 Status of Chief Executive.

Q08.

Which of the following best describes the status of the firm’s Chief Executive?

(1) Owner Manager
(2) Employed General Manager
(3) Other
(If ‘Other’, please explain)

Status of Chief Executive (N=50)
Q07.

Which of the following best describes your firm?

(1) Sole Trader
(2) Partnership
(3) Co-operative
(4) Private Limited Co.
(5) Public Limited Co.
(6) Branch of Larger Enterprise

Ownership of SMFs (N=50)
5:2:3 Employment in Sample SMFs.

Q04. How many people are employed in your firm?

(1) Full time
(2) Part time

Employment Levels in Very Small SMFs. (N = 29)
(Based on number of full time employees)

Employment Levels in Small SMFs. (N = 21)
(Based on number of full time employees)
5:2:4 Background of Chief Executive.

Q11.

Which of the following best describes the background of the firm’s Chief Executive?

(1) General Management
(2) Financial Management
(3) Production Management
(4) Marketing/Sales
(5) Technical/Trades
(6) Artistic/Crafts

Background of Chief Executive (N = 50)
5:2.5 Qualifications of Chief Executive.

Q12.

Does the firm's Chief Executive have formal business or technical qualifications?

(1) Yes

(2) No

Does Chief Executive Have Formal Qualifications? (N = 50)

Yes 60%

No 40%
5:2:6 - Qualifications of Chief Executive.

Q13.

If the firm’s Chief Executive has formal business or technical qualifications, please elaborate.

Formal qualifications of Chief Executives (N = 30)

- BCL
- Dairy Science
- Psychotherapy
- Ph.D.
- BSc.
- BBS
- Electrician
- B.A/M.A.
- BDS (Dental)
- Management Diploma
- Technical Certificates
- Accounting/ACMA
- B.Comm.
- B. Eng.
- No reply

Number of mentions. (Some respondents mentioned more than one qualification).
5:2:7 Are other persons involved in executive decision making?

Q17.

Are any other people involved in the making of executive decisions within the firm?

(1) Yes
(2) No

Are others involved in executive decision making in your firm? (N = 50)

[Bar chart showing the percentage of firms where executive decisions are made by others]
Title of other decision makers in the firm.

Q18.

If other people are involved in the making of executive decision within the firm, what position titles do they hold?

<table>
<thead>
<tr>
<th>Titles of other executive decision makers. (N=42)</th>
<th>Number of mentions.</th>
</tr>
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<tbody>
<tr>
<td>Channel Member/Agent</td>
<td></td>
</tr>
<tr>
<td>H.Q. Chief Exec</td>
<td></td>
</tr>
<tr>
<td>Department Manager</td>
<td></td>
</tr>
<tr>
<td>Business Partner</td>
<td></td>
</tr>
<tr>
<td>Q.C. Manager</td>
<td></td>
</tr>
<tr>
<td>IDA Consultant</td>
<td></td>
</tr>
<tr>
<td>Other Family Members</td>
<td></td>
</tr>
<tr>
<td>Co-Director</td>
<td></td>
</tr>
<tr>
<td>Marketing Exec.</td>
<td></td>
</tr>
<tr>
<td>Sales Manager</td>
<td></td>
</tr>
<tr>
<td>Finance Exec.</td>
<td></td>
</tr>
<tr>
<td>Production Exec.</td>
<td></td>
</tr>
</tbody>
</table>

(Some respondents gave more than one answer)
5:2:9 Outside agencies involved in executive decision making.

Q19.

From which, if any, of the following sources does the Chief executive normally seek professional advice or consultancy in the running of the firm?

(1) Accountancy Firm
(2) Bank
(3) Professional Consultants
(4) State Agencies

Percentage of firms availing of various external sources of consultancy. (N=48)

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage of Firms</th>
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<td>Accountancy Firm</td>
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<tr>
<td>State Agencies</td>
<td>50</td>
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<tr>
<td>Professional Consults.</td>
<td>40</td>
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<tr>
<td>Bank</td>
<td>20</td>
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</table>

(Some firms mentioned multiple sources).
5:3 Business Planning in SMFs.

5:3:1 Perceived Importance of Business Planning.

Q21. How important to the success of your firm do you consider business planning to be?

1. Critical
2. Very Important
3. Important
4. Not Very Important
5. Not At All Important

The findings of the Questionnaire on which the above chart is constructed are supported by qualitative information obtained by the researcher during interviews with the 20% of respondents who were surveyed by personal interview.
5:3:2 - Perceived importance of Business Planning by firms of various Ages.

Cross tabulation Q21 & Q03

The above findings must be treated with caution because the age of firms was skewed towards the older end of the scale.

However, the indications are strong that the literature is correct in maintaining that business planning is perceived as being more important as the firm grow older.
5:3:3 Perceived importance of Business Planning by Very Small and Small Firms.

Cross tabulation of Q21 and Q06.
5:3:4 - Perceived Importance of formal written Business Plan.

Q22.

How important to the success of your firm do you consider it to be that any planning would be written up and incorporated into a formal business plan?

(1) Critical
(2) Very Important
(3) Important
(4) Not Very Important
(5) Not At All Important

Percentage of firms holding various views about the importance of planning being written up into a formal business plan. (N = 50)

- Very Important: 30%
- Important: 26%
- Not Very Important: 14%
- Critical: 26%
- Not At All Important: 4%
5:3:5 - Has firm ever developed a Business Plan?

Q23.
Has management ever developed a formal, written business plan for your firm's future?

(1) Yes
(2) No

Has management ever developed a formal written business plan for your firm? (N = 50)
5:3:6 Description of Business Planning carried out in respondent firms.

Q24.

Which of the following best describes the firm’s business planning process?

(1) A formal business plan was drawn up in order to raise the resources to START UP the firm; since then little attention has been paid to formal business planning

(2) Management ANNUALLY reviews progress and up-dates a formal written plan for the future of the business

(3) Management PERIODICALLY reviews progress and up-dates a formal written plan for the future of the business

(4) Management believes a written business plan REGULARLY drawn up, is not necessary for the running of the business

Description of business planning carried out in firms. (N = 41)

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<tr>
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<td>Annual Plan</td>
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Percentage of firms.
5:3:7 - Time available for Planning.

