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**A MARKETING AUDIT MODEL
FOR
CONTRACEPTIVE SOCIAL MARKETING PROGRAMS**

Prepared for the
International Contraceptive Social Marketing Project
THE FUTURES GROUP
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TABLE OF CONTENTS

	<u>Page</u>
Preface	i
Introduction	1
I. Marketing Audits Defined	1
— Purpose	2
— Audience	3
— Methods and Sources	4
— Criteria of Audit Success	5
II. Marketing Audit Procedure	6
— Backgrounding	6
— Initial Management Contact	6
— Preparing the Formal Audit Plan	8
— Detailed Review of Secondary Information	9
— Primary Data Gathering	9
— Conducting the Site Visit	10
— Completing the Audit Form	10
— Preparing the Final Report	11
— Presentation	12
— Follow-up	12
III. Marketing Audit Form	13
— Standardized CSM Marketing Audit Form	14
IV. Problems to Anticipate in the Practical Applications of the Standardized CSM Marketing Audit	47
— Audit Procedure	47
— Audit Forms	54
V. Insights and Conclusions	60
— Insights from the FOF Audit	61
— Conclusions	61

APPENDICES

- A. MARKETING AUDIT INFORMATION REQUIREMENTS
- B. INFORMATION TO BE GATHERED ON SITE VISIT
- C. PERCEPTION BY OTHERS OF THE ORGANIZATION AND ITS TACTICS: QUESTIONNAIRE FOR INFORMANTS
- D. MARKET AUDIT QUESTIONS COMMENTARY

PREFACE

The marketing audit was first introduced as a management tool in the private sector in the late 1950s. Since then the technique has matured into one that is no longer fault-finding, functional, or biased; and today it is used in some form by virtually every sophisticated marketing organization in the U.S., Europe, and the Orient.

In the early years, marketing audits had three shortcomings that inhibited their broad acceptability. First, they were almost always used to evaluate marketing situations "gone wrong." In other words, they were conducted "after the fact" to determine causes and effects and--often--to assess blame. As a consequence, marketing audits initially carried the negative connotations associated with accounting or IRS audits. Second, because the early audits focused on specific problems, they tended to concentrate on symptoms and their immediate causes. This typically narrowed an audit to one or two functional areas and for many years prevented the technique from serving as the highly powerful general management tool that it is. Finally, the early audits were often carried out by internal company personnel with all of the inherent perceptual and political biases this brings to bear.

In more recent years managers have embraced the concept of regularized strategic planning and recognize the critical need to base that planning on hard-headed, comprehensive evaluations of their present economic, social and competitive environment; their internal organization; their goals, strategies and tactics; and their systems for monitoring opportunities, challenges and day-to-day performance. This is precisely what good marketing audits are designed to do, and they are now carried out routinely, crisis or not.

Marketing audits provide an overview of the entire operation of an organization and are not designed to find fault but to help plan. (Indeed, after completing their first marketing audit many managers are delighted to discover that they have in effect completed two-thirds to three-quarters of their strategic planning!) In most organizations marketing audits are carried out independently by outside consultants or, as the case at Minnesota Mining and Manufacturing (3-M), by an insulated central corporate marketing audit staff who can apply the independent perspectives needed to assure that the audit is both candid and comprehensive, and thus maximally useful.

As with many highly successful management innovations, it is now the case that the marketing audit is finding its way into the public sector. In the last five years, the auditing process has been adopted on several occasions in the health care field. Two very extensive marketing audits have been conducted for the Office of Cancer Communications in the National Cancer Institute on their smoking and breast cancer programs. More recently, an audit was conducted for the Family of the Future contraceptive social marketing project in Egypt.

The initial suspicion of marketing audits in the public sector is rapidly giving way to the realization that they can be one of the most powerful tools in a non-profit manager's planning arsenal. Managers who once had marketing audits virtually imposed on them by funding agencies or outside consultants now recognize that auditing is a process they themselves should routinely initiate. With this impetus, it can be expected that the application of marketing audits in the public sector will grow even more rapidly in the next few years than it did in the earlier years in private industry.

Alan R. Andreason, Ph.D.

**A MARKETING AUDIT MODEL
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A Marketing Audit Model
for
Contraceptive Social Marketing Programs

Introduction

Private sector and social service organizations commonly use the sophisticated evaluative process of a marketing audit to examine their marketing environments, program objectives, and strategies so that new areas for opportunity as well as problem areas can be identified and management steps undertaken to improve marketing performance. Contraceptive Social Marketing (CSM) programs can apply this management tool for the same purposes.

This document seeks to familiarize CSM program managers and sponsoring organizations with the procedure and purpose of a marketing audit by describing the marketing audit process and presenting a model which has been developed specifically for use in CSM programs. It comprises a description of the procedure, audit forms and relevant appendices, as well as a discussion of problems that can be anticipated in the application of the marketing audit model.

I. MARKETING AUDITS DEFINED

A marketing audit is a comprehensive and systematic evaluation of the processes and outcomes of a marketing program. An audit is normally conducted by a trained, independent, objective appraiser and presents an opportunity to set down two kinds of information of value to the organization and its sponsors:

Factual information about current and past performance, organization structure and various resource allocations and programmatic activities.

Subjective information about the organization's performance and public image as perceived by the auditor and key informants.

Purpose

A marketing audit has two primary managerial goals:

- To monitor the achievements or failures of the marketing program over time in order to provide:
 - a. A basis for rewards for responsible managers;
 - b. Signals about important market changes;
 - c. Raw data for more detailed, formal studies evaluating various marketing strategies and tactics.

- To offer actionable recommendations for the improvement of marketing programs over the relevant planning horizon.

Secondary goals of the audit include:

- Providing a standardized basis of comparison of programs over time, across environments and/or across organizations;
- Establishing clear, visible benchmarks towards which marketing managers and consultants can strive;
- Providing a basis for resource allocation decisions;
- Providing an occasion and starting point for long range planning discussions among program staff, consultants and sponsors;
- Offering a checklist of elements necessary to the development of a comprehensive marketing plan;
- Identifying gaps in present information;
- Identifying staffing deficiencies and/or needs for outside consulting assistance.

Audience

A marketing audit is designed to be of value to "relevant publics" with a stake in the process and outcomes of the marketing program. Typically, these would include:

- Organization management
- Organization employees
- Boards of trustees or other advisory groups
- Financial backers
- Consultants
- Facilitating agencies, middlemen, media; etc.
- Customers
- Regulatory agencies or other oversight groups
- The general public

"Relevant publics" in a CSM program would likely be:

- The host country government
- The in-country sponsoring organization (e.g. MOH or FPA)
- Management of a specific CSM program
- The technical contractor
- The U.S. Agency for International Development
- Marketing research consultants
- The Media agency or agencies
- Distributors and retailers
- Employees of the CSM program (e.g. the program manager, marketing manager, sales manager and staff, detailers, etc.)

Method and Sources

A diversity of procedures and sources must be employed for a comprehensive marketing audit, such as:

Review of external secondary data including:

- Descriptions of the local culture and the relevant market
- Census data
- Economic and social forecasts
- Consumer behavior studies
- Industry sales data and forecasts

Review of internal archives including:

- Sales and activity reports
- Advertisements
- Marketing research fieldwork

Original field studies (as needed) of:

- Extent of market coverage
- Customer reactions to the organization and its strategies
- Middlemen reactions to the organization and its strategies
- Opinion leaders reactions to the organization and its strategies

Discussions with relevant key individuals and organizations including:

- Key management
- Major customers

- Product suppliers
- Financial supporters
- Consultants
- Regulatory agency personnel
- Selected organization employees
- Other agencies involved in contraceptive marketing

Criteria of Audit Success

The marks of a good marketing audit are the following:

Comprehensiveness. Have all the key dimensions of the organization's marketing program been investigated?

Objectivity. To what extent have the evaluations been:

- Quantified?
- Based on valid, internal or external secondary data?
- (If subjective) replicated or cross-checked with other observers?
- (If original research) based on valid, reliable research methodology?

Timeliness. Was the examination based on recent, up-to-date inputs and information?

Usefulness. Was the report delivered in time to meet management decision-making needs? Were the recommendations relevant, affordable, and otherwise feasible?

Well Communicated. Was the final report:

- Simply, clearly written?
- Prefaced by an executive summary?
- Illustrated with forceful, necessary graphics?

- Concise and understandable?
- Supplemented by necessary documentation and appendices?

II. MARKETING AUDIT PROCEDURE

A marketing audit is normally requested by the funding agency or the prime contractor. On occasion the management of the organization itself will request a marketing audit. The actual task of carrying out an audit for the first time can be divided into ten stages. (Figure 1) Several stages can be modified or eliminated in subsequent audits. Although these stages typically will be carried out in sequence, it will often be necessary to return to earlier stages as later investigations suggest new avenues of investigation. (For example, on-site interviews may reveal new secondary sources to be reviewed which, in turn, may suggest additional questions for later interviews.) The ten steps are reviewed in sequence below.

1. Backgrounding

The auditor should begin by reviewing any previous studies of the organization that are available, including past marketing audits. Discussions should be held with those who requested the audit to ascertain their expectations for the audit's outcomes. At this stage, tentative final deadlines should be specified.

2. Initial Management Contact

The auditor should next meet with the management of the organization to be audited in order to:

- a. Assure management that the audit is designed to assist them in developing a better marketing organization and better marketing strategies. Management must know and accept that the audit is not at all like an accounting audit, which looks for errors, deception or other evidence of mismanagement. Instead, the marketing audit is a forward looking document, indicating to management what can and should be the focus of their efforts in the coming months and years.
- b. Introduce the auditor (or the auditing team) to management and explain to management that the

