The bold items in the margin describe the subject matter and are keywords for text retrieval. The final reference number under each abstract is also used for this purpose.

CRM, MDM, Single customer view, Brent Council

Abstracts

Journal of Direct, Data and Digital Marketing Practice (2009) **10**, 369–382. doi:10.1057/dddmp.2009.2

Each abstracted paper is awarded 0–5 stars for each of four qualities:

- (1) depth of research
- (2) value in practice
- (3) originality of thinking
- (4) readability for non-specialists.

No abstract is included for any paper awarded less than seven stars overall.

Is MDM the route to the Holy Grail?

S. Tuck

OPINION PIECE. *Journal of Database Marketing & Customer Strategy Management* (UK), Vol. 15, No. 4, p. 218 (3pp)

Notes the promise of Master Data Management (MDM) to provide a single view of customers — just as customer relation management (CRM) did earlier, before becoming a mere collection of high-profile software packages. Insists that, to avoid the mistakes of CRM, MDM must concentrate on supporting business strategies and processes, not on becoming another IT initiative; it should be justified on business value, not simply as a strategic IT objective. Extols the virtues of a single customer view. Gives as an example the experience of Brent Council in using MDM to establish a Client Index, giving a holistic view of all Brent's citizens, fed by nine (so far) of the Council's back office departments. Notes the high cost of manually tidying up data, much of which is now taken over by automatic systems. Questions whether it is not sometimes better to have more than one customer view — for example when wanting to address households rather than individuals. Finishes with a checklist for MDM wannabes.

A succinct explanation of countless CRM failures. But it is clear (as the paper acknowledges) that merely substituting one acronym for another will not help: what a business needs is neither CRM nor MDM nor any other collection of software, but a clear view of business needs, followed by a monitored plan for fulfilling them.

Research: * Practice: **** Originality: ** Readability: ***
Ref: 10401

Integrating the value of salespeople and systems: Adapting the benefits dependency network

B. Rogers, M. Stone and B. Foss

BEST PRACTICE. *Journal of Database Marketing & Customer Strategy Management* (UK), Vol. 15, No. 4, p. 221 (12pp)

B2B, CRM, SFA, BDN, Salespeople

Notes the high levels of failure of CRM projects, which are widely seen as processes for using data about customers to improve sales productivity, often ignoring what the customer expects to obtain, and ignoring too (in B2B companies linking CRM with Sales Force Automation (SFA)) the interests of salespeople. Lists and discusses eight rationales for the use of CRM/SFA: improved sales revenue; better sales productivity; better customer satisfaction/retention; better process accuracy; customer knowledge; lower costs; enhanced reputation; and better resource allocation. Seeks, on the basis of 20 detailed case studies, to model the route by which CRM/SFA benefits can be delivered. Refers to the principles of the benefits dependency network (BDN), which identifies a number of change management steps required between an IT input and the achievement of business objectives. Describes the process by which technology leads to business changes, producing business outcomes, giving rise to benefits which meet objectives. Emphasises the involvement required from senior management, sales management and project management, and the need for both customers and salespeople to derive benefits from the systems.

A rather long-winded way of saying what many commentators have already said — that CRM that fails to concentrate on the needs of the customer and the employee will be an expensive failure — but which countless gung-ho companies continue to ignore.

Research: * Practice: *** Originality ** Readability: ***
Ref: 10402

Conserving customer value: Improving data security measures in business

A. Gregory

CAUTIONARY. *Journal of Database Marketing & Customer Strategy Management* (UK), Vol. 15, No. 4, p. 233 (6pp)

Identity fraud, data security, data loss

Notes the huge increase in identity fraud — 9,000 cases identified in 1999 and 77,500 in 2007, with a 74 per cent increase since 2003 in card-not-present frauds. Identifies sources of identity fraud: physical theft, incorrect disposal of documents, phishing, hacking and data losses. Notes attempts to tackle the problem: ID cards, release of death records, checks on applications for financial products, firewalls and encryption. Claims most organisations keep quiet about data losses for fear of legal liability, and brand damage. Advocates the use of 'seed' names by all holders of personal data; this helps catch offenders, as well as limiting damage. Holds that 'track and trace' methods help also to implement overhaul of data management generally. Notes growth in the US and some EU states since 2002 of legal requirement to disclose any case of data loss, also the EU e-commerce Directive of 2006, in response to which the UK Information Commissioner has drawn up proposals, not yet implemented, on disclosure.