Q26.

To what extent do you consider finding enough time to plan is a problem for your firm?

(1) Major problem
(2) No great problem
(3) No problem at all

Extent to which finding time is a problem for firms. (N = 50)
5:3:8 - Level of satisfaction that sufficient Business Planning expertise exists within respondent firms.

Q22.

To what extent are you satisfied that there is sufficient business planning expertise available within your company?

(1) Extremely Satisfied
(2) Very Satisfied
(3) Satisfied
(4) Not Very satisfied
(5) Not At All Satisfied

Satisfaction Levels With Business Planning Expertise Within Firm.
(N = 50)
5:3:9 - Satisfaction with Planning Expertise - Perceptions of Small and Very Small Firms.

Cross tabulation of Q27 and Q06.
5:3:10 Level of satisfaction that sufficient Business Planning expertise exists within respondent firms.

Q22.

To what extent are you satisfied that there is sufficient business planning expertise available within your company?

(1) Extremely Satisfied
(2) Very Satisfied
(3) Satisfied
(4) Not Very satisfied
(5) Not At All Satisfied

Satisfaction Levels With Business Planning Expertise Within Firm.

(N = 50)

Cross tabulation of Q27 and Q06.
5:3:12 Incidence of formal business planning among Small and Very Small Firms.

Cross tabulation of Q06 and q23

Incidence of formal business planning in Very Small and Small SMFs.
5:3:13 Incidence of formal business planning in SMFs in which Chief Executives have or have not formal qualifications.

Cross Tabulations between Q12 and q23.
5:4 Marketing Management in SMFs.

5:4:1 Who are the marketing decision makers in SMFs?

Q42.

Who is primarily responsible for marketing decisions within your company?

[Diagram showing the percentage of firms by responsibility role.]
5:4:2 - Extent to which Marketing decision maker has been formally trained.

Q43.
Has the person who is responsible for marketing ever received formal training in marketing or marketing management?

(1) Yes
(2) No

Has the Person Responsible For Marketing Been Formally Trained? (N = 50)

- Yes: 46%
- No: 54%
5:4:3 - Importance of the Marketing Function to the firm’s on-going operations.

Q47.

Please rank 1, 2, 3, 4, 5 the following functions in order of their importance to your firm’s on-going operations:

Production
Finance
Sales
Marketing
Other

Ranked Fifth
Ranked Fourth
Ranked Third
Ranked Second
Ranked First
5:4:4 - Importance of functions other than Marketing to the firm's on-going operations.

Q47.
Please rank 1, 2, 3, 4, 5 the following functions in order of their importance to your firm's on-going operations:

- Production
- Finance
- Sales
- Marketing
- Other

Ranked importance of Production. (N = 50)

Ranked importance of Finance. (N = 50)

Ranked importance of Sales. (N = 50)
5:4:5 Percentage of Management time spent on Marketing decisions.

Q49.

Approximately what percentage of management time is spent on marketing decisions?

Percentage of Management Time Devoted to Marketing Decisions.
(N = 49)

<table>
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<th>Percentage</th>
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<td>45% - 55%</td>
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<td>35% - 45%</td>
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<td>25% - 35%</td>
<td></td>
</tr>
<tr>
<td>16% - 25%</td>
<td></td>
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<tr>
<td>15% or less</td>
<td></td>
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</table>
5:4:6 Satisfaction levels with available Marketing expertise.

Q50.

To what extent are you satisfied that there is sufficient marketing expertise available within your company?

1. Extremely Satisfied
2. Very Satisfied
3. Satisfied
4. Not Very Satisfied
5. Not At All Satisfied

Level of satisfaction with available marketing expertise.
(N = 50)

- Not At All Satisfied
- Not V. Satisfied
- Satisfied
- Very Satisfied
- Extremely Satisfied

Percentage of firms.
5:4:7 Marketing training required by SMFs?

Q54.

If your firm were offered training in marketing, what four marketing aspects would receive most priority?

Number of mentions (N = 50 Many respondents gave more than one answer)
5:5 Overview of Marketing Planning in SMFs.

5:5:1 Incidence of Formal Marketing Planning in SMFs.

Q59.

Does your firm have a current, formal, written marketing plan?
(1)
Yes
(2)
No

Does your firm have a current, formal, written Marketing Plan?
(N = 49)

No

Yes

% of firms
5:5:2 Extent to Which Small and Very Small Firms Have Formal Marketing Plans.

Cross Tabulation Q59 and Q06.

The analysis shows that the likelihood of a formal Marketing Plan existing in a firm is positively correlated with firm size: the larger the firm the more likely it is that a formal plan will exist.

Further analyses show that there is no correlation between the existence of a formal Marketing Plan and the background, formal qualifications of the Chief Executive or, surprisingly, whether or not the Chief Executive has had formal training in Marketing.
5:5:3 Incidence of Formal Marketing Planning Among SMFs With Business Plans.

Cross Tabulation Q59 and Q23

45% (18 firms out of 40) of firms with Business Plans also have Marketing Plans.

In addition, 22% of firms (2 firms out of 9) who do NOT have Business Plans, do have Marketing Plans.
Q60b.

If your firm has a current, formal, written up marketing plan, how often is it updated or re-written?

Frequency with which SMFs with marketing plans update them.

(N = 18)

- Annually: 77%
- Half yearly: 6%
- Every 4 Years: 11%
- Tri-annually: 6%
5:5:5 Description of Marketing Planning in SMFs.

Q61. Which of the following most closely describes marketing planning in your firm?

Option 1. "We do not consider it important to plan our marketing. There are more important management issues which we need to address in our firm."

Option 2. "We do not do much marketing planning other than to try to forecast the level of sales which we might be able to achieve in a given period in the future."

Option 3. "We try to forecast sales for a year or so ahead and we examine the level of sales response which we can expect from various customers and segments of the market. However, we do not budget marketing activities such as sales promotions, market research, etc."

Option 4. "We make an effort to understand what is happening in various segments of our markets and to build sales forecasts accordingly. We draw up budgets for various aspects of marketing and build them into a marketing plan."