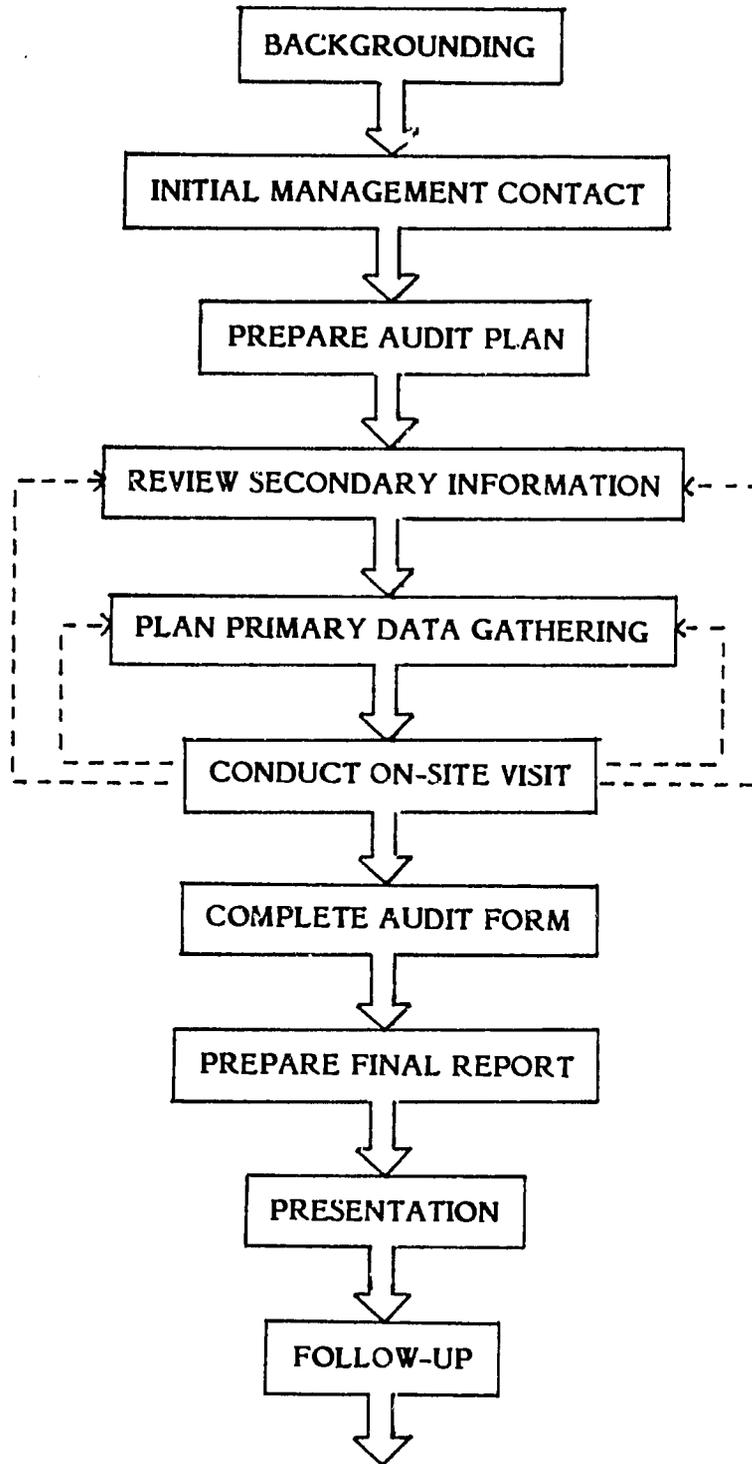


FIGURE 1. STEPS IN MARKETING AUDIT

audit will be based on hard-headed practical considerations that take full recognition of local conditions. A marketing audit is not an ivory-tower exercise that outlines ideal strategies or evaluates programs according to unrealistic standards, rather it is a down-to-earth set of guidelines to point the organization in directions consistent with the best marketing wisdom and experience.

- c. Ascertain management's wishes and expectations for the audit's outcomes. It is important that the audit meet not only the needs of those individuals initiating or paying for the audit, but also those of management.
- d. Describe the audit procedure and review with management the specific audit instrument.
- e. Present a formal request for archival information and to learn from management what required information is available and when and how it can be obtained. A checklist of the basic information to be requested for the audit is outlined in Appendix A. This appendix also indicates the sections of the audit instrument to which each information request applies. Notes should be made directly on this information list as to whether the information is available and when management promises to deliver it. It is possible that some of the information will have to be secured by the auditor from other sources.
- f. Begin planning a site visit (or several visits) for first-hand observation and interviews with staff and knowledgeable outsiders.
- g. Establish a procedure to keep management informed of insights secured during the audit and test the feasibility of (and management's receptivity to) various courses of action that could be proposed. If the audit's recommendations are to be implemented, it is critical that they not come as surprises to management.

3. Preparing the Formal Audit Plan

The auditor(s) needs to assess the amount of data already available in secondary sources and the extent and nature of assistance that can be expected from the organization to be audited. The auditor then can plan in detail specific steps still to be taken to complete the audit from site visits and additional primary data gathering, to the presentation and follow-up of the final report. Specific completion dates should be assigned and, if required by the audit's sponsors, an

estimate of costs should be presented that includes costs of field research, the auditor's fees and expenses, and reproduction and report writing. The schedule with completion dates should be reviewed by all interested participants.

4. Detailed Review of Secondary Information

Background information to be obtained from the organization (outlined in Appendix A) will not always be available on the dates indicated by management. Some will turn out not to exist, some will be received late, and some will have to be secured from other sources. Appendix A is designed so that the auditor can note receipt of specific documents. A bibliography of the materials used in the audit, both internal and external to the organization, should be appended to the final report.

5. Planning of Any Primary Data Gathering

To prepare for visits to the site of the contraceptive social marketing program, the auditor should list all of the "research" to be undertaken. This research might include:

- Interviews with key staff.
- Interviews with important support groups, physicians, druggists, competitors, local and U.S. government agents including AID specialists, religious leaders, and suppliers.
- Review of documents not heretofore available.
- Observation of sales training meetings, sales calls, press briefings, trade exhibits.
- Observation of management information systems (if any).
- Visits to pharmacies, physicians, clinics and hospitals.
- Observation of advertisements, brochures and point of purchase materials for the subject organization.
- Observation of other organizations products, packaging, advertisements and point-of-purchase materials.

A tentative schedule for this data-gathering phase should be developed with completion times estimated. More than one site visit may be required to gather all the necessary information. Careful attention should be paid to resources needed for the research (e.g., transportation, reproduction, a translator, etc.) and arranged for well in advance.

6. Conducting the Site Visit

It is essential to keep the executive director of the organization fully informed of all contacts to be made by the auditor within the organization as well as other knowledgeable observers, government officials, and middlemen in the host country. Whenever possible, the executive director should arrange all initial contacts, especially inside the organization. Also, requests for additional documentation should be channeled through the executive director when possible. A regular series of debriefings (daily, where possible) should be held with the executive director to report on progress, request assistance, or test out possible recommendations.

A check list of information should be gathered on the site visit in order to complete the audit is given in Appendix B.

7. Completing the Audit Form

The audit format (see Section III) is relatively straightforward. Appendix D explains the individual questions. It is important to note, especially while filling out the audit and discussing it with members of the organization being audited, that answers to specific audit questions vary in their implications. As indicated in Appendix D, some questions clearly have "right answers." For example, the well-functioning organizations should have a mission statement (Question A1) and "no mission statement" is not the right answer.

At the other extreme, there are a series of questions for which there are no right answers at all. For example, Section C of the audit deals with assumptions about the future market environment. These questions have "right answers" only in the sense that the factors recorded are correct assessments of developments that are critical to the organization's future.

In general, however, answers to most of the questions in the audit must be evaluated in terms of appropriateness. That is, certain answers are "right" only in

that they are right for the organization given its current state of development, and the nature of the market environment it faces. For example, in Question A3, an indication of heavy emphasis on distributors and physicians and light emphasis on final consumers may be very appropriate for an organization during its early development, but not when it is more mature. Or, in Question B12, trend projections may be a very appropriate method of demand forecasting in countries with poor population statistics and where managers are unfamiliar with advanced statistical techniques. On the other hand, relatively sophisticated mathematical models may be the best approach to forecasting in countries with good data bases and managers skilled in quantitative methods.

Appendix D indicates preferred answers to the questions asked and where necessary briefly addresses the "appropriateness" of answers. In these instances, it is not possible to discuss all contingencies. Indeed, the important reason for engaging an experienced consultant to conduct the audit is because he or she will be highly knowledgeable about what can and should be done under specific organization and market conditions.

Finally, it should be noted that many of the questions on the audit form involve impressions about the organization. For example, question A3 asks about the organization's emphasis on various tactical areas and various target audiences. The auditor's own independent observations of these organization traits will be very valuable and, in the end, will be major factors in the preparation of the final report and recommendations. However, it is important to check these observations with others closer to the organization. To accomplish this task, a separate questionnaire is included in Appendix C which can be reproduced and distributed by the auditor to key individuals inside and outside the organization. Respondents should be advised that answers to all questions are not expected from all respondents since not everyone will feel they have sufficient knowledge to answer all questions. It should be pointed out to the respondents that it is perfectly acceptable to check the "don't know" response if he or she does not have adequate information to reply.

8. Preparing the Final Report

The audit form itself contains the raw material and detailed recommendations that will feed into the final report. The final report must contain three additional elements:

1. An executive summary
2. A presentation of recommendations, and
3. An appendix

The appendix will contain exhibits, reports, questionnaires, tables or sample materials to back up the audit report itself. Some of these may be original documents prepared by the auditor.

The first and second additional elements are more critical. The recommendation section should summarize and prioritize the audit's major recommendations, pointing out clearly how results of the next audit should differ from the current one. The executive summary should briefly present the audit's major findings and recommendations.

9. Presentation

The audit is valuable only if it is used. The auditor, therefore, has a primary responsibility to make sure that the final report is clearly and thoroughly understood. This means that, not only should the report be stated in the simplest, most direct and most compelling language, it also should be discussed in person with all interested parties. Such discussion will ensure that major ambiguities are cleared up, that there is no misunderstanding of the auditor's major recommendations, and that management understands what is required of them to implement necessary changes. Finally, face-to-face presentation offers one additional opportunity to secure feedback about the report that may or may not necessitate revision.

10. Follow-up

As already noted, the audit must be very explicit about what the organization must do to carry out the report's recommendations. In this regard, it is important that the date of the next audit be set, at least at the point of the final presentation, so that management can develop a timetable to achieve the goals implied by the audit. It may also be useful for the organization sponsoring the audit to identify interim benchmarks that would permit it, as well as the CSM implementing organization, to make sure the goals of the audit will be achieved on schedule.

III. MARKETING AUDIT FORM

The standardized CSM audit form presented on the following pages details the specific information to be obtained during a marketing audit.

The information and resulting recommendations will form the basis for the final report. It will also provide a control source of factual and subjective information about a specific CSM program which should be valuable to the organization as it develops a plan of action for the future and implements the audit's recommendations.

CSM MARKETING AUDIT

Standardized Format

Audited Organization:

Date of Audit Report:

Period of Investigation:

_____ To: _____

Auditor(s):

A. Mission and Core Strategy

1. What is the organization's statement of its basic mission?

No mission statement

Mission is _____

Source of Statement: _____

Date: _____

2. a. How available is the basic mission statement to the organization's relevant publics?

Widely available in many documents and several media

Available in one or two key documents

Available for those who ask for it

Not easily available

b. When did the project start? _____

c. Is the project currently assisted by a contractor?

Yes (termination date) _____

No, contractor terminated (Date) _____

No, never a contractor _____

b. What changes in the above dimensions would improve the core marketing strategy? _____

B. Short and Long Range Planning Process

1. For what periods are formal, written marketing plans routinely prepared?

(MA)*

- No formal written plans (skip to question B.2.b.)
- 3 - month quarterly plans
- Yearly plans
- 5 - year plans
- Other _____

2. a. How are individual departments or functional areas in marketing involved in the preparation of formal marketing plans? (MA)*

- No departmental involvement
- Departments submit comments on plans prepared by top management or planning specialists
- Departments work out details on broad plans prepared by top management or planning specialists.
- Departments provide reports and data before top management or planning specialists prepare plans
- Departments prepare final plans subject to approval and/or minor revisions by top management
- Departments prepare final plans jointly with top management or planning specialists.
- Other (Describe:)

* (MA) Multiple answers permitted.

b. In what ways should the planning process be revised?

3. Which of the following topics are included in the most recent marketing plans? (MA)

- Mission statement
- Long run core strategy
- Anticipated demographic environment
- Anticipated economic environment
- Anticipated political environment
- Anticipated legal environment
- Anticipated financial environment
- Anticipated competitive environment
- Anticipated cultural environment
- Anticipated distribution channel environment
- Proposed organization structure
- Specific quantitative objectives
- Specific qualitative objectives
- Proposed market segmentation
- Proposed product line strategy
- Marketing channels to be used
- Prices to be charged consumers
- Discounts (to be) offered middlemen
- Incentives (to be) offered sales force
- Incentives (to be) offered middlemen
- Media message strategies
- Media (to be) used
- Proposed public relations programs
- Proposed staff training
- Proposed marketing research
- Projected revenues
- Projected costs
- Manpower requirements
- Financial requirements

- Consulting resource requirements
- Equipment/facilities resource requirements
- Time table for implementation
- Plans to measure accomplishments
- Contingency plans

5. a. How extensive is contingency planning in the marketing planning process?