A good exposé of the problem. Not sure there are any good solutions (other than the more widespread use of seed names as practised for years by the direct mail industry).

Research: ** Practice: *** Originality: * Readability: ***
Ref: 10403

Data protection: Where are we now?

J.C. Edwards

LEGAL. *Journal of Database Marketing & Customer Strategy Management* (UK), Vol. 15, No. 4, p. 285 (8pp)

**Data protection, UK,
EU, CJIA, Information
Commissioner**

Notes that the EU Data Protection Directive, and the UK legislation based on it, was drafted before the growth of electronic communications; nevertheless the EU approach has been a model for much of the world. Quotes criticism of the Data Protection Act as being toothless, for omitting from its definition of 'sensitive' personal data financial information, and for its distinction between 'data processor' and 'data controller', which is seen as increasingly blurred. Notes two developments: the Criminal Justice and Immigration Act, which increases potential penalties for serious breaches; and the Consultation of July 2008, which recommends giving the Information Commissioner power to enter premises and to levy a tiered structure for notification fees. Criticises the EU Directive, which was meant to harmonise EU data protection practice but has been implemented differently in different countries. Gives examples — particularly relating to export of personal data. Looks at the situation in Asia-Pacific, where the motivation in legislating is often to facilitate foreign trade. Notes experience in the US, where legislation has largely been state-based, with particular reference to the requirement to notify security breaches.

An interesting run-down on the international situation, which can best be described as a bureaucratic mess.

Research: ** Practice: ** Originality: ** Readability: ***
Ref: 10404

A qualitative study of multi-channel marketing performance measurement issues

M.J. Valos

RESEARCH. *Journal of Database Marketing & Customer Strategy Management* (UK), Vol. 15, No. 4, p. 239 (10pp)

**Multi-channel
marketing,
performance
measurement,
Prospectors,
Defenders**

Attributes the growth of multi-channel marketing to its ability to increase firms' reach, to the tendency of customers to use different channels to spend more, and to its scope for cost savings. Draws attention to the difficulties posed by internal politics and the critical role of performance measurement. Distinguishes three types of marketing strategy: Prospector, which achieves competitive advantage by being first with new products in new markets; Defender,

**Multi-channel
marketing, holistic
measurement**

which seeks to be more efficient; and Analyser, which varies the previous two approaches opportunistically. Relates research with 31 senior marketers that seeks to identify the types of multi-channel marketing performance challenges to be met and to develop research propositions to match these challenges. Notes 63 challenges identified by respondents, classified into 19 relating to strategy, 27 to implementation and 17 to measurement. Lists 15 of these last, and develops a future research proposition from each, to determine whether multi-channel marketing measurement is generic, or different for Prospectors and Defenders.

This paper identifies a real problem: how to measure the contributions of different channels in a multi-channel marketing effort. Its own contribution to solving the problem is slight to non-existent.

