

## Activity 19. Evaluate Tactical Alternatives

*Alternative solutions are the only means of bringing our basic assumptions up to the conscious level, forcing ourselves to examine them and testing their validity. Alternative solutions are no guarantee of wisdom or of the right decision. But at least they prevent our making what we would have known to be the wrong decision had we but thought the problem through. Peter F. Drucker, The Practice of Management, New York, Harper & Row, Publishers, 1954, pp. 360-1.*

### Introduction

Time is of the essence when management evaluates tactical alternatives. Forthcoming tactical decisions and actions have a greater sense and reality of immediacy than do strategic alternatives which, although likely to have larger, more dramatic effects on an organization, have longer time horizons for their development, evaluation implementation and results. With a longer time horizon, strategic plans, programs, activities and resource allocations can be adapted to emerging situations. Such adaptations will likely be tactical in time. As a consequence of strategic changes, organizational dynamics and evolving environmental forces and conditions, tactical alternatives are needed to enable the organization and its management to make the short term changes necessary for survival and success. Whether the tactical decisions and actions are precipitated by the pressures of strategic changes or the realities of everyday operations of the organization, time, functional and expected performance or results are critical factors in the evaluation of tactical alternatives for management “going forward”.

While time is a key factor in the evaluation of tactical alternatives, the functional performance of tactics are even more important imperatives. After all of the efforts are made to evaluate and choose the optimal short term programs, activities and resource allocations, the key question to be answered is: will they function optimally and the results be acceptable? In the review stage of the TSMP, the challenges to management and its staff are to determine the optimal time, functionality and expected performance of strategic and tactical programs, activities and resource allocations. In this Activity, the primary focus is on tactical evaluations based on time and functionality. Secondary consideration is given to situational and process approaches to evaluating short term alternatives.

### Nature of tactical evaluations

In general, organizations and their managers have a long history of developing and using short term actions. Much of the tactical development has been haphazard, devoid of rational evaluation and has resulted in sub-standard performance. Short term decisions and their implementation are often made impetuously and without thorough thought and sufficient evaluation. They are reactive, rather than proactive. Systematic planning and evaluating is overlooked, ignored or ineptly done. Frequently, management is advised not to experience “paralysis by analysis”. Somewhere between impetuous and paralysis is “Goldilocks’ just right” range of time and rational thought and analysis needed to evaluate tactical alternatives optimally. By examining the nature of such evaluations and several approaches to doing them, the expectation is that management will be better able to decide, activate and pursue tactical alternatives successfully.

To some observers, tactical decisions seem to be unimportant and routine. See, for example, Drucker, *ibid.*, p. 351. This managerial mindset persists, especially at senior levels in the organization, despite considerable research and expert opinion that indicates the importance of executing, performing or doing the short term activities necessary managing organizations, including the implementation of strategies. However, as more and more managers are learning, “the devil is in the details”. In effect, the short term, detailed activities of an organization and its operations are crucial to the success or failure of an organization. History is filled with accounts of human error, mechanical failure and operational defects. These are not strategic causes. They are tactical shortcomings that are based on the (in)capabilities of organizations to implement their long, medium and short term plans by careful and exact execution of programs, activities and resource allocations. To enhance those capabilities management is well-advised to review and evaluate rigorously and carefully its alternative short term courses of action.

Studies show that the ability to execute strategy was more important than the quality of the strategy itself. Robert Kaplan and David P. Norton, “Building a strategy-focused organization”, *Ivey Business Journal*, May/June, 2001, Vo. 65, Issue 5, p. 12. The authors cite three studies that consider the implementation of strategy as being more important than its development. In a 1999 *Fortune* feature article of prominent CEO failures, the authors concluded that in the majority of cases, about 70 percent, the problem was not bad strategy, it was bad execution. R. Charan and G. Colvin, “Why CEOs Fail”, *Fortune*, June 21, 1999, cited in Kaplan and Norton, *ibid.* Implementation or execution of strategies can not be successful unless the tasks, duties and other tactical responsibilities are done successfully. To achieve success in the implementation of programs, activities and resource allocations, the optimal alternative(s) must be chosen, tactically as well as strategically. It is to the task of evaluating tactical alternatives that your attention is now directed.

