

Marketing News



The Chartered
Institute of Marketing

Royal Counties Branch

http://www



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**ROYAL COUNTIES
EVENTS GUIDE INSIDE**

NEW MEDIA MARKETING

A NICE PAIR OF WINGS

HIGH FLYING COMPANIES DIE OF WHAT THEY ARE BEST AT

**RESIDUAL PRODUCT
MANAGEMENT**

THE MARKETING OF EXCESS

The bi-monthly marketing magazine for the Thames Valley. July/August 1999

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a view from the chair...

"Members often say that they want the Institute to raise the status and recognition of marketing amongst employers. Your branch has kept this in mind in all its activities and the Royal Counties' Marketing Awards programme, which has proved so successful, has now been taken up on the national stage."

Welcome to the July edition of Marketing News. This will be my last "View from the Chair" as it is time for me to stand down as your chairman and hand over the reins. It's been an exciting two years during which time I think we have achieved a great deal for the Royal Counties branch and our members.

The branch Website was launched in September 1997 and has proved a great success. It is full of useful information about the branch, your committee, the business meetings programme, CPD information, links to other sites and lots more. Our last survey of members revealed that 66.1% of respondents had access to the Internet. By using the site you can get up-to-date information on the business and CPD programmes, print location maps, book a business meeting over the web and even feedback your comments about the branch via the on-line survey! The website can be found at <http://www.royal-counties-cim.org>

Members often say that they want the Institute to raise the status and recognition of marketing amongst employers. Your branch has kept this in mind in all its activities and the Royal Counties' Marketing Awards programme, which has proved so successful, has now been taken up on the national stage. Full details were published in Marketing Week on 20 May.

The branch communications have been improved significantly, and the former branch newsletter has been developed into a bi-monthly magazine. The new magazine is produced by marketers for marketers and we have secured regular contributions from some of the world's top marketing writers - Professor Malcolm McDonald, Dr Paul Fifield, Drayton Bird and Laurie Young. In the October issue we will have an article from Hugh Davidson - author of 'Offensive Marketing' and 'Even More Offensive Marketing'.

From September we plan to send out email notification of the business meetings in addition to the branch magazine. If you would like to take advantage of this service please send your email address to Peter Standing at peter.standing@virgin.net

The Education team has produced a strong programme for our student members and has run a tremendous revision programme for the Certificate and Diploma students.

And, of course, the business and CPD programmes have offered an extensive range of topical meetings and short workshops to keep our members abreast of current issues facing marketers,

Our Mission Statement

To add value to the membership of the CIM in ways perceived as positive by Royal Counties Branch members:

- by positioning marketing at the heart of every organisation
- by increasing the status of membership with employers and potential employers
- by supporting Royal Counties members in their careers and professional lives

providing the opportunity to gain valuable CPD hours towards individual chartered status. In October 1998, Royal Counties achieved the highest number of Chartered Marketers of any branch, representing 8.2% of the total UK number and 35.1% of the South East Region - a fantastic achievement. We want to do even better this year, so don't forget to return your CPD record cards for 1998/99 to Moor Hall. If you haven't already done so, do it now or you'll miss the boat!

Throughout the last two years, we have also tried to offer events across the Royal Counties area using a variety of locations to give everyone the opportunity to attend a function. The list includes: Adams Park (High Wycombe), Forte Post House (Reading), Oxford Brookes (Oxford), Court Gardens (Marlow), CCLR (RAL) Oxfordshire, Moor Hall (Cookham) and Madejski Stadium (Reading).

The May business meeting - Marketing on the Internet - was a great event. Not only did we have 100 delegates at Madejski Stadium, we also had our first ever live linkup to other members across the UK, thanks to CIMTech.

The branch committee works on an entirely voluntary basis and many committee members give a significant number of hours each week to deliver the branch programme to you. During my time as chairman we have had over 2,500 delegates at events organised by Royal Counties. Your committee has put in huge effort into promoting marketing to you and for you within the Royal Counties area. It has been a busy time and the

committee has achieved a significant amount for the members at the local level and I would personally like to thank them for their support and professionalism throughout the year. I would also like to thank our President, Professor Malcolm McDonald for his support and guidance throughout the year. Finally, I would like to thank all the members who have supported the branch during my chairmanship.

In closing, I'd just like to mention that the Royal Counties branch was formed in 1950 and we will be celebrating our golden anniversary in 2000. The branch is planning to mark the occasion in the New Year, so look out for news of the celebrations in Marketing News in the new millennium!

Yours

Paul Gostick DipM, MCIM,
Chartered Marketer
Chairman, Royal Counties Branch
The Chartered Institute of Marketing

PS. Although I'm standing down as Chairman, I'll still be around so I look forward to seeing you at a future branch event!

News



The Letsure Marketing Awards Judging Team (from left) Jeff Galatin (Javelin Communications), Brian Turney (M.D. of Letsure), Paul Gostick (Chairman) and David Grainger (Awards Coordinator).



The proud winners (from left) are National Winners, Orchard and Shipman represented by Paul Whish and John Orchard; Tim Wakelin (National Sales Manager of Letsure); National Runners-up, Campbell Estate Agents represented by Margaret Wheatley and Paul Campbell, and Brian Turney.

Chairman chairs awards panel

RCB Chairman, Paul Gostick chaired the judging panel for the first annual Letsure Marketing Awards. Entries were received from Lettings Agents all over the country who were encouraged to show how they had initiated innovative and successful marketing programmes to develop their business. The overall National winner is Orchard & Shipman of West Drayton with the National runner-up being Campbell Estate Agents of Daventry and, to mark the event, both firms were presented with their awards at a special luncheon at Cliveden. The National winners were chosen from amongst the six Regional winners who also included Chancellors of Ascot; Thomas George of Swansea; Seymours of Guildford and N.H. L & M of Hornsea. Special commendations were also noted for Howards of Great Yarmouth and Robbie Howarth of Llandudno.

Awards Coordinator, David Grainger, commented that entries, "included the use of the latest electronic media with interactive Websites; the production of highly professional newspapers; local advertising campaigns; and landlord's check-lists"

UK Exporters fail to respond to Single Currency

65% of UK exporters have failed to change their trading practices since the introduction of the Euro, according to new research. Almost half of the exporters who took part in CIM's research believe that the single currency would not affect their prices. Ray Perry said: "British exporters risk losing out to overseas competitors by failing to adapt to the arrival of the Euro. The single currency, together with the growing impact of e-commerce, provides unprecedented opportunities for exporters, but six months on from its arrival, British business still seems to be unprepared. Their view of EMU's impact on prices is particularly naive. Price transparency and the ensuing higher-levels of competition are issues exporters have to deal with for the sake of their companies' future. It is best they do so sooner rather than later."

The survey also highlights a fear across all sectors that UK marketing is not up to that of European and US competitors. 46% fear that the marketing skills of UK business are worse, compared with those of major overseas competitors. This feeling is stronger among SMEs, 63% of whom feel UK marketing skills are worse. 31% argue they are about the same. Only 19% argue that our marketing skills are better. Smaller UK exporters, in particular, are also failing to develop global or pan-European brands, despite over three quarters believing it is essential or desirable to do so. Nearly two thirds of smaller companies had not started to promote their brand throughout Europe. In contrast, 71% of larger companies have developed a global brand.

Tobacco Marketing: What next?

With the announcement of a ban on cigarette advertising in the UK, tobacco companies will turn to below the line tactics, such as direct mail and brand extensions to promote their products.

"The announcement of the ban on advertising, means that the debate will inevitably switch to the issue of marketing tobacco using below the line promotion,"

said Ray Perry.

In recent years, tobacco companies have been developing 'brand extensions', including clothing and luxury goods in order to maintain their corporate brand profile. "Companies such as Marlboro and Dunhill will probably continue to focus on non-tobacco products in order to strengthen brand awareness amongst the public," said Ray Perry. "Companies will work to build brand image through these associated goods, presumably in the hope that consumers will make the link with their tobacco products. The tobacco companies need to respond to this latest restriction by becoming more creative and innovative in their marketing. We would expect increased use of the Internet for promotion, as well further development of point of sale material, where possible. It is likely that tobacco marketing will become a continual search for loopholes in the law that can be exploited before the next wave of legislation clamps down."

continued ▶

News

Consumer spending set to increase, but manufacturers will continue to suffer in 'Divided Economy', predicts new report

The UK will not join the euro early (chances have fallen to below 50%). The UK economic slowdown is now over and the economy - for consumers at least - is going to pick up, according to the latest Quarterly State of the Market report. Steady economic growth over the next 3-4 years is forecast, with the proviso that the Millennium is likely to pull things up before the year-end and slow growth down in the first half of 2000. The pound will stay strong, hitting manufacturers hard.

Ray Perry commented: "We are now witnessing a 'divided economy'. On the one hand, spending on consumer services is increasing and will continue to do so. But the manufacturing export sector will continue to suffer under the influence of the strong sterling exchange rate. "Consumer confidence and increased levels of spending are due largely to the reduction in interest rates, which have cut monthly mortgage payments by at least a fifth, higher real wages (up 2% year-on-year), unemployment levels remaining the same, and the steady house price inflation during the last three years."

Douglas McWilliams, Economic Adviser to CIM, added: "The pound has recently climbed back to 0.64 to the euro, a rate equivalent to the old DM 3.00 level. As a result, manufacturing

will suffer. We also predict that there will not be any imminent relief from the exchange rate squeeze. In addition, any depreciation of the pound is likely to be very modest.

"Because of this, we would warn businesses making plans for the next 12 months to remain cautious, particularly in relation to sterling. A sharp upward move in the pound's exchange rate against the euro would cause great harm to industry; and a sharp fall would undermine the inflation outlook. In addition to this, the risk of further stock market turmoil, perhaps triggered by higher interest rates in the US, would mean further bad news for the City and the UK export sector."

A 'Post-Millennium hangover' would result in interest rates decreasing slightly this year and even falling again in early 2000. Consumer purchases may be brought forward to the last weeks of 1999 as households try to pre-empt possible Y2K disruption. The flip side of this busy end to 1999 may be a quieter-than-usual start to 2000, in which excess stocks will be harder to shift than normal.

Although the outlook for the world economy has improved, fears remain on account of disappointing economic news from Germany, Italy and Japan, and worries about the sustainability of the US economic boom.

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With the ever-expanding number of TV channels, is the time approaching when we should ask the question, "are we reaching overload and what are the implications for advertisers?"

While much of the 'New TV' is different in character, style and even content from traditional TV, some of it is not additive, as might be assumed, merely more of the same. It is inevitable that with the huge increase in what is available through The Box, our relationship with it must change. If you agree with me that this is true, then do you also worry about whether we have done enough to understand how these changes are likely to affect our industry?

None of us wants to be seen as Luddite or negative towards these exciting developments, but this attitude might lead to insufficient debate about the New TV and the detrimental effects it might have on our ability to sell through mass media or indeed a complete reevaluation of what we define as "mass".

The issue is important since it addresses change to the most powerful medium we have at our disposal. It has the ability at the moment to provide mass coverage to the whole range of consuming audiences, but it is progressively acquiring the ability to narrow-cast to specific targets. Are we now facing the prospect of such fragmentation of viewing that we will only be able to reach TV audiences in small chunks? If so, the implications are enormous.

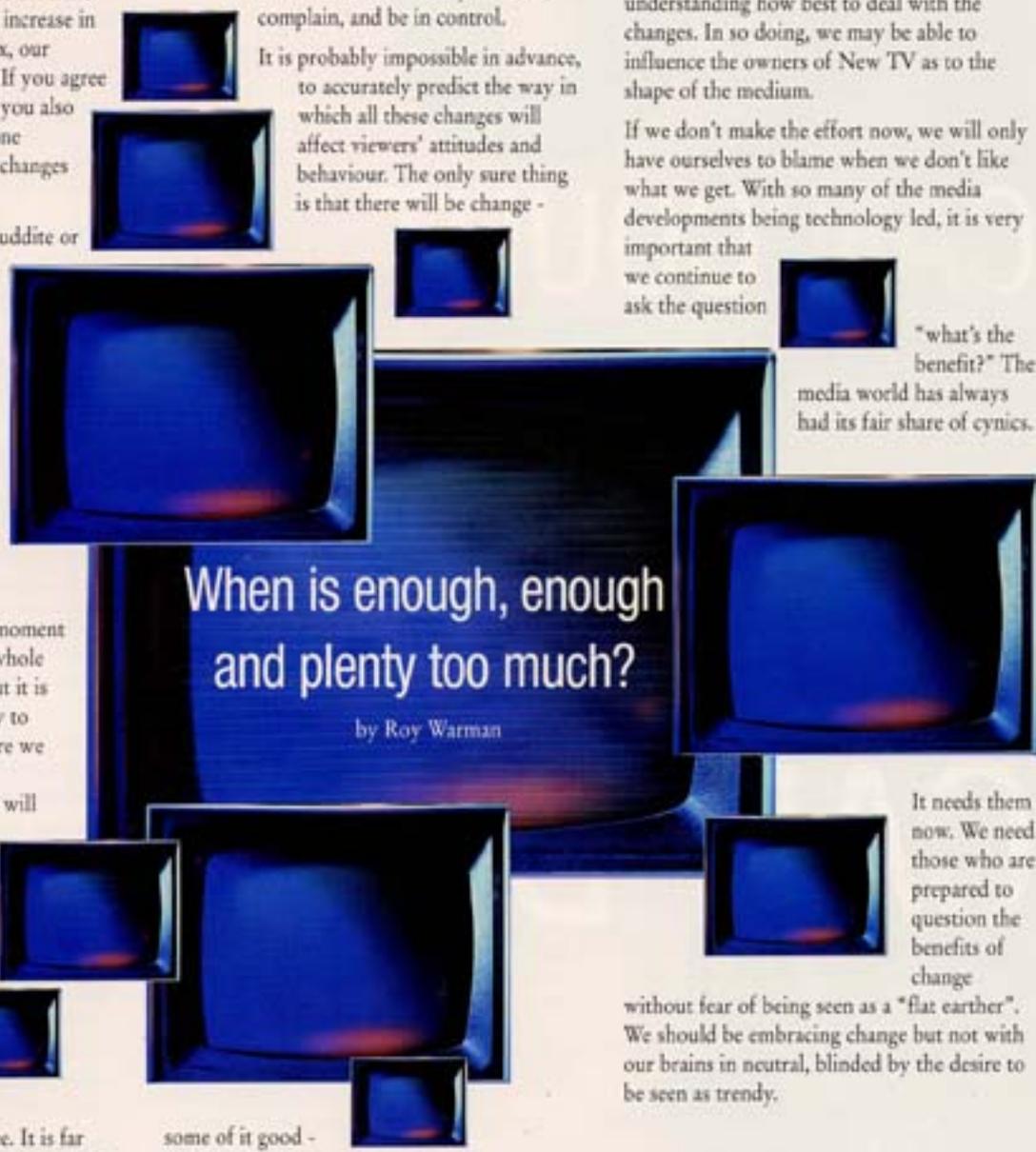
Furthermore, our relationship as passive viewers with The Box will change. It comes to us in a pre-organised form. We merely choose a channel to suit mood or general preference. It is far from obvious or proven that there are enough people who are prepared or want to create their own schedules, to automatically assume that the interactive forms of New TV are going to generate commercially viable levels of audience. Sure, we now have a generation or two who are used to being interactive on the computer - a very different box.