- No contingency plans
- One or two contingencies planned for
- Most major contingencies planned for

b. What specific goals did the organization have for the period being audited? _____

c. Have there been any irregular or unexpected occurrences that impacted program operations and goal attainment for the period being audited? _____

d. What specific goals does the organization have for the period in which this audit recommendations are to be carried out? _____

6. a. To what extent do the goals for the planning period meet the following criteria?

Realistic	/ ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ /	Unrealistic
Measurable	/ ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ /	Not measurable
Motivating	/ ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ /	Not motivating
Heirarchical	/ ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ /	Independent or conflicting
Consistent over time	/ ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ /	Not consistent over time
Well communicated	/ ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ /	Poorly communicated

b. How well tied to specific completion are elements of the marketing plan?

- Elements always tied to a specific timetable
- Elements sometimes tied to a specific timetable
- No timetable used

7. How closely followed are the organizations marketing plans?

Closely followed / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / Ignored

8. How often are marketing plans revised over the year?

Often revised / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / Never revised

9. Which of the following measures are currently used to monitor accomplishments of the marketing program? For each measure used, indicate date of most recent measure and the period it covered? (MA)

a. <u>Sales Measures</u>	<u>Not Measured</u>	<u>Latest Measure</u>	<u>Period Covered</u>
Industry unit retail sales	—	_____	_____
Industry dollars retail sales	—	_____	_____
Organization unit retail sales	—	_____	_____
Retail market share	—	_____	_____
Industry unit wholesale sales	—	_____	_____
Industry dollar wholesale sales	—	_____	_____
Organization unit, wholesale sales	—	_____	_____
Organization dollar wholesale sales	—	_____	_____
Wholesale market share	—	_____	_____
b. <u>Marketing Activities</u>			
Number of sales visits to physicians	—	_____	_____
Number of sales visits to distributors	—	_____	_____
Number of advertisements placed	—	_____	_____
Number of sales contacts with customers	—	_____	_____

	<u>Not Measured</u>	<u>Latest Measure</u>	<u>Period Covered</u>
c. <u>Financial Performance</u>			
Revenue to CSM program	—	_____	_____
Cost of CYP	—	_____	_____
Total budget	—	_____	_____
Level of outside support	—	_____	_____
d. <u>Consumer Knowledge, Attitudes and Behavior</u>			
Numbers of households contracepting	—	_____	_____
% of target market contracepting	—	_____	_____
Consumer willingness to contracept	—	_____	_____
Consumer knowledge of alternatives	—	_____	_____
Consumer brand awareness	—	_____	_____
Consumer brand preferences	—	_____	_____
Consumer awareness of organization	—	_____	_____
Consumer promotion recall	—	_____	_____
e. <u>Middlemen Knowledge, Attitudes and Behavior</u>			
Physician knowledge about alternatives	—	_____	_____
Physician brand awareness	—	_____	_____
Physician brand preference	—	_____	_____
Retailer knowledge about alternatives	—	_____	_____
Retailer brand awareness	—	_____	_____
Retailer brand preference	—	_____	_____
% of Retailers with brands in stock	—	_____	_____
Physician evaluation of salesforce	—	_____	_____
Distributor evaluation of salesforce	—	_____	_____
% of distributors using point of purchase materials	—	_____	_____
Frequency of distributor complaints	—	_____	_____
Frequency of physician promotion recall	—	_____	_____
Frequency of retailer's promotion recall	—	_____	_____
f. <u>Other Measures</u>			
Employee morale	—	_____	_____
Opinion leaders' awareness of organization	—	_____	_____
Opinion leaders' attitudes toward organization	—	_____	_____

10. How is each category of success measure broken down?

	<u>Success Measures</u>					
	<u>Sales</u>	<u>Marketing Activities</u>	<u>Financial</u>	<u>Consumer</u>	<u>Middlemen</u>	<u>Other</u>
Not broken down	_____	_____	_____	_____	_____	_____
By broad region	_____	_____	_____	_____	_____	_____
By city	_____	_____	_____	_____	_____	_____
By area within cities	_____	_____	_____	_____	_____	_____
By customer type	_____	_____	_____	_____	_____	_____
By distribution channel	_____	_____	_____	_____	_____	_____
By salesperson	_____	_____	_____	_____	_____	_____
By product	_____	_____	_____	_____	_____	_____

11. With what base are numerical comparisons made within each category of success measure?

	<u>Success Measures</u>					
	<u>Sales</u>	<u>Marketing Activities</u>	<u>Financial</u>	<u>Consumer</u>	<u>Middlemen</u>	<u>Other</u>
None	_____	_____	_____	_____	_____	_____
Previous period	_____	_____	_____	_____	_____	_____
Year earlier period	_____	_____	_____	_____	_____	_____
Comparable CSM orgs.	_____	_____	_____	_____	_____	_____
Comparable non-CSM orgs.	_____	_____	_____	_____	_____	_____
Projections	_____	_____	_____	_____	_____	_____
Quotas	_____	_____	_____	_____	_____	_____
Potentials	_____	_____	_____	_____	_____	_____

12. How carefully is the accomplishment of various goals attached to specific individuals?

Responsibility
always assigned

/ ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ / ___ /

Responsibility
never
assigned

13. a. How are market demand forecasts made? (MA)

No demand forecasts made (Skip to Question 13 c.)

Population indexes

Projection of sales ratios from other areas

Buyer intentions

Market tests

Trend projections

Middlemen opinions

Mathematical models

Other (Describe) _____

b. How accurate have past forecasts been?

Very accurate

Somewhat accurate

Somewhat inaccurate

Very inaccurate

c. What changes in the forecasting process are recommended?

14. a. How are departmental budgets determined? (MA)

% increase over previous year

% of current sales

% of projected sales

Total costs of proposed tasks

Same amount as comparable organizations

Subjective judgment of what organization can afford

Competition with other departments for fixed budgets

___ Negotiation with senior management

___ Mathematical optimization

___ Other. Describe _____

b. What changes in the budget-making process are recommended?

C. Assumptions about Future

1. Constant features

What are the key features of the marketing environment in each of the following areas that are expected to remain relatively constant where the success of future marketing programs depends on their remaining constant?

a. Economic and Demographic Characteristics of Consumers

b. Consumer Attitudes, Values and Life Styles

c. Competitor's Strategies

d. Political pressures and support

e. Laws and regulations

f. Product and packaging technology and availability

g. Advertising technology and media availability

h. Distribution channels

i. Employee skills and attitudes

2. Changing Features

What are the key features of the marketing environment in each of the same areas that are expected to change where the success of future marketing programs depends on their changing?

a. Economic and demographic characteristics of consumers

b. Consumer attitudes, values and life styles

c. Competitor's strategies

d. Political pressures and support

e. Laws and regulations

f. Product and packaging technology and availability

g. Advertising technology and media availability

D. Market Segmentation

1. a. Are the organization's goals and marketing mix intentionally varied depending on the target audience? What is the basis used for segmenting the target audience? (MA)

<u>Segmentation Base</u>	<u>Goals</u>	<u>Product</u>	<u>Price</u>	<u>Promotion</u>	<u>Channels</u>
None	—	—	—	—	—
Urban - Rural	—	—	—	—	—
Areas within cities	—	—	—	—	—
Literacy	—	—	—	—	—
Social/Economic Class	—	—	—	—	—
Age	—	—	—	—	—
Sex	—	—	—	—	—
Religion	—	—	—	—	—
Family size	—	—	—	—	—
Stage of life cycle	—	—	—	—	—
Benefits sought	—	—	—	—	—
Readiness stage	—	—	—	—	—
Usage rate	—	—	—	—	—
Other _____	—	—	—	—	—
_____	—	—	—	—	—
_____	—	—	—	—	—
_____	—	—	—	—	—

- b. In what ways should the organization's segmentation strategy be altered?

- b. Vaginal Foams: _____

- c. IUD's: _____

- d. Oral Pills: _____

4. In what ways do customers for the organization's brands differ from those of competitors? _____

E. Organization

1. a. Does the organization have an advisory board? If so, who is on it?

- | | |
|---|---|
| <input type="checkbox"/> No advisory board | <input type="checkbox"/> Marketing |
| <input type="checkbox"/> Lawyer | <input type="checkbox"/> Researcher |
| <input type="checkbox"/> Accountant | <input type="checkbox"/> Government |
| <input type="checkbox"/> Physician | <input type="checkbox"/> Official |
| <input type="checkbox"/> Supplier | <input type="checkbox"/> USAID Officer |
| <input type="checkbox"/> Distributor | <input type="checkbox"/> Banker |
| <input type="checkbox"/> Religious Leader | <input type="checkbox"/> Other Business |
| <input type="checkbox"/> Labor Union Executive | <input type="checkbox"/> Executive |
| <input type="checkbox"/> Other (Describe) _____ | |
| _____ | |
| _____ | |
| _____ | |

b. What changes in the organization's advisory board should be made?

2. a. How many employees does the organization have currently?

b. How many does it plan to add in the next two years?

c. How is the organization structured? (MA)

By function

By geographic area

By channel of distribution

By product

By customer type (Describe): _____

By some other basis (Describe): _____

3. a. Are there individuals or departments responsible for the following activities? (MA)

Public relations

New product development

New market development

Government relations

Management information systems

Marketing research

b. Should any of the above functional departments be added in the near or longer term future? Explain.

4. a. How many individuals or departments report directly to executive director? _____

b. How much responsibility for marketing decisions is retained centrally by top management and how much is decentralized towards the bottom of the organizational structure?

Marketing
Highly
Centralized

/___/___/___/___/___/___/___/___/___/___/___/___/

Marketing
Highly
Decentralized

c. How stretched is the executive director's span of control, that is, does he have too many or too few people or departments to manage?

Too many

/___/___/___/___/___/___/___/___/___/___/___/___/

Too Few

d. How well prepared is the organization to replace top management personnel?

Well prepared

/___/___/___/___/___/___/___/___/___/___/___/___/

Poorly prepared

e. What are the major needs for improvement in top management operations?

5. a. How well coordinated are the marketing activities of the various departments?

Well coordinated

/___/___/___/___/___/___/___/___/___/___/___/___/

Never coordinated

b. How is coordination attempted? (MA)

Informal contacts between departments

Formal coordination in regular interdepartmental meetings

Coordination by senior management

Other (Describe:)

c. How much conflict is there between departments?
 Much conflict / ___/___/___/___/___/___/___/___/___/___/___/___ Little conflict

d. What changes are needed, if any, to reduce conflict and improve coordination?

6. a. How well trained are the staffs in each of the following areas?

