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A light gray world map is centered in the background of the page, showing the outlines of continents and major islands.

### **'Internal Marketing' as an Organisation Design and Development Meta-Structure for Corporate Communication**

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## **Abstract**

The marriage of the processes and content of marketing and organisation design and development to create user-friendly market-responsive working arrangements is discussed. A more sophisticated system is detailed as the subject of the internal marketing concept than has hitherto been available in the management literature. Since the function of enterprise is to bring innovations to market, there is an obvious link between marketing and enterprise development. The author argues that marketing is an essential component of organisation, and that organisation design and development are a source of competitive advantage, envisaging connected markets in which innovations can be value creators - the internal market and the external market. Capability enhancement can take place in organisational arrangements and also in the system of organising (i.e. management itself). If change is construed as learning and the organisation renews itself through conscious processes, then competitive advantage can be managed. This open-systems planning approach requires a parallel learning structure or collateral structure, based on market dynamics and marketing principles.

## Introduction

Internal marketing is both a strategic and tactical customer-oriented managing system or *parallel learning structure* which addresses the problem of creating and enhancing competitive capability. Often marketing orientation is sought through the development of organisational form. What if marketing principles were applied in organisation design and the formulation and execution of organisation development activities? It is argued that organisation<sup>1</sup> effectiveness and the ability to manage in a changing environment requires learning at individual, sub-system, and total system levels. Internal marketing as a meta-structure can operationalise organisation development through structuring working practices to require interaction and recognition of interdependency so as to continually enhance capability to serve society at a profit.

The implication for managers is that internal marketing is a key part of the Corporate Communication managing system. Whereas, mostly, communication is determined by organisation structure, this paper takes the view that communication needs should determine organisation design and development priorities. This orientation is necessary in an information age in which value is created through the sharing of information and the deployment of knowledge creates value. Co-operation is now not only desirable but economically viable when enacted through electronically-mediated communication in a democratic enterprise environment.

Corporate Communication is a system of integrated communication for organising which structures the process of collecting information from the business environment, develops meaning-generating messages from the information, and deploys them to get specific economic results (Horton, 1995). External communication gathers and interprets information from the business environment and responds by enabling, facilitating and enacting transactions, economic and otherwise, with the external environment. Internal communication transfers the information into the organisation and directs specific activities that result in economic transactions. There is a need to integrate this system of interaction and communication to foster and facilitate co-operative working relationships comprising influencing and information sharing in a market-responsive learning system (Masiello, 1988).

The internal marketing system is a parallel learning or collateral structure (Zand, 1974; Bushe and Shani, 1991) which can permanently operate in tandem with the formal structure. Internal marketing as a way of working can foster and enable the required integration by providing a dynamic, open communication system. Relationships are based on exchange transactions

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<sup>1</sup>here the term 'organisation' is used to denote a system of roles and stream of activities (after Robey and Sales (1994)) as a specific form of an ongoing process of organising, and is not to be taken to mean an entity which exists over and above the relationships, resources, and activities of an enterprise. Organisation is also the dynamic process of bringing order (design) and meaning (shared purposes) into the lives of those undertaking enterprising work.

and constructive competition, but not limited to the use of price as a form of control, because they are driven by democratic enterprise (Halal, 1996). This process of enacting work activities requires a new organisational form - the 'projectised' network (Peters, 1992) or 'flexible firm' (Atkinson, 1985). In this network bonds are created and maintained through exchanges of value, recognition of mutual dependence, the exercise of free choice, and the creation of an internal or domesticated market (Halal et al, 1993). Market mechanisms impose an economic rationality on employment relationships (Robey and Sales, 1994, p. 301), but this is not limited to monetary exchange (Heilbroner, 1988). Marketing in an internal market is appropriate because marketing is itself a social process (Bartels, 1970) and structured working arrangements constitute a socio-economic system (Parsons, 1951; Halal, 1996) and socio-technical system (Trist et al, 1963).

