

## Activity 21 - Choose Tactics

*"You got to know when to hold them,  
Know when to fold them,  
Know when to walk away,  
Know when to run."* song by Kenny Rogers

Such are the choices of a tactical gambler.

### Introduction

Tactical choices are often the most difficult decisions managers make. While they may be made for the short term, they may have long term consequences. Consider the situation faced by the IMP Group Ltd. of Halifax in March, 1998. For more than two years, they tried to collect \$8.2 million from a Russian corporation for managing the Aerostar Hotel in Moscow. After enduring the Russians' "bully tactics", including official harassment, police threats, interrogations, cancelled work permits, eviction threats and other intimidation tactics, they decided to seize an Aeroflot airplane in Montreal. Geoffrey York, "Russian jet freed in Montreal", *The Globe and Mail*, April 1, 1998, p. A1. This tactical choice was based, in part, on a Quebec court decision which allowed the IMP Group to seize assets to enforce a Russian court judgment against the airline. IMP released the airplane only after Aeroflot and the Russian Embassy agreed in writing to pay the full amount owing within two days. While IMP received what was due to them in the short term, imagine what the longer term consequences might be.

The Aeroflot situation illustrates several reasons for making tactical choices. IMP's strategic choice had not achieved the results expected, due in part, to changing conditions in the environment. Aeroflot's senior managers, including President Yeltsin's powerful son-in-law, were reneging on the contract they had signed with IMP to manage the Aerostar Hotel in Moscow. The new strategy of IMP's partners, i.e., the Government of Russia, its President and his son-in-law, was too powerful for IMP to counter strategically. Other tactics, such as laying claims through the Russian court system, had not achieved the results desired. Consequently, IMP resorted to seizing the Aeroflot airliner. Tactics are chosen primarily to satisfy short term needs or to achieve organizational or managerial goals as well as being the operational choices needed to implement strategies and achieve long term objectives.

As the Aeroflot situation and numerous other examples illustrate, tactical choices are immediate, often made under organizational pressures of time, resource risks and imminent, sometimes irreversible consequences. Referring to the tactical manager above, if a manager puts more chips on the table, she cannot change her mind a few minutes later or after she has seen more cards. The choice is made. The consequences must be accepted. In the Aeroflot situation, IMP managers were able to alter their choice after receiving assurances that they would be paid.

Commonly, tactical choices are made because of changes emanating from the internal and external environment(s) of organizations. Such choices are facilitated by information and intelligence (Activity 2). The gambler pays for more information and

intelligence before making her ultimate choice. In evermore cases, technology facilitates and is a cause of tactical choices and decisions. In recent times, few environmental situations have forced managers globally to make more imperative tactical and strategic choices than the Year 2000 problems inherent in the programs of many computer systems. In governmental organizations, budget cutbacks have necessitated short term, lower priority cuts in programs and services. Charities, faced with governmental and business spending cuts, increasing competition and growing demands for services, are faced with tactical promotional choices and decisions that are intended to increase the level of contributions by donors. To combat competition, McDonald's have introduced, with increased frequency, innovative food products to an ever-increasing number of market segments. Some of the products remain in the "menu" while others are discontinued because of unsatisfactory results.

The apparent and growing importance of tactics and their related choices is a significant development in management. The TSMP is one of very few strategic management processes that includes a stream of activities related to tactics, i.e., formulating, evaluating, choosing and activating tactics. Since tactics are closely related to operational activities, managers with little "hands-on" experience have difficulty relating to tactics and their related choices. They lack the practical, operational experience, even though many corporations start their aspiring managers in "line" jobs. Despite the importance of tactics, tactical management is conspicuous by its absence in strategic management books. Ultimately, all strategies that are implemented must be done through tactical choices and actions.

### Nature of Tactical Choices

#### Importance is growing

For various reasons, tactical choices are growing in importance and magnitude within strategic management. As mentioned previously, managers are increasingly being faced with making strategy perpetually. Kirk W. M. Tyson, "Perpetual strategy: A 21st century essential", *Strategy and Leadership*, January-February, 1998, volume 26, issue 1, p. 18. Such strategic management requires an on-going series of short term choices. Tactical choices have become more integral duties of strategic managers. Consider the situation senior management of the GEAC Computer Corporation encountered in late 1996. Since 1989, GEAC had pursued a growth strategy through acquisitions. In the autumn of 1996, it purchased the enterprise software unit of Dun and Bradstreet Corporation for \$191.25 million. Patrick Brethour, "Geac goes for growth beyond buyouts", *The Globe and Mail*, March 25, 1998, p. B27. Some of the acquired software was seriously flawed. A new version of Dun and Bradstreet's SmartStream software had been rushed to market during the summer. This was an apparent tactical effort to increase revenue in the short term as the company looked for a buyer of its struggling unit. For GEAC, the problem was particularly serious because customer companies with malfunctioning enterprise software can go out of business. In its efforts to keep loyal customers of SmartStream, GEAC made the following tactical choices:

1. to fix the faults in SmartStream;
2. to release a revised version of the software in early 1997;

3. to release a completely updated version in December, 1997; and
4. to re-build its sales force by early 1998. *Ibid.*

As stated before, tactical choices are made primarily for short term, goal-based, operations-oriented activities and resource allocations. Often such tactical choices are needed in threatening or emergency situations such as those faced by GEAC Computer as well as the military, police, firefighters and medical personnel in crisis situations such as September 11, 2001 in New York City or during the Tsunami disasters in Eastern Asia on December 26, 2004. Hazards or otherwise potentially devastating circumstances are causing managers increasingly to have risk assessments performed and preventive programs prepared and utilized. School boards and office tower managers conduct fire drills. Emergency services personnel conduct risk assessments of simulated hazardous situations. By implementing a risk management program that focusses on safety and health and includes solid control measures, the frequency and severity of accidents and occupational injuries and illnesses can be reduced and fatalities eliminated. Murrey E. Loflin and Jonathan D. Kipp, "Incorporating risk management into emergency incident operations", *Professional Safety*, July, 1997, volume 42, issue 7, p. 32. Such situations are inherent in the contingency planning activity developed previously in the TSMP.

In small businesses, tactical choices are commonly made by the owners and senior managers. In corporations, tactical choices and decisions are seldom made by CEOs. They are made by operations managers in functional areas of authority and responsibility. In a range of organizations, functional information is needed for such decisions. One study of 300 Chief Financial Officers and finance directors worldwide found that operating unit managers were "desperate for sharp, growth-oriented analyses from finance". Mary Driscoll and Kathy Iversen, "What about cost cutting?", *Financial Executive*, January-February, 1998, volume 14, issue 1, p. 42. Finance and accounting personnel are expected to provide information and analyses that help line managers make sound operating decisions quickly and effectively. An overwhelming majority of the CFOs report that they expect to be more deeply involved in operations activities in the future, including company wide performance measurement, risk and opportunity management.

To help in making or keeping management proactive and effective in the short term, an informed sensitivity to customers, clients and other stakeholders is necessary, even in technology-driven organizations. As the wireless industry attracts new competition, service providers are becoming more customer-adaptive. Editors, "Going customer-centric", *Cellular Business*, October, 1997, volume 14, issue 10, p. 40. To do this, management has to develop and implement infrastructure for gathering real-time information and translating it into format(s) useable for business applications such as billings, customer services and fraud management. Inventory systems and customer information are increasingly integrated into customer records so that business decisions can be made based on real-time network data. Such selections are intended to be made from a customer's perspective and make the service provider more customer-adaptive and successful for the organization. .

## Integrative

Tactics and strategies are complementary. They go "hand in hand" and need to be integrated. Strategic decisions are comprised of many tactical choices that are needed to operationalize strategic planned programs, activities and resource allocations. In many situations, tactics are needed when strategies do not achieve the results desired. Recall the Boeing Company's production problems in late 1997. To meet strong customer demand, the company more than doubled its production rates and then suffered from a fivefold increase in labor costs, delays in training new assembly workers, shortages of aircraft parts and raw materials. Karen West, *Seattle Post-Intelligencer*, p. 13. Boeing's management made the strategic choice of doubling its production without making compatible tactical choices. Those decisions contributed to a \$696 million third-quarter loss, despite a 26 percent increase in revenue to \$11.4 billion. To safeguard against making tactical decisions that lead to unsatisfactory results, a contingency approach to strategic and tactical choices can be taken. Some evidence indicates that managers will change their strategies and tactics as situations evolve in an effort to increase the probability of achieving the goals of the organization. John M. Brysons and Andre L. Delbecq, "Contingent Approach to Strategy and Tactics in Project Planning", *Journal of the American Planning Association*, April 1979, volume 45, issue 2, p. 167. The TSMP has a contingency planning and implementation stream in it for just such emerging situations.

Because managers usually need resources to support their choices, budgets are integrally linked to tactics and strategies. Tactical choices provide a key link between strategies and budgets. Tactical choices select the actions to carry out the strategies and provide the flexibility needed to adapt to and survive environmental changes and shocks. R. E. Grisold, "How to link strategic planning with budgeting", *CMA*, July/August, 1995, volume 69, issue 6, p. 21. As the senior financial executive points out, tactical choices incorporate milestone parameters to measure and monitor success. By providing quantifiable financial targets and management's commitments to organizational aims, tactical choices link logically to budgets and their management.