Option 5. "We draw up a fairly comprehensive marketing plan and monitor progress throughout the trading year. We know at any time more or less how we are performing against plan."

Option 6. "We draw up a set of business objectives and an overall business plan. We then examine the role of marketing and what marketing has to achieve in order to accomplish the aims of the business plan. We monitor sales and marketing issues on a continuous basis. We draw up a marketing budget each year."

Percentage of firms planning marketing at various levels of sophistication. (The larger the option number, the more sophisticated the marketing planning).

(N = 48)
5:5:6 Sophistication of Marketing Planning in SMFs in which it is claimed formal marketing plans are in operation.

Q61. Which of the following most closely describes marketing planning in your firm?

Option 1. “We do not consider it important to plan our marketing. There are more important management issues which we need to address in our firm”.

Option 2. “We do not do much marketing planning other than to try to forecast the level of sales which we might be able to achieve in a given period in the future”.

Option 3. “We try to forecast sales for a year or so ahead and we examine the level of sales response which we can expect from various customers and segments of the market. However, we do not budget marketing activities such as sales promotions, market research, etc.”

Option 4. “We make an effort to understand what is happening in various segments of our markets and to build sales forecasts accordingly. We draw up budgets for various aspects of marketing and build them into a marketing plan”.

Option 5. “We draw up a fairly comprehensive marketing plan and monitor progress throughout the trading year. We know at any time more or less how we are performing against plan”.

Option 6. “We draw up a set of business objectives and an overall business plan. We then examine the role of marketing and what marketing has to achieve in order to accomplish the aims of the business plan. We monitor sales and marketing issues on a continuous basis. We draw up a marketing budget each year.”

Degree of sophistication of marketing planning among SMFs in which it is claimed that formal marketing plans are in operation. (The higher the option number, the more sophisticated the planning. Options 5 & 6 would equate reasonably with academic model.)

N = 20

Q62.

On a scale of 1 to 5, to what extent do you believe enhanced MARKETING PLANNING ABILITY would contribute to the future well being of your firm?
(1 indicates a contribution of major importance, 5 indicates a contribution of no importance).

Perceived Importance of Enhanced Marketing Planning Ability to Well Being of SMFs. (N = 47)

- Not Very Important: 9%
- Important: 11%
- No Importance: 6%
- Major Importance: 34%
- Very Important: 40%
5:5:8 Relationship between the Perceived Importance of Business Planning and the Perceived Importance of Enhanced Marketing Planning.

Cross Tabulation of Q62 and Q21.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>10%</td>
<td>20%</td>
<td>30%</td>
<td>40%</td>
</tr>
<tr>
<td>50%</td>
<td>60%</td>
<td>70%</td>
<td>80%</td>
<td>90%</td>
</tr>
<tr>
<td>100%</td>
<td>92%</td>
<td>80%</td>
<td>70%</td>
<td>60%</td>
</tr>
</tbody>
</table>

(92% of firms rating Business Planning as being of 'Critical Importance' rate Marketing Planning as being either 'Extremely Important' or 'Very Important').
5:6 Availability Among SMFs of the Information Necessary to Formulate the Analysis Stage of the Marketing Plan.

5:6:1 Availability of Customer Information Required For the Analysis Stage of a Marketing Plan.

Q63, Q64, Q65, Q66, Q67, Q68.

How confident are you that you could, if called to do so very quickly,
Q63
Draw up a list of your major customers?
Q64
Determine the % of total sales going to each major customer?
Q65
List your major customer groups/market segments?
Q66
Determine the % of total sales going to each of your major customer groups/market segments?
Q67
List the major criteria which influence your customer’s buying decisions?
Q68
Draw up a list of the services which customers expect from your firm?

Levels of confidence in ability to determine quickly the various items of Customer/Market information required for the Analysis Stage of a Marketing Plan. (N = 50)
5:6:2 Availability of Competitor Information Required for the Analysis Stage of M. Plan.

Q69, Q70.
How confident are you that you could, if called to do so very quickly,

Q69
List the reasons why customers choose to buy from your major competitors?
Q70
List the strengths and weaknesses of your major competitors?

Level of confidence in ability to determine quickly the competitor information required for the Analysis Stage of the M. Plan. (N = 50)
5:6:3 Availability of Marketing Environment Information Required for the Analysis Stage of a Marketing Plan.

Q71, Q72, Q73, Q74, Q75. How confident are you that you give sufficient attention to understanding how each of the factors listed below will affect demand for your products in the future?

Q71 Overall economic growth?
Q72 Changes in Exchange Rates/VAT?
Q73 Social changes such as more leisure time, improved living standards etc?
Q74 Legislation Changes such as product liability, safety standards etc?
Q75 Changes in technology?

Extent to which SMFs are confident they understand impact of future changes in various environmental factors on demand for their products. (N = 50)
5:6:4 SWOT Analysis in SMFs.

Q76, Q77.

Q76
Does your firm carry out a SWOT analysis of its strengths, weaknesses, opportunities and threats?

Q77
If a SWOT Analysis is carried out, how often is it updated?

---

**Does your firm carry out a SWOT Analysis?**
(N = 50)

- Yes: 38%
- No: 62%

---

**If your firm carries out a SWOT Analysis, how often does it do so?**
(N = 17)

- < Once Per Year: 11%
- Bi-Annually: 11%
- Annually: 58%
- Occasionally: 20%
5:6:5 Costing Systems in SMFs.

Q78
Does your firm have a costing system, which allows you to accurately identify all the costs incurred by your business under appropriate headings?

Q79
To what extent does your firm carry out cost reviews?

Does Your Firm have a Costing System Which Allows You to Accurately Identify All The Costs of Your Business Under Appropriate Headings? (N = 50)

- Yes: 88%
- No: 12%

Frequency With Which SMFs Carry Out Cost Reviews. (N = 50)

- Other
- Years End
- Quarterly
- Monthly
- Continuously
5:6:6 Extent to which SMFs Calculate Sales/Marketing Costs as a Separate Cost Area.

Q80
Does your firm calculate sales/marketing expenses as a distinct and separate cost area?

![Pie chart showing that 58% of firms calculate sales/marketing expenses as a distinct and separate cost area, while 42% do not.](image-url)
5:7 Setting of Objectives in SMFs.