The counter argument to all this is that it is the very nature of this change in relationship with The Box that is going to make the new audience so valuable. Actively choosing involvement with a programme should generate higher attention values than your average ITV heavy user. Now, or at least, soon it should be possible to assume that anybody measured watching a programme is paying attention.

Otherwise they would have zapped to one of the other 150 channels available, unless they just like a flickering light in the corner.

Being interactive with The Box must change our expectations and our relationship with those people who advertise on that medium. As with the Web, we will demand high levels of entertainment and information, as well as on-demand accessibility to order, complain, and be in control.

It is probably impossible in advance, to accurately predict the way in which all these changes will affect viewers' attitudes and behaviour. The only sure thing is that there will be change -



When is enough, enough and plenty too much?

by Roy Warman

some of it good - and some, not so good. We should be applying ourselves now to thinking about the possible outcome. How can we take advantage of change or even influence its direction to benefit our use of the medium? At the moment, too much energy is spent on the politics, ownership issues, and personalities rather than on whether the benefits of the new technologies are real or imaginary to viewers, advertisers and media owners.

These media developments are not going to go away. More and more they are the determining factors in the way the communications business is shaping. It is easy in times of major change to take the view "that it is all too difficult" and imagine we will deal with it somehow when the time comes. The industry should be trying to take the lead in

MEDIA FOCUS

understanding how best to deal with the changes. In so doing, we may be able to influence the owners of New TV as to the shape of the medium.

If we don't make the effort now, we will only have ourselves to blame when we don't like what we get. With so many of the media developments being technology led, it is very important that we continue to ask the question

"what's the benefit?" The media world has always had its fair share of cynics.

It needs them now. We need those who are prepared to question the benefits of change

without fear of being seen as a "flat earther". We should be embracing change but not with our brains in neutral, blinded by the desire to be seen as trendy.

Roy Warman has worked in the media industry since 1964 and has been involved with many of the major changes in the media world since then. As a founder member of Saatchi & Saatchi, he set up and ran their media operation. With his now partner Terry Bannister, he became responsible for all the S&S communications companies. They left S&S in 1991 and now run their own agency providing marketing and communications services for clients such as Phillips, One2One, Shell and Norwich Union.

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NO CAN COUNT NO CAN DO

Too many firms rely on what they think is happening rather than what is really happening. The truth can be a shock.

Every few decades, someone dresses up an old idea in new clothes - and makes a fortune. Ideas like Total Quality Management or Just in Time delivery are a good example. Excellent; but not new.

The modern science or art of management originated in the early years of this century in America. Its inventor was Frederick W. Taylor, who also introduced time and motion study. This is the practice of observing how tasks are performed and how long each part of each job takes so as to organize them better and improve the timing.

There was one unintended result of these painstaking measurements. Workers hated having little grey men with stopwatches hovering over them - and started striking. I believe a film comedy was made about it, starring Spencer Tracy.

This rather austere approach probably found its fullest expression in the assembly line. This brought great benefits. Henry Ford, for example, could pay his workers double what others paid, yet still make a very cheap car. But this scientific approach was eventually seen as too inhuman.

A reaction took place; a move to a warmer management style that tried to harness workers' abilities rather than rule by numbers. This was typified when a couple of decades ago Volvo in Sweden reorganized their workers into groups or circles, rather than a line, giving them more varied tasks and greater control over their lives.

How do you treat customers?

All theories have their furious protagonists; people 100% sure their way is the right way and the only way. Of course, things are rarely that simple. That is why life is so difficult. But whether you are the dictatorial type of manager - a style I don't particularly like - or the friendlier, more human type, you should measure everything that matters.

One group we all want to get close to is our customers. It has always puzzled me why it took so long for business to realize their importance. I remember a client fifteen years ago, a senior executive at American Express, coming to my agency to explain how they were going to reorganize their business.

He showed many charts and diagrams, and concluded, "Everything in future is going to revolve around the customer". I asked him where he thought his money had been coming from all these years.

Being a simple-minded soul, I have always thought it a good idea to liken marketing to everyday situations we all understand. Suppose you were running a small shop - one of the simplest forms of business. If a customer came in, how would you treat him or her? Would you ignore them? Or would you



be polite and hurry to serve them and take their money? The answer is obvious.

How do most firms treat their customers? Amazingly badly, despite all the waffle about customer focus. Every study I have seen reveals that most customers defect because of bad service. The figure has not changed - it has consistently been 68-69% in the last 20 years.

Big talk; bad practice

This is true even in the new exciting world of the Internet. Recent research by Cognitive Inc. shows customer service is so dismal for so many people online that when vendors or service providers are actually responsive, they are "surprised, delighted, and loyal for life."

One of most competitive arenas in Britain today is that of the utilities. The electricity, water and gas companies previously state-owned were privatized, and now compete with each other.

My son Jonathan works in telephone marketing. Two of his clients are utilities. One is also my client. I asked him how they were doing. "The service is dreadful," he said. "If a customer wants to ask a question it may take half an hour to get through on the phone."

This firm behaves as though they are the customer, not the other way round. I am sure this is not deliberate. They simply have not measured it. Nobody has had the sense to say, "let's do some simple research. Let's telephone ourselves and see what happens."

I am sure you have heard of this idea. It's not new, but remains one of the best pieces of advice I have ever heard: pretend you're a customer and see what happens

Startling figures

The two management styles - dictatorial or more democratic, hard or soft - are paralleled by two types of measurement: hard and soft. Hard measurements are about things like how much revenue a sale produces, how long the average customer spends in your store, how many items they buy, how much they spend, or how much more likely one type of customer is to buy from you than another.

A friend who worked on introducing credit cards linked to stores to the U. K. gave me a classic example. His firm wanted to know if a store cardholder was a better customer than someone who wasn't. The answer was obviously "yes". But how much better?

The figures were startling. If two identical people walked into a store, one with that store's card and one without, the one with the card was 5 times more likely to buy than the other. What's more, a Preview Sale for card holders held the evening before the annual sale produced more profit in five hours than the main sale in the subsequent two weeks. (This sort of figure remains common, by the way).

Such precise figures are vital. They mean we can exchange our vague feeling that an idea is good or bad for a firm conviction based on the

truth. So many time-wasting discussions in boardrooms would be eliminated if those involved did not just exchange opinions, however firmly held, but talked on a basis of fact.

Soft measurements are about matters you can quantify, but which relate to feelings and opinions. A typical soft measurement would be finding out how good your customers think your firm is. This is entirely subjective.

How to measure and improve

Two people may say they think your firm offers good quality with equal conviction, but you cannot put an exact value on the word "good". What one person finds good quality another may find inadequate.

This problem does not arise if you want to know how many sales were made on a certain day or in a particular store. You can't argue about this; there's no subjective element. But you can measure and improve even in subjective areas like people's feelings.

Suppose you are worried about your service. You can improve it, and measure the results two ways. Both are important.

First, apply hard measurements. For example, how long it takes customers to be greeted or served or how long employees take to answer the telephone. Then set a target: you wish to improve from x to y in the next six months. And measure your progress.

Second, apply soft measurements. Get customers' views before you introduce any improvements, set targets, then compare with what they say afterwards. In this way you can see what difference your changes make in fact, and in customers' minds.

Say only 25% of your customers think your service is excellent before you make such changes. This is only an average of the feelings of people to whom excellent means different things. But if after you made your changes 30% of customers feel your services are excellent, you have improved by 20%. No matter what "excellent" means to each customer, that is a huge gain, and you know it because you have measured it.

So: how much measuring are you doing?
Not enough, I bet.

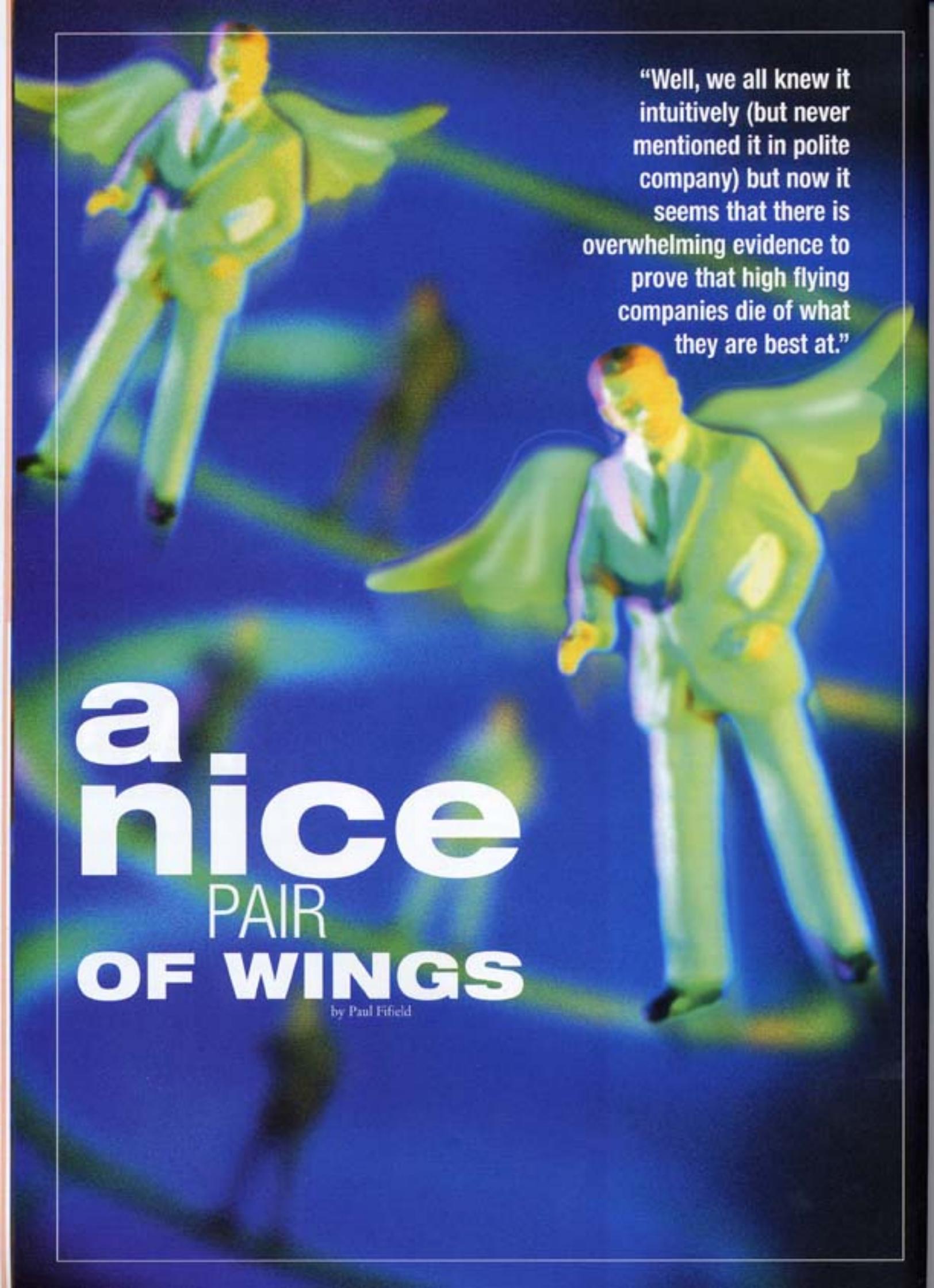
Drayton Bird



In 1992 Drayton Bird founded the Drayton Bird Partnership who handle and advise many firms, including Mercedes Benz, The Bank of Scotland, the British Horse racing Board, Eastern Electricity and Gallaher Limited on direct marketing and other marketing matters.

Drayton has 39 years' experience as copywriter, client, creative director and latterly Vice Chairman and Creative Director of the world's largest direct marketing agency network, Ogilvy & Mather Direct.

He wrote Common sense Direct Marketing originally published in 1982 and now in its third edition. Published in 10 languages, it is widely recognised as the standard British work on the subject.



"Well, we all knew it intuitively (but never mentioned it in polite company) but now it seems that there is overwhelming evidence to prove that high flying companies die of what they are best at."

a nice PAIR OF WINGS

by Paul Fifield

Isn't it interesting how theory not only follows practice, but then manages to convince everyone that it really thought of it first? How often have you been working away on a problem for years, slowly breaking it down and finding new ways to approach it and then...you go on a training programme and 'someone clever' gives you a name for what you have already worked out how to do?

Well it happened to me recently too. ("At last" I hear you cry "About time too..." - yes, but at least I go on training programmes too.....) And another thing I discovered, just giving you a name for what you have been busy trying to solve for so long, but no additional help, illumination or guidance on what to do next can be VERY ANNOYING. I suppose that at least I know that it really is a difficult problem if the 'clever people' are stumped too.

Not being one to keep confusion to myself, I thought the best thing to do was to share it with others. So let me tell you all about the 'Icarus Paradigm'. Well, we all knew it intuitively (but never mentioned it in polite company) but now it seems that there is overwhelming evidence to prove that high flying companies die of what they are best at.

Although it seems to be a contradiction in terms, when you think about it, it really is obvious.

Companies start off by identifying a gap or opportunity in the marketplace and soon begin to grow as more and more customers find out about them and value what they produce because it solves some important problem or offers some valuable benefit. In the early days the company and its managers know that they are in a growing and successful business because they are meeting a particular set of customer needs. They keep a track on the customers and are able to monitor how well they are meeting their needs because the company is still small enough for even the most senior managers (often the founders) to keep in daily contact with the people they are serving. In short, the founders know what business they are in and what they have to do to prosper.