Even though we are still in the review stage, we are approaching the time when the chips have to be put on the (risking) table and we make our bets. With growing anticipation, ambivalence and anxiety, we evaluate our cards, look around the table at our competitors, think about the "pot" (of potential winnings), our odds and their odds of having the best "hand", whether to ask for more cards, fold or bet with bluff, bravado or steely-eyed confidence. Within this gambling milieu, we are evaluating our tactical alternatives. “You have to know when to hold them, know when to fold them, know when to walk away”. Such decisions are best made when the alternatives are considered, with special attention paid to the likely consequences of the choices and related activities

Because tactical alternatives are vitally important in their development and implementation, so are they in being reviewed and evaluated. “An ounce of prevention is worth a pound of cure”, “a stitch in time saves nine” or, in more modern management terms, a thorough review and evaluation of strategic and tactical alternatives may save or prevent the loss of thousands, millions, even billions, of dollars, euros, yen or whatever currency is invested and at risk. In effect, reviewing and evaluating tactics and alternatives is a formalized activity that is intended to prevent mistakes, to safeguard against sub-optimal choices and the implementation of programs, activities and resource allocations.

Too often, especially in recent times, organizations and their managements have emphasized the importance of strategies to the detriment of tactics. Being strategic is “sexy”; being tactical is mundane. Organizations are vulnerable with such “either-or” or “we-they” mindsets. As stressed and explained throughout the TSMP, strategies *and* tactics are integral and systemic in the complete process. Managers and others in the organization need to evaluate strategic and tactical alternatives with balanced approaches. During the early 1990s, a “balanced scorecard concept” (BSC) was introduced to recognize and measure tactical and strategic components of organizational performance, notably in the implementation stage. Robert S. Kaplan and David P. Norton, “The Balanced Scorecard: Measures that Drive Performance”, *Harvard Business Review*, January/February, 1992. Organizations that were early adopters of the “Balanced Scorecard” have shown impressive results to date. Kaplan and Norton, *op. cit.*, p.15. The authors refer to several companies including Mobil Oil, Cigna Insurance, Brown and Root as examples of successful users of the balanced approach to implementation. Another balanced approach, one that is similar to the TSMP, is the “time-based strategies and tactics (TBST). It is outlined subsequently in the time-based part of the Approaches section.

The linkages between tactics and strategic alternatives are further evidenced by the use of tactical evaluations prior to making strategic decisions. In one study, “decision makers were found to use nine tactics to evaluate alternatives.” The evaluation tactics that management relied upon were subjective, judgmental, bargaining and analytical inferences. Paul C. Nutt, “Context, tactics and the examination of alternatives during strategic decision making”, *European Journal of Operational Research*, 2000, Vol. 124, Issue 1, p. 159. The evaluation tactics were discovered from the study of 317 strategic decisions. Each tactic was examined using a set of success indicators.

### Approaches to evaluating alternatives

Studies of decision making suggest that decision makers evaluate alternatives in preparation for implementation. Paul C. Nutt, “How decision makers evaluate alternatives and the influence of complexity”, *Management Science*, August, 1998, Vol. 44, Issue 8, p. 149. Such evaluations are done for various reasons, including political, pragmatic, risk aversion and sound management principles. Similarly, various bases are used to evaluate alternatives. One early study indicated that alternatives were evaluated by using judgment, bargaining or analytical approaches. Henry Mintzberg,, David Raisinghani and Andre Theoret, “The structure of unstructured decisions”, *Administrative Science Quarterly*, 1976, vol. 2, issue12, pp. 246-275 Another study examined 78 decisions and found that evaluation practices could be linked to computational, compromise and judgment approaches. Paul C. Nutt, “Types of organizational decision processes”, *Administrative Science Quarterly*, 1984, vol. 29, issue 3, p.444. Most of the decisions, i.e., 93 percent, used judgment to evaluate alternatives. Compromise (bargaining) was used in four percent while a computational (analytical) approach was used in three percent of the evaluations. Judgment, bargaining and analysis are considered to be tactics. Nutt, *ibid.* Since such tactics are used to evaluate strategic alternatives, further evidence is provided to support the premise that tactics and strategies are integrally related.

