

# The Ps of Management Past, Present and (Ph)uture

*In this article, Dr David Dyson, Dean of the School of Management, Oral Robert University, Tulsa, Oklahoma, USA, and Prof Dr M J Xavier of the Academy of Management Excellence, Chennai, trace the use of words beginning with 'P' in strategic management literature. This is a deceptively superficial common thread, and the article really looks at management concepts necessary to be implemented for ensuring survival and success in the coming millennium. Purpose, Performance, Productivity, Profit, People, Process Reengineering, Participative Management, Partnering, Personalised Products, Perpetual learning....all these concepts take readers into the Past, Present and (Ph)uture of management and strategy.*

The concept of strategy and strategic management has undergone various changes over the last three decades. Nowadays it is fashionable to use the word strategy. Hence we hear people talk about defence strategies, business strategies, strategies for games (be it cricket or chess), personal strategies, national strategies, global strategies, religious strategies and the like. The word 'strategy' means several things to several people at different point of times. *Collins Dictionary* gives the following three meanings for the same word.

A plan you adopt in order to get something done, especially in politics, economics or business.

- The art of planning where to place armies and weapons in order to gain the best military advantage.
- The art of planning the best way to achieve something or to be successful in a particular field. (e.g. chess).

Even these definitions do not lead us to better clarity. This gives us a broad idea that strategy has something to do with planning to achieve something.

In this article we shall attempt to look at the evolution of business strategy and various approaches to strategy. Interestingly, we notice that they all revolve around some Ps.

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The primary consideration of management in the early 1950s revolved around the following four P's.

- Purpose
- Performance
- Productivity and
- Profit

Every company was supposed to have a purpose and get people to perform to achieve the purpose at a high level of productivity, which should result in profits.

Then came McCarthy's four Ps introduced in the 1960s that dominated the marketing strategy formulation for more than three decades. They are.

- Product
- Price
- Place and
- Promotion

Here, the idea is that the needs of different people are different and a marketer cannot satisfy the needs of all the people. However it is possible to identify clusters (segments) of people with relatively homogeneous needs and preferences. A company should then choose that segment (target) that can be profitably exploited by the company by offering a product needed by the group at a price affordable and make it available in places that are convenient for the target customers and promote/advertise (position) the product as meeting a specific need of the target group. The product, price, place and promotion (fourPs) are the controllable marketing-mix variables that a

marketer could manipulate to get the desired results.

### **The P's of management**

Subsequently several Ps were added to the marketing strategies literature. Booms and Bitner added the following three Ps to the traditional four Ps of marketing to make them relevant to services marketing.

- Participants
- Physical Evidence and
- Process

Services are different from products in terms of the following four characteristics, viz., intangibility inseparability, heterogeneity, and perishability. Consider for example, a toilet soap; whether bought in Kanyakumari or Kashmir, the product quality will be the same, whereas in the case of a haircut, it very much depends on the barber and his mood. Even in a hotel, the product quality may be controlled or standardised but the service is more likely to vary from hotel to hotel and from waiter to waiter. Suppose you find a fly in the coffee served. Depending on the motivation and the morale of the waiter the response can range from 'Sorry Sir. I'll get you another coffee' to 'You are lucky, Sir. The other day one guy got a cockroach in his coffee!'

Basically the production and consumption cannot be separated in the case of services. Additionally the human element poses considerable problems to the marketers of services. The problem not only arises due to the service providers but also the consumers. Every time you offer quality

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service, the expectation of the customer goes up. Also the varying moods of the customers affect the expectations and consequently the level of satisfaction.

Another area that has received considerable attention is the perception of service encounters, viz., the interaction between customers and employees in service firms. When the customer comes into contact with an employee of the organisations, receives something in mail, calls over phone, walks into a showroom, or whatever, the customer forms an opinion, right or wrong, about the company based on these experiences. Most often the company representative getting in touch with the customers are the low-level employees. Hence the participants, namely, the front-line employees and customer need to be treated well.

Additionally, the service experience is intangible; hence we need to use tangible structures to show physical evidence that we offer quality service. And finally, the service delivery process should make it easy for the consumer to access the service. Judd added the fifth P, namely, People, to make the four Ps relevant to industrial products. This is similar to participants in the Booms and Bitner model.

Kotler, Philip added the following two Ps for entry into restricted markets.