5:7:1 SMF Short Term Objectives.

**Q81**
Please describe the objectives which you hope your business will achieve in the short term future.

<table>
<thead>
<tr>
<th>Short Term Objectives</th>
<th>No. of Mentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generally expand sales</td>
<td>8</td>
</tr>
<tr>
<td>NPD/Diversification</td>
<td>5</td>
</tr>
<tr>
<td>Consolidate Irish market</td>
<td>4</td>
</tr>
<tr>
<td>Achieve planned sales increase</td>
<td>4</td>
</tr>
<tr>
<td>ISO/Improve quality</td>
<td>4</td>
</tr>
<tr>
<td>Expand production</td>
<td>4</td>
</tr>
<tr>
<td>Improve product range</td>
<td>3</td>
</tr>
<tr>
<td>Make overseas strategic alliances</td>
<td>3</td>
</tr>
<tr>
<td>Establish EU markets</td>
<td>3</td>
</tr>
<tr>
<td>Establish UK market</td>
<td>3</td>
</tr>
<tr>
<td>Establish other markets (Other than Irish, EU or UK)</td>
<td>2</td>
</tr>
<tr>
<td>Increase market share</td>
<td>2</td>
</tr>
<tr>
<td>Improve margins</td>
<td>2</td>
</tr>
<tr>
<td>Achieve planned increase in business</td>
<td>2</td>
</tr>
<tr>
<td>Become more cost effective/competitive</td>
<td>2</td>
</tr>
<tr>
<td>Image reputation enhancement</td>
<td>1</td>
</tr>
<tr>
<td>Streamline production</td>
<td>1</td>
</tr>
<tr>
<td>Maintain existing customer base</td>
<td>1</td>
</tr>
<tr>
<td>Improve customer service</td>
<td>1</td>
</tr>
<tr>
<td>Increase profitability</td>
<td>1</td>
</tr>
<tr>
<td>Increase net worth</td>
<td>1</td>
</tr>
<tr>
<td>Improve cash flow</td>
<td>1</td>
</tr>
<tr>
<td>More efficient market information system</td>
<td>1</td>
</tr>
<tr>
<td>Supply larger single drop orders</td>
<td>1</td>
</tr>
<tr>
<td>No reply</td>
<td>3</td>
</tr>
</tbody>
</table>

Respondents were allowed to mention more than one objective.
5:7:2 A Functional Classification of Short Term Objectives.

The chart shown below is derived from the data received in response to Q81.
5:7:3 - SMF Long Term Objectives.

Q82
Please describe the objectives which you hope your business will achieve in the long term future.

<table>
<thead>
<tr>
<th>Long Term Objectives</th>
<th>No. of Mentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversification</td>
<td>5</td>
</tr>
<tr>
<td>Expand Irish Market</td>
<td>4</td>
</tr>
<tr>
<td>Establish EU Markets</td>
<td>4</td>
</tr>
<tr>
<td>Develop Brand Image</td>
<td>4</td>
</tr>
<tr>
<td>Expand sales</td>
<td>4</td>
</tr>
<tr>
<td>Expand production/new factory</td>
<td>4</td>
</tr>
<tr>
<td>Develop strategic alliances</td>
<td>4</td>
</tr>
<tr>
<td>Establish US Markets</td>
<td>3</td>
</tr>
<tr>
<td>Grow firm</td>
<td>3</td>
</tr>
<tr>
<td>Establish UK market</td>
<td>3</td>
</tr>
<tr>
<td>Improve product range</td>
<td>3</td>
</tr>
<tr>
<td>Increase market share</td>
<td>2</td>
</tr>
<tr>
<td>Improve margins</td>
<td>2</td>
</tr>
<tr>
<td>Achieve planned increase in business</td>
<td>2</td>
</tr>
<tr>
<td>Improve sales stability</td>
<td>1</td>
</tr>
<tr>
<td>Develop core business in other markets</td>
<td>1</td>
</tr>
<tr>
<td>Streamline production</td>
<td>1</td>
</tr>
<tr>
<td>Maintain existing customer base</td>
<td>1</td>
</tr>
<tr>
<td>Improve marketing and sales</td>
<td>1</td>
</tr>
<tr>
<td>Increase profitability</td>
<td>1</td>
</tr>
<tr>
<td>Increase net worth</td>
<td>1</td>
</tr>
<tr>
<td>Develop new production system</td>
<td>1</td>
</tr>
<tr>
<td>Increase R&amp;D</td>
<td>1</td>
</tr>
<tr>
<td>Improve cost control</td>
<td>1</td>
</tr>
<tr>
<td>Improve strategic planning</td>
<td>1</td>
</tr>
<tr>
<td>Better staff conditions</td>
<td>1</td>
</tr>
<tr>
<td>Increase revenue</td>
<td>1</td>
</tr>
<tr>
<td>Bring in other family members</td>
<td>1</td>
</tr>
<tr>
<td>No reply</td>
<td>3</td>
</tr>
</tbody>
</table>

Respondents were allowed to mention more than one objective.
5:7:4 - SMF Long Term Objectives (continued).

The chart shown below is derived from the data received in response to Q82.
5:7:5 - Objectives Planned for by SMFs at the beginning of each year.

Q83
Which of the following business objectives do you quantify and plan for at the beginning of a business year?

1. Overall Sales Revenue
2. Gross Profit
3. Net Profit
4. Overall Sales Volume
5. Sales Volume Broken Down by Product
6. Sales Volume Broken Down by Major Customer
7. Growth in Turnover
8. Other

Percentage of firms including specified objectives in their yearly planning.

- Overall Sales Revenue: 50%
- Net Profit: 40%
- Gross Profit: 30%
- Overall Sales Volume: 50%
- Sales Volume by Product: 30%
- Sales Volume by Major Customer: 40%
- Growth in Turnover: 20%
- Other: 10%
5:7:6 - Percentage of SMFs who rank First various Planning Objectives.

Q84
Please rank 1,2,3 in order of priority the objectives which you quantify and plan for at the beginning of a business year?