It doesn't take long before the company grows too big to be managed in such an 'amateur' fashion. Soon professional managers are brought in to do what professional managers do:

They bring in systems and procedures and structures and models and systems, and, before very long, the company has become an organisation and is being very efficient. The paradigm has been changed.

par.a.digm *n* [LL *paradigma*, fr. Gk *paradeigma*, fr. *paradeiknynai* to show side by side, fr. *para-* + *deiknynai* to show—more at diction] (15c) 1: example, pattern; esp: an outstandingly clear or typical example or archetype 2: an example of a conjugation or

declension showing a word in all its inflectional forms 3: a philosophical and theoretical framework of a scientific school or discipline within which theories, laws, and generalizations and the experiments performed in support of them are formulated — par.a.dig.matic adj — par.a.dig.matic.ally adv

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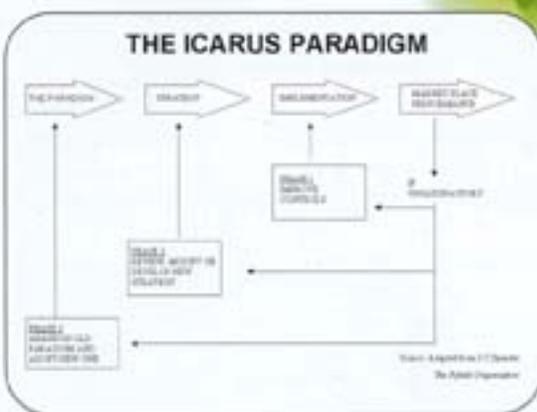
Paradigm (Synonyms) model, pattern, standard, example, mirror.

If we look at the changes that have happened, the model or pattern and standards (paradigm) which has been driving the company since its creation have been fundamentally altered. The company which was flexible, quick, responsive to changes in customer needs and small but probably not very 'efficient' has been turned into an organisation which is structured, systemised, specialised and efficient but possibly less 'effective' than before.

This is a normal paradigm shift and has been going on since Adam Smith first walked into the safety pin factory. The common agreement is that standardised processes mean lower grade workers, lower costs, lower prices and so, happier customers - a flawed argument but a common one amongst those who know no better.

So nobody ever questions the wisdom of paradigm change when linked to organisational growth (apart, it seems, for Virgin), but trying to achieve a change in paradigm after that is virtually impossible. It seems that as soon as 'professional management' takes over the organisation and its marketplace, paradigms suddenly become forever fixed in both time and space. Not only that, but conventional wisdom seems to consider this a good thing!

This cannot be right. Common sense insists that the world is not a stable place, change is a fact of life and organisations cannot be immune. But the answer is, this is what organisations, and the people inside them, really want - an island of calm and security in a sea of change. Even if it is just a cruel deception, organisations and their members conspire to create the illusion of stability and may die of the results.



Let's look at what happens when the organisation settles in to its comfortable paradigm. The 'efficiency' drive creates a stable, divisionalised or functional structure where everybody knows the confines of their role. Hierarchies and pecking orders are established and ambiguity is banished. To avoid uncertainty, unpredictability and lack of clarity - the natural state of any marketplace - the organisation starts to spend more and more time looking inwards. It only takes a few years of this type of activity, which is fully supported by all staff, suppliers, and much business theory, for the rot to set in. The organisation starts to believe that it really is in business because it is particularly good at making cars, creating telephone networks, investing personal pension assets, distributing electricity, writing software or managing hotels. The product-focused organisation is born.

Icarus at play

How does Icarus work in practice? Well, eventually even the best run companies start to go through difficult times. Sales targets don't seem so easy to achieve and quarterly budgets begin to appear more and more, well, ambitious. When the organisation's market performance starts to slide the response from management is predictable:

1. Review implementation

Identify the inefficiencies and the 'fat' that has grown around the delivery systems. Measure everything, cut costs, slim down, rationalise, streamline and build efficiency. Do what we have always done but do it faster and better. This will always work - for a while. But cost savings are not the same as value added and eventually market performance will start to slide again.



continued >

2. Review strategy

When the tactical fails, management might start (eventually) to think about making strategic changes in an attempt to bolster market performance. The problem here is that since most managers are recruited for their tactical skills, few are comfortable dealing with strategic issues. As a result, 'big tactics' and 'strategy' are sometimes confused. We see efficient/safe but boring cars, telephones that always work but never add any quality to our lives and clean/well-stocked supermarkets that we visit only as a chore. Like Icarus, the organisation soars on its wings of technical expertise and creates better and better products that fewer and fewer customers want. But we do what we know. We would rather do this than change. We would rather die than change.

3. Abandon old paradigm

Rare organisations manage to move on to the third stage. Examples like Harley Davidson show the way. All the time they thought that they were in the business of making motor cycles (the paradigm), competing with the Japanese was a major problem. Once they had worked out that their customers were buying 'boy's toys' the paradigm was broken and fortunes changed.

What business should we be in?

Yes its time to wheel out that same old question. From the introduction day of your very first marketing (or even sales) programme - customers don't buy features,

they buy benefits. It follows then that you should define your business in terms of the benefits consumed by your customers rather than the features that you make. Obvious? - yes. Clear? - yes. Important? - yes. Easy? - no! Ah, there's the problem. Well, let me focus your thoughts, if you don't get this right your organisation will die - remember Icarus.

So, how can I encourage you to look at the business you are in? You know it's important. You know it is right. You know that customers really do buy benefits not features. You also know that others in the organisation will never take it seriously - in fact they would rather die (Icarus again). Maybe I can tempt you with some ideas about defining your business:

1. It is defined by the customer

As much as it is denied by all the product and production devotees, we know that customers (who provide all the revenues) buy benefits and not features. We can only be in the business of what our customers are buying. If we cannot do that we will not be in business for long. Swatch believes that it does not make watches, it makes fashion accessories, some of which happen to tell the time.

2. It focuses the organisation on needs satisfied

A correct definition of the business helps everyone in the organisation to focus on what really matters to revenue, profits and survival, customer satisfaction. It helps us to identify which activities add customer value (do more of it) and which activities add little or no customer value (cut them). This creates an efficient and an effective organisation. Bass Taverns is in the entertainment business, not the pub business

3. Establishes directions for growth

It helps us to determine those areas for growth. It shows us where customers would buy more or more often by adding products and/or services that make sense to the customer. With luck we can ban forever the words 'cross-selling'. Virgin is in the giantkilling business and looks for opportunities where customers feel they are being exploited by producers.

4. Establishes boundaries for effort

It helps us in defining strategy and shows us where we should focus our marketing efforts. Marketing always has limited resource and is in danger of spreading itself too thinly to have any affect (the 'marmite approach'). A good definition of the business, crucially, tells us what we should not be wasting our time with - even if it can be made easily in our plants! Charles Revson (of Revlon) once stated "in the factory we produce cosmetics, in the drug store we sell hope"

5. Determines real competitors

Far too much attention is paid to direct (industry) competition. Real competition includes those products and services that can effectively substitute for the benefits obtained from your product or service. In this way BT and BA are in direct competition; video conferencing can replace the need to travel from London to New York for meetings. Sony is in the entertainment business, not just electronics.

6. Establishes the market(s) to be served

Finally, the big one! The definition of the business you are in determines the markets you are serving now and intend to serve in the future. Customers! Without this, any work carried out into segmentation, targeting, position and marketing strategy in general is doomed to failure. All practical marketing strategy must be based on customers (markets served) if it is to be capable of implementation. If all you have to work with is a product or production definition of your business, the best you can hope to create is a sales strategy, it might be good but it won't be a marketing strategy. Starbucks (coffee shops) believes it is the 'third place' between work and home.

The Icarus Paradigm is particularly dangerous disease whose effects are nearly always fatal. Talking as someone who tends to specialise in this area with clients (I must be either mad or a glutton for punishment) I can testify to the self-destructive nature of the complaint with one or two very sad fatalities on the client list. Perhaps, if we renamed it 'The Lemming Factor' we could save a few more precious lives.

If you are part of an organisation which puts 'survival' as one of its top corporate objectives you could be particularly vulnerable! What can you do?

1. Identify the 'killer paradigms' active in your organisation: Never easy since the mindset that drives the business has been there for years and has undeniably been successful in the past. This stage takes courage and the skill to confront (carefully and quietly) conventional wisdom.

2. Work out what ought to be happening: Looking beyond the accepted drivers of the business try to work out what is really creating success or failure and where these trends are likely to take the business. What will happen if the organisation continues to follow its current path? What changes need to be made? At least now you know what needs to be done - even if you can't yet make it happen.

3. Identify the levers for change: What can be changed with minimum disruption but with maximum impact? Where are the 'quick wins' that might convince people of the merits of the new way?



4. Find a champion: Someone with power to create change. Kicking and screaming is not only disruptive, it can be positively dangerous to your position. Remember, killer paradigms tend to masquerade as competitive advantages in most businesses. Unless you are in a position of power, decrying these activities can brand you a heretic and destroy your message.

5. Be patient: Work slowly but always focused on the right direction. Timing, as usual, is everything. Icarus is a wasting disease and the organisation probably has time yet to cure itself. Those magnificent wings will probably hold together for a while yet, but the closer the organisation gets to the sun.....

AND FINALLY..

George Bernard Shaw said that "...all progress depends on the unreasonable man". Maybe, but not necessarily in commercial organisations. Progress is of course the key and, much as we might prefer to deal with the world as we would like it to be, progress is only achieved by working with the world as it is. And the world is not customer focused. There is nothing really new about marketing, about customer focus, or about the material contained in these viewpoints. Nor is there meant to be. The original ideas are still the best and are still waiting to be profitably implemented.

This viewpoint is designed to show direction rather than destination. Much as we would all like to work in a company that worked to satisfy customers first, and counted profits second, it is unlikely to happen. The pragmatic answer lies somewhere between where you are today and where this viewpoint shows you could be. "The journey of a thousand miles starts with a single step"

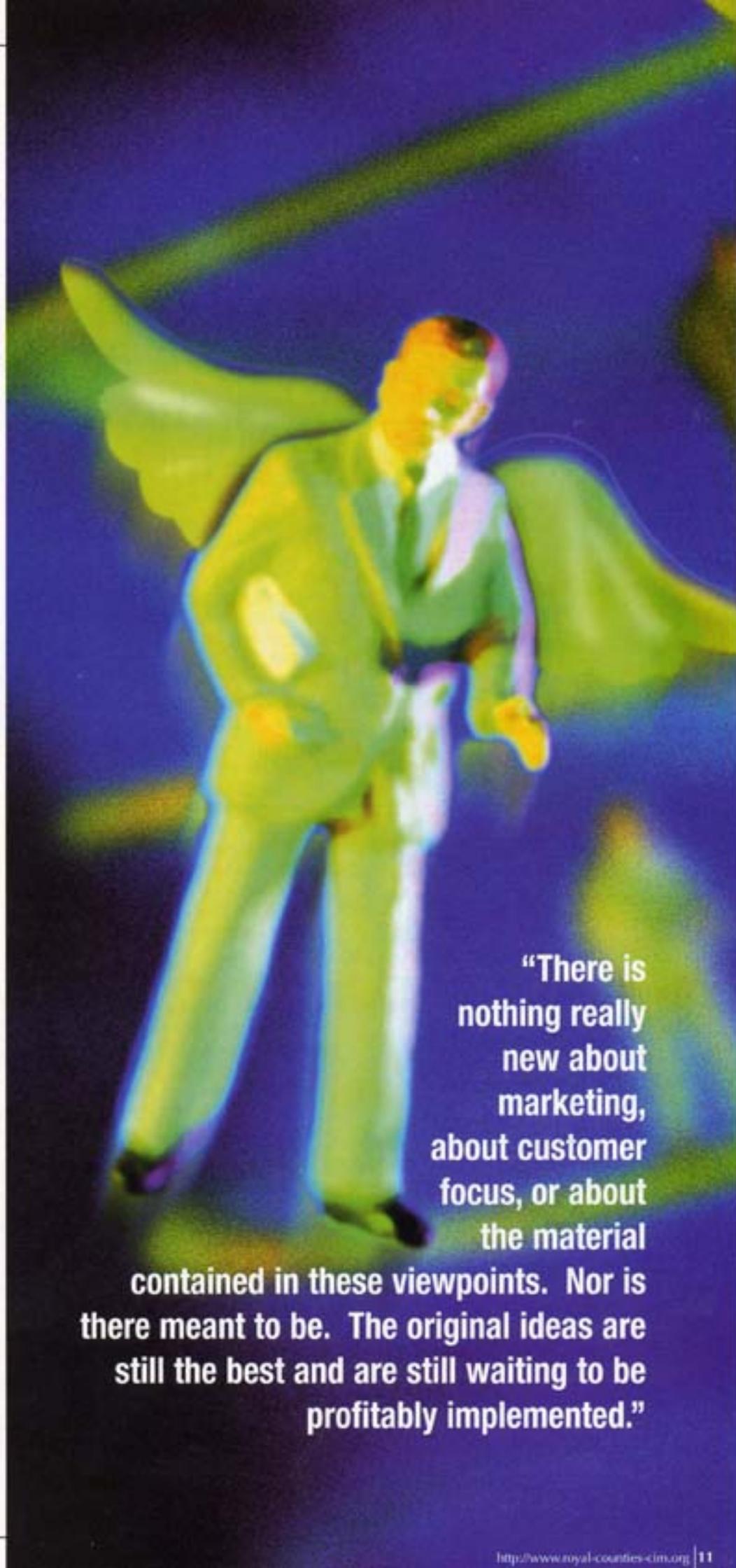


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"There is nothing really new about marketing, about customer focus, or about the material contained in these viewpoints. Nor is there meant to be. The original ideas are still the best and are still waiting to be profitably implemented."



A brief history of The Chartered Institute of Marketing

In the early years of the 20th century, the word "marketing" was still almost unknown. Britain seemed to be a comfortable world trade leader despite growing competition. British goods still found a ready sale at home and abroad. We could manufacture more or less what we liked and find a market for it.

"One of the most significant commercial developments in recent years has been the shift of market power from the seller to the buyer"

Warnings of what was to come led a group of businessmen in sales management to do something both to improve the techniques used in selling and to place their calling on a more professional basis. Their informal discussions led eventually to a meeting of twelve sales managers in the Inns of Court Hotel in London in 1911. The Sales Managers' Association was born. Activity was reported in the magazine 'Sales Promotion' and from 1931 in its own magazine 'Marketing'. By 1939, the Incorporated Sales Managers' Association (ISMA) was authoritative and well supported, making a valuable contribution to business practice in a rapidly shifting market. Between 1939 and 1960 membership quadrupled and in 1952, HRH The Prince Philip, Duke of Edinburgh, consented to continue the Association's long history of royal patronage.

Expanding education

After World War II, B R Farr, a Fellow of ISMA, was asked to sit on the Urwick Committee, set up by the Minister of Education "to advise on educational facilities required by management in industry and commerce." This was the first attempt by a British Government to assess what the existing facilities for

management education were and how they should be provided.

The recommendations formed the basis for the development of management education in the UK and the Association developed many short, post-experience courses. In 1959, an advisory board determined the Association's programme.