In its most basic form, tactical alternatives are evaluated against the goals that they are expected to achieve. Measures are used to indicate how successful each alternative would likely be, given common scenarios of future forces and conditions or circumstances. The assessments will be made up of many separate judgments, derived from examinations of many facts and factors considered to be relevant to the situation(s) being faced by the organization, its management and other stakeholders.

### Situational

Several flaws have been identified in the evaluation of decision alternatives. One of them is the lack of consideration about situational factors, such as complexity, that influences tactic selection and tactic success. Nutt, *ibid.* A situationally-oriented process and systems context for such evaluation is provided by the TMSMP. The TMSMP shows the relationships between several integral management activities, notably the vital linkages between situations, aims, strategies, tactics, decision making and performance. Optimally evaluating tactical alternatives requires such context as much as it requires the assessment of specific factors.

Think about your doctor's approach to analyzing a medical condition. She inquires about what you have been doing, how you are feeling generally and what might have caused your problem. The doctor is providing a context for what comes next in her process. Then she focusses in on specifics; does it hurt here as she jabs you. "Cough", "say 'aaahh'", "urinate in a bottle", "give the nurse a blood sample", "go to the lab for an MRI" and so on as she endeavors to evaluate factors related to your condition and what alternatives she can feasibly choose from in the short term. Much, if not all, of the doctor's evaluation is short term, tactically-oriented.

In evaluating tactical alternatives, their relationships to other decisions, activities and elements are vitally important. Tactics and their alternatives are integral to the entire process. Like strategy evaluations, their assessment flows from the orientation and development stages to the future implementation and adaptation stages of the TMSMP. More specifically, they need to be evaluated in relation to:

1. the *situation*, especially the environment, both externally and internally, that management is experiencing and anticipating. The analysis of prospective scenarios is most important in evaluating strategic alternatives but also is vital in evaluating short term, tactical alternatives;
2. the *aims*, especially the goals, that management is endeavoring to achieve;
3. the *strategies*, especially those directly associated with tactical alternatives;
4. the *tactical choices* to be made, especially in terms of the decision criteria that management, industry, expert advisers or others have shown to be valid and reliable over time; and
5. the likely, logical *consequences* to result, especially in regard to the performance expected by management and other stakeholders in the organization.

## Process improvement

Six Sigma is a sexy sounding label for a set of principles that are intended to prevent and/or improve strategic and tactical problem solving and decision making processes. Six Sigma was developed initially by Motorola in the early 1980s for use in its manufacturing operations. Leah B. Garris, "Measuring what matters", *Buildings*, August, 2004, vol. 98, Issue 8, p. 28. Subsequently, its use grew beyond its manufacturing applications and is used with such other core or functional processes as finance, marketing, sales and human resources as well as real estate management. Six Sigma, by definition, means that a specific process must not produce more than 3.4 defects per million opportunities or times that the process is performed. It has a strong quality management orientation and is based on the theory that variation in an organization's processes is the source of defects. Consequently, this approach aims for long-term precision by eliminating variations in organizational processes, particularly in business production. Although long term in its objectives, Six Sigma takes a tactical approach.

The methodology supplies various tools for practitioners to utilize in order to accomplish specific tasks, whether the tasks include gathering customer feedback, streamlining existing processes, creating new processes, identifying current defects, or generating a timeline for implementation. Garris, *ibid.*, p. 28

The Sigma Six approach is intended to assess alternatives to improved organizational performance as well as compel management to question current practices, procedures and processes. What makes this approach special is the emphasis placed on doing what is right in timely, precise ways. It is an approach that is intended to streamline operations, improve product/service quality and eliminate mistakes. As an old printer used to say, "Once the ink is on the paper, it's too late to correct your mistakes." As a senior management consultant points out, "... a 98.5 percent customer satisfaction rate sounds good – but what is that 1.5 percent dissatisfaction rate costing your company?" John Englert, quote in Garris, *ibid.* Boeing's "0 defects" principle was very comforting to those who flew on airlines using their aircraft.