(1) Overall Sales Revenue
(2) Gross Profit
(3) Net Profit
(4) Overall Sales Volume
(5) Sales Volume Broken Down by Product
(6) Sales Volume Broken Down by Major Customer
(7) Growth in Turnover
(8) Other

Percentage of SMFs who include various named objectives in their planning at the beginning of the business year. (N = 47)

- Gross Profit
- Turnover Growth
- O/A Sales Volume
- None of List Options
- O/A Sales Revenue
- Net Profit

% of firms

0 5 10 15 20 25 30
5:7:7 Extent to which SMFs target specific Growth Rates as an Objective.

<table>
<thead>
<tr>
<th>Q92</th>
<th>Has your firm quantified the rate of growth which it wishes to achieve over the next three to five years?</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>Yes</td>
</tr>
<tr>
<td>(2)</td>
<td>No</td>
</tr>
</tbody>
</table>

Percentage of SMFs Which Have Targeted Specific Three to Five Year Growth Rates and Objectives.
(N = 50)

- Yes: 54%
- No: 46%
5:8 Strategy Formulation in SMFs.

5:8:1 Extent to which various sources of Growth have been identified by SMFs.

Q93
If your firm has set growth as an objective, from which of the following areas have you decided growth will come?

(1) Present products for present markets
(2) New products for present markets
(3) Present products for new markets
(4) New products for new markets
(5) Diversification into new areas of business or investment
(6) We have not planned in detail where growth will come from

Sources of planned growth. (Respondents were allowed more than one choice).
(N = 47)

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No planned growth areas</td>
<td>20%</td>
</tr>
<tr>
<td>Diversification</td>
<td>30%</td>
</tr>
<tr>
<td>New Products/New Markets</td>
<td>40%</td>
</tr>
<tr>
<td>Present Products/Present Markets</td>
<td>50%</td>
</tr>
<tr>
<td>New Products/Present Markets</td>
<td>50%</td>
</tr>
<tr>
<td>Present Products/New Markets</td>
<td></td>
</tr>
</tbody>
</table>

Percentage of firms making mention of each source.
5:8:2 Level of satisfaction among SMFs about knowledge of Market Size.

Q94
To what extent are you satisfied that you know the size and worth of the markets for the major products which you produce?

(1) Extremely Satisfied
(2) Very Satisfied
(3) Satisfied
(4) Not Very Satisfied
(5) Not At All Satisfied

Percentage of SMFs Expressing Various Levels of Knowledge about Size & Worth of Major Markets. (N = 50)

- Not At All Satisfied: 6%
- Extremely satisfied: 8%
- Very Satisfied: 22%
- Satisfied: 42%
- Not Very satisfied: 22%
5:8:3 Level of satisfaction among SMFs with knowledge of major Market Growth or Decline Rates.

Q95
To what extent are you satisfied that you know the rate of growth or decline of the markets for the major products which you produce?

(1) Extremely Satisfied
(2) Very Satisfied
(3) Satisfied
(4) Not Very Satisfied
(5) Not At All Satisfied

Level of Satisfaction Among SMFs With Knowledge of Rate of Growth or Decline of Major Markets. (N = 50)

- Not At All Satisfied: 10%
- Extremely satisfied: 4%
- Very Satisfied: 8%
- Not Very satisfied: 36%
- Satisfied: 42%
5:8:4 Level of satisfaction among SMFs with knowledge of their own Market Share.

Q96
To what extent are you satisfied that you know your firm's share of the market for the major products which you produce?
(1) Extremely Satisfied
(2) Very Satisfied
(3) Satisfied
(4) Not Very Satisfied
(5) Not At All Satisfied

Level of Satisfaction Among SMFs With Knowledge of Own Firm's Market Share (N = 50)
5:8:5 Methods of Market Evaluation among SMFs.

Q98
Which of the statements below best describes the extent to which your firm would formally evaluate marketplaces for their size, growth rate, profitability etc. before entering them?

1. “My firm would normally carry out formal research and investigation before entry”

2. “My firm would normally rely on my knowledge of the trade and marketplace and would not carry out a formal investigation”

3. “My firm would normally go on intuition and instinct and would not try to formally identify market size and structure”

Percentage of Firms Carrying Out Various Forms of Evaluation of Markets.
(N = 49)

- Intuition: 20%
- Formal Research: 20%
- Knowledge of Trade: 60%
5:8:6 Assessment of Competitive Position among SMFs.

Q99
Which of the statements below best describes how your firm would normally assess its competitive position in the marketplace?

1. “My firm periodically tries to identify the strengths and weaknesses of main competitors and then tries to put this information to good use”

2. “My firm keeps an eye on major competitors but does not set out to assess and exploit their weaknesses”

3. “My firm normally does not take too much notice of competitors and what they are doing unless we are competing for a particular order or contract”

Percentage of SMFs Carrying Out Various Forms of Assessment of Competitive Position. (N = 49)

- Mostly Ignores Competition: 19%
- Keeps an Eye On’ Comp.: 48%
- Tries Comp. SWOT Analysis: 33%
5:9 Marketing Mix Management in SMFs.

5:9:1 Extent of satisfaction among SMFs with capacity to manage certain aspects of Product Policy.

Q100
To what extent are you satisfied that your firm can identify the extent to which the strongest items in your product portfolio contribute to overall profitability?

Q101
To what extent are you satisfied that you can identify the products which are weakest in terms of their contribution to profitability?

Q102
To what extent are you satisfied that your firm can identify the reasons why your weak products are not performing up to expectations?

Q103
To what extent are you satisfied that your firm is aggressive enough in eliminating weak items from your product portfolio?
5:9:2 Extent to which SMFs have predicted the PLC’s of strongest products in portfolio.

Q101

Has your firm taken steps to predict for how far into the future the strong items in your product portfolio will continue to perform well?

(1) Yes
(2) No

Percentage of SMFs Which Have Carried out PLC Predictions For Their Strongest Products.

(N = 50)

Yes 32%

No 68%
5:9:3 New Product Development in SMFs.

Q105

Does your firm have plans to develop new products in the immediate future?
(1)
Yes
(2)
No
Q106

If 'Yes', are your NPD plans based on (5 listed options)

Percentage of SMFs Expressing Various Motivations for New Product Development. (Respondents were allowed to choose more than one option). (N = 38)
5:9:4 Planning of NPD in SMFs.