The integrative nature of tactical choices can be illustrated in matrices and other operational frameworks, e.g., systems models, critical paths, production flows, just-in-time networks, most of which are or can be computerized. In addition, the integrated nature of tactics and strategies can be described vividly in terms of military and business combat. For example, see William E. Peacock, *Corporate Combat*, New York: Fact On File Publications, 1984. Listen in as the former military man and corporate executive relates strategies and tactics. For example, when American Greetings Corporation decided to take over as much of the lucrative greeting card market that it could, its strategy was to move into Hallmark's exclusive retail outlets with less expensive, more innovative and attention-getting products. According to Mr. Peacock, American Greetings had to "establish a beachhead", like General MacArthur did with the Inchon landing during the Korean War. *Ibid.*, pp. 25-26. For American Greetings, the weapon used to gain the beachhead was a little doll called Strawberry Shortcake. To gain market entry and position, American Greetings aimed its promotions at department stores and boutiques, increased its advertising budget and media choices, and expanded its product lines to party items as well as greeting cards and dolls. The American Greetings Corporation versus Hallmark competition illustrated the

"maneuver principle", just one of nine principles of war that Mr. Peacock claims work well in corporate combat.

Footnote: the other eight principles of war that Mr. Peacock applies to business strategy and tactics are: the objective, the offensive, surprise, economy of force, mass, unity of command, simplicity and security. He synthesizes the principles into an acronym: MOOSEMUSS.

### Sensitivity to situations

Anybody who is knowledgeable about wars knows that warfare is filled with sensitivities, often to the point of insensitivity. Making tactical choices involves the "nerve ends" of the organization and its people. The "troops in the trenches" are the ones encountering the realities of the battleground, the marketplace, the emergency wards and the publics with complaints, requests and the money to pay the accounts. The "troops" are the receptionists, the sales and service people and other vital human links between the organization and external entities. Oftentimes they are the ones who are best able to identify tactical and strategic issues at the earliest time. They can provide an "Early Warning System" of the issues and choices looming for an organization and its management. Such a "system" enhances the timeliness of making tactical choices. In contemporary organizations, time sensitivity ranks highly with management.

At Brink's Home Security, I try to be a practitioner of rapid decision making -- it's a matter of survival. We are a marketing-driven, rapidly growing, residential security company. Like other industries, the home security industry is in a state of dynamic change. Our explosive growth makes high speed decision making processes imperative. Peter A. Michel, "Making smarter decisions faster", *Executive Excellence*, June, 1993, volume 10, issue 6, p. 5.

High speed decision making relies on time-sensitive, cost-benefit, risk-reward intelligence and information gathering facilitated by search and monitoring capabilities.

Fast decision making has emerged as a crucial competitive weapon. Kathleen M. Eisenhardt, "Speed and Strategic Choice: How Managers Accelerate Decision Making", *California Management Review*, Spring 1990, volume 32, issue 3, p. 39. Increasingly, managers are required to make fast, yet precise and rewarding, choices and decisions. They do so by maintaining a constant watch over real-time operating information and relying on quick analyses to expedite cognitive processing and choice making. Fast decision makers also use multiple, simultaneous alternatives because comparative analysis sharpens preferences and alternatives provide fallback positions. *Ibid.* Another key to fast decision making is the integration of the focal strategic decision with key tactical choices. Managers need to rely on improvisation, i.e., making innovative, adaptive decisions, essentially managing by their wits rather than the rational, analytical ways advocated by most strategists. Kathleen M. Eisenhardt, "Strategic decisions and all that jazz", *Business Strategy Review*, Autumn, 1997, volume 8, issue 3, p. 1. Experienced managers know that they have to keep their knowledge gathering, evaluating and choice making sensitive, flexible and astute. These are characteristics of improvising, adaptive decision making, particularly in short-term situations.

Such emphasis on timeliness of tactical choices is consistent with the view that strategy is perpetual, that the process continues indefinitely without interruption. Such perpetual strategy implies many on-going tactical choices and decisions. To support such a perpetual process requires informational and intelligence inputs into a knowledge base

about customers, competitors, suppliers, strategic alliances, future opportunities and threats. Tyson, *loc. cit.* The importance of such tactical inputs into an hierarchy. (Please see Exhibit 21A.)

## Exhibit 21A

### **Intelligence Hierarchy**



Source: Tyson, *loc. cit.*

Automation and other electronic-based systems, minimize the sensitivities of an organization but does provide tactical choices. For example, management utilizes automation technology to improve the efficiency of existing processes. David Guest, "The dawn of the 'dark factory'", *Pulp and Paper International*, March 1996, volume 38, issue 3, p. 29. However, when greater effectiveness is desired, the influence of people is typically more important than that of machines. A study of 144 bank managers in India found that reason and friendliness were the most appropriate and effective tactics for influencing others. Deepti Bhatnagar, "Evaluation of managerial influence tactics: a study of Indian bank managers", *Journal of Managerial Psychology*, 1993, volume 8, issue 1, p. 3. By contrast, in North America, eliminating staff is evidently not improving customer relations, tactical sensitivities and the effectiveness of banks.

The sensitivities necessary for making tactical choices requires exposure and learning about important factors in different situations. Cultural sensitivities influence many tactical choices. Shaking hands through a doorway is unacceptable to people in Russia or Belarus. It is a sign of bad luck and not advisable in developing or maintaining business or personal relations. In Japan, bowing rather than shaking hands is socially and culturally preferable. Giving an even number of flowers is culturally insensitive in those countries. Even the color of the flowers has cultural implications there and other cultures around the world. Sensitivities to such cultural norms and taboos are vital considerations in making tactical choices and decisions, especially when vital relations are involved. Being culturally and socially-sensitive enhances the quality of managerial decisions. Such sensitivity depends on knowing what the values of others, be they personal, business, organizational, socio-cultural, political or economic or, more complexly, some combination of them.