Various tools are available to help management decide whether the Sigma Six approach is applicable to evaluating tactical alternatives. They include the following.

**Cause and Effect Diagram** – A visual tool that is used to organize logically the possible causes of a specific problem or effect by graphically displaying them in increasing detail. It helps to identify root causes and increases the common understanding of the causes.

**Define, Measure, Analyze, Improve, Control (DMAIC)** This start-to-finish improvement method refers to a data-driven approach for improving processes. Each step in the cyclical DMAIC process is required to ensure the best possible results.

**Define, Measure, Analyze, Design, Verify (DMADV)** This start-to-finish method is used for new product/service introductions and is a variation of the previous approach.

Failure Modes and Effects Analyses (FMEA) A procedure and tool that helps identify every possible failure mode of a process or product to determine the effect(s) on other sub-items and on the required function of the product or process.

Pareto Analysis A bar chart that displays, by frequency and descending order, the most important defects in a process. Garris, *ibid.*, p. 30

These tools are considered to be useful in performing a gap analysis and answering the following questions.

1. Where does management want the organization to be in the future?
2. Where is the organization right now?
3. What are the obstacles that are keeping the organization from being where management wants it to be?

#### Time-based approaches

Being more time-sensitive than strategic alternatives, tactical evaluations are often put into meaningful time perspectives. *Apriori* evaluations are made prior to management making any choices of tactical alternatives. This is the ideal time frame for evaluating tactical (strategic) alternatives intended to be implemented in the future. With this time perspective, the tactical analyst thinks from *if this, then what?*, *cause to effect* or logical consequences of decision alternatives. In terms of the TSMP, managers think from the general strategy to specific tactics, activities and their inherent details. Lacking direct information or experience about future situations, the *apriori* approach has to be based on ideas, theories, models, related experience, other's experience, judgment and intuition and probable sets of circumstances or scenarios. As time elapses, management will examine, test and refine the alternative available or develop new or innovative ones.

The *posteriori* approach enables evaluations to be made after decisions have been made and observations, tests and other empirical methods of information gathering and analysis have been done. The analyst thinks from *effect to cause*, from specific results to activities, tactics and strategies as well as environmental forces and conditions.

#### Time-Based Strategies and Tactics (TBST)

Time-based strategies and tactics have been defined as “activities which reduce time and/or improve the synchronization of materials flowing through a company and its supply chain.” Craig R. Carter and Thomas E. Hendrick, “Organizational determinants of time-based strategies and tactics”, *International Journal of Physical Distribution and Logistics Management*, 1997, Vol. 27, Issue 7/8, p. 445. For many firms, the competitive emphasis has shifted from quality to cycle-time reduction. Reducing time cycles involves many tactical, operational activities. Considerable effort and resources have been devoted to reducing manufacturing time which accounts for an appreciable part of the total cycle time. Streamlining purchasing procedures and processes can make significant contributions to cycle time reduction through concurrent engineering, working with suppliers to reduce lead times, e.g., Just In Time supply, and by using other cycle time reduction tools such as process mapping and the elimination of non-value added activities. Carter and Hendricks, *ibid.* To be performed

optimally, such activities need to be aligned and done in ways that are not only related tactically but are compatible and integrated strategically.

Technological advances, notably in sensors, electronics and telecommunications, have enabled management to review and evaluate its tactical alternatives in “real time”.

Managing in real time uses many of the same tactics as traditional, retrospective management: defining the performance metrics, collecting data, benchmarking to assess relative strengths and liabilities, and instituting changes to improve performance. Matt Quinn, “Reality management”, *Trustee*, May, 2003, Vol. 56, Issue 5, p. 8.

Real time assessments is a tactical alternative that merits careful examination. Along with timely monitoring, high quality forecasting and other time-based methods, real time evaluations enable management to improve their reviews of tactical alternatives for the immediate present and for the future. The use of real time technology and processes is one way to assist management in staying current with organizational and environmental changes and facilitate the optimal implementation of short term programs, activities and resource allocations.