Research: ** Practice: * Originality: ** Readability: **
Ref: 10405

Accountability: In search of the holistic grail

C. Spencer

MEASUREMENT. *Admap* (UK), May 2008, p. 38 (4pp)

Notes the growing use of multi-channel marketing campaigns, and the need for holistic methods of measurement to take proper account of their effects. Gives some examples of campaigns where the use of more than one channel produced a multiplier effect. Notes, however, that each channel, or discipline, still tends to work in a silo, with measurement techniques that are specific to itself, and not compatible with other forms of measurement — for example digital is measured in clicks, PR by gross impressions, events by visitors, etc. Gives three major reasons for the coming need for a joined-up approach to measurement: increasing media interaction; simultaneous media exposure through multi-tasking; and growing reliance on purchase guidance from family and friends. Gives an extended example of a health food brand that mounted a campaign using TV, print advertising, PoS and online. Shows the effects of the campaign in terms of ‘impact’ (measured by reach), ‘engagement’ (measured by recognition) and ‘influence’ (measured by shifts in brand equity and purchase intent and by actual purchase). Emphasises that hard evidence for the effects of multi-channel campaigns is still thin, and that much work on best-practice evaluation needs to be done.

A paper by an enthusiast for sure. Lots of companies are today using multiple channels for their marketing; far fewer do this in a coordinated fashion, and the number that can actually measure the different effects of each channel is still minuscule.

Research: *** Practice: ** Originality: ** Readability: ***
Ref: 10406

Targeting, customer profitability, credit ratings, risk, Norway

Targeting customers: A financial approach based on creditworthiness

Ø. Helgesen

PRACTICAL RESEARCH. *Journal of Targeting, Measurement and Analysis for Marketing* (UK), Vol. 16, No. 4, p. 261 (13pp)

Identifies three core processes in marketing strategy as segmentation, targeting (evaluating and selecting suitable segments) and positioning (designing offerings for target markets). Aims to offer a financial risk-based approach for targeting in the context of the Norwegian fish-exporting industry. Notes that targeting is usually based on segments identified by customer-based marketing metrics or characteristics; suggests complementing this by reference to customer profitability metrics and credit ratings. Notes the existing means of dealing with credit risk (pre-payment, letters of credit, cash against documents, credit insurance). Defines customer creditworthiness codes as a means of assigning risk to customer transactions. Describes a study conducted with four Norwegian companies exporting fish (an industry with a high level (c. 98 per cent) of attributable costs). Illustrates the process of preparing customer accounts and customer profitability analyses (which none had done before) for a sample of 144 customers. Shows split of customers into four groups based on four credit-rating codes. Indicates that the most creditworthy customers appear less profitable than the others. Discusses financial compensation for risk.

This moment when every bank in the world seems to have got risk-assessment catastrophically wrong is a good time for marketers — particularly, as here, in the B2B business — to consider their own stance, explicit or implicit, on the question.

Research: ***** Practice: *** Originality: ***** Readability: ***
Ref: 10407

Segmentation

Segmentation: Crutch or booster?

R. White

CRITICAL. *Admap* (UK), June 2008, p. 22 (2pp)

Notes that academic concepts of segmentation are only some 50 years old, but that the principles involved are from time immemorial. Notes the growth in techniques from demographics to lifestyle to psychographics, and the vast expansion of literature on the subject. Notes that segmentation as practised today involves significant technical problems, often involving the use of two or more different approaches, and in some cases the fusion of data from different sources: these are not trivial matters. Lists nine criteria for good segmentation: large groups that are both homogeneous and distinct from each other; actionable; recognisable; granular; capable of being described in short stereotypes; reasonably stable over time; applicable across regional or national market-places; consistent with other company sources — for example the database; and possible to

track and evaluate. Notes the existence of a backlash against the process of segmentation, including academic condemnation of the most widely used techniques, and the need for 'smart segmentation' to counter the growing complexities. Emphasises that segmentation is not something to be undertaken lightly, but only after careful planning, if the dissatisfaction with the process shown by a number of marketers is to be avoided.

This brief paper is unusual in taking a hard-nosed attitude to segmentation, rather than merely lauding it (or some aspect of it) as the answer to all marketing problems. This is also a lead-in to a series of papers on aspects of the subject within this issue of Admap. It won't of itself tell seasoned practitioners a lot they don't know, but it is a useful introduction to the subject.