The Association's examination was re-introduced in 1961 as the Diploma in Marketing, granting successful candidates the right to use the letters Dip.M after their names. The result was a dramatic increase in the number of students and in colleges offering the Diploma syllabus. In 1965 the Institute established the first Chair of Marketing in a British university and founded a permanent residential faculty - The College of Marketing - to provide short, intensive courses for management.

Changing the name

By 1945 many people joining were not sales managers but were involved in distribution. Council decided to alter the name to the "Institute of Marketing and Sales Management" In 1968 recognising that sales management is only part of the overall marketing effort, the title became "The Institute of Marketing."

The Institute had evolved to the stage where it represented all those involved in the many different aspects of marketing and was seen to be the major body concerned with marketing in the UK.

Room to expand

In 1971 the Institute moved its London headquarters to Moor Hall in Berkshire. For the first time the Institute had a centre capable of expansion. From January 1972, fully residential courses were arranged for marketing management at all levels. In 1973 the Institute changed its motto to 'the World is Our Market' and can be seen on the Institute's Crest today.

By the end of the decade, the Institute was the largest examining, training and servicing body in marketing in Europe.

The chartered decade

Heralding the intention to gain Chartered status, in 1980 National Council decreed that future membership would be by qualification. The momentous event of 1989 was the grant of Royal Charter and the Chartered Institute of Marketing was created.

It was announced at the AGM in 1997 that proposals from the CIM for individual Chartered Marketer Status were likely to be acceptable to the Privy Council Office and in October 1998, Individual Chartered Status was granted. The CIM is the only body able to award Individual Chartered Marketer status to eligible members.

Today, The Chartered Institute of Marketing has over 60,000 members. For more details visit the Institute's website at <http://www.cim.co.uk>.

The way ahead

As new markets open and the challenge of the single European market becomes an everyday reality, the CIM continues to spread the message set by its founders in 1911. Even though the name has changed the concept remains the same - every business needs customers and it must, as far as is practical, adapt itself to satisfy those needs profitably.

Paul Gostick DipM, MCIM, Chartered Marketer Chairman, Royal Counties Branch

For those who wish to delve deeper, sources include the "Story of the Incorporated Sales Managers' Association" published in 1948 and "The ISMA Story" (a history of the Incorporated Sales Managers' Association) published in the May 1961 (Golden Jubilee) issue of "Marketing."

The Chartered Institute of Marketing Crest

In 1973, long before Royal Charter was granted, the Institute of Marketing was working closely with Lord Mais of Walbrook, the Mayor of London to advise him on marketing matters during his term of office. Lord Mais had chosen 'The World is our Market' as his theme. In particular, the Institute worked with Lord Mais to organise the Lord Mayor's Show, in which the floats, sponsored by British companies, each depicted an aspect of marketing overseas. As a result of this work the Institute changed its motto to 'The World is our Market' and this can be seen today on the Institute's crest.

In 1989, Royal Charter was granted and the Chartered Institute of Marketing was created.



The Chartered Institute of Marketing's crest is an Armorial Bearings but what does it signify?

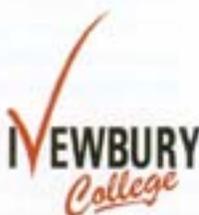
The scales indicate fair trading; the bezants, on the chevron, show money passing on a green cloth. All goods must be transported by sea (the galley) or by land (horseshoes) and air (wings), and food (represented by the garbs) must be a main feature of all markets.

The Crest is a hand 'advancing the standard of trade and commerce.' The standard is green and gold for the same reason as the chevron; the two rods of mercury symbolise trade and commerce, of which activities the god Mercury was the classical mentor and patron.

The supporting dragons represent the customer or 'the consumer' and they are winged with the same bezants and colour as the chevron (and of the same meaning too). They have golden wreaths of laurel around their necks to show that the customer likes, and is worthy of, the best. The dragons are white because the customer is blameless and, in business, always right. At the same time, the golden claws and spikes indicate that the customer knows how to protect himself.

Paul Gostick

Chairman, Royal Counties Branch



Why study at Newbury College?

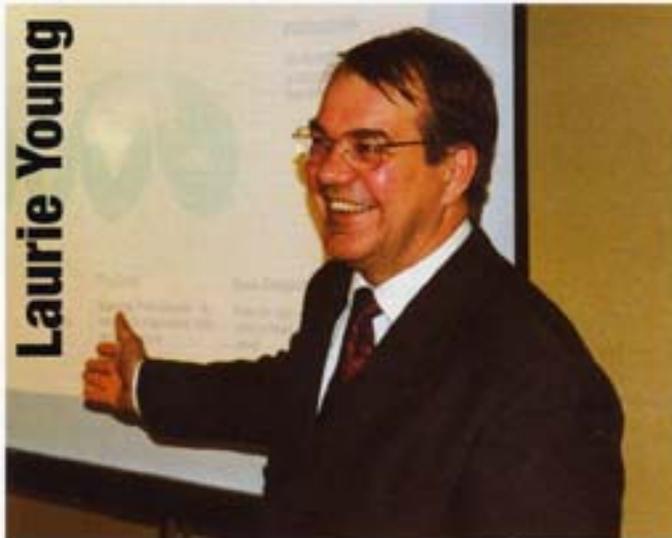
Some reasons for studying with us...

- ✓ Newbury College has very experienced tutors - over 50 years combined **teaching** on the courses. All staff hold relevant teaching qualifications and have **significant and relevant industrial** experiences*. Two tutors are registered marketers.
- ✓ Newbury College students have the best examination success rates in the area.
- ✓ We are fully prepared for **Syllabus 2000**
- ✓ Newbury College offers a range of study options designed to suit **your needs**. This includes the **new** day and evening format for the Certificate and Advanced courses.
- ✓ Newbury College has a well **resourced** library which has a broad range range of books, videos, multi-media and magazines to support the courses.
- ✓ We offer students excellent research facilities using the latest technology including access to the internet.
- ✓ In feedback surveys over 90% of current Newbury College students have said **good** things about us and would and do **recommend** the courses to a friend!
- ✓ Students come from a wide range of organisations large and small - Advanced Crystal Technologies, BICC Cable, NTL Communications, Vodafone, Castrol Marine Oils, Electrolux, Newbury Direct Marketing, Country Gardens, Bayer, Yellow Pages, Mexifoods, the AA, Stryker, MMD Communications, Quantel, De La Rue...You'll be in good company.
- ✓ Newbury College prides itself on having a **friendly** atmosphere. We like our students! Tutorials are freely available. We also enjoy ample and safe parking and easy access from the M4.
- ✓ Revision sessions are available on an ad-hoc basis.

* Lecturers have worked for a range of companies including the CBI, GKN, British Airways, United Biscuits, Safeway, United Newspapers, A.C. Nielsen, Bata Shoes, W.H. Smith.

Ring Student Services on 01635 84000 or email p.j.rumble@usa.net for further details.

BE Patient WITH THE 'TIN MAN'



Laurie Young is Managing Director of international service marketing specialists Blakes Marketing Practice. The Blakes team of professional marketers provide a unique service for blue chip companies world-wide, creating profit through the development of marketing concepts and their practical application to service industries. In an increasingly competitive service-based economy, Blakes have significant experience in a variety of industries including telecommunications, IT, utilities, financial and professional services.

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It was my first day in a new job, working for one of the big American computer companies and my new boss, Peter, had bad news. The share price had dropped dramatically and the Chairman was unable to see me. He normally welcomed new senior managers but, Peter explained, he did not see services as very important to him because he was a 'tin man'. I had never heard that expression before and my mind turned to that delightful children's film 'The Wizard of Oz'. The rather sad tin man in that film wanted a heart, to be more human, but I couldn't see the connection at all. The explanation also accounted for the drop in share prices.

The computer industry had grown at a dramatic rate. The large corporate businesses around the world bought computer after computer, until eventually the leading suppliers dominated each one. Companies became an 'IBM shop' or a 'DEC house' because the technologies were incompatible and the cost of changing would be unthinkable. The suppliers were therefore able to charge high prices and make money by bringing out faster products with new components. 'Service' involved either the engineers with 'dirty fingernails who fixed things' or the 'weirdos' with 'open toed sandals' who designed new systems.

The heroes were the salespeople who took orders for the equipment. They settled into selling to the technical managers in the accounts they dominated whilst insisting that computing should really be a 'board room issue'. They took orders from these fellow enthusiasts inside their accounts calling it account management. In reality it was almost a monopolistic, not competitive, environment. These were the 'tin men'.

They would do anything to sell the equipment, even discounting the service costs of installation or maintenance to get the sale.

But things changed. Recession hit the Western economies and new technology (called 'open systems') gave the customer real choice for the first time. Most importantly, however, the market had become 'mature' - everyone had a computer. The customers began to say that they did not want to buy their processing needs through new equipment but wanted their existing infrastructure to be upgraded if possible. In many cases they bought the equipment only if the need had properly been defined through service processes.

Suddenly the skills of people in service divisions became the prime interest to customers. Some suppliers saw this quite quickly. Companies like IBM and HP restructured themselves to create massive new world-wide businesses. At the same time new competitors, like EDS, began to take long standing customers away from those who were slow to change.

But what of the 'tin men'? Did they change? Did they see the implications of this permanent change in their market? Some did not. They had reached senior positions by managing tangible offers. They knew the dynamics of a manufacturing business. They knew what to measure and what to control. Many found it difficult to believe that experienced customers would spend their budgets on vague concepts such as 'outsourcing', 'desktop services' or 'systems integration'. They resisted any restructure of their business. Instead they launched sales campaigns, and then relaunched them when they failed. They created new products and new marketing campaigns. All aimed at doing things as they had always been done, at selling something that the customers no longer wanted.

In other cases the 'tin men' were encouraged to see the value of human skill. Some by being taken to research groups, some by having to work alongside new consultancy-skilled colleagues and others by changes to their bonus systems. I know people who were once the strongest opponents of service-based propositions who are now the strongest advocates.

These tin men did get their human heart. Their equipment orientation was supplemented by human skill. A similar change is now happening in the telecomms equipment industry and the medical diagnostic industry and will happen in other industries in the future. It causes the markets to change forever. Companies like Ericsson, Alcatel, Chiron Diagnostics and Abbott Laboratories are beginning to explore the meaning and implications of competitive service. Those that are successful will be those who set out to convince and carry with them the 'tin men'. The computer industry shows that it can be done but patience, stubbornness, persistence and real professionalism are needed. Be patient with the 'tin men' it is worth the effort to get them on your side.

Education: Big Changes Ahead by Lisa Harris

WHAT ARE THE STUDY OPTIONS?

In addition to the traditional offering of part-time and full-time CIM examination courses, there is increasing choice available.

Some colleges are offering intensive weekend courses to cover the whole syllabus in two (very full) days. Only one large block of time needs to be allocated as opposed to a regular commitment over a period of weeks. But, it's a tall order to complete a whole course in one weekend, with little time for reflection on what has been learned and how it all fits together.

Do establish exactly what is being offered in terms of tutor support, feedback on assignments, library facilities etc. Typically fees range from £200 - £300 per subject although tax rebates (Vocational Tax Relief) of 23% are available for UK residents who are funding their studies themselves.

Distance learning courses offer flexibility to study at a time and place to suit individual needs. However, considerable motivation is needed to work for long periods in isolation and in the face of other commitments. Occasional 'study group' meetings with people in a similar position can be beneficial in overcoming some of the loneliness and self-doubt. Or supplement the relevant textbooks with a top-up revision class before the exam itself. Some colleges are now experimenting with Web-based courses. Feedback from students who have personal experience of this innovation is particularly welcome.

The Education Department of the CIM can provide an up to date list of colleges in the area that offer CIM courses, but cannot comment on the value of particular colleges, such as which ones get the highest pass rates for example. The CIM Website <http://www.cim.co.uk> has information on the current examination structure and subject content. College information is displayed with maps of locations on a regional basis, with direct email links in some cases.

However, there appears to be no information on the site at present about the forthcoming changes to the examination structure.

SO, WHAT'S ALL THIS ABOUT SYLLABUS CHANGES?

A major examination updating exercise has taken place and this comes into effect from the start of the 1999/2000 academic year. There will be more emphasis on:

- practical application of the subject matter,
- value of new information and communications technologies
- appreciation of the financial aspects of marketing.

Neil Scurlock, CIM Education Manager, explains the rationale behind the changes: "The changes reflect the way that Marketing is moving and its importance to the effective strategy and operational management of businesses. It is essential that information passed on to students is up to date and relevant to current business practice."

Syllabus reviews will take place much more regularly, because of the rate of environmental change. Tutor and industry steering groups will be consulted on an annual basis to ensure that the syllabus reflects the needs of today and looks to the future.

For the December 1999 and June 2000 examinations only, both the old and the new syllabi will run concurrently to enable students who are in the middle of a level, or who are retaking, to complete that level under the old structure. Topics common to both the old and new structures will form the core of material tested in the examinations during the transition period. Some colleges may move to the new syllabus as soon as possible, others will offer both the old and the new versions for the transition period, and some may try to keep the old structure for as long as possible. It is recommended that you check out what arrangements your college has made for September before parting with your money.

Oxford College of Marketing will be offering the new syllabus for all courses starting in September. Course Director Rosie Phipps is complimentary about the changes, "The new syllabus gives us the opportunity to emphasise important aspects of organisational life that were barely mentioned in the past. For example, I found writing the book for the new Marketing/Customer Interface subject fascinating."