Although not as technically advanced and current as real time, the United States Federal Reserve has developed “real world systems” that they are being applied to “the Fed’s” daily tactics in the federal funds market. Scott T. Fullwiler, “Timeliness and the Fed’s Daily Tactics”, *Journal of Economic Issues*, December, 2003, Vol. 37, Issue 4, p. 85. In the Federal Reserve’s daily tactics, three different units of time are used: seasonal, maintenance and intraday. The “Fed” promotes different responses by banks in the federal funds markets through its manipulation of the balance of prohibitions and permissions within seasonal, maintenance periods and intraday “event sequences”. *Ibid.* In more technical terms, the threat to timeliness related to the proliferation of retail sweep accounts and caused by the consequent combination of reduced Federal Reserve balances and its payments system risk policy was reduced primarily through changes to certain working rules and closer attention to intraday time by banks and the funds market “Desk”. *Ibid.* What the Federal Reserve, real time and TBST examples illustrate is the highly time-sensitive nature of reviewing and evaluating tactical alternatives.

#### Functional and inter-functional

To experienced managers and most people who have faced challenging situations, be they problems and/or opportunities, there is a natural inclination to think about what alternatives they have available, especially within their functional capabilities and inter-functional sources of expertise. Basically, their thinking is: there’s a problem (or opportunity); what’s the best solution going forward?” That “best solution” is determined by valid and reliable measures of *expected functional performance* and, ultimately, by actual performance. These measures commonly include a range of financial standards such as return on investment, earnings per share, revenues and profits per time period(s), by product, division, location and other common denominators. Measures of expected marketing performance include sales volumes by units and dollar amounts, market share and position, exposures and impact of advertisements, product returns and customer complaints. Units produced per hour by plant and assembly line, units damaged, rejected

or destroyed, costs of units produced by plant, location and employee are a few examples of expected production performance measures. Measures of expected performance have been developed and applied in other areas of organizations with functional roles, responsibilities and tasks such as human resources, communications, information technology, research and development.

Consider some common tactical reactions to situations in which management's measures of expected performance are not being met. The marketing manager reviews sales reports. Sales are lower than forecasted and budgeted. Almost automatically, she considers lowering prices of "slow moving" products, offering some customer incentives, using special promotions, launching an advertising campaign, re-deploying sales personnel, checking with marketing research, finance and/or accounting personnel and/or other tactical initiatives and combinations thereof. Or consider the production manager who is faced with increasing unit costs. The manager's "natural" alternatives are to find lower cost suppliers, streamline production processes, offer incentives for increased production or cut compensation and impose other "penalties" if production goals are not met and the labor contract allows. Longer term, strategic alternatives might be duly considered in conjunction with tactical alternatives. New production systems, including more current, if not leading edge technology and operator training and support might provide the optimal option for management. Or, as many companies in industrialized nations have done, out-source production to lowest-cost suppliers located around the globe. Many more examples could be provided of functional managers naturally generating various short term alternatives to challenging situations that they encounter in "doing their job". Some will be reactive and others will be proactive. How managers act will depend, to an appreciable extent, on their functional capabilities. At this point, consideration will be given to four areas of functional management and its tactical alternatives.

## Financial and Accounting

Virtually all organizations face financial challenges. Businesses need sales and other forms of revenue streams to support their operations, provide profits and returns on investments. Governments need taxes, fees, royalties and other funds to support public facilities and services. Charities rely on donations, fund raising, grants and other public and private contributions to support their programs of relief and care for victims of natural disasters, warfare and other adversities over which they have no control or ability to cope with by themselves. All the while, managers of these and other organizations are concerned about expending the limited resources available to them. They are guided and constrained by their budgets. Consequently, managers tend to consider tactical financial alternatives along two basic streams of funds: incoming and outgoing; revenues and expenditures as well as "the bottom line". Likely, they will consider balance sheet options, notably the short term possibilities inherent in the organization's assets, e.g., selling shares or acquiring properties, liabilities, e.g., increasing or decreasing debt, and net worth (by whatever labels are used). And they might draw tactical alternatives from the strategic programs, activities and resource allocations that are being implemented or planned. Since the tactical alternatives available to managers are situational and very

numerous, the exposition of financial alternatives is limited to the basic categories: revenues, expenses and profit/loss, assets, liabilities and net worth. Financial managers and experts will consider other tactical alternatives beyond the experience and expertise of the typical manager. That is the value of specialization.