Research: ** Practice: ** Originality: *** Readability: ***
Ref: 10408

Enhancing segmentation systems

H. Greene and S. Greene

EXPERIMENTAL. *Journal of Targeting, Measurement and Analysis for Marketing* (UK), Vol. 16, No. 4, p. 298 (14pp)

Segmentation, geodemographics, exographics

Notes the origins of geodemographic segmentation in the use of Census data in the US and UK, originally confined to segmentation by geographically defined clusters, but latterly available in the US from a number of named suppliers at household level. Discusses the advantages and disadvantages of a household-level system. Suggests cultural, social, personal and psychographic characteristics as influencers of purchase decisions. Considers the possibility of using exographic data (defined as large-scale environmental characteristics of geographic areas larger than conventional neighbourhoods). Defines 33 exographic variables. Describes three experiments related to (a) an online file of 7,792 online shoppers appended with household demographics and 70 household-level clusters, (b) a file of 880 subscribers to a golf magazine appended with a geodemographic segmentation giving 24 clusters, and (c) a file of 125,146 enquirers about car insurance appended as for (b). In each experiment, the file concerned was appended also with a chosen exographic variable that appeared relevant to the case in hand, and in each case this led to an enhanced ability to predict outcomes, and an enhanced lift chart.

A fascinating study. The key lies in being able to select an exographic variable that is available and also relevant to the marketing objective of the moment.

Research: ***** Practice: ***** Originality: ***** Readability: ***
Ref: 10409

**Government,
Directgov, the EU,
Singapore, Canada,
the USA and Estonia**

Directgov: The right direction for e-government or a missed opportunity?

P. Norton

SURVEY. *Journal of Information, Law and Technology* (UK), 2008, No. 1

Notes that the UK government portal 'Directgov' replaced 'UK online' in 2004. Suggests that e-government has two sets of objectives: the narrow focus is on cost-saving and efficiency; the broad focus on 'revolutionising informed and effective participation in the democratic process'. Notes that the EU action plan concentrates heavily on the former. Shows that Directgov is split into five sections: Home (information on tax, education, employment, crime); Directories; Guide to Government; Newsroom; and Do it online. This last provides for online transactions: there are some successes, as in applications for a provisional driving licence, but far too many cases where forms have to be printed out (at the user's expense) and submitted by post. Gives instances, suggesting that different government departments have adopted different attitudes. Notes that by March 2008 the service was used by 5.7 million users — far from the aim of making it the dominant form of citizen interaction by 2010. Emphasises that Directgov does little or nothing to encourage participation in political debate: compares and contrasts its performance with that of Singapore, Canada, the USA (reckoned the three foremost exponents of e-government with the UK at no. 9) and Estonia. Of these, Canada and the USA have more appealing and more effective sites than the UK; Singapore and Estonia have gone much further in treating their publics as participating citizens rather than the mere consumers recognised by Directgov.

Another area in which government has promised much and achieved little to date. But business, which also has a mixed record in encouraging true interaction, can learn from the promises, the successes and the failures. Read the paper; check out the website.

Research: *** Practice: ** Originality: *** Readability: ****
Ref: 10410

Recent events in EU Internet law

P. Van Eecke and M. Truyens

REPORTAGE. *Journal of Internet Law* (US), Vol. 12, No. 5, p. 21 (2pp) Reports that in September 2007 the EU performed a sweep of websites selling airline tickets, and found widespread avoidance of the law on such things as pricing and fair contract terms. States that by February 2008 half of the offending websites had been corrected. Records a further sweep, following widespread complaints, in June 2008 of 500 websites offering mobile services; this found breaches of the EU Unfair Commercial Practices Directive, the Distance Selling Directive and the E-commerce Directive — particularly in websites targeting

**Websites, the EU,
airline tickets, mobile
services**

children. Notes the passage of a law in Sweden (to take effect from 1st January, 2009) allowing the interception of all electronic and telephonic communications crossing the Swedish border, and allowing constant monitoring of communications, including their content (which latter is contrary to EU law). Notes widespread resistance to these provisions in Sweden, and questions in various European Parliaments.