Because most people working in a service business are engaged in marketing tasks, their behaviour influences the success of the corporation to a great extent. Personnel need to be managed in a marketing-oriented manner (Grönroos, 1978). Commitment to the performance of service and the goals and strategies of the corporation requires customer-orientation which may be instilled through active, co-ordinated marketing-like activity. Internal marketing has both attitude management and communication management aspects. Internal marketing and HRM represent an interface between marketing and organisation theory that has been emphasised by the service management perspective (Grönroos, 1990).

Internal marketing can operate as an organisational enhancement system of processes. This requires the adoption of Whitehead's idea that business enterprise, like other phenomena, exists in a state of continual "becoming" and must recognise the possibilities of its "creative advance into novelty" (Whitehead, 1929).

## **Organisation, Competitive Capability and Change Management**

Organisational capability is developed as internal structures and processes are established that influence the participants in organised work to deliberately create organisation-specific competencies such that they will act to ensure the enterprise stays ahead of its competitors in delivering value to customers. The internal marketing system firstly explains the organisation's approach through targeted communications to ensure that employees understand the common interest and their part in it, and secondly matches the needs of the individual to the organisation's needs, altering or adopting attitudes, beliefs, values and perceptions of the individuals, as necessary. A dynamic two-way communication process is envisaged, which attempts to build understanding and trust between groups so that the organisation as a whole can move towards its strategic goals.

The *managerial school of marketing* posits change as a 'product', and employees 'buy' (into) the change process. In some cases, marketing

specialists will be the initiators of change, as they urge the organisation to respond to the trading environment. This will occur when current organisation culture, capabilities, activities, and working arrangements do not provide appropriate value for external and internal customers. However, the marketing literature mostly approaches the problem of fitting marketing plans to the context or culture of the organisation. This paper addresses the question of value-creating capability by considering how the marketing process may help to create the organisation context through organisation design and development which is driven by the first market (employees). This is to ensure a fit between how value is created and delivered to external customers and the values and interests of the workforce. Rather than only the pursuit of organisation development effort to enhance marketing capability, the author asks to what extent marketing principles can be adopted for organisation development efforts which enhance strategic capability and humane working? Organisations do not exist solely to satisfy external customers. Parsons (1951) recognised that organisations have to adapt not simply to their external environment but also to the views and perceptions of participating workers.

Internal marketing encourages the view that marketing is a process, involving the whole enterprise, as the means by which a match is continuously maintained between its offerings and its targeted customers' needs. Marketing processes are the core activity of the service provider and responsibility for them crosses functional divides (Payne, 1988). Multi-disciplined (i.e. multi-perspective) self-managing work teams are a suitable organisational structure to deliver improved quality, responsiveness and customer focus by ensuring ownership and involvement at all levels (Peters, 1992; Wickens, 1987; Myers, 1991; Salem and Banner, 1992; Fombrun, 1992; Garrahan and Stewart, 1992; Tjosvold, 1992; Bak et al, 1994). Teams make their own plans for implementing strategy to which they have contributed market appraisal information in a structured iterative planning process which recognises that responsibility for strategic moves should be at the customer interface. The decision-making process is pushed down to the level where timely information is available, and the teams re-organise their work to ensure appropriate processes are in control and improvements sought for efficient use of resources and effective production of customer-satisfying outputs. Step-by-step implementation is achieved through structured *project management* (see for example, Morgan, 1989; Peters, 1992) for which team members are trained. Employees are required to see themselves and the business and its organisation as their customers see them, and marketing practice is spread through the organisation. The emphasis is away from control by managers and supervisors and towards *self-control* (Juran, 1989). The teams decide how to do things, whilst the management team is concerned with the outputs of the various processes. Managers as resource allocators and decision-makers are managed by internal customers and become facilitators of good customer service. There is a clear link between tactics and strategy. All must have both responsibility and authority for service quality which is enhanced by common purpose and coherence.

Internal marketing has been described as a holistic management process (George, 1990) to integrate the multiple functions of the organisation by:

- Ensuring that all employees understand and experience the business and its activities in an environment that supports customer-consciousness;
- Ensuring that all employees are prepared and motivated to act in a service oriented manner.

Internal marketing focuses on achieving effective internal exchanges of value (e.g. resources and including other non-economic reciprocal transactions) between the organisation and its employee groups and between these groups as a prerequisite for successful exchanges with external markets (George, 1990). This helps to enhance and ensure speed and relevance of response to an increasingly complex web of isolated and inter-related factors which constrain, influence, or determine the actions and achievable objectives of the business enterprise (as a collective) and of its individual members.