Growing globalism by corporations has increased the political sensitivity of their managements and advisers internationally. For thousands of years, business and governments have been mutually supportive and will likely be in the future. The 20th century has been no different. Corporations currently attempt to influence the political process by employing a wide range of political tactics, including financial support to legislators, offering information to legislators and members of the executive branch and launching grassroots constituency campaigns. Kathleen Rehbein and Stefanie Lenway, "Determining an industry's political effectiveness with the U.S. International Trade Commission", *Business and Society*, December, 1994, volume 33, issue 3, p. 270. Political tactics by business are becoming more sophisticated and expensive. Questions are being raised and public disapproval is being expressed about the propriety and effectiveness of relations between businessmen and political leaders. Ever larger, more concentrated and profitable industries are more effective (and ruthless) in the political process because they have the resources, are able to organize for political action more easily and present a cohesive political force. *Ibid.* One study of 61 industries examined the payoffs resulting from political strategies and tactics employed by industries involved with the United States International Trade Commission (ITC). In addition to finding that specific political tactics paid off for industry, e.g., campaign funds for politicians influenced ITC decisions, the study concluded that "the appropriate choice of political tactics can contribute to an industry's political influence." *Ibid.* As a consequence of the inordinate power and self-serving influence of corporations, legislation has been enacted to limit such powers and influences. The challenge to the public is the enforcement of such legislation by government agencies.

In recent times, academics, the media and practitioners increasingly have recognized the importance of business ethics. Ethics audits are being conducted with organizations to determine how managers and others deal with situational ethical dilemmas. Judy C. Nixon, Carolyn Wiley and Judy West, "Beyond Survival: Ethics for Industrial Managers", *Industrial Management*, May-June, 1991, volume 33, issue 3, p. 15. To facilitate making ethical choices, the three authors provide an useful set of classifications of ethical and legal situations: ethical and legal; ethical but illegal; unethical but legal; and unethical and illegal. The quandary that many managers and organizational personnel face is the one where the tactical choice is unethical but legal. To make ethical choices better, organizations have endeavored to institutionalize ethics within their *modus operandi*. Successful changes have been achieved in organizations by:

1. inculcating the corporate climate and attitudes with ethical values;
2. selecting employees with the desired ethical values and attitudes;
3. providing training sessions in desired ethical behavior, including decision making; and;
4. rewarding excellence in ethical behavior. *Ibid.*

Functional tactical choices

Accounting functions

In its most basic, tactical form, accounting is the recording and reporting of information related to an organization's accounts. In reality, accounting functions as the main source of financial information and merges into the functions of finance and other

operating areas of an organization. Accounting functions range from such general tactics as measuring resource contributions and public disclosure to reports of payroll, accounts payable and receivable. The range of functions served by management accounting information includes strategic control and operational feedback about efficiency and quality of tasks performed and goods and services produced and marketed. These ranges of accounting functions illustrate the scope of tactical choices and decisions inherent in this vital function of managing organizations. Note. One of the most basic failings of the centralized communist politico-economic system was the absence of accounting systems and information in the individual state enterprises. Management of the enterprises did not have the vital information available that they needed to operate the business in sound, viable ways.

The importance of tactical choices and decisions is recognized in managerial accounting. One definition of management accounting states that it is

A value adding continuous improvement process of planning, designing, measuring and operating non-financial and financial information systems that guide management action ... necessary to achieve an organization's strategic, tactical and operating objectives. <http://faculty.tamu-commerce.edu/dphillips/schedule/spring03/525/ppt/ch1/tsldoo3.htm>

Much of the process involves day-to-day tactical and operating activities such as managing financial, production and marketing process decisions, managing costs, prices and financial performance and budgeting.

Even more operational and tactical are such basic and essential financial accounting functions as:

1. payroll – Accounting processes time sheets, generates pay checks and direct deposits, pays employee and employer taxes, reports of leave time, sets up and distributes employees deductions and issues tax forms;
2. accounts payable – The department reviews and processes all invoices received, enters invoice data into accounting systems, charges costs to departments, products, services and/or projects and issues payments;
3. accounts receivable – The accounting function issues invoices, posts billings and cash receipts, monitors the status of accounts, makes collection calls on outstanding accounts and make periodic deposits;
4. financial reporting – This function includes corporate reporting on financial position, cash flow statements and reports on financial activities, both strategic and tactical. This reporting includes the preparation and distribution of financial statements to such institutions as banks, regulatory agencies and government tax collection agencies; and
5. budgeting – In conjunction with finance and other departments, accounting provides much of the information required for annual budgets.

In addition to these five functions, accounting encompasses many other tactical functions including audits, banking reporting, cash management, cost allocations, creditworthiness, financial compliance, information systems security and inventory control.