Consumer legislation affecting all forms of direct marketing is voluminous and complex. That is no excuse for ignorant or blatant flouting of it; webmasters would be well advised to have their sites checked for legal and best-practice requirements.

Research: * Practice: ** Originality: * Readability: ***
Ref: 10411

The customer orientation of financial advisers

D. Halstead, M.A. Jones, V.P. Lesseig and T.I. Smythe

RESEARCH. *Journal of Financial Services Marketing* (UK), Vol. 13, No. 3, p. 183 (10pp)

**Financial advisers,
mutual funds,
customer orientation**

Notes that the degree of customer orientation by financial advisers has not been examined in previous research, despite being of great importance in the wake of recent scandals in the (US) mutual fund industry. Emphasises the importance of customer orientation in client retention. Notes the demand on financial advisers to maximise productivity while also maintaining customer relationships. Describes a survey of 530 US financial advisers, of whom 78 per cent worked for brokerage/securities firms. Gives the results of a self-completed questionnaire, which shows that there is a high mean level of self-reported customer orientation; the level is higher among women than men, among advisers with higher incomes, and among those working for brokerage/securities firms; and that those with higher-customer orientation give greater importance to fund risk, fund expenses, tax efficiency, fund objective, fund load and fund fee than those with lower-customer orientation. Emphasises that the results are self-reported and suggests a similar investigation of customer orientation completed by clients.

This survey is not entirely invalidated by being self-reported: some of the secondary findings are quite interesting. A more brutally objective survey would, pretty certainly, provide even more interesting and less self-congratulatory results.

Research: ** Practice: ** Originality: * Readability: ***
Ref: 10412

Acquisition, affinity and rewards: Do they stay or do they go?

E.M. Steffes, B.P.S. Murthi and R.C. Rao

RESEARCH. *Journal of Financial Services Marketing* (UK), Vol. 13, No. 3, p. 221 (13pp)

Credit cards, customer acquisition, longevity, customer lifetimes, affinity cards, reward cards, profitability

Notes some disagreement in the literature on the existence, and strength, of the link between loyalty and profitability in customers of credit cards. Notes the importance given in the industry to delinquency rates (late payment) and default rates (bad debts), and consequently the importance of account longevity even without high activity. Sets out to discover any link between longevity (or customer lifetimes) and acquisition channel; between longevity and reward programmes or affinity marketing; and between longevity and profitability. Emphasises the problems caused by 'silent attrition' (customers becoming inactive without notification). Describes a data set of 4,977 customers from a major US financial services provider, observed over a three-year period. Describes a Pareto/NBD model for estimating longevity based simply on recency of last transaction and frequency. Finds that direct mail and telesales are positive channels for longevity, compared with direct selling; that affinity card customers have longer life than on-affinity; that reward card customers have a shorter life than non-reward cards; that older customers stay longer than younger customers and high-income customers stay longer than low-income customers; and that there is a positive — but very small — relationship between longevity and profitability. Speculates on possible reasons for these findings.

There is some interest in this paper (possibly beyond the field of credit cards), although it would have been better if it concentrated on some tighter areas of investigation, with less spread.

Research: *** Practice: ** Originality: ** Readability: ***
Ref: 10413

The influence of branding on adolescent smoking behaviour: Exploring the mediating role of image and attitudes

I.C. Grant, L.M. Hassan, G.B. Hastings, A.M. MacKintosh and D. Eadie

RESEARCH. *International Journal of Nonprofit and Voluntary Sector Marketing* (UK), Vol. 13, No. 3, p. 275 (11pp)