Several writers have anticipated a convergence of Human Resource Management, Organisation Development, Marketing, and Quality Management in describing internal marketing in terms traditionally associated with the domain of the personnel or human resources specialist, including training, recruitment, motivation, and reward (Collins and Payne, 1991; MacStravic, 1985; Wheatley, 1987; Winter, 1985; Bowen and Lawler, 1992). Barnes (1989) sees the need for a marketing-oriented human resources department in which marketing ideas have a significant input into recruitment and training (see also Glassman and McAfee, 1992). George (1990) emphasises the interdependence of internal marketing and human resources management and describes internal marketing as:

“a philosophy for managing the organisation’s human resources as a holistic management process to integrate the multiple functions of the organisation”.

For Glassman and McAfee (1992) there is a need for alignment between the goals of marketing and personnel specialists, and this will be achieved through the integration of their work. Personnel (or HRM) becomes a marketing resource to ensure good service. Fraser-Robinson (1991) acknowledged the increasing recognition that training and recruitment impact on the organisation’s relationship with its market and have become, in effect, part of the organisation’s product or service offering by determining its acceptability (i.e. quality).

A new paradigm of employee-employer relations has been suggested by du Gay and Salaman (1992) in which organisational competence and capability is deliberately developed through the establishment of internal structures and processes (an *enterprise culture*) which influence members of the organisation to act to ensure that competitive advantage is created and maintained.

Grönroos (1981) viewed internal marketing as an integrator of business functions within an organisation, whilst Harrison (1987) has written of the alignment of parts of the organisation to a common purpose as an issue of organisational culture. A recent collection of views on the interfaces of

marketing from the perspectives of specialists other than marketers stresses integration (Wilson, 1994). Internal marketing, in this view, develops the customer paradigm and ensures that quality management is not a separate management function and the differing perspectives on quality are rationalised by reducing departmental isolation (Martin, 1992) and inter-functional conflicts (Weinrauch and Anderson, 1982; Ruckert and Walker, 1987) through communication (i.e. debate around different views) and joint responsibilities to each other. This urges an explicit market focus in non-marketing functions such as manufacturing, engineering, design and finance, and the sharing of customer satisfaction goals. This is a form of 'de-departmentalisation' of functions (re-departmentation around markets rather than functional skills) and may be seen operationally in cross-functional problem-solving and briefing teams (Piercy and Morgan, 1991) which are formed to serve markets and customers rather than the specialist introspective interests of professional groups. Thus internal marketing is a means of integrating the business functions (Grönroos, 1981). Winter (1985) has claimed that internal marketing is concerned with:

“aligning, educating and motivating staff towards institutional objectives ... the process by which personnel understand and recognise not only the values of the ... program but their place in it”.

Two-way communication aims to establish mutual understanding and trust (but not necessarily total agreement) between 'managers' and 'workers', and between functional departments, and sufficient acceptance to enable action to be taken. Berg (1986) identified a shift from control-driven to value-driven organisation as well as a shift from the individual to the collective level of management. Employees are then no longer seen by managers as raw materials that need to be 'managed' (Glassman and McAfee, 1992). Co-operation is a critical success factor in building the necessary organisational culture and capability (Mastenbroek, 1991). But co-operative behaviour is not natural to humans and has to be learned (Dawkins in Axelrod, 1984). The organisation is able to learn from service failures (Martin, 1992). Internal relationships are improved (Grönroos, 1991; Mitchell, 1992) and internal marketing is a way of implementing TQM (Witcher, 1990) through an internal supply chain (Munro-Faure et al, 1992) which creates value (Martin, 1992). Indeed, operationalisation of TQM depends on internal marketing (see French and Bell, pp. 246-8) since it is essentially a large-scale employee involvement programme (Cummings and Worley, 1993).