Increased accountability by organizations to their publics is another major trend in industrialized nations with significant financial implications for tactical choices and decisions by managers and personnel. Financial institutions and corporations, especially after the mismanagement and scandals in the United States savings and loan industry,

Enron Corporation, Arthur Andersen, WorldCom, Adelphi Communications, Tyco International and other organizations, the Barings collapse in England and the bank failures in Japan, need to improve their accountability. Like Total Quality Management, accountability management is a continuous process, involving all people in the process of making tactical choices aimed at creating and/or increasing the organization's value. Creating value in banks requires the involvement and interaction of those who can optimize financial outcomes by balancing capital allocations with risk and return. Vincent C. Perro and Scott C. Ruoff, "Improving accountability in banking", Commerical Lending Review, Summer, 1997, volume 12, issue 3, p. 44. How to make such balanced tactical choices and decisions is considered in the following sections.

## Financial functions

Financial functions are systemic with accounting functions. Accounting is the "lifeblood" of finance as well as other operating functions of organizations. Finance, in one bank, is described as "analytical and decision-making support through accounting and finance functions to the Corporation's business units while managing the Corporation's overall financial position." Bank One, "Welcome to Bank One's Finance Feature", <http://www2.bankone.com/about/careers/working/functions/finance/> In effect, financial functions are advisory and managerial. They are strategic and tactical. While strategic financial choices, e.g., long term investments and asset development, are inherent in most organizations, managers have numerous and various other financial functions to perform, typically involving short term, tactical decisions.

The following categories encompass the main financial functions of organizations and their managements.

1. investment and capitalization – This function is predominantly strategic , although like all strategies, tactics are needed to operationalize and manage the investments and capital;
2. assets management – After the assets have been formed and/or acquired, they must be managed on an on-going basis. Assets have to be accurately identified, valued, maintained and otherwise managed to optimize their value to the organization.
3. budgets – This important financial function is found in several Activities of the TSMP, including preparing and reviewing budgets, in long, medium and short range and contingency planning as well as in choosing and implementing strategic and tactical alternatives.
4. financial performance – Monitoring and measuring the organization, its units and the financial results, benchmarks and other performance criteria of their products and services is a vital tactical function of management. Every day functional financial decisions are required to ensure sound management of an organization.
5. financial reporting – The financial performance of an organization needs to be communicated effectively and often in prescribed ways to managers at all levels as well as key stakeholders such as investors, employees, unions, government and regulatory agencies.
6. oversight and control - To safeguard the assets and integrity of an organization,

various types of controls are imposed, primarily based on accounting and other relevant functional information, its precise and critical evaluation and timely reporting.

While these six categories of functions encompass the majority of the financial tactical choices and decisions, numerous others related to the coordinating and managing of the financial functions, taxes, assessments, legal issues and supporting programs and activities in the short term are integral to this Activity.

### Marketing functions

Just as accounting and finance are systemic, so is marketing with these and other vital tactical functions in the organization. The linkages between marketing and financial functions are manifest in positions such as a pricing analyst and sales reporting analyst for firms in Scotland. In the former position, a mix of tactical marketing and financial decision making is evident in the monitoring and control of costs, expense processing and checking, cheque requests and cash advances, administering sales commissions, authorizing and paying supplier invoices and preparing monthly management accounts. In the latter position, the main duties and responsibilities include providing financial support to the sales force, track financial circumstances that require target market changes, ensure that customer accounts are assigned to the relevant manager, work with the Marketing team to establish goals for the coming year(s), assist with the development of sales forecasts, budgets and commission plans.

Because of the competitive nature of marketing and the interaction of its forces, e.g., sales, advertising and distribution, with customers, competitors, society in general, politico-governmental agencies and sundry others, numerous issues arise with implications for strategic and tactical choices and decisions. A study of 91 advanced technology manufacturing companies found growth-oriented firms performed better when their marketing tactics were attuned to their strategies. Jeffrey G. Covin, Dennis P. Slevin and Randall L. Schultz, "Implementing strategic missions: Effective strategic, structural and tactical choices", *The Journal of Management Studies*, July 1994, volume 31, issue 4, p. 25. Pricing, customer credit and product lines were just three components of the technological marketing mix that provided tactical options for marketing personnel. Experienced managers know that selling, distribution, advertising, promotion and marketing research are other functional aspects of marketing that require tactical choices and decisions in the technology and other fields of business, government and charitable endeavors.

One of the basic tenants of successful selling is "know your customers". Being sensitive to customers involves an understanding of how their preferences are influenced and shaped as well as identifying what are the preferences. Itamar Simonson, "Getting closer to your customers by understanding how they make choices", *California Management Review*, Summer, 1993, volume 35, issue 4, p. 68. But how well should sales people know their customers? When does knowing a customer become intrusive, an affront or maybe even an invasion of her/his civil rights? Because of negative reactions from customers, actual or potential, people selling "big ticket items", notably, automobiles, appliances and encyclopedias, have diminished their "high pressure" tactics. Similarly, telemarketers have employed more low key tactics. However, many people continue to disapprove of telephone marketing tactics

because they are private with little or no public protection, intrusive and some sales spiels are high pressured or manipulative. So marketing managers and their personnel have difficult tactical choices to make, i.e., get the sale at all costs, make the sale within discretionary moral norms or not make the sale.