Branding, adolescence, smoking, tobacco

Investigates the effects on adolescents of continuing tobacco-marketing communications in the UK since the banning of advertising. Recognises that such communications take place through pack differentiation and point-of-sale displays. Looks at constructs of brand awareness, brand familiarity, brand image and attitude formation. Presents a series of hypotheses regarding the importance of each of these constructs, and peer influence, on intention to smoke among adolescents; and shows these hypotheses in the form of a conceptual model. Describes a research project (part of a study by Cancer Research UK) carried out with 926 adolescents aged between 11 and 16 who were interviewed with a questionnaire. Finds that all six hypotheses in the model were vindicated by the study, indicating that the strongest influence on intention to smoke is attitude towards smoking, followed by brand image, which operates directly as well as

helping to form attitudes. Brand familiarity is key to forming a favourable brand image. Peer influence operates directly on intention, and also impacts attitude. Concludes that there is some evidence that the advertising ban may have reduced adolescent smoking, but that the influence of marketing on adolescents has not been eliminated. Notes that cigarette packs have already been subjected to public health controls, but concludes that packs are still communicating brand information, and suggests the introduction of generic packaging and further controls on point-of-sale advertising.

An interesting study of the effects of one type of marketing communication on brand building, conducted — unusually — in the absence of other types.

Research: *** Practice: ** Originality: ** Readability: ***
Ref: 10414

Brand management: Then and now

T. Ambler

Branding, brand equity, ROC, NPS

RETROSPECTIVE. *Market Leader* (UK), Quarter 1, January 2009, p. 44 Takes a backward look at the development of marketing in the 50 years since the foundation of the Marketing Society, with the emphasis on brand management. Notes the dominance of Philip Kotler's *Marketing Management* in the 1950s. Refers to four major changes since those early days: a concentration on market share rather than sales (leading eventually to a recognition that concentration on market share can reduce profit, whereas increasing brand equity drives both share and profitability); the arrival of the computer; new complexity (compared with the 1960s when a brand manager had to deal with six to eight suppliers only); and accountability (with attention shifting from sales to the bottom line, bringing a concentration on customer lifetime value and customer equity). Is cautious about accountability, which may result in emphasis on short-term profit at the expense of long-term brand equity, or pander to the idea that marketing is just a cost, to be cut like any other cost. Scorns the current idea that one can manage customers to maximise profit: claims that marketers should aim to maximise customer satisfaction, and profit will follow. Excoriates Peppers and Rogers' *Return on Customer* and Reichheld's *Net Promoter Score*; suggests a panel of experts to review such silly ideas, as NICE does for drugs.

An exhilarating paper, based upon the author's long experience — and pronounced prejudices, many of which I share.

Research: ----- Practice: *** Originality: ***** Readability: ****
Ref: 10415

Characteristics of successful employer brands

L. Moroko and M.D. Uncles

THEORETICAL. *The Journal of Brand Management* (UK), Vol. 16, No. 3, p. 160 (16pp)

Branding, employer brands, employees

Defines employer branding as ‘the sum of a company’s efforts to communicate to existing and prospective staff that it is a desirable place to work’. This is one method chosen by firms to secure and retain the most desirable employees; those who use it should have a competitive edge. Notes that employer branding shares foundations with both consumer and corporate branding. Describes a series of 17 interviews held with 13 senior industry participants, who were asked to characterise, and point to examples of, successful and unsuccessful employer branding. The first three characteristics were consistent with consumer and corporate branding: being known and noticeable; being seen as relevant and resonant; and being differentiated from direct competitors. To these were added: fulfilling a psychological contract, and unintended appropriation of brand values (ie the prospective employee may rely on consumer brand values in reaching a judgment). Advocates judging a company’s success (or failure) in aligning its employer brand with reality by reference to commonly collected employee statistics.

Some perfectly sensible views, comments and suggestions, written up at rather unnecessary length, and in a somewhat stuffy management-speak style.

Research: * Practice: *** Originality: ** Readability: **

Ref: 10416

Marketing perceptions and business performance: Implications for marketing education?