Quality is still seen by many people as largely about product conformity to specification, and management thinking tends to be sited firmly within operations, and therefore true organisation-wide customer orientation and marketing-orientation are not as prevalent as many writers have urged. Many supplying organisations fail to see that they cannot avoid giving service to their customers, and this applies to both manufacturing and the service sector. Many see service quality issues as secondary concerns after productivity and resource allocation problems. Customer satisfaction is still believed to be the (exclusive) domain of the marketer and marketing department, and often is not measured and monitored in any case, even

though what is actually delivered to the customer is under the direct control of operations and production specialists.

In operationalising service quality we can think of *Internal Service Quality* (i.e. the quality of strategic decision-making and operational capability through 'strategic choice deployment') and *External Service Quality* (in which customer expectation management recognises the role of customer perceptions and actively seeks a constantly updated understanding and meeting of the needs by building close relationships with selectively chosen customers). Heskett's **service sector profit chain** (Heskett, 1992) has been useful in modelling the connection between internal service quality, external service quality, and the organisation's financial performance.

TQM is often seen as only a relatively short-term programme for organisational change rather than an alternative organisation management philosophy, i.e. a way of conducting business. A holistic version of TQM has been offered by Wilkinson and Witcher (1993) which is more than a "human resource management-friendly" quality assurance system (p. 47). These writers see internal marketing as integral to TQM in "enabling conditions which determine appropriate infrastructure and internal environment for a particular organisation's TQM". This implies the possible need for the re-structuring of strategies, working practices and relationships.

By making TQM more closely associated with marketing it should be possible to ensure that TQM is market-led (i.e. externally-focused) rather than conformance-led (usually by operations specialists). This can help to avoid management emphasising efficiency (introspective planning and innovation) at the expense of effectiveness (achieving customer satisfaction, and thus customer retention, as a competitive advantage).

Senior managers often have misguided assumptions about their organisation's culture (Hofstede, 1991) and this can seriously undermine change programmes. Managers are being encouraged to rethink the nature of change programmes (Binney and Williams, 1997). Internal marketing can drive interactive communications to help overcome resistance to change. Darling and Taylor (1989) have proposed a model for use by marketers in developing marketing programmes which anticipate and overcome, at least to some degree, resistance to change in the organisation. According to Rafiq and Ahmed (1993, p. 222):

"... internal marketing involves a planned effort to overcome organisational resistance to change and to align, motivate and integrate employees towards the effective implementation of corporate and functional strategies".

One implication of this is that managers suggest and/or initiate changes in the way the organisation operates in response to pressures from the business environment. Then it is those who are required to work within the management system in the adaptive or learning organisation (Garratt, 1987) who must fall in line in order that the organisation can move towards its strategic goals. This requires receptiveness to change (Pettigrew and Whipp,

1991) if the organisation is to develop in the desired way. The role of marketing-oriented human resources personnel as suppliers to internal customers of the means for individual development of competencies has been suggested (Collins and Payne, 1991).

Chaston (1993) shares the developmental perspective on internal marketing. His work has identified programmes designed to improve internal organisational attitudes and competencies (p. 176), and to change management style to one that permits junior staff being granted greater self-decision powers and the discretion to allocate resources without first seeking the approval of a superior (p. 169). An internal marketing strategy can be designed to enhance the value-added component of internal processes through improved alignment of employee attitudes linked to further development of appropriate individual and organisational competencies (p.180).

Piercy and Morgan (1989) have highlighted the market-oriented organisational change which is implied by the implementation of marketing strategies and the need to legitimise the focusing of managers' attention and thinking on issues which present barriers to this change, such as power, culture, and political behaviour. Internal marketing is proposed as a mechanism for doing this. These 'shadow side' issues have been discussed at length by Egan (1993). Piercy (1992) has provided a detailed discussion of internal marketing as a mechanism for implementing marketing strategy to ensure market-led change management.

Leadership requiring marketing skills has also been suggested (Bryman, 1986), and internal marketing provides a process by which the evolution of a better understanding and application of marketing principles can be attempted. The leader therefore must conduct analysis of the prevailing culture in the form of internal market research via 'management by walking about', staff surveys, and other techniques (Seddon and Jackson, 1990; Tansuhaj et al, 1991) to sense the needs of the internal market, and then to act to develop the desired new culture. Tansuhaj et al (1988) have shown how employee attitudes affect their behaviour and how this impacts on customer attitudes and behaviour.