Marketing managers also have difficult tactical choices to make in distribution activities. During the 1970s, difficult times for railroads, the Santa Fe Railroad used some unusual media choices to promote the advantages of using railway transportation and showing that all railroads were not like the bankrupt Penn Central Railroad. Editors, "Is this any way to sell a railroad?", *Media Decisions*, September, 1976, volume 11, issue 9, p. 68. Santa Fe's advertising dealt with the competitive challenge of trucks and air freight by presenting the price advantages of rail shipping as well as improve the image of rail shipping, especially Santa Fe shipping services. While major corporations have developed their advertising campaigns into highly sophisticated strategies, local advertising done by small business and charities is typically tactical.

Marketing choices are difficult in other decision areas such as export distribution. Strategic decisions are basically to export and distribute directly or indirectly. One study found that the choice of distribution strategy is strongly related with tactical choices in distribution and other marketing mix components. Catherine N. Axinn, James M. Sinkula and Sharon V. Thach, "Linking distribution strategy choice to context and implementation in export markets", *Advances in International Marketing*, 1994, volume 6, p. 18. This is further evidence of how important operating level choices are to organizations and their strategies.

Accounting, finance and marketing are just three of the functional areas of organizations in which numerous tactical choices and decisions are required frequently. Production, human resources, research and development are other business functions that may merit management's examination in terms of tactical choices and decisions. In addition, government organizations and charities have other functions that require short term, operative choices and decisions. Rather than examine additional tactical functions, our attention is directed to the making of tactical choices and decisions.

### Making Tactical Choices and Decisions

The ways that tactical choices and decisions are made vary according to specific situations and their component elements of time, costs, risk, activities, duties, relations, resources, responsibilities and numerous other factors and influences. They may range from trivial, e.g., Dagwood making his choice of sandwich to the details in a billion dollar acquisition. "The devil is in the details" is an adage of great relevance to making tactical choices and decisions

#### Ways of making tactical choices and decisions

Most management choices and decisions are tactical. They may be viewed from at least three perspectives:

1. as eclectic, unique choices. This way of choosing is highly situational and does not provide any pattern of decision making. Recall the IMP Group's decision to seize the

Aeroflot airliner. Such a drastic action had not been taken before by the company. Seizing assets, especially airplanes, is a tactical choice rarely taken by any organization, especially in “rule of law” democracies. If there is a pattern for such choices, it would like be a decision made after many other choices had not achieved the results desired;

2. as a series of short term decisions that cumulatively make up a strategy. This way is common with entrepreneurs and small business people who seldom take the time and make the effort to plan, organize and implement strategies. In effect, tactical choices may accumulate over time and evolve into a more encompassing, longer term set of objectives, plans, programs, activities and resource allocations. Such evolutionary approaches are not uncommon and often referred to as “emerging strategies”. Most small businesses develop their “strategies” incrementally, typically by starting to produce, distribute or otherwise provide a good or service and then adding to their product and/or service lines as they succeed in the marketplace.

3. as a series of short term operational decisions that flow from a strategy. This approach is the one inherent in the TSMP. Tactical choices are made best if management relates them to the aims, especially the goals, as well as the plans, strategies, policies, operations, personnel and budgets of the organization. In the TSMP, tactics are not chosen in isolation of the other key components of the process.

The criteria used in making tactical decisions are usually guided, prescribed or dictated by situations and involve little, if any, choice or power by the decision maker. They are predominantly short-term, operational and rarely strategic in nature. The criteria are related to the everyday, on-going performance of the organization. In business organizations, operational, tactical criteria commonly relate to the basic functions of accounting/information systems, finance, marketing, production, personnel, research and development. Accounting activities are guided by generally accepted accounting principles. Financial choices are guided by balance sheet, operating and situationally-determined factors related to business and market conditions. Marketing managers use decision criteria related to:

- sales, e.g., absolute or percentage increases/decreases by price points, products, services, sales people, territories, margins, contributions or profits;
- advertising, such as reach, penetration, recall and cost per thousand;
- distribution, e.g., number of distributors used, sales per thousands of units ordered, turnover, inventory levels, returns and outages; and
- customer satisfaction, e.g., number of items returned, complaints received or repeat purchases, store traffic and sales statistics.

Every organization has its own unique activities which become operationalized into on-going functions. In the printing and publishing business, the art, composition and presswork activities make up three integral functions. Each has its own unique decision criteria. In management consulting, vital tactical choices relate to business development, proposal preparation, project management and follow up activities. In government, decision criteria are prescribed by policies and based on the programs and activities used to serve various publics. While many public service programs may have qualitative social standards, e.g., effectiveness, to use in making tactical choices, other services like

the police, fire departments and medical services have many clear and precise rules by which decisions are made quickly and assuredly.