Ø. Helgesen, E Nesset and T. Voldsund

THEORETICAL. *Marketing Intelligence & Planning* (UK), Vol. 27, No. 1, p. 25 (23pp)

Marketing, education, training, business schools, Norway

Sets out to analyse possible associations between practitioners’ perceptions of marketing and business performance, and the possible implications of this for marketing education. Notes the distinction in marketing education between the ‘instrumental’ approach (which aims to teach skills) and the ‘intrinsic’ approach (which regards education as a good in itself, regardless of practical application). Rehearses the rise of marketing education in business schools; analyses the subjects taught as comprising four ‘core’ modules (offered by 75 per cent of business schools), seven ‘standard’ modules (over 50 per cent), five ‘peripheral’ modules (over 25 per cent) and five ‘specialist subjects’. (E-marketing is standard; direct marketing peripheral.) Describes a questionnaire answered by 63 firms in the Norwegian fishery industry and 42 from the furniture industry, aiming to discover the attitudes to marketing among participating firms. Performs a cluster analysis on the respondents, and finds that they fall into three clusters, and denominates these as sales-focused (19 firms), marketing-focused (49 firms), and sales-and-marketing-focused (38 firms). Finds that respondents in cluster 3, the members of which have a more holistic view of marketing than either cluster 1 or 2, also have a significantly

higher business performance record. Concludes that marketing education should not be purely pragmatic and skills-based (corresponding to a sales rather than a marketing focus), but should also have theoretical content: it should be an education for life as well as for work.

An interesting discussion on the purpose of education (not merely in marketing). A pity that business schools (behind the times, like most educational establishments) still don't seem to understand the central position now occupied by direct marketing, of which e-marketing is a recent offshoot.

Research: *** Practice: ** Originality: *** Readability: ***
Ref: 10417

Shopping for loyalty: An executive's wish list

B. Kerr

ADVISORY. *Journal of Consumer Marketing* (UK), Vol. 26, No. 1, p. 49 (3pp)

Loyalty

Suggests a list of desired benefits from a loyalty programme: growth in incremental sales; increased in-store traffic; greater promotional impact; and a boost to revenue. Notes that, with loyalty programmes becoming ubiquitous, their continuing effect can be questioned. Claims that a loyalty programme should aim profitably to change consumer behaviour at no net cost: that is, investment in a loyalty programme should allow you to shift resources from alternative strategies in pricing, brand-building, etc. Holds that initial consideration should be about strategy: what are the immediate and long-term objectives, and what problems does a scheme intend to solve. The next step is to look at case studies in relevant fields, showing a compelling profitable return. Emphasises the amount of work involved in designing such a scheme, and considers whether it is better to do this in-house or to use the services of an outside supplier with a proven track record. Warns against the adoption of a 'me too' off-the-shelf approach, and the importance of looking for a differentiating solution. Holds that a successful loyalty programme must be enterprise-wide, not just a solution for the marketing department; it must also be data-driven — not just a more elaborate form of discounting. Emphasises the ability of a good scheme to earn growing returns by enriching the database with knowledge of customer behaviour.

Good advice for anyone still considering implementing a new (or reviving an old) loyalty scheme. But do remember that the author (like most of those you are likely to talk to during this process) has an interest at stake.

Research: ----- Practice: *** Originality: * Readability: ***
Ref: 10412

Why good leaders make bad decisions*A. Campbell, J. Whitehead and S. Finkelstein*THEORETICAL WITH EXAMPLES. *Harvard Business Review* (US), Feb 2009, p. 60 (7pp)**Decision-making**

Explains the business of decision-making as consisting of two processes — pattern recognition, which integrates information from many different parts of the brain that handle past experiences, and emotional tagging, which determines whether or not we should take action on the pattern recognised. Notes that many decisions are taken by the brain extremely quickly, without the benefit of a logical considered process, and can be very hard for the decider to then question later. Gives examples of bad decisions in the public domain (Daimler's merger with Chrysler; Hurricane Katrina; the demise of Wang Laboratories). Alleges that all bad decisions are affected by up to three factors (referred to as red flag conditions): the presence of inappropriate self-interest; the presence of distorting attachments to people, places or things; and misleading memories that seem relevant or comparable to the present situation but are not. Gives a list of seven criteria for identifying red flag conditions, and a number of anonymised examples in which these conditions were recognised and action taken to nullify the potential effects of the red flags. Describes how to guard against bias in decision-making, by injecting fresh experience, introducing further debate and challenge, and imposing stronger governance. Urges all decision-makers to consider explicitly whether red flag conditions exist, and if so to lobby for appropriate safeguards.