	<u>Very Well Trained</u>	<u>Adequately Trained</u>	<u>Poorly Trained</u>
Advertising	—	—	—
MIS	—	—	—
Sales Force	—	—	—
Public Relations	—	—	—
Marketing Research	—	—	—

b. What type of training is offered to upgrade skills of marketing staff? (MA)

- No formal or informal training
- On-the-job training by superiors
- Formal, periodic training meetings for groups of staff
- Attendance at courses or conferences outside of organization
- Other (Describe:) _____

c. What improvements in staff training are needed? _____

7. a. What marketing functions are conducted through contracts with outside agencies or consultants?
- Distribution to some or all markets
 - Consumer market research
 - Middlemen market research
 - Advertising preparation
 - Media selection
 - Training of staff
 - Marketing audits
 - Management information processing (e.g. EDP)
 - General planning advice
 - Other (Describe): _____
- _____
- _____
- _____
- b. What, if any, additional outside assistance would be desirable over the near or longer term? _____
- _____
- _____
- _____
- _____
- _____
- _____

F. Monitoring and Control

1. To what extent does the organization evaluate the cost effectiveness of different marketing expenditures?
 - Little or no cost effectiveness evaluation
 - Some cost effectiveness evaluation
 - Much cost effectiveness evaluation
2. How frequently are marketing audits conducted?
 - No marketing audit
 - Infrequent marketing audits
 - Regular marketing audits

3. a. From which of the following publics does management routinely hear problems and complaints?
- Contracepting households
 - Other households
 - Politicians
 - Government officials
 - Distributors
 - Physicians
 - Religious groups
 - Sales people
 - Other marketing staff
 - Other (Describe:) _____
- b. How are complaints typically handled, by whom and in what form? _____
- _____
- _____
- _____
- _____
- _____
4. What improvements in marketing program evaluation are needed in the near or longer term? _____
- _____
- _____
- _____
- _____
- _____

G. Research

1. What kinds of research are carried out on a regular basis?
- New product concept testing
 - New product field testing
 - Message strategy concept testing
 - Advertising pretesting
 - Advertising post-testing

- Pretesting of other promotional materials (posters, point-of-sale, etc.)
- Post-testing of other promotional materials
- Package pretesting
- Population/market projections
- Sales projections
- Projections of future economic, political, social, competitive environment
- Studies of consumer knowledge, attitudes and behavior
- Studies of physician knowledge, attitudes and behavior
- Studies of distributor knowledge, attitudes and behavior
- Studies of opinion leader knowledge, attitudes and behavior
- Studies of employee attitude, product knowledge and morale
- Profitability analyses of marketing strategies
- Systematic monitoring of current competitive tactics and plans
- Field or laboratory experiments on responses to marketing tactics
- Other (Describe:)

2. What kinds of new research activities should be introduced to the marketing plan in the near or longer term? _____

- a. How is the quality of research controlled? (MA)
- No formal quality control
 - Organization research staff is sufficiently qualified
 - Organization research staff regularly up-dates skills
 - Highly qualified outside researchers carry out studies
 - Outside consultant reviews research designs and results
 - Other (Describe:)

b. What additional research control is needed? _____

3. How is information about competitor's current strategies and plans gathered?

- Reading trade and popular press
- Chance word of mouth
- Systematic observation and questioning of middlemen by sales force
- Periodic formal research studies
- Other (Describe:) _____

H. Resource Allocation

1. a. How adequate are the financial, manpower and equipment resources for each of these strategic areas?

<u>Tactics</u>	<u>Adequate Resources</u>	<u>Inadequate Resources</u>
Media Advertising	/___/___/___/___/___/___/___/___/___/___/___/___/	
Personal Selling to Consumers	/___/___/___/___/___/___/___/___/___/___/___/___/	
Personal Selling to Middlemen	/___/___/___/___/___/___/___/___/___/___/___/___/	
Public Relations	/___/___/___/___/___/___/___/___/___/___/___/___/	
Other Promotion	/___/___/___/___/___/___/___/___/___/___/___/___/	
Marketing Research	/___/___/___/___/___/___/___/___/___/___/___/___/	
 <u>Market Targets</u>		
Physicians	/___/___/___/___/___/___/___/___/___/___/___/___/	
Distributors	/___/___/___/___/___/___/___/___/___/___/___/___/	

2. a. How are sales force efforts to physicians, pharmacies and other outlets allocated?

- Post sales
 - Maximum potential sales
 - Expected next year's sales
 - Attitude towards brands/organizations
 - Agressiveness
 - Size of outlet
 - Other (Describe:)
-
-
-

b. How should this allocation process be changed, if at all?

3. a. How is the sales force compensated? (MA)

- Salary
 - Commissions
 - Bonuses
 - Contests
 - Transportations allowance/automobile for use
 - Allowance for other expenses
 - Profit-sharing
 - Other (Describe:)
-
-
-

b. How are commissions and bonuses paid? (MA)

- Percent of dollar sales
- Fixed amount per unit sold
- Percent of gross profit
- Achievement of sales quota

4. How is the sales force perceived by physicians and pharmacists?

- Very knowledgeable and helpful
- Somewhat knowledgeable and helpful
- Not knowledgeable and helpful

J. Pricing

1. What is the relative weight of each of the following in the setting of prices to consumers?

Percent

- _____ Product costs
- _____ Marketing costs
- _____ Competitors' prices
- _____ Government requirements
- _____ Consumers willingness or ability to pay
- _____ Other (Describe:) _____
- _____
- 100% _____

2. For each of the following products what is (a) the price charged final consumers, (b) the discounts offered channel members, (c) the salesforce commission, (d) the gross profit returned per unit and (e) total wholesale sales (in monetary unit) for the past 12 months.

<u>Condoms</u>		<u>Consumer Price/Unit</u>	<u>Channel Discounts</u>	<u>Sales Commission</u>	<u>Gross Profit</u>	<u>12-Months Sales (\$)*</u>
Brand 1	_____	_____	_____	_____	_____	_____
Brand 2	_____	_____	_____	_____	_____	_____
Brand 3	_____	_____	_____	_____	_____	_____
<u>IUD</u>						
Brand 1	_____	_____	_____	_____	_____	_____
Brand 2	_____	_____	_____	_____	_____	_____
<u>Vaginal Spermicides (Specify type)</u>						
Brand 1	_____	_____	_____	_____	_____	_____
Brand 2	_____	_____	_____	_____	_____	_____
<u>Oral Pills</u>						
Brand 1	_____	_____	_____	_____	_____	_____
Brand 2	_____	_____	_____	_____	_____	_____

* Indicates U.S. \$ exchange rate if local currency is reported.

3. What changes in consumer prices or in the price-setting process are recommended?

4. a. How does the organization's channel discount structure compare to that of competitive organizations?

- ___ Much more generous
- ___ More generous
- ___ About the same
- ___ Less generous
- ___ Much less generous

b. Describe major differences in discount structures from those of competitive organizations. _____

5. What changes in channel discount structures are recommended?

6. a. Are any of the non-price incentives used to stimulate sales by physicians, pharmacists and other distributors?

- Contests
- Free contraceptive products (bonus packs)
- Other free goods (T-shirts, notebooks, etc.)
- Free display materials
- Product education
- Literature to distribute to consumers
- Cooperative advertising
- Other (Describe: _____
_____)
- None

b. Are any additional incentives for channel members needed?

K. Advertising and Promotion

l. a. How effective are the organization's promotion strategies through each of the following media?

	<u>Excellent</u>	<u>Poor</u>	<u>Not Used</u>
Radio advertisements	/	/	/
Television advertisements	/	/	/
Magazine advertisements	/	/	/
Newspaper advertisements	/	/	/
Posters	/	/	/
Handbills	/	/	/
Brochures	/	/	/
News releases	/	/	/
Direct mailings	/	/	/
Point-of-purchase displays	/	/	/
Films	/	/	/
Trade/conference exhibits	/	/	/
Packages (exterior)	/	/	/
Package inserts	/	/	/
Other (Describe:)	/	/	/
_____	/	/	/
_____	/	/	/

b. For those areas rated relatively poor, what changes would improve promotion strategies?

2. What criteria are used for choosing specific media vehicles for paid advertising? (MA)

- ___ Cost per thousand total audience
 - ___ Cost per thousand target audience
 - ___ Absolute size of target audience reached
 - ___ Editorial climate
 - ___ Reproduction quality
 - ___ Prestige/credibility of medium
 - ___ Appropriateness for contraception message
 - ___ Other (Describe:)
- _____
- _____

	<u>Excellent Awareness</u>	<u>No Awareness</u>
Physicians	/ / / / / / / / / / / / / / / /	/ / / / / / / / / / / / / / / /
Pharmacists	/ / / / / / / / / / / / / / / /	/ / / / / / / / / / / / / / / /
Other distributors	/ / / / / / / / / / / / / / / /	/ / / / / / / / / / / / / / / /
Opinion leaders	/ / / / / / / / / / / / / / / /	/ / / / / / / / / / / / / / / /
Government officials	/ / / / / / / / / / / / / / / /	/ / / / / / / / / / / / / / / /
Contracepting households	/ / / / / / / / / / / / / / / /	/ / / / / / / / / / / / / / / /
Non-contracepting households	/ / / / / / / / / / / / / / / /	/ / / / / / / / / / / / / / / /
Religious leaders	/ / / / / / / / / / / / / / / /	/ / / / / / / / / / / / / / / /

b. Describe any negative images. _____

c. What changes in promotion strategy are necessary to change negative images of the organization or its products held by the above groups?

IV. PROBLEMS TO ANTICIPATE IN THE PRACTICAL APPLICATIONS OF THE STANDARDIZED CSM MARKETING AUDIT

The prototype standardized marketing audit is designed to evaluate on-going contraceptive social marketing projects and to serve as a guide for proposed projects. Field tests of the audit in both contexts will contribute to refinements that will ensure that the purpose of an audit is best served. Practical problems that might be encountered with the prototype can be addressed in terms of general experience. Reviewing them in advance may prove useful to later applications.

This assessment will be divided into two parts corresponding to the two documents describing the standardized audit, the audit procedure (Section II) and the audit form (Section III). Only potential areas of difficulty will be discussed here. It may be assumed that aspects of the auditing procedure not discussed can be expected to proceed with relatively little difficulty although field tests may prove differently. Finally, it should be noted that most, if not all, of the problems discussed here are mentioned in some form or another in the commentaries incorporated in previous sections.

Audit Procedure

The audit procedure proposes ten steps to the successful completion and implementation of the standardized audit (Figure 1 page 7). These will be discussed in sequence.

1. Backgrounding and Initial Management Contact

At the first stages of any audit, a possible problem will be securing maximum congruence among the audit sponsor(s), the audited organizations (including consultants), and the auditor with regard to the definition of "an audit." As the procedure outlines, this will be an important issue that will have to be taken up with AID/Washington, on-site management and possibly U.S. AID-Missions over the next several years until marketing audits become routine for all AID-sponsored contraceptive social marketing projects.

In such discussions, it will be essential to stress that the audit is not designed to be merely a scorecard on program performance to date. In no sense

should sponsors or management believe that the audit is a "spying operation" designed to discover malfeasance or ineptitude on the part of program managers. This posture will effectively sabotage the auditing process by both compromising the auditor and ensuring minimal cooperation and maximum suspicion from on-site management and their consultants. The auditor must clearly be positioned as an independent evaluator who has as the major goal of the auditing procedure the production of a set of recommendations to improve future performance of the audited organization. This is a "message" that must be communicated directly and repeatedly by AID, especially to the audited organization. Ideally, this step should be undertaken before the auditor makes any initial contacts with the organization. Some delays and uncertainties that may develop concerning the audit can be alleviated if the true purpose of the audit is clearly understood.

A second possible problem at the initial stages of the marketing audit is management's perceptions of the auditor's "credentials." Management has every right to be assured that the audit will meet two conditions: (1) that it will take account of local realities and (2) that it will be useful. Management understandably will have concerns that the auditor (especially if he or she is not a native of the audited country and/or not a practicing contraceptive social marketer -- for example, a lawyer or an academic) will be naive, ethnocentric and/or "ivory-towerish" and will apply unreal, idealistic standards to a complicated, often imperfect real marketing context. Assurances about these issues by the contractor and/or AID/Washington can help allay any fears as can a sharing of past social marketing audit reports by the proposed auditor with the management of the organization to be audited.

A third possible problem in the early stages of the audit is related to the quantity of archival information to be requested. Until the audits become routine in AID-sponsored projects, the organizations to be audited are going to find the requests for data quite formidable. For example, Appendix A specifies twenty-two different kinds of archival information to be inquired about. This potential workload will raise two concerns. First, at the outset there may be considerable embarrassment on the part of the audited organization's management that it cannot meet all of the requests, or perhaps can meet very few. This will lead to apprehension that the audit -- even before it has formally begun -- is pointing up (and will record) "inadequacies" in the organization. This potential embarrassment

could lead some managers to claim that requested data exist and will be forthcoming where they do not in fact exist, or where they are not easily accessible and/or in good condition. It could also lead to tactics on the part of management to delay the beginning of the audit and/or its subsequent progress in the hopes that the data needed to "salvage management's reputation" can somehow be generated (or possibly will be forgotten about).