Students no longer just get the running of a marketing department but how to manage a market-focused organisation. Well done to the many people who have contributed to expanding the syllabus in this way!"

continued ▶

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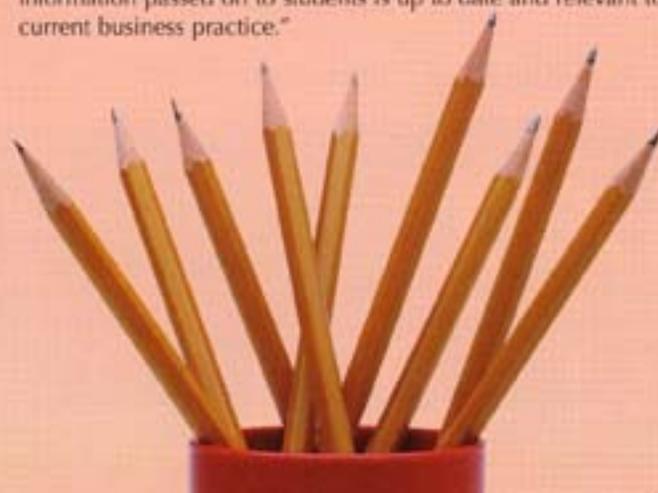
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Certificate Level

OLD TITLE	NEW TITLE	MAJOR CHANGES
Marketing Fundamentals	As before	More emphasis on new technologies, segmentation, targeting, positioning and buyer behaviour
Marketing Environment	As before	Less emphasis upon global and legal environment, more focus on the dynamic nature of the whole environment
Business Communications	Customer Communications in Marketing	More focus on the customer, the role of research and the impact of new media
Understanding Customers	Marketing in Practice	New module - designed to integrate the learning of the other 3 modules and emphasise the practical implications

Advanced Certificate

OLD TITLE	NEW TITLE	MAJOR CHANGES
Marketing Operations	As before	Focus on planning process, marketing mix, managing relationships, contexts, and the need for communication in effective planning.
Effective Management for Marketing	As before	New emphasis upon international influences on management style
Management Information for Marketing	Management Information for Marketing Decisions	More emphasis upon the role of information and communications technology
Promotional Practice	The Marketing/Customer Interface	New Module - includes customer dynamics, customer-focused marketing, pro-active philosophies on relationships with customers

Diploma

OLD TITLE	NEW TITLE	MAJOR CHANGES
Strategic Marketing Management - Planning and Control	As before	More emphasis upon forecasting, innovation, creativity and branding
International Marketing Strategy	As before	More emphasis upon services, trading between industrialised, developing and less developed countries
Marketing Communications Strategy	Integrated Marketing Communications	Focus on concepts, analysis of contextual elements and integrated communications planning
Strategic Marketing Management - Analysis and Decision	As before	Draws together all subjects. Will reflect major changes taking place in strategic marketing. Demonstration of creative flair and innovation required

The CIM has indicated that continuous assessment will be available as an alternative to a traditional examination for Marketing in Practice, Customer Communications in Marketing, Effective Management for Marketing and Management Information for Marketing Decisions. But the increased burden of administration on participating colleges makes it unlikely that many will take up this option. Check out specific plans with your local colleges if you are keen on this new means of assessment. Bracknell and Wokingham College has just run Effective Management on a continually assessed basis. From September they are switching to the new syllabus and plan to offer all the continuous assessment modules available. Wendy Smith notes: "Although this method has proved to be more work for the students and the tutors, the benefits in learning and development that we have seen has certainly made all the hard work seem worthwhile."

FEEDBACK REQUIRED PLEASE!

I look forward to receiving your comments about the issues discussed in this article - your experiences are of interest to other readers. My email address is lisa.harris@lineone.net Don't forget that valuable examination examples can be created by attending our business meetings on topical marketing subjects. Please come along, and attendance is free! Do write in with your comments and ideas (addresses below) and use this magazine to take the discussion forward.

1. STUDENT SUPPORT GROUP

The SSG Revision Programme (sponsored by CIM Royal Counties) has just ended with support across all syllabus subjects. Regardless of the study method or college attended, revision or syllabus 'top-up' classes do focus studies amidst very busy lives! New for the Autumn are introductory sessions for people moving to a new CIM level, or coming in with exemptions. Web-based revision sessions are under development. Both the old and new syllabus will be catered for, so if you caught in the middle with retakes, don't panic. Help is available. If you have any queries about the forthcoming examination changes, or the likely impact of the new syllabus on your studies, please contact Jon Twomey from the Student Support Group.

2. 'BEST STUDENT' PRIZES

Royal Counties are sponsoring prizes for the 'Best Students' selected by participating colleges. The prize giving will take place at the 17th October Business Meeting. Winners will be interviewed about their study experiences for an article in December. Note to colleges - remember that the CIM Education Team is available for College Open Days to talk about the value of Branch membership and events for students at local level. Just let us know your dates!

Marketing on the Internet

Report by Janet Wood

"The core of the presentation was the concept of the virtual sales person used to ensure that browsers on the internet were treated with the same level of professionalism that went into any other marketing channel"

Business meeting 20th May at Madejski Stadium. If you weren't there you certainly missed out. Even CIMTech members had booked a conference call to listen in and now have the presentations on their web site for members to read.

We invited contrasting speakers, one trader and one consultant to present their individual views on marketing on the internet. The results were dynamic and had such a stimulating effect on the audience that many stayed well into the night sharing their experiences and opinions with other members.

Having marketed WH Smith and Waterstones, as well as the Internet Bookshop (IBS), which has recently been bought by WH Smith, Ross Beadle, now Commercial Director of WH Smith Online, was able to clearly identify the critical differences between marketing books on the high street and on the internet.

These were:

- Price is fundamental, not a promotional feature
- Convenience - must provide instant gratification, 24 hours a day
- Editorial content essential to add value and differentiate service
- Customer service must be excellent - email is the easiest way to complain
- No neutral turf - competition is one click away

The miracle growth of the internet is not over yet, but to a large extent the market has changed significantly because the internet is no longer inhabited by "early adopters" that were web-only brands. Now high street names like WH Smith are taking swift action and buying successful internet-based operations. The new portal, WH Smith Online, will help to consolidate the link between high street and online operations.

The next wave of sales over the internet are likely to be generated through super portals, affiliations and high street brands using integrated direct and retail operations. The days of one man and a

laptop setting up a billion pound industry look numbered.

During the second session, Pauline Bickerton, chairman of MarketingNet a leading internet marketing and consultancy company and co-author of Cybermarketing and Cyberstrategies, published in cooperation with the CIM, managed to whisk us through the marketing processes essential for all marketers about to or already marketing on the internet.

The core of the presentation was the concept of the virtual sales person used to ensure that browsers on the internet were treated with the same level of professionalism that went into any other marketing channel. Basic marketing principles are as applicable to the internet as anywhere else.

Pauline showed us a ten point plan for the tactical implementation of the marketing and communications mix:

- 1 Research and give the customers what they want NOT what you want to tell them
- 2 Make it interactive
- 3 Adapt your marketing material to suit the needs
- 4 Make it dynamic
- 5 Make it high quality
- 6 Make it pay for itself
- 7 Test market and learn as you go
- 8 Promote your web site 1:3 ratio of expenditure
- 9 Integrate it into your marketing mix
- 10 Appreciate that it is still early days

What could be simpler!

To take two great presentations and reduce them to a bullet point summary is a poor alternative to being there. Don't miss out next time - these meetings are planned by members to meet the needs of marketers in the Royal Counties branch. Recent attendance records show we've reached the standing room only status, so be sure to book your place for the next meeting in October. See you at the summer barbecue!



http://www

If at first YOU DON'T Succeed SOMEONE ELSE WILL?

by Charlie Farrow

The global interactive media market is predicted to grow to a staggering \$320 billion by 2002 according to the FT report 'New Media Marketing: building brands and new relationships in the digital age'. The new era is presenting marketers with an array of opportunities and challenges for bringing brands to businesses and consumers. The web is still a very new medium (only five years old in mass market terms), yet there is even now speculation about the next generation of interactive media - in particular the convergence of interactive formats such as PC/TV. However, all indication is that early starters in new media will be the long-term winners, in spite of the fact that only a handful of companies worldwide can actually claim to be making a profit from it.

continued ▶

Many organisations are surprisingly muddled in their strategy for on-line services. Most large organisations now have web sites, but Julia Thrift, author of 'Design Strategies' maintains that 'many seem to think they should have one simply because others do'. She cites a 1998 survey of 100 web sites representing companies trading globally in which only three (AT&T, Bell Atlantic and Sun Micro Systems) were thought to serve investors, customers and potential employees well.

In the first phase of corporate use, web sites were purely for communication - advertising hoardings on the super highway. The rate of return on such investments can be measured in terms of brand awareness, PR, traffic volumes, size of subscriber base, database growth, research learnings etc. But as the security of on-line transactions has advanced, increasingly the aim is to make sales and e-commerce has become the driving force behind growth of the Internet.

However, developing and maintaining a web presence has significant costs attached to it. As a rule of thumb, the annual maintenance budget should be about the same as the initial cost of building the site, with 50% as the absolute minimum according to US web expert Jakob Nielsen.

Cost of Developing Transactional Web Sites in Europe, 1997

Size of e-commerce sites	Costs (\$)
Small	10,000 - 15,000
Medium	34,000 - 60,000
Large	(less than) 700,000

(Source: Datamonitor)

No matter how capable the agency taking on the project, substantial in-house resources are required. It should be managed at as senior a level as possible, in order to integrate it successfully and so avoid the negative knock-on effects of problems such as over-ordering.

The key players in new media provision are by no means agreed although 'New Media Marketing' gives a round-up of some of the larger organisations. Advertising agencies, new media agencies and management consultancies all advise and offer different levels of service. Traditional agencies have been slow to pick up on web design, while the digital arms of media agencies provide through-the-line strategies for production and creative functions. Management consultants offer upstream strategic thought, but may not be able to offer hands-on expertise. Chris Humpheys of MindShare Digital suggests using the following criteria to evaluate agencies:

- Digital/interactive experience
- commercial strength and breadth
- services on offer
- cost versus value
- accountability/evaluation criteria

- good web and design skills
- rapid prototyping tools
- strong project management

Perhaps the most difficult criterion to satisfy is finding good web and design skills. The combination is essential in a balanced web team. If you outsource to multiple agencies, you will end up with a patchwork effect that will confuse and irritate.

There are three elements to a good web site:

- the design of the structure
- the graphic design
- the editorial content

It is the structure that is of over-riding importance. 'Usability' is the key concept. Clear navigation is essential - the internet is very slow and if users get confused or bored they not only move on but get annoyed. Many designers use the three clicks rule: no page should be more than three clicks of a mouse away from the home page. It is important to be able to navigate and identify the site from any entry point - search engines can drop visitors in the middle of a site, so provide links and brand every page.

The Internet is valuable partly because it is an open channel to so many on a global scale, but it is principally an interactive medium - customers will and do speak back. It is important to remember that technology facilitates processes but cannot replace the marketer's prime directive to listen and respond to the needs of consumers.

Editor's Choice

The Financial Times Retail & Consumer report, 'New Media Marketing - Building brands and new relationships in the digital age' by Juliana Koranteng can be ordered by telephone 0171 896 2325, fax 0171 896 2333 or email rc.enqs@ft.com

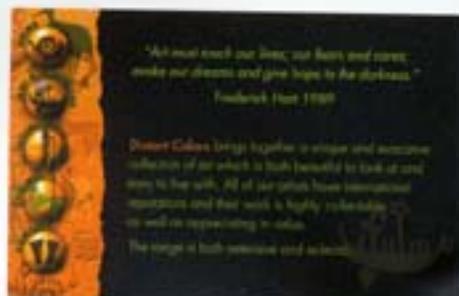
Case Study:

Project: On-line Catalogue

Client: Distant Colors

Team: Paintbox Design

Budget: Undisclosed



Brief: An importer and distributor of exclusive objects of South American art, Distant Colors needed an on-line gallery to capture the essence, the textures and the feel of this evocative culture. The brief was to produce an on-line catalogue, which could be updated frequently as new art arrived.

Tactics: The project presented the usual dilemma: how to construct a web site which maintained interest yet oozed style and originality, without unnecessary waits while large images downloaded to the screen. Using extracts from ethnic art, several sample designs for the home page and main gallery pages were designed, along with striking proposals for rollover buttons and animated links. Sent for approval via email, utilising the excellent Adobe Acrobat pdf file transfer system, designer and client developed an optimum solution; a test site was established to evaluate how website would look to the customers.

The site has been designed to keep bringing back existing customers time after time, through regular new additions to maintain interest.



Continued >

Case Study:

Project: Fast, successful web-commerce

Client: Boden Ltd - clothing mail-order catalogues - adult male and female, and Mini-Boden (children's clothes).

Team: Venus Internet - production, hosting and commerce enablement Big Fish Design - lead designers

Budget: In the region of £20K, to include site design and construction, e-commerce, plus first year's web and secure hosting (but not marketing budget).

Brief: To provide an on-line commerce-enabled version of their existing catalogues - to take credit card orders on-line.

Objectives: To be up and running within 6 weeks, with a fast, clean, elegant site that supports all visitors, and also provides user-friendly secure encrypted order taking. To support ordering of the many product variations associated with Boden garments. Followed by promotion and marketing to rapidly build traffic.

Tactics: Design and web specialists worked closely with Boden's own specialist to convert their product database into a format that could be readily used by ShopSite (e-commerce software package).

This allowed all the many variations of size, colour, fabric, hemming, etc, to be handled

within the web catalogue - pop-up size and colour charts were allied with drop-down-and-select options in each product page before 'Adding to Shopping Basket' - see <http://www.boden.co.uk>.

Result: Site launched on time immediately after Easter '99 accompanied by an interactive CD-ROM posted to all their existing mail-order customers. The combined result meant that traffic built dramatically, as did orders. On-line orders exceeded £160,000 in the first month's operation, and at the time of writing total in excess of £300,000.



Web References

- Boden On-Line <http://www.boden.co.uk>
- Big Fish Design <http://www.bigfish.co.uk>
- Venus Internet <http://www.venus.co.uk>



I N T E R N E T

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Consultants and theorists are as given to the formulation of definitions and the naming of their intellectual babies, as they are to shrouding their subject in mysteries and jargon. A cynic might say that while with one hand they appear to clarify, with the other they are busy muddying the water.

While admitting that there may be more than a grain of truth in this, in fairness, all professions use their own short-hand without necessarily attracting accusations of self-interest.

But have you noticed how quickly a descriptive name for a good-practice model or process turns into an acronym? One has to wonder whether this is helpful to anyone other than management consultants. After all, the majority of hands-on marketers are still getting to grips with the previous generation of management science terminology.

RPM

SAY WHAT? SAY AGAIN?

Residual Product Management: the marketing of excess

by Charlie Farrow

But marketers who are not up to speed with current overall management thinking are not only in danger of being left behind in the drive for the boardroom but risk being left out of the 'management consultancy' stream altogether. If we, as marketers, can't see the bigger picture, then we have no right to a seat at the boardroom table. A marketing department that is unaware of the commercial direction and opportunities of the business as a whole is merely a closed meander, cut off from the main water course. English geographers call it an ox-bow lake. Australians know it as a billabong. But unless you want to sing as you watch - and you are prepared to wait 'till your billy boils - in the brochure brigade backwater, you don't want to be stuck in a billabong. Trust me, the watched pot never does boil!

To continue the analogy, the supply chain is a long water course that starts as a trickle at the raw materials source, gathers impetus with the manufacturers, courses through distributors and wholesalers to retailers where it becomes serious jet (as opposed to JTT - if you don't know the difference check out the handy gusle opposite) of water which outputs at a great rate of knots to the pool of consumers.

Current management theories are all about 'pull' not 'push'. The consumer 'draws down' product which is ideally sold before it is manufactured and supplied just as it is needed. The most desirable outcome is a position of zero inventory at any point in the supply chain.

continued ▶

Eightacre who commissioned the research referred to in this article deal with residual product rather well.