Accounting is one of the most vital functions of an organization and its strategic and tactical management. Anyone who has been in the former Soviet Union since its breakup in the early 1990s clearly understands that observation. Anyone who has examined the corporate frauds of America, Japan and western Europe knows the power and consequences of “creative accounting”. Such mismanagement and corrupt practices are two of the major current, tactical challenges to accounting managers. In less dramatic terms and consequences to management are such issues as succession planning, finding and retaining qualified staff, marketing and practice growth, seasonality and workload compression and fee pressure and price of services. Marc Rosenberg, “Identifying the Critical Issues Facing Firms”, *The Practical Accountant*, August, 2004, Vol. 37, Issue 8, p. 36 These five issues, all with tactical and strategic implications and alternatives, were based on an annual survey conducted by the American Institute of Certified Public Accountants. In a discussion of the findings, the author factors out a set of tactical options for each issue. For example, the issue of succession planning is broken down into partners at some firms failing to:

1. recruit at a high enough level to attract the best staff;
2. adapt to Generation X;
3. provide adequate training for the staff;
4. mentor the staff;
5. focus on making their firms a great place to work; and
6. amend onerous buy-in requirements and excessive buy-out provisions. Rosenberg, *ibid.*, pp. 37-38.

Each of the “failings” provides an opportunity for accounting partners, managers and human resources personnel to review and evaluate future tactical programs, activities and resource allocations aimed at resolving these and other issues important to accounting firms, their management and staffs.

Accounting provides much of the information needed for management decision making and the short term alternatives from which managers make choices. Accounting is the main source of information needed and used in reviewing and evaluating the financial condition of a business, government or charity. It is also a vital source of information for the other functional components, such as marketing, production, personnel, research and development, in organizations.

## Marketing

Accounting, along with departmental reporting, market research, environmental monitoring, industry information and intelligence are the main sources from which marketing managers develop, review and evaluate the options of their organizations. The “information overload” that burdens marketing people is understandable because it is the function of an organization that is most extensively present and involved in the external environment. Virtually, every force and condition in the environment has some direct or indirect impact or influence on an organization. Every person is a customer, client,

patient and/or user of goods and services. Those products and services need to be distributed, promoted, financed, sold and otherwise made available to markets, both locally, nationally and/or internationally. Consequently, the marketing alternatives that management reviews and evaluates tend to be organized in functional categories such as:

Product/service research and development. This function has been an integral, albeit often an informal and unorganized part of businesses since they began. It has grown in prominence since the “age of consumption” burgeoned after World War II. Whether this R&D is done in a well-financed, highly sophisticated laboratory or in a small business “shop” only indicates the scope, not the inventive or innovative results of such efforts. Each prospect creates opportunities to evaluate the various options to achieving the “best” results from the R&D. Research has shown that the “best practices”, such as having and using a well-defined new product process, with specified stages, activities, decision points, deliverables and decision makers, make significant contributions to new product development. Robert G. Cooper, Scott J. Edgett and Elko Kleinschmidt, “Benchmarking Best NPD Practices – III”, *Research Technology Management*, November/December, 2004, Vol. 47, Issue 6, p. 45. As the research indicates, the results of such processes have been impressive. For example, Bausch and Lomb’s management stated, “A contact lens project would typically have taken three years before the PDMP (product development management process) was implemented. Today, we are looking at 18 months to two years. The payback is real.” Cooper, et al, *ibid*. In reviewing tactical alternatives in new product development, such best practices are important factors to consider and evaluate.