Not the deepest of analyses, but it contains food for thought about the decision-making processes we all use.

Research: ** Practice: ** Originality: ** Readability: ****

Ref: 10418

The secrets to successful strategy execution*G.L. Neilson, K.L. Martin and E. Powers*THEORETICAL WITH EXAMPLES. *Harvard Business Review* (US), June 2008, p. 61 (10pp)**Information, decision rights, motivators, organisation structure, execution**

Considers the situation, common in many companies, where brilliant strategic initiatives are let down by inadequate execution. Notes that managements faced with this situation typically respond by restructuring the organisation. Gives an example of such a case where the restructuring failed to cure the underlying problems, despite a temporary benefit in cost-cutting. Claims that the fundamentals of good execution rest upon four building blocks (in order of importance): designing proper information flows; determining who has decision rights in which areas; creating suitable motivators; and ensuring effective organisational structure. Lists 17 fundamental traits of organisational effectiveness, in order of importance. The first eight of these all relate to information flows or decision rights; four relate to motivators; and only three to structure. Discusses the first five of these traits at some length, with

examples. Discusses the creation of a transformation programme. Suggests beginning by putting a company's employees (the more the better) through the authors' profiling survey, which should reveal the prime areas of weakness. There then follow 15 examples of actions that might be appropriate to take in strengthening one or more of the four building blocks. Offers a website simulator through which one can profile one's company and then test the effects of different activities.

The website alone (www.simulator-orgeffectiveness.com) sounds like a fascinating toy — but do read the paper first.

Research: ** Practice: *** Originality: ** Readability: ****
Ref: 10419

Leading through uncertainty

L. Bryan and D. Farrell

PREDICTIVE. *McKinsey Quarterly* (US), December 2008 (13pp)

Globalisation, capital market, world trade, credit crunch

Remarks that the range of credible futures facing businesses over the next few years has suddenly become much wider than in the past. Suggests that companies must now evaluate an unusually broad range of macroeconomic outcomes and strategic responses, and act to make themselves flexible, aware and resilient. Places centre stage the collapse of the global capital market; rehearses the immediate consequences of this for world trade and cross-border investment. Foresees little chance of an early return to cheap credit; deleveraging will require recalibration of expectations for profitability, growth, and shareholder returns. Claims that most companies already consider too narrow a range of options: budgets and plans are typically built on baseline projections with inexplicit underlying assumptions; this must change. Produces four alternate scenarios of the development of global credit and capital markets. Characterises these as Regenerated global momentum; Battered but resilient; Stalled globalisation; and The long freeze. Estimates the likely decline over the next two years in borrowing by US households and companies through each of the five major channels of credit; concludes that total decline could vary from 1.6 to 3.7tn dollars. Shows that a \$1.6tn drop would mean a loss to US GDP of 2.9 percentage points from trend growth; a drop of \$3.7tn giving a loss of 4.7 percentage points through 2010. Compares this with Japanese experience in the 1990s, which reduced GDP by 18 points from trend in a five-year recession, or the Great Recession of the 1930s, which cost the US 40 points off GDP.

Does not attempt to answer the bewildering 'why?' question, but has some interesting things to say about where we go from here. (The comparison with Japan in the 1990s could be misleading, as Japan's previous trend growth rate was very high compared with that in the US or UK; therefore any slowdown had big effects on growth compared with trend.)

Research: *** Practice: ** Originality: *** Readability: ****
Ref: 10420