Drucker (1985) is clear that business enterprise has two clear functions - to innovate and to market the resulting products and services. Strategy formulation and implementation can and should be marketing-led to ensure that organisational change is market-led and efficiently achieved. Sustainable competitive strategy must be well understood by the implementors who have played their part in creating it and have a real desire to make changes in response to market needs derived from clear customer focus for the benefit of the whole organisation.

The internal marketing concept can be operationalised to provide a link between the organisation's capability and the market's needs and wants. That is, the organisation can be adaptive to its business environment in adding value in terms which are important to customers. Internal marketing is a strategic weapon which helps to achieve excellent service quality and thereby

greater customer satisfaction (George, 1990). In internal marketing the 'product' is not simply a given plan supplied by managers to their internal customers. The internal marketing mechanism ensures, through internal market research and responsive internal product and service design and delivery (i.e. appropriate resource allocation and concern for non-economic interests as part of service facilitation), that internal customers (employees) get the resources and support they need in order to best serve their customers, but only if they are inclined to do so. This two-way communication of needs and wants and feedback on performance measures and satisfaction is the 'learning organisation' in action:

"strategy creation is seen as emerging from the way a company, at various levels, acquires, interprets and processes information about its environment" (Pettigrew and Whipp, 1991, p. 136).

The concept of internal marketing may be operationalised as a means for change management by thinking of it as *strategic goal deployment*. This involves a process of mutual exchange as:

- Corporate objectives are sub-divided until specific actions necessary are identified;
- Responsibility for actions is allocated to those best qualified;
- Resources are provided to effect the required actions.

The evolution of organisational capability for change and responsiveness must be planned, i.e. driven. Strategy can then be translated into operational reality by a process of managing ideas into good currency so that innovative ideas are implemented and institutionalised. Dawson (1994) has suggested that many organisations respond to extreme turbulence in their environments, i.e. unpredictable and rapid changes, by imitating apparently successful others. But imitation cannot be sufficient for sustainable competitive advantage. Managers need a superior culture and organisation management skills ('organisation' meaning the web of interconnected relations of a complex range of factors including resources, values and assumptions - a holistic, i.e. systemic, view). What is required is real flexibility and adaptability in organising the business as an open system (Beer, 1979; Checkland, 1993; Gray, 1991; Bingham and Davies, 1992; Morgan, 1989).

## **Organisational Learning and Organisation Design & Development**

Internal marketing can operate as a meta-structure - as a parallel learning structure or collateral structure (Zand, 1974, 1981). Change may be seen as a learning process (Mohrman and Cummings, 1989). Internal marketing can drive a systematic process of environmental analysis by mapping, classifying and analysing environmental variables and then ensuring the communication of interpretations and implications widely for discussion. This puts more people 'in touch' with their operating environment and provides for a shared deep understanding of the total operating environment (with internal as well as

external factors) based on asking customers about quality rather than relying only upon the 'feelings' of experienced executives or other 'experts' who may be essentially internally-focused in their views.

The mechanism conditions the organisation for change, develops a capacity to change, and achieves a critical mass for adoption of a given strategy. But this change facilitation mechanism should perhaps not be termed 'internal marketing' since the term suggests that it is the sole domain of marketers and a marketing concept based purely on economic exchange. Change management is not to be 'hi-jacked' by marketing specialists and held within the expertise and responsibilities of the marketing function, which is often promotion-oriented. Actually, it is rarely marketers who lead radical change initiatives. Rather, change management and responsiveness to chosen markets (i.e. strategic management) requires marketing principles to be applied throughout an organisation. The *whole system of enterprise* has to develop sensitivity to customer needs and change in technology, customer needs, competitors' actions, etc. This is, of course, the classical argument for a marketing-orientation. What is required, further, is a more holistic management approach as a *learning organisation*. The *knowledge base* (Pettigrew and Whipp, 1991), beliefs, and values are then shared for mutual benefit throughout the organisation by pursuing a single corporate objective of profit from customer satisfaction. The development of the organisational knowledge base is argued for by Pettigrew and Whipp (1991, p. 178).