### Making special interest choices tactically

Tactical choices are made by individuals using their own ways of advocating or seeking to make changes. Following the establishment of the National Heart Savers Association (NHS) in 1985, Philip Sokolof launched several advertising campaigns for the purpose of lowering cholesterol and improving nutrition in the food industry. His third, and perhaps most widely recognized, advertising campaign focussed directly on fast food chains. McDonald's, referred to as a "fat factory" by Sokolof, was specifically targetted in "The Poisoning of America" advertisement which appeared in simultaneous editions of 20 major newspapers in April 1989. Ronald J. Adams and Kenneth M. Jennings, "Media advocacy: a case study of Philip Sokolof's cholesterol campaigns", *The Journal of Consumer Affairs*, Summer, 1993, volume 27, issue 1, p. 145. In his campaigns, two important media advocacy choices were made: 1. the effective framing of issues so as to gain public attention; and 2. the capability of gaining extended access to the media.

### Making tactical choices expeditiously

Tactical choices are made by organizational techniques such as those used by Brink's Home Security management. They use five specific techniques to make high-quality choices and quick decisions.

1. maintain constant watch over real-time information, particularly in regard to sales leads in markets. In part, management monitors the company's installation and service quality and backlogs daily, the overtime worked and competitors' activities. They track the real-time information which is needed for day-to-day operations.

2. rely on quick analyses to speed cognitive processing. Brinks management assesses price elasticity by market and by subset of market, review media response results by leads and sales by source and dollars committed and evaluate marketing costs per sale. They track productivity, i.e., results versus resources, by branch in sales, field installations and service activities. They assess trends, notably on-going costs per subscriber, the number of subscribers per employee and response time versus resources expended.

3. maintain group cohesion through open debate, reviewing past choices and decisions and continuously appraising events. Brinks management has on-going debate and interaction on all choices and decisions. Their communication activities range from formal planning to reviews and revisions, reporting of results against budgets and two hours a week around a table keeping each other apprised of what's happening.

4. utilize private advice from experienced "counsellors". This technique is similar to mentoring and utilizes the experience and expertise of senior executives in the organization. and

5. integrate the strategic choices with the tactical decisions in the implementation programs. A series of policies, procedures, systems and information protocols are impacted by every change management makes. Managers know the issues and the choices but have to consider their whole process when making decisions. Michel, *loc. cit.*

This well-developed process enables Brinks' managers to keep attuned to situations and make their choices and decisions efficiently and effectively.

Over the last decade, the world has been changing so rapidly that one can no longer imagine managing in a "steady state". Jean-Francois Manzoni and Albert A. Angehrn, " Understanding organizational dynamics of IT-enabled change: a multimedia simulation approach", *Journal of Management Information Systems*, Winter 1997-8, volume 14, issue 3, p. 109. As illustrated in the Brinks' situation outlined above, the need to adapt quickly and continuously is becoming a parameter of strategic as well as tactical management. In no other field has such adaptation been more relevant than in information technology (IT). IT has become a major catalyst and means of organizational change and the tactical choices and decisions inherent in such rapid changes. All kinds and orientations of organizations are relying on advanced IT options for solutions to an ever-growing, if not all-encompassing, set of tactical issues, challenges and problems. Executive information systems (EISs), groupware, Intranets and Internets, other types of computer-based information and communications systems have been developed and utilized to support major changes in organizations, their work processes, information flows, resource allocations, choice- and decision making.

While managers and their aspirants learn much about using IT systems and procedures on-the-job, other means of learning are necessary. At the executive level, one simulation enables managers to experience the process of introducing a new EIS into the organization. *Ibid.* The simulation, based on the Business Navigator method, realistically represents complex environments. The primary objective of the EIS simulation is to focus managers' attention on key issues involved in the implementation of organizational change, in particular when such change is driven, enabled or accompanied by technical systems such as executive information systems, computerized accounting systems or sales support systems. *Ibid.* To increase realism, all the managers in the simulated company have been modelled to display different behaviors, attitudes toward change and patterns of resistance typically encountered by managers when they actually try to implement innovative projects.

The interactive and multimedia components of the EIS Simulation provide a realistic experience in challenging learners to influence the attitude of the change recipients. Achieving this objective includes developing a strategy and implementing the strategy by making choices from a set of 18 organizational development tactics used to introduce and spread change in organizations. At any time during the simulation, usually about two to three hours in duration, the team can select and activate change tactics. For example, they can organize workshops, individual meetings or pilot projects, invite external experts to offer advice or put on workshops, select managers to send to executive development programs and use various communications media to disseminate information about the executive development program.

In this simulation, the adoption of change moves in a series of four well-defined stages. The first stage is *Awareness* in which the executive is alerted to the existence of a relevant new or innovative technology. Next is the *Interest* stage during which the executive experiences a heightened curiosity and gathers further information and intelligence. The new technology is tried and evaluated in the *Trial* stage. Finally, the

executive incorporates the innovation as part of the resources he or she uses in fulfilling their roles and responsibilities. This is the *Adoption* stage.