Charlie Farrow, MD, CFA and Phil Yard, Marketing Director, Eightacre plc are speaking at the CIM Eastern Region EGR Conference at St John's College Cambridge on 20 October.

For further information on the report 'Invisible Link - RPM in the Supply Chain' contact 01635 551754 or cfa@newbury.net

But no matter how near to this optimum position the theories, technologies and organisational systems can bring us, it is quite patently a desirable but unattainable situation. Manufacturers continue to use long production lines to gain efficiencies of scale, to minimise unit costs and optimise production and distribution. And forecasts are by necessity over-optimistic. The result is excess inventory.

Marketers are frequently deemed responsible for causing the generation of additional product rather than additional revenue. Demand fluctuations which are in reality the norm have serious ramifications further downstream, which can be magnified by a new product launch, temporary promotions or special deals, all of which apply stress to the supply chain. Interestingly, the 'official' ECR movement declined to open the batting on thinking in the areas of specialist marketer interest - Efficient Promotion and Efficient New Product Introduction - on grounds of antitrust and the competitive nature of the relationship between manufacturers and retailers. Whether as a result - or just because the acronym brigade has not yet caught up - there is a great deal of published advice applicable to marketers, if you look for it, about how to eliminate excess stock from the supply chain but remarkably little guidance about to what to do with it when you've got it.

The 'push' of old-style management practice should not be mistaken for the marketers' promotional initiative. But when your 'pull' becomes a 'push' - and push comes to shove - stock gets backed up the spout. So is it a marketing issue? Of course it is.

Your carefully constructed brand support can be devastatingly eroded by permitting heavily discounted stock to be released through normal distribution channels. Yet this is precisely what a significant proportion of the top UK grocery brand manufacturers do, according to May 1999 research by CFA. Many brand owners continue to discount their stocks through their own sales force to existing customers.

This excess product (call it what you may, surplus stock, excess inventory or residual product) may be derived from a packaging redesign, the end of an on-pack promotion with further shelf life, or simply be product with a remaining shelf-life too short for the major multiples. It will almost certainly destabilise the market if sold cheaply through normal channels in any quantity.

Yet marketing management is reluctant to admit the existence of residual product in their organisation or to take any marketing responsibility for it. Over 50% of our sample declined to adopt the questionnaire on the grounds that it was not a marketing issue! A serious majority of marketers have neither considered what is happening to their product once the glitzy push is over, nor have the

faintest idea who in their organisation is actually dealing with it. A whole raft of causes from poor forecasting to legislation changes may be responsible for the generation of residual product - issues which should be addressed by marketers. But the correct disposal of it when it does arise, most certainly is a marketing matter. Whether you think your company has any or not - and believe me your company has - it must be dealt with. Properly.

So what are your options?

1. Discount into normal channels. Not the best move.
2. Dump it.

Some do, whether they are prepared to admit it in a survey or not. This course undoubtedly protects brand values but in the food and drink sector in particular, the public relations ramifications of what you do with excess stock are a very emotive subject.

Naturally there are EU directives to be considered which govern the disposal of packaging and waste. But the prospect of hungry media teeth into a story about nourishing foods destroyed to protect margins while children go to bed without supper doesn't bear thinking about. What price brand values then?

So if you can't sell it and you can't dump it, what do you do with it?

As a marketer, it's easy to think, 'Well that's not my problem. It's a planning, supply chain, sales, logistics or distribution problem. I've done my bit'. But if it's your brand - or your product - it's your problem, otherwise go back to the billabong.

3. The other course is to enlist a responsible third party, to redistribute your product into a controlled and separate customer area that does not conflict with your own established channels, claw back factory costs and create incremental sales.

The process of dealing with it is called Residual Product Management (RPM) - another acronym.....aaaaaaahh.

So I'll leave you with a thought, 'Uncertainty is the mother of inventory'

SCM - Supply Chain Management

The process of controlling material and information interchanges from acquisition of raw materials to delivery to end user. A network of firms interact to deliver the product or service.

ECR - Efficient Consumer Response

A supply-chain initiative for the grocery industry. ECR is a consumer-driven system of replenishment in which products and information flow through a paperless (EDI) system between all parties in the supply chain. (EDI - Electronic Data Interchange).

JIT - Just in Time

Inventory reduction strategy developed in auto industry referring to shipping goods in smaller, more frequent lots. Method of reducing waste in the supply chain - not a way to meet deadlines with moments to spare.

RPM - Residual Product Management

The intelligent management of unplanned product.

All's well in Cyberland. The vultures have been circling hoping a market crash will bring an end to the runaway success story of the internet. But let's face it - the internet is now a highly valued marketing tool which can be measured and personalised in ways that give marketers the recognition they deserve where it counts - in the boardroom.

And it's no longer the playground of the young, male population either. Depending on whose statistics you read, the percentages vary but the common trend is that women, and adults in general, are taking to the net in large numbers. Even my neighbour, a retired Vicar's wife confessed to me this morning that she really feels she must get a hang of it as so many ads refer you to their web site for more information, and she feels she's missing out.

The big picture is based on a simple fact - we all want a return on investment. With the cost of computers so low many more people can afford to get onto the net. The benefits depend on what you are interested in - bargains, information, sport, entertainment - there's plenty for the whole family to benefit from. What other household gadget has so many uses?

For businesses, small or large, the opportunity for "micro-mass marketing" within international niches is fantastic. Rather than selling millions of the same books online, according to Ross Beadle, commercial director of WH Smith Online they sell millions of individual titles all day everyday, just the reverse of the old policy of piling them high. On the internet the sales process is the critical part of generating sales volume.

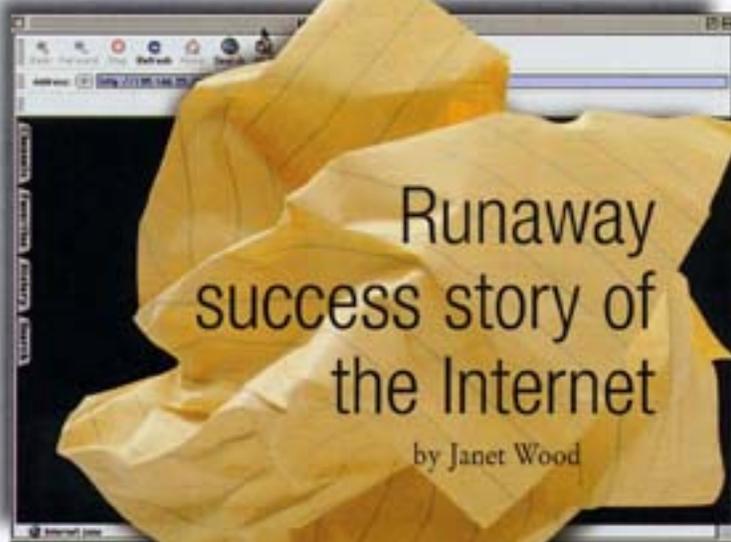
The internet has seen the rise of e-tailing organisations which can be divided into three key segments:

1. *Online advertising which includes banner adverts, sponsorships, banner exchanges, audit firms and promotional services*
2. *Interactive marketing services that design, develop, implement and maintain web sites*
3. *Interactive marketing software companies that provide customised internet "experiences" for customers*

Which, if any, are you currently using and what's your ROI? My company has used most of these services and achieved quite varied results. Indeed the cheapest and our most successful sales tool remains customer recommendations! (Does this say something about our other marketing activities I wonder?)



Cyber Truths



But is it safe as houses? These days even insurance companies are bringing their services to the web, not to mention online mortgage brokers so it must be okay. All those stories about online theft seem to have been more the stuff of fear merchants than something worth worrying about.

Even the Credit Protection Association (www.cpa.com) has a web site!

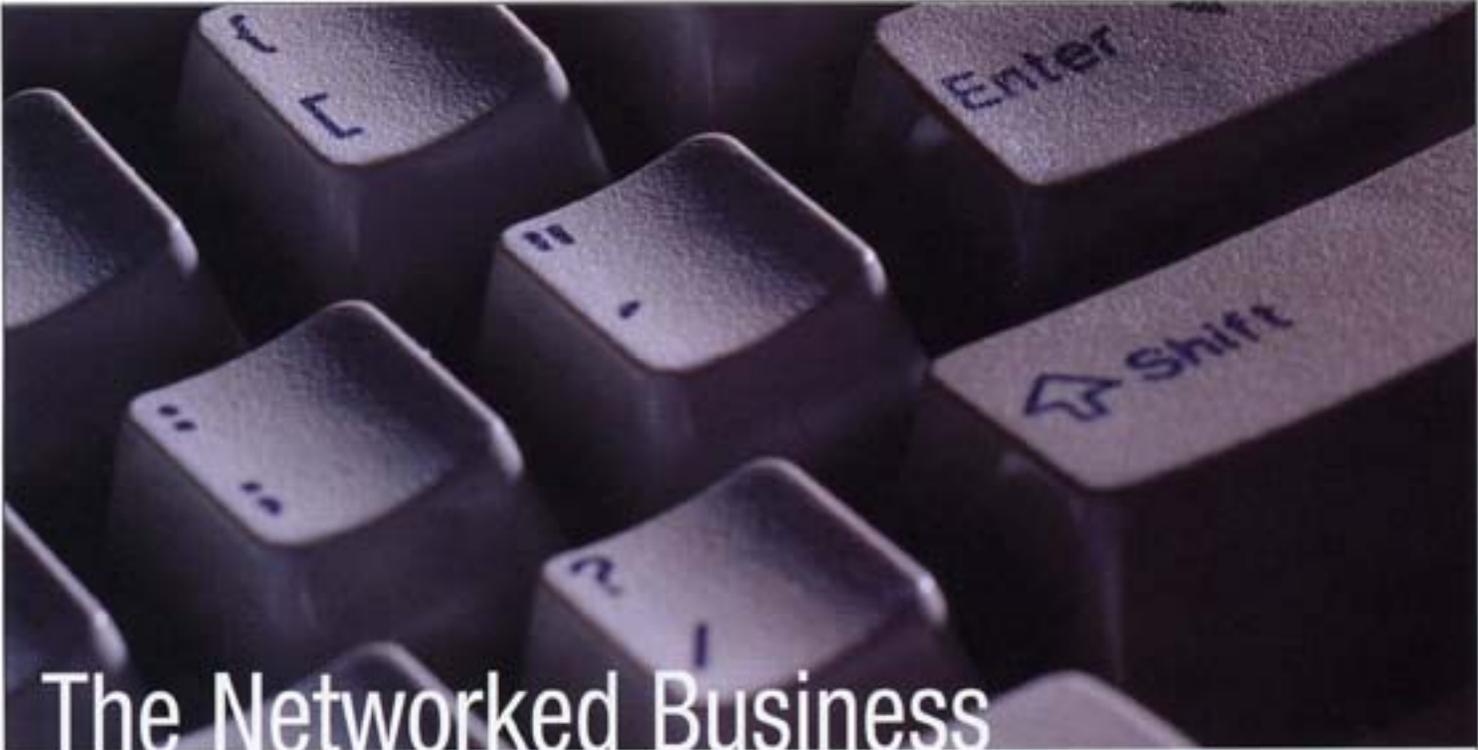
However, there is definitely no such thing as a free "surf" - even on the internet. Free internet service providers (ISPs) do get paid for offering you a service - they get a cut of the price of your telephone call. No wonder BT announced unexpectedly high profits recently due to high local call volume where they have a near monopoly.

Did you take part in the recent boycott against pay-per-minute charges for local telephone calls?

Activists from 15 countries in Europe have formed a coalition to press for free or flat-rate pricing of local calls similar to that offered by telephone services offered in the USA. If they win the question is will UK ISPs survive the conversion to an advertising funded model?

The best part of the web is being able to get instant feedback - I'm all ears - send an email with your point of view on e-tailing to jlwood@call2.com - I'd love to hear from you.

"And it's no longer the playground of the young, male population either. Depending on whose statistics you read, the percentages vary but the common trend is that women, and adults in general, are taking to the net in large numbers."



The Networked Business



By Shanker Trivedi, Vice President,
Computer Systems, Sun UK Ltd



THE NETWORK IS THE COMPUTER™

Every single business, from the biggest to the smallest will be impacted in some way by the new networked economy. For the first time, we now have a worldwide network which uses standard technology and one common language in Java™.

Your business faces both major opportunities and major threats with this new networked economy. The opportunities include finding new markets, keeping existing customers and cost reduction. The threats include increased competition, changing the ground rules, brand issues and a diminishing customer base.

'Electronic Commerce' is the key to success, but it's about much more than selling - more fundamentally it's about the flow of information. If you can increase the efficiency of your supply chain by networking with your suppliers and customers, you can reap massive rewards. The business world is changing rapidly. Business-to-business communications have been radically improved by networking. By linking up a car manufacturer with a fleet car company, order administration and processing can be streamlined and costs reduced. By networking both companies, sales can be analysed at a glance and help combat the threat of declining margins.

Systems and processes need to be connected for both companies to benefit. Sun itself has reduced the processing costs of its orders by 80% by connecting online to resellers and direct to customers.

The new Euro currency can be seen as both a threat and an opportunity, but smart businesses will see the opportunity to address new markets in a more seamless manner. The Internet brings barriers even lower, reducing transition costs and enabling global business.

For existing customers, ordering online makes life easier for the customer, and reduces time spent by the sales force on repeat orders which the customer can place themselves. The Web enables them to order at any time of the day or night, 365 days of the year.

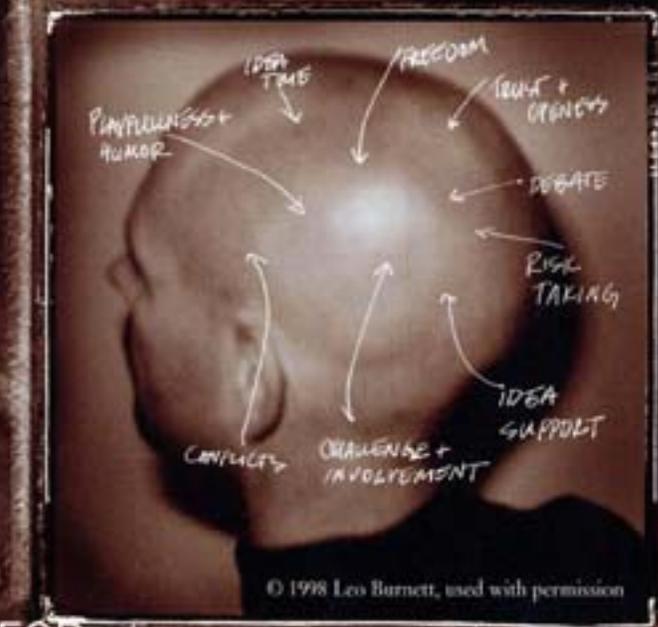
The Web changes the ground rules. With a printed catalogue, as soon it's been sent out, it's more than likely out-of-date. If you publish your catalogue on the Web, it can be updated quickly and easily, and customers have access to the latest information. Businesses have the opportunity of '.com-ming' their company and truly transforming the way they work. We need to think creatively because with the Internet, there are no boundaries. We need to look to

the future. For example an individual should be able to access a Government Web site which enables them to click on child benefit and see how much they can claim for their children; click for their latest tax request; click to find out how many points are on their driving licence.