- Politics and
- Public

Companies like Pepsi and Coca-Cola had to manage public opinion and local politics to enter into restricted markets like China, Russia and India.

Henry Mintzberg gave a five Ps definition of strategy as given below:

- Plan
- Ploy
- Pattern
- Position and
- Perspective.

Strategy as a plan is something that is accepted by all. It is some sort of consciously intended course of action, a guideline to deal with a situation. As a plan, strategy may be general or specific. Ploy give the specific focus.

According to Mintzberg a ploy is a specific ‘manoeuvre’ intended to outwit an opponent or competitor. A corporation may for example threaten to expand plant capacity to discourage a competitor from building a new plant.

However, defining strategy as a plan is not sufficient; we also need a definition that encompasses the resulting behaviour. Here strategy is defined

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as a pattern -- specifically, a pattern in a stream of actions. For example, Ford Motor company offered its Model T only in black. In other words, strategy is consistency in behaviour, whether or not intended.

The fourth definition is that strategy is a position -- specifically a means of locating an organisation in an environment. By this what it meant is that the organisation should find a fit between its capabilities and opportunities in the environment. Strategy is seen as a mediating force between the organisation and the environment.

The fifth P looks at strategy as a perspective with its content consisting not just of a position, but of an ingrained way of perceiving the world. Strategy in this respect is to the organisation what personality is to the individual. It defines the internal character of a company. While McDonald's stands for fast and clean service, IBM is seen as a marketing company.

In the 1990s people talked about two other Ps namely:

- People and
- Process Reengineering

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last percentage point of productivity out of their capital assets while ignoring the huge untapped potential of the human resources:

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Ghoshal and Bartlett suggest an individualised corporation to get the best out of the people. In this new organisational maze, the onus for keeping one employed in an organisation lies with the individual. The organisation simply provides a context for exhibiting and enhancing one's skills. Rewards correspond to the extent to which organisation has availed of the services of the individual. In this changed context, a subordinate may earn more than his boss. Consider the case of a HRD manager. He may be content with designing and offering some training programmes. However, if he is invited by a project manager to carry out a team building exercise for him and later he is asked to conduct a survey of employee morale and motivation in a division,

obviously he will get paid extra for the additional contributions made by him. Of course, in this case, he had worked with three bosses and their evaluations will get weighted to arrive at the overall rating. In this process, he may earn more than his boss who carries not only the routine work assigned to him.

Michael Hammer popularised the concept of business process reengineering. It basically refers fundamental rethinking and radical redesign of work processes so that the company becomes lean and develops the quick response capabilities to face competition and to exploit new opportunities.

This led to several organisations de-layering and down sizing, cutting swathes through the layers of middle management whose role was to supervise the work of others and transmit information up and down the hierarchy. Reengineering has been supported by the development of new technologies which have revolutionised inter and inter-organisational communications in terms of transmitting information but have also resulted in new forms of work organisation wherein the element of supervision has taken a new form.

Though this met with initial success, it has also resulted in several problems. Though it led to the reduction in costs, it has not brought dramatic improvements in profits and prospects. The de-layering has had a negative impact on a large

number of employees. It appears that reengineering has been over-engineered in our corporate circles.

We propose the following four Ps for survival in the 21st century:

- Participative Management
- Partnering
- Personalised Products and
- Perpetual Learning

Participative management refers to getting the employees to feel a part of the organisation so that they can give their best to the organisation. If managements were to say that the employees should work hard for the well being of the management, they are not going to get the whole-hearted commitment of the employees. It is also not going to be possible for the management to buy the commitment of the workers by throwing more money.

Most Japanese companies managed to get the involvement of their employees by finding common enemies in American companies, which is called Strategic Intent by Prahalad and Hamel. Anita Roddicks has managed to assemble a set of people who share a common vision – eco-friendly and socially relevant business – to run her cosmetic business called Body Shop. The company believes in profits-with-a-principle philoso-

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phy. They oppose testing on animals, helps third-world economies through its trade, contributes to rain forest preservation efforts, is active in women's issues, and sets an example for recycling. Robert Semler of Semco Industries in Mexico has passed on the powers (even to determine wages and bonuses) down the line to the workers that he has been able to get the best out of his people.

Whatever be the approach, the companies that are able to share the benefits with its workers and get them united for a common purpose in a participative mode will only survive in the 21st century.