Market research. Given the highly important nature of markets to business, government and charitable organizations, a vast range and sophistication of research subjects, methods and findings have generated many tactical alternatives for marketing managers to review and evaluate. Those alternatives relate to inter-functional areas as product or service qualities, sales practices, advertising campaigns and credit policies

Sales. Tactical sales alternatives are as many as there are salesmen multiplied by the number of different ways that they have tried to make a sale or perform other aspects of their job. Every professional salesperson, which excludes most retail clerks and other “order-takers”, typically devises ways to make a sale. Making the sales is pre-eminent in the thinking and behavior of sales people and their managers. Few managers or salespeople consider ethics to be a priority norm when evaluating their tactical alternatives. A cross-cultural study of sales negotiators in six countries (Australia, Greece, Japan, Russia, United Kingdom and United States) found three ethical issues that management should consider in evaluating its alternatives in sales negotiations. Anna Zarkada-Fraser and Campbell Fraser, “Moral decision making in international sales negotiations”, *The Journal of Business and Industrial Marketing*, 2001, Vol. 16, Issue 4, p. 282. The issues were: misrepresentation, unethically adapting to the other party’s unethical behavior and using promises and threats. The Japanese were found to be most intolerant of unethical negotiation practices, especially the deceptive ploy of misrepresenting facts to support a negotiating position. Americans, Australians and British were found to be more tolerant of misrepresentation. In the United States, misrepresentations of facts or intentions are described as a common and not particularly objectionable practice.

Pricing. Pricing is the most widely used and abused tactical alternative in the field of marketing. Although prices tend to be related to the costs of goods and services, they often “consist of multiple dimensions, such as a base price, percentage discounts, trade-in values and monthly fees”. Hooman Estelami, “The effect of price presentation tactics on consumer evaluation effort of multi-dimensional prices”, *Journal of Marketing Theory and Practice*, Spring 2003, Vol. 11, Issue 2, p. 1. As a consequence, consumers fail to process price information effectively. They fail to recall past prices accurately, in part from biases resulting from the use of selected price endings and variations in prices and price semantics. In most American markets, consumers are faced with the task of having to evaluate prices which consist of more than just a single number and within the context of various promotional terms. For example, in the leasing business, prices are communicated as a combination of a monthly payment, number of payments, a down payment, much of the print being small, e.g., 4 – 6 point, type and hidden in obscure places in the legalese materials provided by the lessors. In the telecommunications and automobile rental markets, prices may consist of basic usage rates, usage allowances and additional charges for excessive use of the service. In contrast to all of the dynamic pricing tactics used, consumers’ perceptions of quality and value for products were higher when price information was presented in a fixed format versus a discount price. Rajneesh Suri, Rajesh V. Manchanda and Chiranjeev S. Kohli, “Brand evaluations: a comparison of fixed prices and discounted price offers”, *The Journal of Products and Brand Management*, 2000, Vo. 9, Issue 3, p. 193. America Online and AT&T are cited as two examples of successful fixed pricing. Clearly, prices are an important factor to consider when managers are evaluating their alternative marketing tactics.

Distribution. Despite the automation, increasingly sophisticated and highly structured ways of storing, transporting and otherwise systematically dispersing goods and services from producers to consumers or users, new or innovative ways are being created and evaluated by expert managers and staff in progressive organizations.

Promotion. This sub-function of marketing is arguably the most creative, responsive, readily apparent and vulnerable to its audiences and prospective customers as well as tactical programs, activities and spending by competitors. Whether the promotional program or activity is related to product and/or service sales, advertising, incentives, distribution financing or other aspects of marketing and organizational activities, the need to review and evaluate is omnipresent, vital and risky to the managements of a wide range of organizations. Consider a situation in which the number of reported “date rapes” on a campus continued to increase. Emma Daugherty, “Strategic Planning in Public Relations: A Matrix That Ensures Tactical Soundness”, *Public Relations Quarterly*, Spring 2003, Vol. 48, Issue 1, p. 24. What this situation illustrates is the evolving flow of tactics and the need for evaluating them to determine their soundness. The objective was to make the campus a safer place for female students. The marketing and communications goals for the coming year, respectively, were to decrease the number of date rapes on campus by 50 percent and to educate all of the female students about ways to safeguard themselves against the possibility of date rape. From the objectives and goals three strategies and six tactics were developed. The tactics were identified as:

1. Write news releases about date rape for the campus newspaper;
2. Pitch features editor about potential date rape problem on campus;

3. Produce and distribute posters and brochure(s) outlining ways to avoid and defend against date rape;
  4. Contact campus sororities and other organizations and present “Avoiding Date Rape” workshop; and
  5. Develop a presentation to give to freshmen orientation sessions. Daugherty, *ibid*.
- Each of these alternatives and others merit careful review and evaluation to determine how effective they would be. One question might also be considered. What programs, activities and resource allocations are to be aimed at male students on campus and persuading them that date rapes are criminal offences, socially irresponsible and morally unacceptable.