The second, related concern is that the audit, with its "extensive" data requests and anticipated site visits, will take up a great deal of the organization's time and personnel resources. Organizations in their early years of operation, will have little staff to spare and, understandably, management may feel that they have better things to do than fill outside requests for archival data for which they see little personal use. These problems also can lead to delaying tactics and reluctance to participate in the audit in the first instance.

These dangers can be mitigated as the auditor or the audit's sponsor takes pains to assure management that the audit is not an attempt to uncover weaknesses but is designed to lead to suggestions for improvement. However, it is also important to indicate that where the audit will require that new data be collected or existing data be assembled in new forms, this effort can have important long term benefits to the organization in its future decision-making. The auditor can assist in making this point understood by outlining in specific detail ways in which the requested data can lead to better decisions. As evidence from CSM marketing audits accumulates, presumably examples from other countries can also be brought to bear on this point. Further mitigation of management's concerns about resource and time requirements can occur if the auditor volunteers to assist in the accumulation and/or preparation of some of the necessary data.

A final possible problem involved in the initial management contact is confusion about the organization or individual to whom the auditor is responsible. Management may hold the mistaken belief that, since the auditor is paid out of the same funds that support the social marketing project, he or she should be treated as just another advisor to the organization and thus should "report to" the organization's director. The director, especially when the organization is a fledgling, may not yet feel perfectly secure in his or her position and may be sensitive to what are perceived as challenges to his or her authority. To forestall

such problems, it is important that the director be told very early in the audit process that, while suggestions are welcome and full feedback will be offered as the audit proceeds, the auditor is an independent evaluator and their relationship will not be one of superior and staff subordinate.

These same problems may also arise with respect to other contractors on the project. Again, it is strongly recommended that the auditor be kept independent, but work closely and routinely feedback findings and tentative conclusions and recommendations to other interested parties during the audit process. While the auditor's independence must be guaranteed through AID's words and actions, this status will at least be begun on the proper footing if the auditing task is created as a separate contract directly with AID/Washington or other funding agency.

2. Preparing the Formal Auditing Plan

It is reasonable to anticipate that expectations about the availability of data from company archives or secondary sources in reality will fall short. Therefore, the timetable and budget that is established for the audit should contain contingency plans that accomodate possible delays and provide the auditor adequate discretionary funds which can be used, without further approval, to initiate a modest amount of primary data gathering to generate needed but missing information. (For example, funds to hire and pay for a guide, a translator, and/or transportation to conduct a field study.)

3. Review of Secondary Information

Searching for secondary background data may turn out to be a serendipitous exercise. The existence of an up-to-date computerized bibliography and/or data bank designed expressly for social marketing audits will be most helpful. The Johns Hopkins Population Information Program POPLINE system, or the growing ICSMP social marketing "resource library", may prove to be useful starting points to collect relevant data.

4. Planning and Conducting the Site Visit

Several problems of access and objectivity can be anticipated with respect to the site visit. First, there are the problems of dealing with the audited organization's director and his or her concerns about "turf." Since some on-site contacts inevitably will have to be made by the auditor in the host country but outside the audited organization, the organization's director will have legitimate concerns that the auditor may unintentionally cause political or operational difficulties in the course of such contacts. The auditor should ascertain early in the audit any sensitive subject areas that the audited organization and/or AID wish to monitor when the auditor conducts interviews in the host country. Among the topics that may prove to be sensitive are:

- Present marketing problems of the audited organization the mention of which may affect its future sales.
- Present marketing problems that are being corrected but the mention of which now may embarrass the organization and/or its management.
- Future marketing strategies, particularly expansion plans or plans for major shifts in priorities or tactics including introduction of new products.
- Possible staff changes.
- Possible changes in the level and type of outside political and/or financial support.

A second problem involves the role of the organization director in selecting outside contacts and setting up appointments. Obviously the director will be a major source of suggestions about who should be seen in the host country and will be able to gain entry to several organizations or governmental offices that may prove relatively inaccessible to the auditor on his or her own. On the other hand, there is a question as to whether the outside informant will be entirely forthcoming if the executive director is somehow involved in the initial contact. It would be reasonable for the interviewee to suspect that negative comments made to the auditor may find their way back to the director. For these reasons, it may be desirable to use U.S. AID-Mission staff to arrange introductions and appointments where feasible and practical and to rely on the director only as a last resort.

To prevent ill feelings that could result from such a strategy, the planned procedure should be established with concerned individuals very early in the auditing process.

Criticism about the organization or its strategies from inside the organization may be difficult to generate in countries where the cultural or organizational norms discourage "whistle-blowing." Ideally, the staff needs to be convinced that the audit is really designed to improve the organization's function and therefore should feel free to discuss suggestions for improvement they feel could not be mentioned inside the organization heretofore or which they feel were not receiving adequate attention. Again, ideally, the executive director should be the one to set the tone permitting these frank inside appraisals. However, if he or she is seen as at least part of the problem and/or is perceived as likely to retaliate against those who voice negative comments, then the auditor's only recourse is to attempt the motivating efforts him- or herself. In either case, the necessary motivation will not bear fruit unless interviews are held in private with full assurances of confidentiality.

It may be noted that the forms developed as part of the standardized procedure to be given to both outsiders and insiders to rate various elements of the organization and its strategy (Appendix C) are designed in part to meet this problem of generating more critical comments about the organization as well as to assure comprehensive and comparable responses across these sources. In some countries a translation of the form into the local language may be necessary to assure that frank answers are given. (Further comments about this and other audit forms will be offered below.)

Objectivity may also be a problem during the site visit when the auditor wishes to observe various elements of the marketing program such as advertisements, sales meetings or sales calls, and to visit individual distributors or customers. It is important to ensure that these observations are not subject to major biases. It is unlikely that they can be, in any formal sense, random observations. However, the auditor should avoid observing only what is convenient or what management chooses to make available. The press of time during a site visit will make it tempting to accept management's "help" in these and other tasks (e.g., outside contacts). Careful preplanning and attention to the need for objectivity should counter these pressures.

5. Presentation and Follow-up

A potential problem with the final report is that it may ruffle some feathers in the audited organization, the consulting agencies, U.S. AID-Mission and/or AID/Washington. A clear question to be decided early in the process is who is to have final approval of the content of the audit report. It seems reasonable that two versions of the report should be developed. The first is the candid report from the auditor to the agency initiating the audit. Final approval for this version should be in the hands of the auditor only. A second version, if desired, could be prepared by AID and/or the prime U.S. contractor for more public consumption. AID could then have final control over this document.

As to the auditor's draft, it may be expected that those involved in the auditing process will have two legitimate concerns. First, they will be concerned that the objective facts in the audit are correct and complete. Understandably those involved in advertising about or carrying out the marketing program will be particularly concerned to see that full credit is given to the efforts and activities they have brought to bear on that program. Some procedure should be developed to permit this input.

Second, those involved will have legitimate concerns that the recommendations made will be carried out. This has two dimensions. First, the recommendations should be feasible. Again, a procedure needs to be established to discuss with the interested parties such feasibility. Second, the recommendations should be appealing. This means that the audit report itself and any oral presentations about it should be effectively marketed to those who are to implement its recommendations. This also means that the auditor should be fully sensitive to what will seem reasonable and will be attractive to the audited organization, its sponsors and consultants, and/or specific individuals within each group. This may involve sharing the language of the draft audit with selected sensitive individuals. In all cases it should be made clear that these solicited comments as to language, completeness and accuracy are advisory and that the final draft is the auditor's responsibility. In no case should those impacted by the audit feel they can legitimately question opinions stated in the audit instrument.

A final issue about the audit's presentation and implementation may concern what role, if any, the auditor should have beyond the formal presentation and discussion of the audit report. Three possibilities seem feasible. First, the auditor could simply wait in the wings until the next audit report is scheduled. This would clearly maintain maximum objectivity for the second and subsequent audits. An alternative role would be to have the auditor serve as something like a marketing controller, overseeing and evaluating the implementation of the audit's primary recommendations. This could involve further explanation of the meaning and purpose of the various recommendations, fine-tuning the recommended actions and their timing, and measuring performance at various future stages. This role would make the auditor less objective for later audits since he or she would be having some indirect responsibility for developing programs to be the subject of a later audit. However, in this second proposed role, the auditor's focus would be on the recommendations in the first audit and their contributions only.

A third role that could be adopted is one where the auditor becomes, in effect, an all-purpose consultant. It can be argued that the auditor has achieved a state of knowledge of the program and its market context shared by few, if any, others and further, if the audit is well accepted, the auditor will have developed a personal rapport with the program staff that can give further inputs high receptivity. It may be further argued that these unique skills should not be "wasted" and the auditor should be involved not only in seeing through the audit's specific recommendations but also in developing any new marketing plans and activities the organization and its consultants decide to undertake in the future. In this last role, the auditor loses considerable objectivity. Some may be retained, however, if the on-going consulting relationship is established as one where the auditor comments on proposed ideas but is not given responsibility for devising them. If this last role is adopted, it may be deemed desirable simply to hire a different auditor for later project evaluations.

Audit Forms

There are four model audit forms:

A checklist of "Marketing Audit Information Requirements" (Appendix A)

- A checklist of "Information to be Gathered on Site Visits" (Appendix B)
- A questionnaire for key informants: "Perceptions of Organization and its Tactics" (Appendix C)
- The basic auditing instrument (Section III)

1. Information Checklists

The "information checklists" presented in Appendices A and B can be helpful for several reasons:

- They can make clear to the auditor, audit sponsors, and management the substantial amount of work that will have to be accomplished to do an effective audit. The auditor, through discussions and preliminary inquiries, will then be required to make sure he or she had allocated enough time and effort to collect the needed data.
- The checklists can insure that efforts to secure all data are undertaken at the beginning of the audit rather than along the way as the occasion (or need) presents itself.
- The lists permit delegation of responsibility item by item to the various parties to the audit.
- Management will know "up front" what information is needed and what effort-level they have to expend to meet the requirements. This will preclude awkward and frustrating later requests by the auditor for additional data and make follow-up inquiries less annoying.
- The checklists allow the auditor to monitor receipt of needed data thus permitting timely prodding of those responsible for generating missing items and assuring that needed items are not neglected under the pressure of other tasks.
- The checklists can serve as progress benchmarks to be released during the audit to sponsors and the audited organization for both informative and motivating reasons.
- The checklists can prompt management, where necessary, to collect new data expressly for the audit but useful for later managerial decisions.

- The checklists can serve as questionnaires in preliminary discussions to alert the auditor as to what is or is not going to be available and where each potentially available item can be secured. In particular, the auditor can use the checklist to discover the existence of relevant internal and external studies and record them for later follow-up.

2. Perceptions by Others

The "Questionnaire for Informants" presented in Appendix C is the audit instrument that needs the most careful field testing. Comparison will indicate that its form and content are virtually identical with selected parts of the basic audit form itself. This means that its style and tone at present are appropriate to the audit and congenial to the auditor. This may or may not mean they are also congenial to various target audiences. As noted earlier, this is an empirical question that the writer believes merits the early attention of AID/Washington.