Outputs from the simulation include measures of change in attitudes of the executives toward the introduction and use of advanced IT, the impacts of a given tactic on a given change recipient based on a complex set of interactions between the recipients, the tactic chosen, the timing of the tactic's application and immediate feedback from the simulation's participants. This complex set of interactions is further enriched by the introduction of random actions and effects. Some randomness enhances realism by decreasing the predictability of the feedback. Other realistic effects can be provided by including technology training sessions, purchase negotiations and corporate culture conditions.

### Making tactical choices politically

Changing social and economic conditions often necessitate dynamic tactical choices that must be made politically; that includes being shrewd, diplomatic, pragmatic and manipulative. In most political situations, processes are involved. Before political choices can be made optimally, the political processes must be identified and evaluated in terms of decision making power and action. Then the key decision makers, both apparent and "behind the scenes", in the process(es) need to be identified, evaluated and prioritized for their power and influence. Subsequently, tactical choices are made according to the issues, politicians, "investment", risk and rewards involved.

Political processes in organizations may be approached from a life cycle perspective. A political life cycle model has been developed in which contextual factors, e.g., political parties, their leaders, resources and power, and strategic choices are considered in an effort to produce different political tactics during each stage of the life cycle, e.g., birth and early maturity, growth and decline, of the party, its leaders and their power. Barbara Gray and Sonny S. Ariss, "Politics and Strategic Change Across Organizational Life Cycles", *The Academy of Management Review*, October, 1985, volume 10, issue 4, p. 707. Familiarity with political tactics appropriate to each stage of organizational growth helps managers anticipate political changes and adjust power structures and activities to support timely tactical and strategic choices.

Another way to make political choices and decision is through building coalitions. Coalition-building is a process of bringing together a credible group of leaders who represent varying interests or positions about an issue. Kerry Tucker and Sharon Long McNerney, "Building Coalitions to Initiate Change", *The Public Relations Journal*, January, 1992, volume 48, issue 1, p. 28. The purpose of a coalition is to create focussed dialogue, find common ground and work together to advance mutually beneficial agendas. Coalitions are developed to change the direction that an issue is being taken or accelerating its progress toward desirable public and/or private objectives. The leaders involved in the coalition and their sharing of influence and control are central to the coalition's credibility. Coalitions have long been a tactic in managing regulatory and legislative issues. Chambers of Commerce, Boards of Trade, industry associations and lobbies are common coalitions operating and making tactical choices daily to influence public policy and politicians in North America and elsewhere

in the “global village”. Building such coalitions involves identifying members or potential supporters of a position, gathering information and intelligence, organizing activities, developing and communicating messages and tactics. *Ibid.*

#### Making tactical choices in managing bank accountability

While speed and political astuteness may be high priorities in some organizations' tactical choices, other organizations have other priorities. Fire departments, surgeons and hospitals, printers, accountants and IT personnel value precision. Others emphasize customer satisfaction, the 3Es or accountability. Recall the previous discussion of the need of banks to improve accountability. Accountability processes are available. One starts by focussing on value creation. Perro and Ruoff, *loc. cit.* In creating value for banks, revenue maximization, cost control, risk and capital management are four priority areas in which tactical choices and decisions are needed in developing 3E accountabilities.

In addition, financial institutions need to take steps to ensure appropriate accountability. One set of steps includes: 1. identifying the firm's key value and risk drivers or leaders; 2. assigning clear lines of accountability for each driver; and 3. reinforcing their accountability through formal and informal communications. *Ibid.* Like Total Quality Management (TQM), accountability management is a continuous process. Daily choices of tactics are aimed at increasing the bank's value.

Creating value in banks requires the interaction of many different groups of people who generate the revenues, incur the expenses and manage risk and capital, not unlike managers in most businesses. Management implicitly and explicitly assigns organizational accountability by the way it structures the organization's functions and departments. Individual and group accountability is made more explicit by the way management structures and describes jobs, designs work processes, monitors, measures and modifies the organization and its performance.

#### Making tactical choices by using matrices

Within each matrix, management responsibilities are formulated in terms of objectives, strategies and tactics. Each objective is supported by a number of strategies specifically developed to ensure that the objective is achieved. In turn, each strategy is expressed in more operational terms as a set of well-defined tactical programs and activities. Arnoldo C. Hax and Nicolas S. Majluf, *Strategic Management: An Integrative Perspective*, Englewood Cliffs: Prentice-Hall, Inc., 1984, p. 416. The responsibility for a specific strategy may be assigned to departmental, divisional, business unit or group personnel, *depending on the tactics that need to be performed.*

Exhibit 21B

**Operational and Strategic Responsibilities Matrix**

Need matrix and additional explanation

Source: Hax and Majluf, *Strategic Management: An Integrative Perspective*, 1984, p. 416.