Q107
Will you carry out a formal evaluation of projected sales volumes, revenue, costs and profits for each of the proposed new products before embarking on their development?

Q108
Does your firm normally draw up budgets, time projections, and formal project development procedures for NPD?

Q109
How satisfied are you that the expertise exists in your firm to carry out formal project development procedures for NPD?

Percentage of SMFs which will carry out formal predications of sales, revenue, costs and profits prior to NPD. (N = 45)

- Yes: 60%
- No: 40%

Percentage of SMFs which normally draw up budgets, time projections etc. for NPD. (N = 47)

- Yes: 32%
- No: 68%

Satisfaction Among SMFs in Which NPD is Formally Planned With NPD Planning Abilities. (N = 31)

- Extremely satisfied: 5%
- Very Satisfied: 10%
- Satisfied: 30%
- Not. V. Satisfied: 55%
5:9:5 Satisfaction among SMFs with costing abilities.

Q110
To what extent are you satisfied that you can accurately cost the major items in your product portfolio?

Satisfaction Among SMFs With Ability To Cost Products.
(N = 50)
5:9:6 Pricing Competitiveness among SMFs.

Q112
Do your firm’s pricing policies normally reflect the prices charged by your nearest competitors for similar products?

Q113
If ‘Yes’ to Q112, do you regularly check competitor’s prices to ensure that any changes which they make are reflected in your own prices?

Do your prices normally reflect prices charged by your nearest competitors? (N = 49)

- Yes: 67%
- No: 33%

Do you regularly check the prices charged by your nearest competitors and ensure any changes they make are reflected in your own prices? (N = 33)

- Yes: 85%
- No: 15%
Q114
Do you use intermediaries to reach your target markets?

Q115
If 'Yes' to Q114, do you normally track the effectiveness with which your intermediaries provide sales support and market coverage for your product?

Does Your Firm Employ Intermediaries to Reach Target Markets?  
( N = 50)

- Yes: 52%
- No: 48%

If Your Firm Employs Intermediaries, Does Your Firm Normally Evaluate Market Coverage & Sales Support Provided by Them?  
(N = 26)

- Yes: 81%
- No: 19%
5:9:8 Satisfaction among SMFs with ability to manage Intermediaries.

Q116
To what extent are you satisfied that your firm manages intermediaries to best effect?

Q117
To what extent are you satisfied that, if necessary, your firm could carry out a major restructuring of its intermediary system?

Percentage of firms expressing various levels of satisfaction with their ability to manage intermediaries. (N = 23)

Percentage of firms expressing various levels of satisfaction with ability to carry out any necessary restructuring of distribution channels. (N = 24)
5:9:9 Advertising, Sales Promotions, Publicity in SMFs.

Q118
Does your firm normally use advertising to communicate with target markets?

Q132
Does your firm promote sales through the use of special offers, contests, give-aways and other forms of sales promotions?

Q135
Does your firm communicate with markets by means of publicity, Press Releases, PR?

Percentage of SMFs Using Various Types of Market Communications. (N = 50)

<table>
<thead>
<tr>
<th>% of firms</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>[50%]</td>
<td>[50%]</td>
</tr>
<tr>
<td>Sales Prom.</td>
<td>[30%]</td>
<td>[70%]</td>
</tr>
<tr>
<td>Publicity</td>
<td>[40%]</td>
<td>[60%]</td>
</tr>
</tbody>
</table>
5:9:10 Advertising practice among SMFs.

Q119

Do you use advertising

(1) Occasionally
(2) Frequently
(3) Continuously

Frequency With Which SMFs Use Advertising.
(N = 22)

- Continuously 4%
- Frequently 41%
- Occasionally 55%
**5:9:11 Advertising Budgets in SMFs.**

Q120

Does your firm plan advertising expenditure in terms of;

1. A yearly advertising budget?
2. On a campaign by campaign basis?
3. Cost per advert. Basis?
4. No planning; we incur cost of advertising only as necessary?

---

**Methods of Planning Advertising Expenditure in SMFs.**

(\(N = 23\))

<table>
<thead>
<tr>
<th></th>
<th>% of firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yearly budget</td>
<td>39%</td>
</tr>
<tr>
<td>Campaign by Campaign</td>
<td>17%</td>
</tr>
<tr>
<td>Cost per advert</td>
<td>25%</td>
</tr>
<tr>
<td>No planned budget</td>
<td>19%</td>
</tr>
</tbody>
</table>
5:9:12 Budgeting of Sales Promotions & Publicity by SMFs.

Q133
Does your firm prepare an annual sales promotion budget?
(1) Yes  
(2) No

Q136
Does your firm prepare an annual Publicity Budget?
(1) Yes  
(2) No

Percentage of SMFs in which Sales Promotions are used, who annually budget for sales promotions activities. (N = 8)

Yes 37%
No 63%

Percentage of SMFs in which Publicity is used, who annually budget for Publicity activities. (N = 17)

Yes 29%
No 71%
5:9:13 Level of satisfaction among SMFs with ability to manage Promotions.

Q121
To what extent are you satisfied that your firm has the competence to plan and manage the advertising dimension of your market communications activities?

Q134
To what extent are you satisfied that sales promotions activities are planned and evaluated effectively by your firm?

Q137
To what extent are you satisfied that publicity/public relations activities are planned and evaluated effectively by your firm?
5:10 Personal Selling in SMFs.

5:10:1 Sales Reporting & Monitoring in SMFs.

Q38. Which of the options below best describes with whom in your firm responsibility for sales lies?

(1) A sales force
(2) One sales rep. Responsible for all sales
(3) Chief Executive/Owner Manager
(4) Other

Where does responsibility for Sales lie in SMFs. (N = 49)

Has Person Responsible For Sales Ever Received Formal Training in Sales techniques? (N = 50)
Q125. In the context of your firm, with which of the statements below would you agree or disagree?