Partnering takes up many forms, such as strategic alliances, networking, collaborations and co-operative. In a complex, knowledge intensive and information oriented 21st century it is not going to be possible for individual companies to come up with answers to all their problems by themselves. Companies will need to partner with several firms to compete effectively. At the very least they need to partner with their customers and suppliers. At the father end, companies may even partner with their competitors which is called co-opetition.

The day of mass marketing is over. We are getting closer to the era of personalised products. Customerisation was commonly followed in both services and industrial products marketing. However, with flexible automation, it has come to be used in consumer product as well. A customer can sit in front of a computer terminal and design his own car, bicycle or jeans and get the same fabricated and delivered to his house the same day. Consider Japan's National Bicycle Industrial Co.:

Dealers fax national a set of specifications based on the customers' requirements for model, colour, components, and personal measurements. Computers digest the specifications and print out custom blueprints from which customer's bicycle is created of cut-to-fit and common parts. Robots do most of the welding and painting while skilled workers complete the assembly – including

the silk-screening the customer's name on to the frame. Within a day, this one-of-a-kind bicycle (out of 11 million combination of parts) is finished, packed, and ready for shipment.

Finally, in order to survive, organisations should get into a perpetual learning mode. A learning organisation is one that seeks to create its own future; that assumes learning is an ongoing and creative process for its members; and the develops, adapts and transforms itself in response to the needs and aspirations of people, both inside and outside itself.

At the heart of a learning organisation lies the belief that enormous human potential lies locked, undeveloped in our organisations. Central to this belief is the conviction that when all members of an organisation fully develop and exercise their essential human capacities, the resulting congruence between personal and organisational visions, goals and objectives will release this potential. The concept of learning organisation was popularised by Peter Senge. Organisational learning is an emergent, inductive process by which organisations assimilate values, ideologies and practices, either from their environments or their elite members.

The knowledge so acquired is diffused across the entire organisations. Usually it remains embedded in the organisation and it is not easy to copy by the competitors. This has to be a continuous process and organisations that are successful in institutionalising perpetual learning will be more successful in the 21st century.

In times of drastic change, it is the learners who inherit the future. It is obvious that an institution whose mission is effective teaching and learning should automatically be a learning organisation. Ross, Smith, Roberts and Kleiner advocate this definition. "Learning in an organisation means the continuous testing of experience, and the transformation of that experience into knowledge – accessible to the whole organisation, and relevant to its core purpose." The core of learning organisation work is based upon five "learn-

ing disciplines" – lifelong programmes of study and practice:

**Personal mastery** – learning to expand our personal capacity to create results we most desire and creating an organisational environment which encourages all its members to develop themselves towards goals and purposes they choose.

**Mental models** – reflecting upon, continually clarifying, and improving our internal pictures of the world, and seeing how they shape our actions and decisions.

**Shared vision** – building a sense of commitment in a group, by developing shared images of the future we seek to create, and the principles and guiding practices by which we hope to get there.

**Team learning** – transforming conversational and collective thinking skills, so that groups of people can reliably develop intelligence and ability greater than the sum of individual members' talents.

**Systems thinking** – a way of thinking about, and a language for describing and understanding forces and interrelationships that share the behaviour of systems.

This disciplines helps us see how to change systems more effectively, and to act more in tune with the larger processes of the natural and economic world.

Organisations learn. Just like individual people, organisations sense circumstances within their environment and they respond. They observe the results of their responses and remember the results, along with information gathered from other sources, for reference in designing future responses. This process of sensing, responding, and observing/remembering goes largely unnoticed by the individuals working within the organisations due to the complexity of the "anatomy" of organisations.

But consciously or not, effectively or not, all organisations are doing these activities over and

over. In studying the concept of learning organisations we seek the tools and methodologies that will help an organisations learn consciously and proactively in pursuit of its goals.

According to Heil and Tate, the learning organisation of the future will incorporate diversity into its internal processes by encouraging the expression of different point of views. Diversity of experience, education, gender, ethnicity, sexual orientations, expertise, and opinion can aid any organisation in attempting to understanding students, customers, competitors, and suppliers, anticipated future trends, and provide a challenging workplace for the employees. If the requisite level of diversity does not exist or is not effectively managed, the organisation will be unable to adopt to a rapidly changing, external environment.

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