Knowledge within the organisation can be a source of competitive advantage by enabling adaptation (Brown, 1991) as the organisation learns from experience and a process exists for capturing and employing the knowledge and experience of individuals in the organisation (Foddy, 1994). Almost inevitably, senior managers who focus on planning and directing and the *external strategic sphere*, and operations management who are concerned with the *internal operational sphere*, will experience a knowledge gap. Thus decision-making and action will be guided by what managers think prevails rather than the way things are in the internal and external environments of the organisation. A company-wide process and mechanism which closes the knowledge gap and speedily applies knowledge from experience, i.e. organisational intelligence, provides a capability for learning and applying the knowledge and understanding for competitive advantage. An internal marketing process can provide a mechanism for developing and continuously updating a widely understood 'business model' or 'mental map', using appropriate language, of how the company runs and should be run. Business processes and implicit rules of decision-making and behaviour become common currency for building internal efficiency and external effectiveness.

The implementation of strategic change should not be attempted as a single programme. Change in this sense is a process rather than an event (Dawson, 1994). Instead a small series of efforts are worked on with appointed 'change managers' at different levels in the organisation. In parallel, reward and communication systems are used, often leading to substantial adjustment of attitudes and behaviour. With constant monitoring and feedback of the process such mechanisms can generate valuable information which enables managers to modify the original intention over time. Boyle's model of a

continual 'new strategic planning' process exploits information as it is acquired rather than assuming that all relevant knowledge is available at the start of a periodic planning event (Boyle, 1988). Planning is a learning process (de Geus, 1988).

*Organisation development* (Bennis, 1969; French and Bell, 1995) has, since the 1960s, become a well established value-driven group of process methods which may be used to diagnose organisational health and performance and adaptability and, where necessary, to alter personal values, perceptions, attitudes, and behaviours towards the company, and working relationships and human climate - one aspect of the environment (Handy, 1985), and the effectiveness of individuals, dyads/triads, teams and groups, intergroup relations, and the total organised system of work. Organisation development can be seen as a systematic framework for bringing about change in organisational culture (Burke, 1987) and working arrangements as well as in the processes and activities of organising. Handy highlights the value of OD in attempting to find ways of integrating goals and values of the individual with those of the organisation, by changing the culture so that this integration becomes possible. OD addresses the problems of organisation directly, rather than through the agency of particular individuals. The focus is on the system rather than any single member. Following the work of Mintzberg (1983), design and development effort would be applied to five specific flows or functions of the organisation: formal authority; regulated activity; informal communication; peer group clusters (Mintzberg terms these "work constellations"); and, the ad hoc decision process. Cummings and Worley (1993) have developed the concept of organisation development to include the content of change and not simply the process. Bennis (1969) saw the primary aim as dealing with problems of communication and questions of satisfaction and the ability of the organisation to provide appropriate motivators.

Bennis delineated a set of normative goals for organisation development:

- improvement in interpersonal competence
- human factors and feelings considered legitimate
- increased understanding between and within working groups
- more effective team management
- better methods for conflict resolution, without relying on suppression, compromise, and unprincipled power
- organic rather than mechanical systems, based on relationships, trust, interdependence, and multi-group membership.

Organisation development may be associated with the notion of asset-led marketing (Davidson, 1987) where the management task is to improve effectiveness of asset use in the organisation's market(s) by probing for opportunities and to improve and refine the assets themselves (including organisational relationships and knowledge), thereby building and utilising emergent characteristics of the organisation which may be hard for competitors to identify and imitate, but which provide value to external and

internal customers. A systematic approach to this work will involve organisation development interventions (French and Bell, 1995, p. 165).