Finance. Credit programs and activities are the main focus of finance in the marketing function; another important example of inter-functionality in the evaluation of tactical alternatives. Attempting to achieve the optimal financial arrangements for customer purchases provides an on-going challenge to managers and staff in their efforts to evaluate the numerous alternatives available.

The six marketing sub-functions or activities merely identify a set of categories that are used to manage the review and evaluation of alternatives in the marketing function. Each sub-function, in turn, could be disaggregated into more definitive programs and activities for which tactical alternatives could be reviewed and evaluated. Although marketing and other management functions are not molecular or any other form of physical science, they are becoming increasingly well-defined and subjected to increased levels of analyses.

## Production

Measures of expected production performance range from very simple, e.g., output per hour, to highly sophisticated mathematical models, linear and stochastic programming used in the Comprehensive Maritime Patrol Aircraft Systems (COMPASS). Although every production operation has its unique set of expected performance measures, some common components are useful in disaggregating such a complex part of an organization and its operations. One set of components includes plants, equipment, processes and personnel.

Plant Defined generally, “plants” are the physical facilities in which work is performed. Despite the tendencies of electronics and telecommunications to decentralize and obsolete, to some extent, the functions of the traditional, central workplace, production activities continue to be performed in such places. The expected standards of plants range from conditions of sweat shops and slavery to advanced design and high quality construction of modern factories, stores and offices. By the common management standard of pragmatism, any measure that ensures the success of the organization will suffice for evaluating tactical plant alternatives. Progress in human working conditions has required social norms to be imposed as well as economic production measures. Consequently, measures of expected plant conditions will include generic standards such as efficiency and economy as well as effectiveness. More specifically, measures of short

term production alternatives for plants will include the costs of operating and maintaining them, the costs and benefits of alternative layouts and work flows and productivity levels in alternative facilities.

Equipment. Closely related and sometimes subsumed in the plant, are the machines, tools and supplies needed to produce goods and services. Equipment and its operations are measured in ways similar to the evaluation of expected plant performance. In some situations plants, e.g., their size, shape, costs and types of construction, determine or influence the equipment that is used. Clearly, interrelationships exist between plant and equipment as well as processes and personnel in evaluating the tactical alternatives for production functions. Measures of expected performance used solely for equipment include cost per unit, comparative costs of production with comparable productive equipment and processes, the cost-benefits of producing with owned equipment versus leased and the comparative costs of repairs/maintenance and replacement of equipment.

Processes Measures of expected process performance alternatives in the short term are more complicated than for plant and equipment. Processes encompass plant, equipment, personnel and the complex set of activities inherent in performing productive operations. Standards measures of expected process performance include those used in evaluating plant and equipment, e.g., cost per unit, comparative costs of production processes and cost-benefit of performing the processes in plant or outsourcing the production.

Personnel Measures of expected personnel performance alternatives have been and will continue to be based primarily on cost-effectiveness standards such as costs and output per hour, per employee and like common denominator. The growing trend of work outsourcing to developing countries is clear evidence of the cost, productivity and competitiveness standards that are used by managers to evaluate expected. Secondary measures of expected tactical alternatives for productive personnel include legal, politico-governmental and socio-cultural norms such as health, safety, flexible hours and anti-discrimination practices.

Like most Activities in the TSMP, the function and inter-functional evaluation of tactical alternatives merits more exhaustive examination and explanation. Additional functional components need to be considered in terms of short term alternatives for organizations in various locations, sectors and situations. Much of the essential thinking and evaluative capabilities reside with individual managers. Oftentimes, through various means of communication, be it the internet, conferences, meetings and writings, such knowledge is share and progress is made in evaluating tactical functional alternatives.