(a) "We prepare a detailed forecast of overall sales on a regular basis"

(b) "We prepare a detailed forecast of sales by product on a regular basis"

(c) "We prepare a detailed forecast of sales by major customer on a regular basis"

(d) "We prepare sales forecasts but they are not detailed enough to be used for effective planning"

(e) "We prepare sales forecasts but they are something of a formality and are not really useful for sales planning"

(f) "We prepare sales forecasts but don’t do enough matching of sales achieved against targets set in the forecasts"

(g) "We can determine on an ongoing basis how sales are progressing against target"

(h) "We review sales in a manner which means we are always in control of performance"

Extent to Which SMFs Agree or Disagree With Various Statements Regarding Sales Forecasting. (N = 50)
5:10:3 Sales Reports & Sales Monitoring in SMFs.

Q143.
Do you prepare a regular report of sales performance?

(1) Yes
(2) No

Preparation of Regular Sales Reports in SMFs.
(N = 50)

Yes 72%
No 28%
Q144.
If you prepare a regular report of sales performance, does your report show
(a) Sales by volume
(b) Sales by value
(c) Sales by customer
(d) Sales by product or product version
(e) Sales trends one period to the next

Information Which SMFs Include in Sales Reports. (N = 36)
Q144.
If you prepare a regular report of sales performance, how often are such reports prepared?

Frequency With Which SMFs, Which Regularly Prepare Sales Reports, Do So. (N = 34)

- Quarterly: 12%
- Some W-M-Q: 3%
- Weekly: 6%
- Monthly: 79%
SECTION SIX

DETAILED FINDINGS - MISCELLANEOUS CHARTS

(For index to Charts in this Section, please see pp. 344 - 346)
6:1 Miscellaneous Charts.

**Q09.**

Chief Executive's years of experience with present firm.  
(N = 50)

- Over 10 years: 62%
- 7 to 10 years: 22%
- 4 to 6 years: 12%
- 1 to 3 years: 4%

**Q10.**

Chief Executive's experience with previous firm  
(N = 44)

- Over 10 years: 60%
6:1 Miscellaneous Charts.

Q14.

Is Chief Executive Irish born? (N = 50)

- Yes: 86%
- No: 14%

Q.15.

Nationality of Non-Irish Chief Executives. (N=7)

- Scottish: 1 firm
- British: 3 firms
- German: 2 firms
- Swedish: 1 firm
6:1 Miscellaneous Charts.

Q.16.

Non-Irish Chief executive's years in Ireland. (N = 6)

<table>
<thead>
<tr>
<th>No. of firms</th>
<th>1 to 3 years</th>
<th>4 to 7 years</th>
<th>8 to 11 years</th>
<th>12 to 15 years</th>
<th>15 to 18 years</th>
<th>19 years or</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>0.8</td>
<td>0.8</td>
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</tbody>
</table>

Q.20.

Description of firm’s present business situation. (N=50)

- Mature: 10%
- Established growing well: 30%
- Established slow grower: 25%
- Early performing up to expectations: 15%
- Early performing below expectations: 10%
6:1 Miscellaneous Charts.

Q.25. Does your firm spend enough time planning? (N = 50)

Number of items in product range.

<table>
<thead>
<tr>
<th>Number of Items</th>
<th>% of Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three or more lines</td>
<td>30%</td>
</tr>
<tr>
<td>Two deep lines</td>
<td>10%</td>
</tr>
<tr>
<td>Deep line and shallow line</td>
<td>10%</td>
</tr>
<tr>
<td>Deep single line</td>
<td>30%</td>
</tr>
<tr>
<td>Shallow single line</td>
<td>10%</td>
</tr>
<tr>
<td>Single product</td>
<td>10%</td>
</tr>
</tbody>
</table>
6:1 Miscellaneous Charts.

Q.29.  
Number of company or brand names. (N=50)

Q.39.  
Has person with responsibility for sales been formally trained? (N=50)

Q.40.  
Perceived satisfaction with selling expertise. (N=50)
6:1 Miscellaneous Charts.

Q.41.

What decisions relate to marketing? (N=29)

- Attracting new clients
- Generation of awareness
- M. mostly left to distributors
- Distribution strategies
- Managing territories
- Branding
- Monitoring sales
- Delivery
- Maintaining profitability
- Export sales
- Customer service
- Sales targets
- Identifying customer needs
- Marketing budget
- Production capacity
- Marketing planning
- N.P.D.
- Promotions
- Sales
- Pricing

% of firms
6:1 Miscellaneous Charts.

Q.51.

**Perceived importance of enhanced marketing expertise to the future well being of your company (N = 50)**

- Major importance: 35 firms
- Very important: 25 firms
- Important: 20 firms
- Not very important: 5 firms
- Not at all important: 3 firms

Q.52.

**Marketing activities undertaken in past twelve months (N=49)**

- Test marketing
- New brand development
- Enlisting new retailers
- Publicity/PR
- Packaging design
- Enlisting new distributors
- Market research
- Price setting/amendment
- Marketing planning
- New Market Development
- Sales planning/forecasting
- Displays/Exhibitions
- Advertising
- N.P.D.
- Negotiating contracts

**% of firms**

- Test marketing: 45 firms
- New brand development: 40 firms
- Enlisting new retailers: 35 firms
- Publicity/PR: 30 firms
- Packaging design: 25 firms
- Enlisting new distributors: 20 firms
- Market research: 15 firms
- Price setting/amendment: 10 firms
- Marketing planning: 5 firms
- New Market Development: 0 firms
- Sales planning/forecasting: 40 firms
- Displays/Exhibitions: 35 firms
- Advertising: 30 firms
- N.P.D.: 25 firms
- Negotiating contracts: 20 firms
6:1 Miscellaneous Charts.

Q.53.