Assuming the informant questionnaires can be fielded successfully, a second unresolved question is how to use the questionnaire responses once collected. Obviously, frequency counts should be compiled and appended to the audit report. Detailed substantive comments can then be used by the auditor where relevant in the body of the recommendations. In the quantitative analysis it is not clear how the data should be broken out. Clearly answers of those inside and outside the organization should be separated. The inside sources might be further divided into those with and without marketing responsibilities and those outside into customers, intermediaries, and all others. It may also be desirable to pay particular attention to the answers of individuals presumed to be most knowledgeable about a specific topic. For example, one may wish to look especially carefully at the perceptions of competitors and the organization's sales force as to the effectiveness of the organization's sales force compensation scheme (Questions 19 and 20). In the same way, separating the response of physicians and pharmacists to questions about sales force competencies could highlight potential variations in effectiveness.

A third issue with respect to informant perceptions is how to administer the questionnaire so as to maximize objectivity and minimize collusion. To maximize objectivity, the administering procedure must assure complete insulation of the comments of the respondents from the audited organization and its consultants and

sponsors. All respondents must be assured complete anonymity. To permit this, it is preferable that all answers come directly to the auditor, e.g., mailed to a U.S. or local hotel address or handed to the auditor directly.

To avoid collusion, it is important not to allow respondents either the opportunity or the motivation to discuss answers with each other. For respondents outside the organization, this can be handled by sending only one questionnaire to each organization to be contacted (e.g., each sample distributor, competitor, clinic, pharmacy and so forth). This does not mean that outside respondents should not discuss the questionnaire with others in their organization. Indeed, such discussions should be encouraged so as to increase the yield from each response. It does mean, however, that respondents should be asked not to discuss the instrument outside their particular organization.

A more serious potential collusion problem exists within the audited organization where more opportunity and more motivation for collusion will actually exist. Staff people may well be suspicious about the audit itself and may wish the "safety in numbers" that comes from discussing answers with colleagues and possibly jointly arriving at "appropriate" answers. It would seem that this problem could be avoided by having staff members fill out the questionnaires alone or in groups under the direct supervision of the auditor. Such a procedure would reduce collusion (which would still be possible between questionnaire-answering sessions), increase objectivity (by showing clearly that the answers do go directly to the auditor) and prevent misunderstandings. The latter may well be a problem with lower level staff members inside the organization, some of whom have relatively limited education and possibly little familiarity with questionnaire formats and moderately sophisticated scales. Therefore, the presence of the auditor to answer questions should increase both the accuracy and completeness of answers from these respondents.

On the other hand, for outside sources, a preferable procedure would seem to be one whereby agreement to participate is first solicited either by telephone or in person with the questionnaire mailed or left behind to be sent later to the auditor in a self-addressed stamped envelope. In both cases, the auditor should establish a procedure whereby questions about the instrument can be answered by telephone or during a later personal visit.

3. The Audit Instrument

The "Standardized Audit Format" (Section III) clearly specifies data that are to be reported. This form accomplishes two things. First, it alerts all participants in advance to the precise information requirements of the audit, not merely to the quantity of information required. The need for adequate forewarning has already been emphasized in earlier sections of this commentary.

Second, the information from the form, especially after several administrations in different organizations and in different market contexts, will generate a data base against which the results of subsequent audits can be compared. A major frustration that may arise could concern whether a particular measurement, e.g., a level of activity or a particular emphasis, is good or bad. As a simple example, consider that responses to questions B-4 indicate that one or two contingencies are being seriously considered as part of the market planning process. Is this something that deserves wide praise as indicating advanced management thinking as compared with other contraceptive social marketing programs at similar stages of development? Or, should management be chastised for an ostrich-like adherence to the most-likely future environment? Clearly, benchmark norms will be very helpful here, although of course not determinative.

(This raises the question of how reported audit data should be aggregated in later years. While this is an issue beyond the present report, clearly one basis for combining results found in other contraceptive marketing reports is "years in operation." If this is done, it will be most interesting and useful to learn if projects tend to develop in similar or different ways over their organizational lifetimes within different environmental contexts.)

Using the audit form in discussions with management can reveal those questions where answers will be clear because they are factual and records exist, or because -- in the case of subjective issues -- there is broad consensus or relatively deep convictions on the part of individuals about the "correct" response.

At the other extreme there will be questions, both objective and subjective, that cannot be answered. For example, in the case of objective questions, the necessary data simply may not exist or cannot be produced. In the case of

subjective questions it may be that no one (including the auditor) has as yet sought out answers to questions such as those relating to key features of the future environment.

A third group of questions are those for which the answers in the audit may not be clear. That is to say, for one or more reasons, the auditor may not be overly confident that the recorded answers report "the truth." Reasons for this uncertainty could include the following:

- Management's lack of consensus. Some questions, such as those about preferred courses of action, might be under debate within the organization.
- Respondent's or management's lack of conviction. Some questions may receive only some thought (sometimes prompted by the audit itself) and/or investigation, with the result that responses really represent first impressions.
- Auditor's uncertainty. In some cases, the auditor may feel a lack of cultural sensitivity or a lack of time to develop clear answers.
- Conflicting judgments between the auditor and management. In questions dealing with the organization's basic orientation toward various marketing approaches or target markets, disagreement between management and the auditor about the true answer could be a problem.
- Potential for respondent bias. Some questions may appear to generate high consensus but -- where they involve issues difficult for the auditor to judge objectively, such as the question about how much the organization uses consumer decision models -- the auditor may have reservations as to whether he or she is hearing the "truth" or simply what respondents think is the expected or ideal answer.

Two additional problems with question wording may surface. First, for example, consider the question calling for an indication of the extent to which the organization's marketing strategy expands the market or takes sales from competitors. Ideally, this question should be answered objectively from industry sales data, and where such data do not exist the question should be considered "unanswerable." On the other hand, in the absence of such data, management and

other observers may only have strong (or weak) convictions about what, indeed, may be transpiring in the marketplace.

In other questions, the interpretation given by the auditor or an informant to a key word or phrase in the question may be problematic. For example, deciding the extent to which management makes "revisions" of a marketing plan over the year (Question B8) or uses particular data to "monitor" performance (Question B9) depends on how one defines "revision" or "monitoring". In these questions it will be necessary to decide if changing a few sales forecast figures are to be considered a "revision", or if a "revision" is only those situations where major rethinking of the marketing plan occurs. Clearly, the possibility exists for some answers to be dependent upon interpretation. In these cases, comparisons over time in one country or across countries may well reflect differences in auditors and/or respondents rather than in the basic phenomena.

A final consideration concerns those questions in which several perspectives could serve as the answer. For example, in judging whether the organization promotes its own brands or promotes family planning in general (Question A5a), one could rely on management's perceptions, the perceptions of key outside informants and/or the perceptions of the auditor. It will, of course, ultimately be the auditor's task to combine these disparate answers and make recommendations based upon them. However, at least for a time, it may be desirable to record the three kinds of raw data separately. While the perceptions of management and key informants regarding such issues will be reported in the survey appendix, the various responses might well need to be cited in the final report itself, at least initially.

V. INSIGHTS AND CONCLUSIONS

A retrospective application of the standardized marketing audit to the recent marketing audit conducted by the author for the Family of the Future (FOF) contraceptive social marketing project in Egypt during the summer and fall of 1982* substantiates some of the concerns reviewed in the previous section and also yields a number of relevant insights.

* Social Marketing Audit: Family of the Future. Cairo, Egypt. July 31, 1982. Alan R. Andreasen, Ph.D. (The Triton Corporation, Washington, D.C.)

1. Insights from the FOF Audit

Although there probably would not have been difficulties in administering the "informant questionnaire" (Appendix C) to the Egyptian respondents, without empirical testing it is not clear whether this would be the case in other countries or with other kinds of respondents. However, the other audit documents would have been very helpful, especially in alerting all of the parties regarding the quantity and quality of data required and in helping the auditor keep track of and, where necessary, motivate the production of needed data. About two-thirds of the questions in the basic audit form could have been answered clearly in the Egyptian audit. Nine items could not have been answered at all, and the remaining questions would have resulted in recorded answers in which the auditor for various reasons would not have felt complete confidence.

2. Conclusions

- It is unrealistic to assume that an audit will go smoothly; the auditor must plan for contingencies with respect to time, financial resources, and other assistance.
- For various reasons, it will be essential to keep the audit and auditor independent of the organizations being audited, although careful coordination and continuous feedback of findings and possible recommendations should be sought.
- Since the "informant questionnaires" have not yet been empirically tested, it is not yet clear whether candid appraisals of the audited organization can be secured. In all cases it will be essential to develop procedures to minimize collusion and maximize objectivity in securing informant responses.
- Two versions of the final audit might be useful, one prepared by the auditor and one, presumably briefer and possibly repositioned, prepared by the prime consultant or AID.
- The role of the auditor after the audit should be determined for each audit in the future.
- The availability of comparative baseline data will give important perspective to those conducting future audits.
- It is, however, not yet clear how results from informants should be analyzed and reported.

This document has been prepared on the basis of marketing audit experience, but on insights from only one retrospective test in a specific CSM environment with an on-going program. It is imperative that in the near term the proposed standardized audit be tested with on-going programs in other countries and with one or more proposed programs. A cursory review of the materials already prepared suggests that substantial modifications will have to be made if the approach is used to audit planned projects rather than serve only to indicate to the new organization how it will be audited in the future.

APPENDIX A
MARKETING AUDIT INFORMATION REQUIREMENTS

Marketing Audit Information Requirements

	<u>Information Requested</u>	<u>Relevant Questions</u>	<u>Date Promised</u>	<u>Received</u>
1.	Mission statement	A1	_____	_____
2.	Formal marketing plans	B3-B6, B12, D1-D4, J1	_____	_____
3.	Industry sales reports	B9-B11	_____	_____
4.	Organization sales reports	B9-B11	_____	_____
5.	Organization activity reports	B9-B11, J2	_____	_____
6.	Financial performance reports	B9-B11, J2	_____	_____
7.	Consumer research studies	B9-B11, D3-D4	_____	_____
	_____		_____	_____
	_____		_____	_____
	_____		_____	_____
	_____		_____	_____
8.	Middlemen research studies	B9-B11	_____	_____
	_____		_____	_____
	_____		_____	_____
	_____		_____	_____
9.	Employee morale studies	B9-B11	_____	_____
10.	Opinion leader studies	B9-B11	_____	_____
11.	Demand forecasts	B12	_____	_____
12.	Descriptions of market environment	C1-C2	_____	_____
	_____		_____	_____
	_____		_____	_____
	_____		_____	_____
	_____		_____	_____

<u>Information Requested</u>	<u>Relevant Questions</u>	<u>Date Promised</u>	<u>Received</u>
13. Organization chart	E1-E4	_____	_____
14. Formal marketing job description	E1-E4	_____	_____
15. Marketing staff training materials	E6	_____	_____
16. Other marketing research studies	G1	_____	_____
_____		_____	_____
_____		_____	_____
_____		_____	_____
_____		_____	_____
17. Sales force compensation plan	I3, J2	_____	_____
18. Pricing structure	J2	_____	_____
19. Examples of organization's marketing materials	K1		
TV Advertisements		_____	_____
Radio Advertisements		_____	_____
Print Advertisements		_____	_____
Packaging		_____	_____
Point of sale materials		_____	_____
Educational materials		_____	_____
Promotional materials (Giveaways)		_____	_____
Public Relations releases		_____	_____
Other _____		_____	_____

	<u>Information Requested</u>	<u>Relevant Questions</u>	<u>Date Promised</u>	<u>Received</u>
20.	Examples of competitor's marketing materials	K5	_____	_____
	TV Advertisements		_____	_____
	Radio Advertisements		_____	_____
	Print Advertisements		_____	_____
	Packaging		_____	_____
	Point of sale materials		_____	_____
	Educational materials		_____	_____
	Promotional materials		_____	_____
	Other _____		_____	_____
21.	Media schedules	K2-K5	_____	_____
22.	Media Regulations that Restrict Advertising	K5	_____	_____

