

STRATEGIC MARKET PLANNING IN NORWAY

David E. McNabb, Pacific Lutheran University
 Andreas Udbye (student), Pacific Lutheran University
 Axel Arentz (student), Pacific Lutheran University

Abstract

An investigation into the application, scope and perceived effectiveness of strategic market planning in Norway. Preliminary results suggest adoption of strategic planning may be a function of two factors: business size and exposure to planning principles.

Introduction

The practice of preparing some form of written long-range plan covering a period of at least three years in the future has apparently received wide-spread acceptance among United States industries. In a study by Kulda (1978), 84 percent of the firms responding to a survey indicated that they prepared such plans. Little is known, however, about the acceptance level of strategic planning in other industrialized nations. This study was undertaken to measure the acceptance of strategic planning in one western European nation, Norway.

Because of the small size of its domestic market, Norwegian industry has been forced to export to survive. Exports were valued at \$13 billion in 1979. It was thought by the researchers that this extensive international contact and vulnerability to environmental factors beyond control of industry or government would have resulted in early adoption and wide-spread commitment to strategic planning. This research was carried out to test this hypothesis. The study was facilitated by the availability of native Norwegian students as interviewers. The data were gathered during the summer of 1982.

Strategic Planning Defined

For this study, strategic planning was defined as a systematic process of preparing written plans covering all aspects of the enterprise, including the organization's mission and goals, external and environmental analysis, preparation of specific objectives and the strategies and tactics to accomplish them, as well as forecasting and planning for contingencies and procedures for monitoring and controlling progress (Lorange and Vancil, 1977, Van Hoorn, 1979).

Sample Characteristics

Senior managers in 28 Norwegian firms were surveyed by personal interview. Enterprise categories included durable and non-durable manufacturers, wholesalers, and retail chains. All of the firms surveyed operated in highly competitive market situations. Their annual sales volume ranged from six firms with sales less than \$5 million, with sales from \$5 million to \$20 million, and 14 with sales in excess of \$20 million. Twelve firms had fewer than 100 employees, ten had from 100 to 500 employees, and six employed more than 500. Ten of the firms were involved with international markets, while eight served domestic markets exclusively. The greatest proportion of firms (40 percent) had a planning horizon of from two to three years, while only 26.7 percent of the group said they planned for periods longer than three years. Of these, two were wholesalers, and

one each were retailers or manufacturers. Thirty-three percent planned for only one year at a time.

Findings

Table 1 shows the types of plans prepared by each industry type. It is apparent that once a firm decides to employ some type of formal planning, the greater the likelihood of it planning for more than one activity or function.

TABLE 1
Types of Plans Prepared

Type of Industry	TYPE OF PLAN USED							
	Corporate	Marketing	Logistics	Production	R&D	Liquidity/Finance	Growth	Project/Product
Retail or Service	3	2	3	2	2	3	3	3
Wholesale	7	7	5	4	2	6	7	7
Manufacturing	2	4	2	2	3	4	2	3

Firms practicing formal strategic planning were asked to rate the overall value of their planning. All retailers indicated they thought their planning was "good," while all but one wholesaler rated their planning as "poor" or "not sure." Twice as many manufacturers rated their planning "good" than those rating it "poor" or "not sure."

Many of the firms not now planning formally, are apparently considering doing so in the near future. More than 61 percent said they are currently contemplating introducing formal strategic planning. To do so, 60 percent said they were considering employing outside consultants to assist them in the process. All of the 14 non-planning companies claimed they had employed various levels of informal, short-range planning, but were somewhat hesitant about introducing either formal or long-range planning into their organization and appeared to lack appreciation of the benefits that accrue from planning.

Conclusions and Recommendations

If the findings of this study are perceived as representative of most Norwegian businesses, it becomes apparent that strategic market planning has far to go in Norway before it comes near to the degree of acceptance it enjoys in the U.S.

The results of this study should not be perceived as being representative of the acceptance rate of strategic planning in other industrialized nations, nor should it be accepted as the acceptance rate in all of Norwegian businesses. The small sample size dictates caution in such conclusions. Rather, it is recommended that the study be replicated on a larger scale, most probably by mail survey, in Norway as well as in other nations. It would also be of interest to determine whether native Norwegian firms have a different rate of acceptance than do international or multinational firms operating in Norway.