<table>
<thead>
<tr>
<th>Particularly difficult marketing activities. (N=49)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negotiating contracts</td>
</tr>
<tr>
<td>Price setting/amendment</td>
</tr>
<tr>
<td>Enlisting new retailers</td>
</tr>
<tr>
<td>Displays/Exhibitions</td>
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<tr>
<td>Packaging design</td>
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<tr>
<td>Advertising</td>
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<tr>
<td>Publicity/PR</td>
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<td>Sales planning/forecasting</td>
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<tr>
<td>N.P.D.</td>
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<td>Test marketing</td>
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<tr>
<td>New brand development</td>
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<tr>
<td>Enlisting new distributors</td>
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<tr>
<td>Market research</td>
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<tr>
<td>New Market Development</td>
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<td>Marketing planning</td>
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</table>

<table>
<thead>
<tr>
<th>% of firms</th>
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<tbody>
<tr>
<td>0 5 10 15 20 25 30 35 40 45 50</td>
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</tbody>
</table>
6:1 Miscellaneous Charts

Q.55. Most beneficial marketing decisions last year. (N=26)

- Undertaking publicity/PR
- New brochure development
- Expand product range
- Media advertising
- Attending trade fair
- Amended distribution strategy
- New market development

Q.56. Least satisfactory decisions in last year. (N=12)

- Rationalisation of products
- Dropped exhibitions
- Did not stick to plan
- New Product launch
- Sales planning forecasting
- Price adjustment
Q.57. Has there been an occasion when poor marketing badly affected the firm or its development? (N=46)

Q.58. Most important role of marketing in the immediate future. (N=44) (% of respondents)
6:1 Miscellaneous Charts

Q.97.

Has firm ever been forced to drop out of a market because it did not live up to expectations? (N=49)

Q102.

Satisfaction with ability to identify weak products. (N=50)

Q.103

Satisfaction with ability to identify why products are weak. (N=50)
6:1 Miscellaneous Charts

Q.104

Willingness to eliminate weak products.

<table>
<thead>
<tr>
<th>% of firms</th>
<th>Extremely satisfied</th>
<th>Very satisfied</th>
<th>Satisfied</th>
<th>Not V. satisfied</th>
<th>Not at all satisfied</th>
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<tbody>
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Q.111

Satisfaction that prices reflect real costs. (N=49)

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Extremely satisfied</th>
<th>Very satisfied</th>
<th>Satisfied</th>
<th>Not V. satisfied</th>
<th>Not at all satisfied</th>
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Q121.

Satisfaction with firm's advertising management ability. (N=24)

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Extremely satisfied</th>
<th>Very satisfied</th>
<th>Satisfied</th>
<th>Not V. satisfied</th>
<th>Not at all satisfied</th>
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<tbody>
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</table>
Q.122

Do you consider that your firm needs to upgrade its planning of advertising activities? (N=24)

- Yes: 63%
- No: 37%

Q.123

Does your firm use an advertising agency? (N=24)

- Yes: 21%
- No: 79%
In the context of your firm, with which of the statements below would you agree or disagree?

"We prepare a detailed forecast of overall sales on a regular basis".

![Pie chart showing 46% agree, 54% disagree]

"We prepare a detailed forecast of sales by product on a regular basis".

![Pie chart showing 40% agree, 60% disagree]

"We prepare a detailed forecast of sales by major customer on a regular basis".

![Pie chart showing 30% agree, 70% disagree]
Marketing Planning in SMFs.

6:1 Miscellaneous Charts

"We prepare sales forecasts but they are not detailed enough to be used for effective sales planning".

"We prepare sales forecasts but they are something of a formality and not really useful for sales planning".

"We prepare sales forecasts but don't do enough matching of sales achieved against targets set in the forecasts".
6:1 Miscellaneous Charts

“We can determine on an ongoing basis how sales are progressing against target”.

“We review sales in a manner which means we are always in control of performance”.
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<th>Topic</th>
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<td>Chief Executive’s years of experience with present firm.</td>
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<td>Q10</td>
<td>Chief executive’s years experience with previous firm.</td>
<td>328</td>
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<tr>
<td>Q14</td>
<td>Is Chief executive Irish born?</td>
<td>329</td>
</tr>
<tr>
<td>Q15</td>
<td>Nationality of non-Irish Chief Executives</td>
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</tr>
<tr>
<td>Q16</td>
<td>Non-Irish Chief Executive’s years experience in Ireland</td>
<td>330</td>
</tr>
<tr>
<td>Q20</td>
<td>Description of firm’s present business situation</td>
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<td>Q25</td>
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<td>331</td>
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<td>Number of items in product range</td>
<td>331</td>
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<td>Q29</td>
<td>Number of company or brand names</td>
<td>332</td>
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<tr>
<td>Q39</td>
<td>Has person with responsibility for sales been formally trained?</td>
<td>332</td>
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<tr>
<td>Q40</td>
<td>Perceived satisfaction with selling expertise</td>
<td>332</td>
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<td>333</td>
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<td>Q51</td>
<td>Perceived importance of enhanced marketing expertise to future well being of your company</td>
<td>334</td>
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<td>Q52</td>
<td>Marketing activities undertaken in past twelve months</td>
<td>334</td>
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<td>Q53</td>
<td>Particularly difficult marketing activities</td>
<td>335</td>
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<td>Q55</td>
<td>Most beneficial marketing activities last year</td>
<td>336</td>
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<td>Q56</td>
<td>Least satisfactory decisions last year</td>
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<td>Q57</td>
<td>Has there been an occasion when poor marketing badly affected the firm or its development</td>
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<tr>
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<td>Most important role of marketing in the immediate future</td>
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<tr>
<th>Ref.</th>
<th>Topic</th>
<th>Page No.</th>
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<tbody>
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<td>338</td>
</tr>
<tr>
<td>Q102</td>
<td>Satisfaction with ability to identify weak products</td>
<td>338</td>
</tr>
<tr>
<td>Q103</td>
<td>Satisfaction with ability to identify why products are weak</td>
<td>338</td>
</tr>
<tr>
<td>Q104</td>
<td>Willingness to eliminate weak products</td>
<td>339</td>
</tr>
<tr>
<td>Q111</td>
<td>Satisfaction that prices reflect real costs</td>
<td>339</td>
</tr>
<tr>
<td>Q121</td>
<td>Satisfaction with firm’s advertising management ability</td>
<td>339</td>
</tr>
<tr>
<td>Q122</td>
<td>Do you consider that your firm needs to upgrade its planning of advertising activities?</td>
<td>340</td>
</tr>
<tr>
<td>Q123</td>
<td>Does your firm use an advertising agency?</td>
<td>340</td>
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<tr>
<td>Q124/Q131</td>
<td>Sales forecasts</td>
<td>341-343</td>
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