APPENDIX B
INFORMATION TO BE GATHERED ON SITE VISIT

Information to be Gathered on Site Visit

<u>Information</u>	<u>Relevant Question</u>	<u>Completed</u>
1. Relative emphasis on various tactical areas and target audiences	A3	_____
2. Orientation of marketing strategy	A5	_____
3. How marketing plans are prepared	B1, B2	_____
4. Adherence to marketing plans	B7, B8	_____
5. Assignment of goal responsibility	B12	_____
6. Budgeting procedure	B13	_____
7. Segmentation strategies	D1	_____
8. Allocation of effort by target audience	D2	_____
9. Customer profiles	D3, D4	_____
10. Effectiveness of organization structure	E4, E5	_____
11. Effectiveness of staff training	E4, E6	_____
12. Use of consultants	E7	_____
13. Performance monitoring systems	F1, F3	_____
14. Informal research carried out	G1	_____
15. Research quality control	G3	_____
16. Competitive information gathering strategies	G4	_____
17. Adequacy of resources for various tactical areas and market targets	H1	_____
18. Allocation of sales force time and effort	I1, I2	_____
19. Effectiveness of sales force compensation	I3	_____
20. Perceptions of sales force	I4	_____
21. Pricing procedure	J1	_____
22. Competitiveness of discount structure	J4	_____

<u>Information</u>	<u>Relevant Question</u>	<u>Completed</u>
23. Use of non-price incentives	J6a	_____
24. Effectiveness of various promotional strategies	K1	_____
25. Criteria for choosing media vehicles	K2	_____
26. Match of media to targets	K3	_____
27. Relative emphasis on reach and frequency in media purchases	K4	_____
28. Media restrictions	K5	_____
29. Spacing strategies for advertisements	K5	_____
30. Management awareness of organization's image among significant outside groups	K6	_____

APPENDIX C

PERCEPTION BY OTHERS OF THE ORGANIZATION AND ITS TACTICS
QUESTIONNAIRE FOR INFORMANTS

Perceptions Of Organization And Its Tactics

Organization Audited: _____

Date: _____

Respondent: _____

Respondent's Position: _____

Affiliation: _____

An audit of the marketing program of _____ is currently being conducted. To be fully useful the audit requires an understanding of the organization's approach to various markets and various marketing tasks. To accomplish this, we need the assistance of knowledgeable observers such as yourself.

The questions that follow ask you to give your own personal impressions of the organization and its marketing orientation. Your responses will be treated confidentially, so please be as candid as possible.

It is not expected that you will have enough information to respond to all questions. Please feel free to answer "don't know" if you feel you are not familiar enough with the topic to answer.

Thank you for your help.

Signed: _____

Marketing Auditor

1. How well known would you say the organization was to each of the following groups:

	<u>Very well known</u>	<u>Not known</u>	<u>Don't know</u>
General public	/	/	/
Top government officials	/	/	/
Newspaper editors	/	/	/
Business executives	/	/	/
Religious leaders	/	/	/
Doctors and nurses	/	/	/
Store owners and managers	/	/	/
Teachers	/	/	/

2. How much emphasis in manpower, finances and time do you feel the organization places on each of the following aspects of its marketing strategy?

	<u>Heavy Emphasis</u>	<u>Light Emphasis</u>	<u>Don't Know</u>
New Product Development	/	/	/
Packaging	/	/	/
Pricing to consumers	/	/	/
Pricing to middlemen	/	/	/
Personal selling to consumers	/	/	/
Personal selling to middlemen	/	/	/
Advertising to consumers	/	/	/
Advertising to middlemen	/	/	/
Marketing research	/	/	/
Expanding distribution	/	/	/
Public relations	/	/	/

3. How much emphasis do you feel the organization places on each of the following target audiences?

	<u>Heavy Emphasis</u>	<u>Light Emphasis</u>	<u>Don't Know</u>
Final consumers	/___/___/___/___/___/___/___/___/___/___/	/___/___/___/___/___/___/___/___/___/___/	/___/
Physicians	/___/___/___/___/___/___/___/___/___/___/	/___/___/___/___/___/___/___/___/___/___/	/___/
Distributors	/___/___/___/___/___/___/___/___/___/___/	/___/___/___/___/___/___/___/___/___/___/	/___/
Opinion leaders	/___/___/___/___/___/___/___/___/___/___/	/___/___/___/___/___/___/___/___/___/___/	/___/

4. How would you describe the organizations' marketing strategy along each of the following dimensions?

			<u>Don't know</u>
Customer oriented	/___/___/___/___/___/___/___/___/___/___/	Organization oriented	/___/
Adapted to local culture	/___/___/___/___/___/___/___/___/___/___/	Ignores local culture	/___/
Based on consumer decision models	/___/___/___/___/___/___/___/___/___/___/	Ignores consumer decision models	/___/
Well coordinated with government programs	/___/___/___/___/___/___/___/___/___/___/	Independent of government programs	/___/
Heavily reliant on market research	/___/___/___/___/___/___/___/___/___/___/	No reliance on market research	/___/
Based on extensive forecasts	/___/___/___/___/___/___/___/___/___/___/	Not based on forecasts	/___/
Promotes family planning in general	/___/___/___/___/___/___/___/___/___/___/	Promotes organization brands	/___/
Expands the market	/___/___/___/___/___/___/___/___/___/___/	Takes sales from competitors	/___/
Focuses on consumers	/___/___/___/___/___/___/___/___/___/___/	Focuses on the middlemen	/___/
Contains many contingency strategies	/___/___/___/___/___/___/___/___/___/___/	Contains no contingencies strategies	/___/
Sensitive to costs	/___/___/___/___/___/___/___/___/___/___/	Ignores costs	/___/

Continued

Extensive market segmentation	/ / / / / / / / / / / / / / / /	No market segmentation	/ / /
Emphasizes higher status consumers	/ / / / / / / / / / / / / / / /	Emphasizes lower status consumers	/ / /
Makes heavy use of consultants	/ / / / / / / / / / / / / / / /	Makes no use of consultants	/ / /
Outcomes are carefully monitored	/ / / / / / / / / / / / / / / /	Outcomes are poorly monitored	/ / /
Each step builds on earlier accomplishments	/ / / / / / / / / / / / / / / /	Each step is independent of earlier accomplishments	/ / /

5. How extensive is the contingency planning in the organization's marketing planning?
- No contingency plans
 - One or two contingencies planned for
 - Most major contingencies planned for
 - Don't know

6. To what extent do the organization's goals meet the following criteria?

Realistic	/ / / / / / / / / / / / / / / /	Unrealistic	/ / /	<u>Don't know</u>
Measurable	/ / / / / / / / / / / / / / / /	Not measurable	/ / /	
Motivating	/ / / / / / / / / / / / / / / /	Not motivating	/ / /	
Hierarchical	/ / / / / / / / / / / / / / / /	Independent or conflicting	/ / /	
Consistent over time	/ / / / / / / / / / / / / / / /	Not consistent over time	/ / /	
Well communicated	/ / / / / / / / / / / / / / / /	Poorly communicated	/ / /	

7. How closely followed are the organization's marketing plans?

Closely followed	/ / / / / / / / / / / / / / / /	Ignored	/ / /	<u>Don't know</u>
------------------	---------------------------------	---------	-------	-------------------

8. How carefully is the accomplishment of various goals attached to specific individuals? Don't Know

Responsibility always assigned /___/___/___/___/___/___/___/___/___/ Responsibility never assigned /___/

9. How much responsibility for marketing decisions is retained centrally by top management and how much is decentralized towards the bottom of the organization's structure?

Marketing highly centralized /___/___/___/___/___/___/___/___/___/ Marketing highly decentralized /___/

10. How stretched is the executive director's span of control? That is, does he or she have too many or too few people or departments to manage?

Too many /___/___/___/___/___/___/___/___/___/ Too few /___/

11. How well prepared is the organization to replace their top marketing personnel?

Well prepared /___/___/___/___/___/___/___/___/___/ Poorly prepared /___/

12. How well coordinated are the marketing activities of the various departments?

Well coordinated /___/___/___/___/___/___/___/___/___/ Poorly coordinated /___/

13. How is coordination attempted?

/___/ Informal contacts between departments

/___/ Formal coordination between departments

/___/ Coordination by senior management

/___/ Other (describe) _____

14. How much conflict is there between departments?

Much conflict /___/___/___/___/___/___/___/___/___/ Little conflict /___/ Don't Know

15

17. What proportion of the salesforce's time in distributor or physician markets is spent on the following tasks? What proportion would be ideal at this point?

	<u>Present Allocation</u>	<u>Ideal Allocation</u>	<u>Don't Know</u>
Prospecting for new accounts	____ %	____ %	/__ /
Informing and educating	____ %	____ %	/__ /
Selling products	____ %	____ %	/__ /
Follow-up servicing of accounts	____ %	____ %	/__ /
Information gathering and reporting	____ %	____ %	/__ /
Planning and preparation	____ %	____ %	/__ /
Clerical (writing up reports, orders, etc.)	____ %	____ %	/__ /
Other (Describe) _____	____ %	____ %	/__ /
_____	____ %	____ %	/__ /
Total	100%	100%	

19. How effective is the sales force compensation scheme in achieving the following goals?

	<u>Highly Effective</u>	<u>Highly Ineffective</u>	<u>Don't Know</u>
Maximum sales	/__ /__ /__ /__ /__ /__ /__ /__ /__ /__ /		/__ /
Thorough preplanning	/__ /__ /__ /__ /__ /__ /__ /__ /__ /__ /		/__ /
Missionary selling	/__ /__ /__ /__ /__ /__ /__ /__ /__ /__ /		/__ /
Loyalty to organization	/__ /__ /__ /__ /__ /__ /__ /__ /__ /__ /		/__ /
Self-improvement	/__ /__ /__ /__ /__ /__ /__ /__ /__ /__ /		/__ /
Job satisfaction	/__ /__ /__ /__ /__ /__ /__ /__ /__ /__ /		/__ /

20a. How does the overall sales force compensation system compare to those of other organizations that might attract sales people?

/___/ Well above

/___/ Somewhat above

/___/ About the same

/___/ Somewhat below

/___/ Well below

/___/ Don't know

20b. In what ways does the sales force compensation system differ from comparable organizations? _____

Don't Know

/___/

21. How is the sales force perceived by physicians and pharmacists?

/___/ Very knowledgeable and helpful

/___/ Somewhat knowledgeable and helpful

/___/ Not knowledgeable and helpful

/___/ Don't know

22a. How does the organization's channel discount structure compare to that of competitive organizations?

/___/ Much more generous

/___/ More generous

/___/ About the same

/___/ Less generous

/___/ Much less generous

/___/ Don't know

22b. In what ways does the organization's channel discount structure differ from that of competitive organizations? _____

Don't Know

/___/

APPENDIX D

MARKETING AUDIT QUESTIONS COMMENTARY

Marketing Audit Questions Commentary

Note that multiple answers are appropriate for many questions. Such questions are followed by the designation (MA). Marginal notations may be necessary for many questions.