Or why not have an 'Oxford Street.com' which has online access to all the shops so anyone in the world can shop there. Why can't the clothes shops keep a record of an individual's measurements, saving time with future purchases?

Sun's role is in articulating and enabling this vision of the Networked Economy. Sun's aim is firstly to enable everyone to connect to the 'WebTone' (the Web equivalent to the dialtone on your telephone), to have access to the Net, and secondly to deliver the most robust, scalable WebTone equipment to the service providers and electronic businesses. As an agent of change, Sun enables companies to extend their business.com, extend their databasecentre.com and bring their whole business online without locking into one fixed solution.

<http://www.sun.co.uk>



THE CLIMATE FOR CREATIVITY AND INNOVATION

by Andy Wilkins

AND THE 'SOFT' SKILLS FOR COMPETITIVE ADVANTAGE

Have you ever thought about how well your marketing embraces creativity and innovation?

It is universally accepted that with business in a permanent state of flux, the only survival strategy is innovation. As Tom Peters has said: 'The only sustainable competitive advantage comes from out-innovating the competition.' There is a wealth of information on how to increase innovation, but much of the advice is confusing - practical and useful advice is often hard to find.

The most widely used model for understanding innovation looks at four elements that interact together to form a complete system. These are: the people involved in creativity, the desired innovations themselves, the methods to be used to bring about innovation, and the organizations' climate for creativity.

We have believed for a long time that the 'soft' element of climate has a major impact on an organisation's ability to be innovative, yet climate is often poorly understood and all but ignored. Two recent surveys highlight that the top performers make fostering a creative climate a high priority. For top performers, climate becomes a main focus - especially for those in a leadership role.

A major PriceWaterhouseCoopers (PWC) survey¹ identified the key factors that help businesses innovate. They found that that the

best companies had 3 distinctive capabilities that underpinned their success and distanced them from the competition: an idea management process; balancing the leader-follower relationship; and the fostering of a creative climate.

The Center for Manufacturing Excellence² found that organisations with better climates were associated with higher improvements in company performance in areas such as:

- Degree of Market Share.
- Productivity.
- Product Quality.
- Profitability.

Intuitively we all know that there is a correlation between the climate and business success! Organisations that are able to change will differ in their climate from those organisations that they outperform.

Some of the implications of climate for marketing are:

1. You may well have the brightest marketing people but have a climate that doesn't encourage the use of their talents.
2. You can be trying to use any or all of the latest marketing tools and processes, but fail to realise any value from the investment.

3. By focussing excessively on results, and ignoring the climate aspects that will enable people to achieve them, the less successful you will be.

As Tony Greener, Chairman of Diageo and Head of the Marketing Council Innovation Programme has said: 'It is about creating a climate in which the chief executive accepts that companies must innovate or die.'

What do we mean by Climate?

Climate is a metaphor borrowed from the world of weather to describe the prevailing conditions in the organisation. Or put another way, it describes the 'feeling', 'air', or 'atmosphere' you encounter in different situations.

How would you describe the climate in your marketing organisation? Is it dark and chilly with heavy clouds; is it grey and cool with light clouds; or is it sunny and warm with a clear blue sky? Your energy, personal enthusiasm and the level of your creativity change depending on the climate.

In popular marketing literature, climate and culture are often used synonymously. Climate, like culture, is often used as a fluffy catch-all word to describe anything and everything that is elusive and/or 'soft'.

An organisation's culture concerns the values, beliefs, history, and traditions, reflecting the deeper foundations or roots of the organisation. Culture has been referred to as the glue that holds an organisation together but is normally long-standing, deeply rooted, and usually slow and difficult to change.

The organisation's climate refers to the recurring patterns of behaviour exhibited in the day-to-day environment of the organisation; as experienced, understood, and interpreted by the individuals within the organisation.

Climate is distinct from culture in that it is observable in behaviour, as well as easier and quicker to change. At an individual level, it is called psychological climate and when aggregated is called organisational climate.

The Specific Dimensions of the Climate for Creativity and Innovation

Goran Ekvall and Scott Isaksen have over the last 15 years defined 9 dimensions of the climate for creativity and innovation, along with developing an instrument called the Situational Outlook Questionnaire (SOQ) for measuring people's perceptions of the climate:

- 1. Challenge & Involvement: The degree to which people are involved in daily operations, long term goals, and visions of marketing and the organisation.*
- 2. Freedom: The independence in behaviour exerted by people.*
- 3. Idea Time: The amount of time people can use (and do use) for elaborating ideas.*
- 4. Idea Support: The way ideas are treated.*
- 5. Trust & Openness: The emotional safety in relationships.*
- 6. Playfulness and Humour: The spontaneity and ease displayed within marketing or the organisation.*
- 7. Absence of Conflicts: The presence of personal and emotional tensions (in contrast to idea tensions in the Debates dimension)*
- 8. Debates: The occurrence of encounters and disagreements among viewpoints, ideas, differing experiences, and knowledge.*
- 9. Risk-Taking: The tolerance of uncertainty and ambiguity exposed in marketing and the organisation.*

These nine factors can be used to describe a warm, healthy, or positive climate for creativity and innovation in marketing or they can be used to understand a chilly, unhealthy, and unproductive climate.

Marketing Ideas for Action - Using Climate to Increase Innovation.

The power behind Ekvall and Isaksen's work on climate is that the 9 dimensions were validated against measures of organisational productivity. Ekvall was able to distinguish between High (Warm), Average (Cool) and Low (Chilly) organisations.

Comparative Climate Scores

Climate Dimension	High	Average	Low
Challenge & Involvement	238	190	163
Freedom	210	174	153
Trust & Openness	178	160	128
Idea Time	148	111	97
Playfulness & Humour	230	169	140
Conflicts	78	88	140
Idea Support	183	164	108
Debate	158	128	105
Risk Taking	195	112	53

The high scoring organisations were successful in changing and developing new, profitable products and secured their survival in the market. The low scoring organisations needed innovation but had either not tried and/or had tried in a lame and futile manner. Nine of the ten high organisations are still in business. Four of the five low organisations are no longer in business.

Marketers often say to me, "that's fine, but we don't have the money or time to worry about climate and all that 'soft' stuff." This is surprising when the Synesis and Michael Page study 'shows that marketers fall woefully short - even by their own admission - of the kind of 'soft' skills CEOs rate as essential to win competitive advantage.'

With over 65% of the variation in climate known to be attributable to leadership behaviours, any improvement in the climate typically involves some element of leadership development. And since climate is a local effect (situational), it extends beyond the Board and Senior Management. Marketing heads and team leaders can create a micro climate that is different to the broader environment in which they work.

There are great possibilities for marketing to change and re-create itself by taking the lead in using consumer/client/customer insights to generate innovation. But it will mean changing the patterns of the past by first understanding the existing climate patterns, then deciding what to do for your situation. If these patterns are not changed, then any initiative to increase innovation will be rejected by the organisation like a body rejecting an implanted organ. As Dee Hock, creator of Visa - the world's first trillion dollar company said, the problem facing business isn't learning, it's forgetting.

Can It Work for You?

How can you as a marketer use the dimensions of the climate for innovation to make your organisation more innovative, productive, and a better place to work? One way to start is to formally have your department administer the SOQ and be debriefed by a professional in the creativity field. Another way to bring climate alive so

that it improves the way you work with colleagues, think together, and create together is to read through the 9 dimensions again and consider how they might score in different situations that you encounter.

Score your answers on a 3 point scale such as low, average, high. What was the climate like in the last marketing meeting you went to? What is it like in the project teams you are involved with? What is it like in your department? How does it vary in different offices, branches or plants? What is it like in research and development or new product development?

Use your answers as discussion starters with others in your organisation and think about how you might improve the climate.

As Richard Branson might have said if he happened to be a farmer - I don't grow crops, I create the conditions in which crops can grow. And his creativity friendly environment seems to have done the Virgin farm no harm. But it's up to you. If you want to be more creative, then you will have to help foster a climate for innovation.

Andy Wilkins specialises in fresh, non-toxic and digestible creativity and change from around the world. He is the founder of the Centre for Creative Change and has worked with many organisations across the globe to help them understand, nurture and release creativity and change in order to improve performance and the bottom line.
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¹Davis, T., Arnett, A., Gibbons, P., & Milton, F. (1997). *Innovation survey*. London, UK: PriceWaterhouseCoopers.

²Firenze, R. J. The Center for Manufacturing Excellence. A Study of performance improvement strategies of manufacturing and service organisations. Indianapolis. 1998.

Royal Counties Event Programme 1999/2000

Royal Counties Business Meetings Programme 1999/2000:

Most Business Meetings are currently free unless otherwise specified. Refreshments are provided at all Royal Counties meetings.

Date	Speaker	Venue	Topic
Tuesday 19th October	Neil Mason, Mintel	Madejski Stadium, Reading	Retail Trends in the Millennium
Thursday 18th November	Dr Paul Filfield	Moor Hall	The Shape of Things to Come!
Thursday 2nd December	Professor Malcolm McDonald	Oxford Brookes (£10)	Strategic Marketing Planning
February 2000	N/A	N/A	Call Centres
March 2000	N/A	N/A	Business Intelligence
May 2000	N/A	N/A	E-commerce
July 2000	N/A	N/A	AGM

To reserve your place at these Business Meetings send your booking to:
Julian Stoelker, 42 Watchett Lane, Holmer Green, High Wycombe HP15 6UG
Email: stoelk@globalnet.co.uk Tel: 01494 712164
Or you can book via the web site: www.royal-counties-cim.org

Royal Counties CPD Programme 1999:

CPD Seminars are at Moor Hall and cost either £35 or £45 inc VAT and include supper.

Date	Speaker	Venue	Topic
Monday 20th September	Dr Lisa Harris, Erica Henley	Moor Hall	Internet Marketing £45
Thursday 23rd September	Vicky de Naeyer, Hoadway	Moor Hall	Presentation Skills £35
Thursday 7th October	Drayton Bird	Moor Hall	Internet Retailing £45
Wednesday 20th October	Robert Buttrick	Moor Hall	Project Management
Thursday 11th November	Ben Toague, Hotlines	Moor Hall	Secrets of cold calling
Thursday 25th November	Vicky de Naeyer, Hoadway	Moor Hall	Time Management

CPD Workshops bookings should be returned with a cheque for £35 or £45 inc VAT made payable to Royal Counties Branch CIM to:
Mark Aspin Taylor, 4 Lime Avenue, Buckingham, MK18 7JJ.

ECR Conference

The Region is running a special one-day conference in association with the Food Drink and Agriculture Group on the subject of Efficient Consumer Response and the Marketing Process at St John's College Cambridge on 20th October 1999.

ECR has become a key component of marketing strategy in the US retail sector. The concept has since been adopted by multi-nationals in Europe and the Far East and there are numerous examples of how ECR has changed business strategy. In 1997 the concept took hold in the UK and is starting to be implemented by most major suppliers to the supermarket sector. It is expected to have a major

impact throughout the whole of the retail supply chain, yet surprisingly few marketing managers seem to have grasped the importance of ECR.

The conference aims:

- To educate Marketers on the rapidly growing importance of ECR and its relationship to FMCG marketing in the supermarket and wholesaling sectors.
- To inform CIM members and other marketers of the effects and implications of ECR implementation.

• To debate the impact of ECR on the future of FMCG marketing

Speakers are drawn from the major retailers and suppliers within the grocery sector and include a keynote speech by Dr Paul Filfield. To submit papers on the topic or obtain further details contact:

John Lockwood, Regional Director - Chartered Institute of Marketing Cimse@dial.pipex.com
Tel: 01483 285999 Fax: 01483 285640

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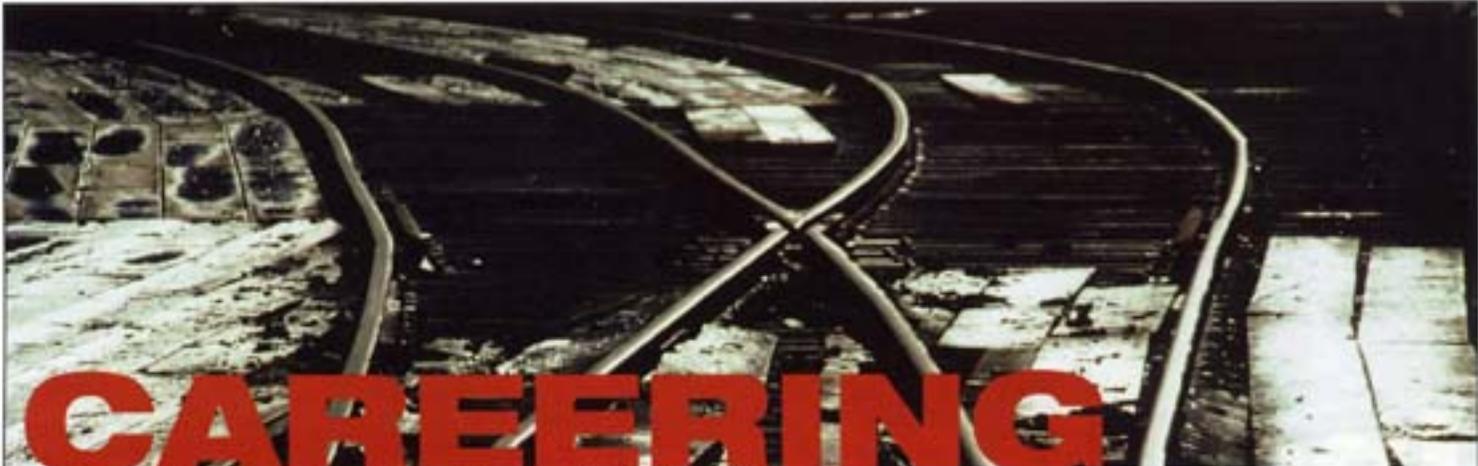
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CAREERING

By Janet Wood, and consultant psychologist, Mike Spruce

THROUGH LIFE

Most journeys begin with some destination in mind, however specific or vague that might be. So a broad 'map of the territory' might prove useful.

Most people, in going about the business of planning and managing their careers, have some idea of the outputs they would like to achieve in the process - money, recognition and fame, safety and security, or risk and adventure. Or perhaps simply to find themselves regardless of materialistic returns.

Outputs are a product of what happens when competence meets opportunity. Hunger and attitude largely determine how often this takes place and what degree of pain we are willing to endure to develop the competencies required to achieve what we seek. The first set of variables to examine are goals or ambitions, hunger and drive, and the competencies available to unleash on opportunities which one either waits for or creates.

Goals are personal and are often a reflection of the richness and variety of the world of possibilities built up over time. Either you accept the world as it presents itself to you on your doorstep, or you take the time and trouble necessary to explore the ever-expanding world of possibilities on an ongoing basis. Taking a least 5% of your available work or leisure time to do some 'R&D' on your career enriching options should be a 'must' for everyone even half serious about the process.

Getting a good 'contextual feel' for emerging opportunities can easily be done by using some of this time to do a bit of reading on the 'hard cognitive' stuff. The Internet has opened a never before imagined 'window on the world'. Disciplined surfing should be a compulsory sport. On the topics of surfing and exploring life's opportunities, one of the all time world-champions in this regard has to be Nobel Laureate Kary Mullis².

Hunger and attitude tend to be forged in the furnaces of need, desire and adversity. Good reading in this area³ can also provide a few benchmarks as to just how dedicated and hungry one really is. As Jeanette Winterson⁴ put it, 'what you risk reveals what you value'.

The ability to put competence in the way of opportunity is modified by a number of key variables. If you are less than 5 ft tall, release your dream to play pro basketball for the Dream Team. Yes, people range in potential to do certain things - get realistic in this regard and make the most of your makeup, physical, intellectual and emotional.

People also differ in terms of their fundamental motivational makeup and what they see as negotiable and non-negotiable elements that go hand in hand with particular career choices. Finally, people differ in terms of their 'game temperament' - some are team-players, other are individualists; some are stable & 'bullet-proof' others are born prima-donnas'. Personality and Style thus form the last of the 'big three' that impact and modify the 'front end' of career management.

The idea of these articles is to provide sustenance for a short adventure trip through each of these areas, thereby triggering a fresh approach to

how you manage one of the most important dimensions of your life, your career.

1. 'The Sovereign Individual' by J.D. Davidson & W. Rees-Mogg ISBN 0 333 66208 3

'The Crisis of Global Capitalism' by George Soros ISBN 0 316 84916 2

'Preparing for the 21st Century' by Paul Kennedy ISBN 0 00 215705 5

2. 'Dancing Naked in the Mind Field' by Kary Mullis

3. 'Touching the Void' by Joe Simpson ISBN 0 09 977101 2

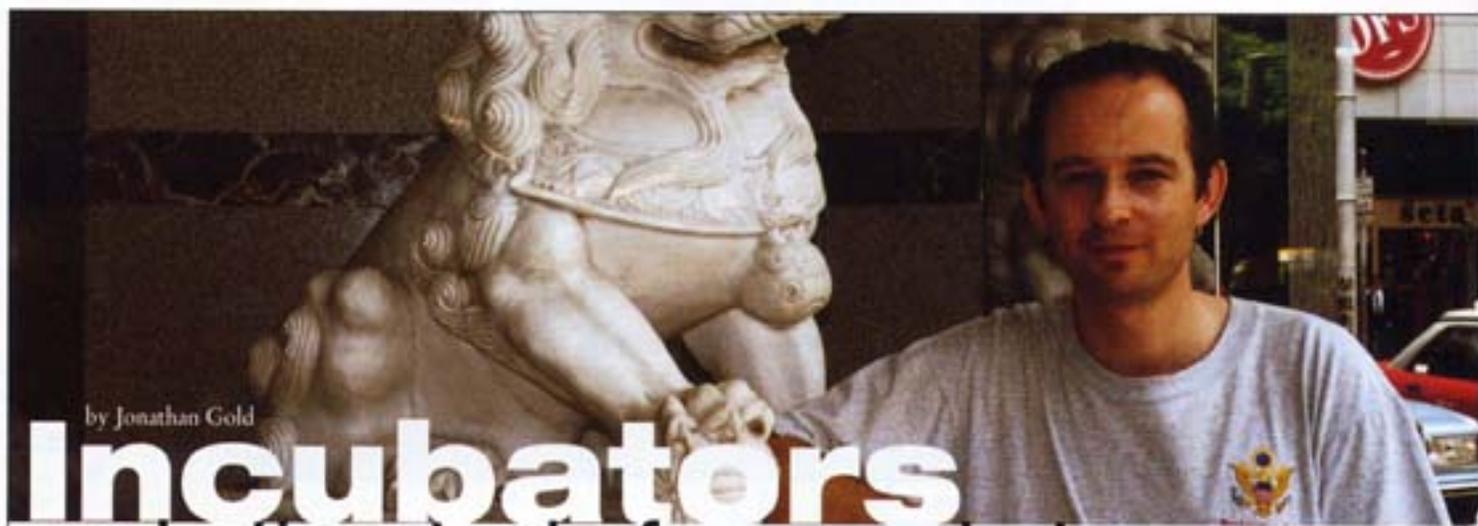
4. 'The Passion' by Jeanette Winterson ISBN 0 09 973441 9

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by Jonathan Gold

Incubators and other tools for your baby...

Incubators are not only for nurturing babies they are for nurturing and growing small businesses. Often on a business or science park an incubator provides units at reduced rent with the backup of advice and support services such as communal reception and phone systems.

In 1995 the Government set up a Treasury working group to look at business incubation. They wanted to encourage the creation of small businesses. One result of this was the setting up of a company, UK Business Incubation, based in Birmingham. It provides advice on business incubation issues for both small companies and prospective organisers of business and science parks. Their web site is a good source of information on the whole subject of business management. You can also check out the business incubator resources in your area using the project locator page.

Another common issue for a start-up business, even before it looks for a roof over its head, is finance. We held a seminar on venture capital in January. If you missed the meeting you can find interesting information

on the British Venture Capital Association web site. It contains contact details of its 105 members who make up most of the UK's Venture Capital (VC) managers. They invested over £4 billion in 1200 new and developing businesses in 1997, a number which continues to grow. For those with a new business the site also lists those VC's specialising in start-up and early stage finance. If you are interested in business growth, start-ups and tools for any manner of business problems one place to look in the region is Oxford Innovation's web site. They offer a range of advice, information and programmes on issues from technology audits (to identify valuable new business ideas and potential products) to tool-kits and ideas on innovation in your company.

Oxford Innovation is a subsidiary of the Oxford Trust. The Trust's mission is to encourage science and technology in the region. The industry and education programmes are worth a look as some of the best marketing inspiration can come from non-marketing sources.

The sites



British Venture Capital Association
www.bvcva.co.uk



Oxford Innovation
www.oxfordinnovation.co.uk



Oxford Trust
www.oxtrust.org.uk



UK Business Incubation
www.ukbi.co.uk

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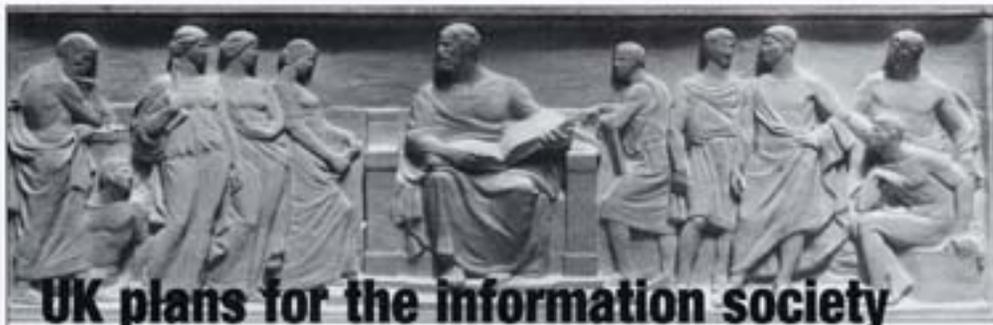
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UK plans for the information society

legal viewpoint

The Internet continues to be a major impetus behind a transformation in the way people communicate and exchange information. This has, not surprisingly, led to a reassessment of the old paper-based security methods and greater investment in sophisticated protection techniques appropriate for the on-line environment.

One such technique is encryption (sometimes referred to as 'cryptography'), a mathematical process that uses processes and formulas to scramble information and make it unreadable to anyone trying to intercept it. There are several forms of encryption, all of which require the use of secret information, usually referred to as a 'key'.

An electronic (or digital) signature, on the other hand, is intended to be the electronic equivalent of a manual signature, but it can do much more. It typically uses encryption techniques to help both to guarantee the integrity of information in an electronic document (i.e. any change can be detected) and to link the information to a particular person (i.e. verification).

The UK Government has announced plans to introduce an Electronic Commerce Bill which will regulate encryption, recognise 'electronic signatures' and facilitate law enforcement in the online environment. In March this year, the DTI and Home Office jointly published a consultation document, 'Building Confidence in Electronic Commerce', which highlights those issues.

The aim of the consultation was to help develop the UK as the 'world's best environment for electronic trading' by 2002 and to introduce legislation within the current Parliamentary session to tackle one of the main perceived obstacles to electronic commerce, namely the lack of security of electronic networks.

The consultation paper sought views on a number of issues, including:

- establishment of a voluntary licensing system for providers of encryption services;
- updating the law to recognise electronic signatures meeting certain standards;
- clarifying the liability of those who provide encryption services;
- maintaining effective law enforcement powers in the face of increasing criminal use of encryption; and
- ways of meeting the needs of law enforcement agencies through encryption and communications technologies.

The main consultation period ended on 1 April, and the DTI is said to be still considering these before it publishes its draft Bill.

The most controversial provisions of the document concern Government policy on encryption and electronic signatures.

The Government is now no longer seeking to impose a system of mandatory 'key escrow' whereby users would be obliged to deposit their encryption keys with a 'Trusted Third Party' who in turn would make the key available to bodies such as the police, allowing them to read encrypted messages. This represents a significant retreat from the Government's original position, encouraged by intense industry and privacy lobby opposition. However, the Government has not suggested any alternative to mandatory regulation. Instead, a special industry and Government task force was asked to examine the issue and to recommend a way forward.

Despite the focus on law enforcement issues, some feel that the regulation of electronic signatures risks being overlooked. Electronic signatures need to be recognised to the same extent as their written counterparts. This is especially important in cross-border transactions and is vital if e-commerce is to develop as a viable alternative to traditional ways of conducting business.

Critics point out that despite a common technological link between encryption used for confidentiality and that employed in verifying identity, there are distinctions to be made between the issues affecting these areas which deserve separate treatment. The current UK plan might also lead to the creation of a 'hierarchy' of signatures - as between signatures from licensed and unlicensed certification authorities - which is far from conducive to legal certainty.

Denton Hall who contribute this column, is a major London-based international law firm.

Denton Hall provides the full range of corporate and commercial legal services and has one of the highest-rated teams specialising in new media publishing, technology and communications. For more details or to make contact Elizabeth A. Forsyth on +44 (0) 171 320 6559.

**Grant Anderson
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Editor's Prerogative

Very many thanks to all of you who were kind enough to write with words of praise for the last issue. It is vital for the publication's development that we should have feedback from the readership - member and non-member alike.

Much of the material is deliberately challenging, although we have tried to keep a balance by including pieces with varying degrees of difficulty and incorporating elements of practical advice. It is very much our intention that the magazine performs a distance learning task, so it was particularly pleasing to hear from students who are using the magazine to assist their studies. It was equally interesting to learn that some members are passing the magazine on to non-member students on marketing related degree courses.

In extending the circulation outside the membership to all marketers in the area, our aim is to demonstrate CIM values and the benefits of membership of the Institute. So if you have colleagues, or you are running courses for students, who you think might like to receive Marketing News, please do get in touch. We will be happy to send it to each of them free of charge.

All of the comments from readers received at this office were complimentary, which is highly flattering for all those involved, but it's unlikely that this reflects a complete picture of grass roots opinion. We are happy to receive views, comments, criticisms and requests. Perhaps to act as an agent for change. All feedback is valuable. We want your views

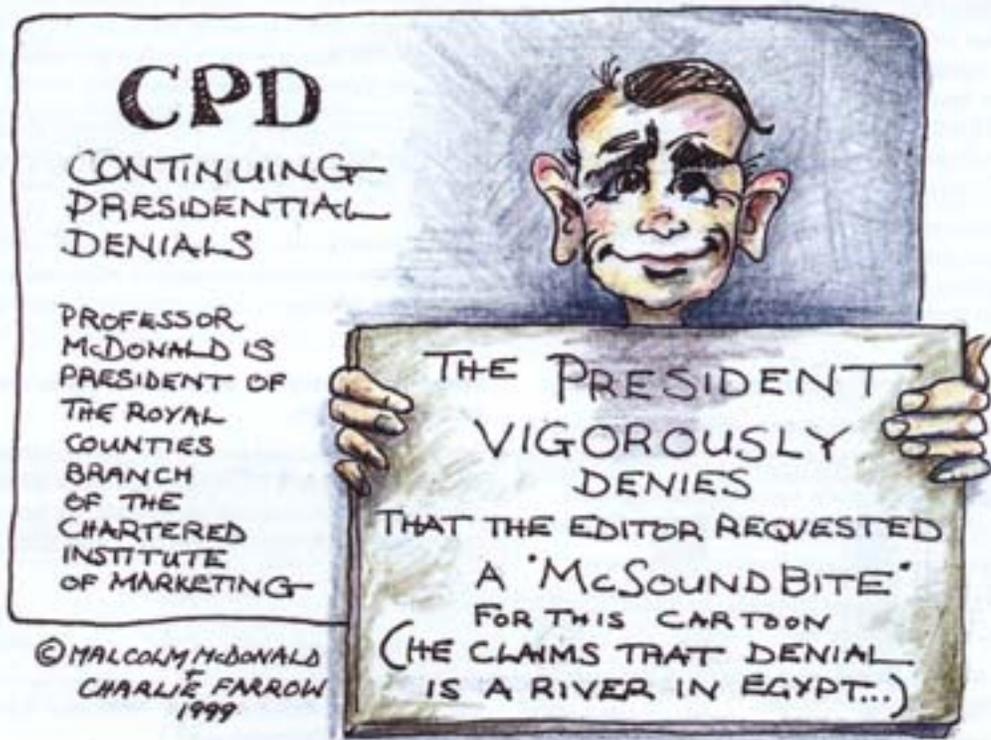


Charlie Farrow, Editor.

regarding the magazine or the issues addressed within it, as well as your thoughts on the Branch and the Institute in general. Not all communications need to be written with publication in mind.

I look forward to hearing from you.

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