- A2a. Publicity about the mission statement should eventually be widespread. However, in early months or years of operation it may be preferable to restrict circulation until major interested agencies and individuals have had a chance to comment on the statement and it has become well accepted. For public relations purposes, the statement should at least be "available for those who ask for it."
- A3. Emphasis on different tactical areas and different target audiences depends in part on factors over which the organization has little control, e.g., product and media availabilities, competitor's strategies, and various market characteristics. It also depends on factors over which the organization does have control. For example, new organizations in new markets will have strategic patterns different from those in more mature markets. On the other hand, a pattern of emphasis may simply reflect management's choices for achieving maximum market effectiveness and for differentiating itself from its competitors.
- A5. There are certain characteristics that mark an ideal marketing strategy. Thus it is preferable that over time each audited organization exhibit a strategy that is:
- a. Customer oriented
 - b. Adapted to the local culture
 - c. Based on a consumer decision model
 - f. Based on extensive forecasts
 - j. Protected by many contingency strategies
 - k. Sensitive to costs (of elements of the strategy)
 - o. Carefully monitored as to outcomes
 - p. Built upon earlier accomplishments

Other characteristics are ideal only in terms of present conditions in the market environment or within the organization itself. For example:

- d. The government in some countries may require that the marketing strategy be well coordinated with its own program. In other countries, the government may permit more latitude in choosing the degree of coordination the organization believes is desirable.
- e. Where objective market knowledge has not yet been developed within the organization, for example when the organization is young, heavy reliance on marketing research will be the preferred approach. Later, such reliance can be reduced. Alternatively, it may be that the nature of the country and the development of general research capabilities may make certain kinds of research difficult.
- l. Extensive use of market segmentation is a goal of all sophisticated marketing organizations. However, it may be that research will have shown that many possible types of segmentation are neither needed nor desirable, particularly in less developed countries. The auditor should be assured that the absence of careful segmentation is objectively justified by the organization and not just the result of unfounded assumptions or simple passivity on the part of the organization's management.
- n. Again, when the organization is young, consultants will be needed, but as it gets older this reliance will be less necessary except when special needs arise (e.g., the installation of an EDP system is contemplated).

A third group of characteristics will simply reflect the organization's strategy choices. Thus, management may be able to make an excellent case that a sound marketing strategy at this point, given the market environment and current competitor strategies, should (either explicitly or implicitly) lean toward:

- g. Promoting family planning in general or promoting the organization's own brands
- h. Expanding the total market or taking sales from competitors in the existing market

- i. Focusing on consumers or middlemen
- j. Emphasizing higher status or lower status consumers

(Note: Some overlap exists between this question and question A3.)

- B1. At a minimum, 5-year and 1-year marketing plans should be routinely prepared. Extensive plans may be burdensome during the early days of a program but useful later on.
- B2. The method of preparing plans will depend on the organization. At minimum, there should be some departmental involvement in plan formulation under the principle that staff will be more enthusiastic about implementing plans they have helped prepare.
- B3. This question offers a checklist of items that can be included in a good marketing plan. Management should have a good explanation if the plan does not include a particular element.
- B4.
 - a. In general, the more contingency planning the organization does, the better. However, to ensure that the planning effort is not too great a burden on the organization, especially in its early years, only major contingencies should be addressed.
 - b,d. Short term goals should clearly lead to long run goals and organizational missions.
- B5. Marketing goals should eventually meet the criteria outlined in the question.
 - a. Realistic - they should not be obviously beyond the organization's reach.
 - b. Measurable - whenever possible, they should be objectively measurable so that it will be clear when they are achieved.
 - c. Motivating - they should represent a level of achievement higher than the present. Staff rewards should as much as possible be tied to specific goal achievement.

- d. Hierarchical - minor goals should consistently contribute to major goals, not subvert them.
- e. Consistent over time - the organization should not vacillate on the goals it sets from year to year if it is to chart a predictable course for its staff to follow.
- f. Well-communicated - staff at all levels should clearly understand what is expected of them individually and of the organization as a whole.

B6, B7,

B8. Goal plans should have clear timetables attached to each element, and should be closely followed and revised as necessary.

B9. This question both indicates the kinds of measures the organization could use to chart its own course and provides a place to record key data. It may be that some data cannot be recorded because their development requires the cooperation of others (e.g., competitors for "industry sales" and middlemen for "retail sales"). To clarify the goals to be measured, some definitions are needed:

"Contribution profit from marketing": sales revenues minus costs directly attributable (not allocated) to marketing.

"Total budget for marketing": total planned out-of-pocket expenditures for marketing functions.

"Outside support": case contributions from funding agencies and/or individual donors plus in-kind services plus the cost equivalent of free products.

Specific definitions will have to be developed for each audit in each country regarding measures that can be developed for use across countries. For the moment cross-country comparisons can only be made on the basis of whether or not a particular measure is routinely taken. It should be noted whether particular measures are regularly recorded or only sometimes gathered. The organization should be encouraged to make as many of the measures as

routine as possible and desirable. The cost of collecting the data should always be a consideration in deciding whether a particular piece of data should be collected.

B10,

B11. There is no "right answer" as to how success measures should be broken down or what comparisons should be made, although in general the more detailed the analysis, the better.

B12. Specific assignment of goals to responsible individuals is a key indicator of the effectiveness of any marketing organization.

B12a. Demand forecasts should be carried out as a prelude to any marketing planning. The specific forecasting method will depend on both data availabilities and management sophistication.

B13. Some budgeting procedures are more naive than others (e.g., "% increase" or "subjective judgment" are relatively naive). The organization should evidence increased sophistication over time in the budgeting procedures it uses.

D1. The organization's marketing segmentation strategy can vary depending on the element of the strategy one is considering. More than one approach may be used within a given area. While most of the bases are self-explanatory, four need some elaboration:

a. "Stage of life cycle" - the family life cycle indicates the stages a typical individual goes through from being single to widowhood. In practice, its use might involve, say, different ads for the newly married and other ads for the older couple near the end of their child bearing years.

b. "Benefits sought" - this segmentation approach separates customers by the reasons they have for beginning contracepting or choosing a particular method or brand. This approach in practice might involve some ads directed at those who would contracept because they cannot afford another child, with other ads aimed at those seeking more sexual freedom and peace of mind from contracepting.

- c. "Readiness stage" - this segmentation variable refers to the orientation of particular consumers toward contraception. Some may not want to contracept ever; others may want to contracept but do not know how to acquire and/or use contraceptive products; still others may be knowledgeable and motivated but need to be brought to the "action" stage by a particular advertising or point-of purchase promotion.
 - d. "Usage rate" - this segmentation variable distinguishes between those who are heavy, light, and non-users of contraceptive products.
- E1. An advisory board is desirable for four major reasons. The board can serve as a useful sounding board for proposed policies and tactics. It can also serve as a check on undesirable present policies and tactics. It can serve as a panel of experts who can provide direct input to management in such areas as banking, the law, marketing research and accounting. Finally, it can serve as a communications link to important groups which the organization may wish to influence.

Thus, it is important for most organizations to have an advisory board, to be clear about the board's role, and to be sure its membership is appropriate to that role.

- E5. Assessing the degree of coordination or conflict within the organization may be very difficult, especially in cultures where revealing organization tensions to outsiders is not accepted behavior. Giving assurances of anonymity during interviews can be helpful as can efforts to deliberately seek out dissident organization members or knowledgeable outsiders. Finally, getting staff to discuss what they think are points of conflict in other organizations may reveal stresses within a seemingly placid organization. Among the potential conflicts one might explore are the following.
- a. Financial/accounting staff conflicts with marketing staff.
 - b. Conflicts between those who advocate marketing to difficult-to-reach disadvantaged households and those who wish to focus on accessible, literate, middle-class households to maximize short-run sales growth.

- c. Conflicts between those wishing to emphasize mass media and those favoring personal selling.
 - d. Conflicts between those emphasizing sales to final users (households) and those emphasizing sales to middlemen.
 - e. Conflicts between those who are new to the organization and "old hands" who have been with the organization since its beginning.
- E6. Clearly some attention to staff training is necessary for all progressive organizations. Ideally, such training should be done inside the organization but, in the short run, it can be supplemented by outside programs. Since programs put on by outside consultants can be more advanced, they will be more desirable as the organization matures. At this point, staff will be more sophisticated and able to absorb advanced management and marketing techniques. They will also undoubtedly be in need of exposure to outside concepts and experiences to counteract the narrowness of vision and inbreeding of approaches that long service in one organization breeds.
- E7. Use of general consultants should decrease as the organization matures, while use of more specialized help should increase. Care should be taken to see that the organization is not trying to carry out tasks it should delegate elsewhere or, alternatively, delegating tasks it could easily do itself.
- F1. "Cost effectiveness evaluations" in this context require that major courses of action be assessed by computing benefit-to-cost ratios for the actions, and comparing these to alternative uses of organization resources. Both benefits and costs need not be monetary. For example, benefits of a particular new venture may be in the training it gives staff or in the improvement in organization image it yields. Such benefits may well justify a course of action even if the strictly monetary benefits do not exceed the costs.

Costs can also be non-monetary. Indeed, many naive organizations take foolish actions because they undervalue or ignore non-monetary costs such as impositions on management's time or potential conflicts within the organization the action may generate.

- F3. Feedback is essential if the organization is to employ strategies that are self-correcting. While sales, profits, and management's perceptions of its own progress all can be useful measures of success, regular assessment of problems and complaints perceived or experienced by key publics also can often alert management to changes needed to prevent future damage to sales, political support, distributor/physician cooperation, and so forth.
- G. This list of research possibilities should not imply that they all should be undertaken, although it may suggest to management specific future possibilities. Respondents may find that this question will be somewhat redundant with question B9 which reports various measures management currently takes.
- G3a. Efforts should be made to routinely review the organization's research quality. If research capabilities have only recently been developed in the country, it is particularly important to evaluate them formally using outside consultants.
- G4. Gathering information about competitors and their present or proposed tactics should not be left to chance. Some systematic program of competitive data collection should be implemented.
- H. Adequacy of resource allocation is not necessarily the same as emphasis (Question B3). A low level of resources may be quite adequate for a lightly emphasized area but inadequate for an area of greater importance.
- I1. Estimates of present allocation of sales force time should be based on the auditor's perceptions and those of the staff in the organization itself. Estimates for the ideal allocation on the other hand should be set by management and the auditor through discussion. Estimating both should provoke careful rethinking of the sales force function.
- I2. Sales force effort allocations should not be left to the special interests and preferences of the sales force. Ideally, some estimates of each account's sales potential should guide the allocation, although in the short run some proxy for this calculation may be used.

- I3. Sales force compensation should be designed to get the staff to perform certain tasks. For example, commissions should maximize sales; base salary should encourage preplanning and reporting. Bonuses may be used to encourage special one-time efforts.
- I4. Perception of the sales force by physicians and pharmacists ideally should be measured objectively, preferably through a systematic empirical test.
- J1. The process whereby prices are set can be reproduced from discussions with management. It may be that the organization has little discretion in pricing due to outside restrictions. However, if conditions permit, prices should be based as closely as possible on consumers' willingness to pay.
- J6. When evaluating non-price incentives for middlemen, care should be taken to ensure that the objectives for each incentive are carefully thought through and that the incentive is, in fact, tailored to the objective.
- K1. Again, evaluation of the effectiveness of various promotional efforts should take account of their specific objectives and, as for several other questions, should involve perceptions other than those of the auditor.
- K2. Criteria for choosing media should involve comparisons between benefits and costs. At minimum, the auditor should be assured that some attempt at formal evaluation is made and that choices are not mainly the result of management preferences.
- K3. This question seeks to assure that the organization attempts to establish media targets and assesses media audience composition before deciding on placements.
- K4. In some developing countries, many of the major media may only be national in scope and choices involving reach are not really possible.
- K6,
- K7. Note that "awareness" in this question is management's awareness of how the organization is viewed by various target audiences that might affect its

future success. It is not designed to measure the awareness of the groups themselves about the organization.

Awareness is, of course, only a first step. The next question is whether the image of the organization is negative or positive.