*Organisational learning* (Argyris and Schon, 1978; Shrivastava, 1983; Levitt and March, 1988; Senge, 1990; Huber, 1991; Sinkula, 1994; DiBella et al, 1996) may merely be the rebirth of organisation development (Halal, 1996), in using team learning to encourage change from the bottom of the hierarchy of authority. This is needed to build effective teams, but does not recognise the growing need to transform organisations into entrepreneurial, democratic systems (Halal et al, 1993; Halal, 1996) which are able to learn about the current world by unlearning outmoded assumptions based on past experience. The parallel learning structure allows people to work in a completely different way from that of the formal organisation (the system of rules and objectives which officially prescribe and allocate tasks, privileges, and responsibilities, thereby specifying how the activity of a group is to be carried on). It is specifically designed to solve problems, and allows change and innovation to be managed without disrupting the formal structures and mechanisms required for routine and repetitive tasks. Managers and workers simply are assigned to tasks within a different context. This provides workers with a chance to affect the formal organisation and evidence shows that this leads to increased work satisfaction and task effectiveness (Zand, 1981). Whereas Cahill (1995) treats metamorphosis into a learning organisation as a prerequisite for internal marketing, this author sees it as an outcome by treating internal marketing as a process for organisation development.

## Implications for Managers

The broadened concept of internal marketing is required (Varey, 1996) in the merging new business world and has a number of implications for the management of an enterprise. A shared set of beliefs about the meaning of customer orientation is required. This will require the promotion of a particular interpretation of the marketing concept and the systems and tools to achieve its objective, i.e. delivering value to customers at a profit. The managers of such an approach will focus on the understanding and acceptance of a 'corporate ideology' while planning locally for appropriate activities to operationalise it. Skills and attitudes for communication and service will be central requisites.

A model of internal marketing which is broader than the widely accepted scope of service attitude and communication management has been conceptually developed (Varey, 1996). It has a number of significant features:

- All activities in the value-creating corporate process are in contact with the external environment. Through this the customer-supplier relationship is revealed to all service providers and credible information goes in 'real-time' directly to those who need to act.
- Corporate value-creating competencies (distinctive capability) are defensible - they lie at the heart of what?, why? and how? decisions taken about value-creating activities.

- The process modelled is highly iterative and interactive and responds to new information from the internal and external environments.
- All employees are service providers - to customers or customer-serving colleagues - this requires service and marketing education and training.
- The information flow and involvement implied by this model require organisation-wide communication in the form of interaction and dialogue - all information channels are open so that managers and others can communicate directly, without using formal communication channels - exchange of relevant information is complete and rapid. The internal marketing meta-structure ensures that the internal communication is dynamic and reaches all parts of the decision-making and production system (the managing system) and that innovation and marketing take place effectively and efficiently. It is part of the Corporate Communication managing system. Innovation is enabled and fostered as a result of market-based information flows (Horton, 1995; Brown, 1991) and an innovating system is developed.
- Individuals figure out for themselves what they must do to contribute to corporate delivery of value to customers. Allowing (bounded) discretion gives them pride - they have the *power and the obligation* to solve customer's problems - they can get problem-solving assistance from anyone in the formal organisation.
- What has been described is a customer relationship management system (see Howe et al, 1992, for a similar discussion from a TQM perspective. They call their system a Quality Review process).
- The same strategy is used to satisfy both customers and employees.
- All staff get training to ensure customer-orientation and market orientation.
- The total system is greater in scope than marketing, and includes human resource management, public relations, organisational behaviour, organisational design and development and change - it is close to Corporate Communication (van Riel, 1995). Horton (1995) defines Corporate Communication as that process which collects information from the business environment, develops meaningful messages from the information, and transmits them to get specific economic results. External communication is prerequisite in attempting to achieve specific socio-economic results from those who buy and sell goods and services and other individuals and groups whose participation is essential to making economic transactions. Internal communication follows in transferring the information from the business environment into the organisation and directs specific activities that result in economic transactions.
- A holistic view of management is required which pays attention to both the parts and the whole system. The pursuit of enrichment of understanding recognises that it is wrong and self-defeating to attempt to reduce a complex situation to a simple problem and solution. The holistic view maintains that the details can only be understood through the whole. It is a systemic view where every detail is gradually understood within the context of the whole system - managers become 'specialist generalists'.
- the outputs of the parallel organisation are the inputs to the formal organisation.

The role of the manager will be shifted from that of overseer and controller to that of organiser and supporter. 'Employees' and 'managers' will have to understand and agree on what is in the organisation's long-run best interest and how they individually gain from this.

Internal marketing seen as internal relationship management is an integrative process within a system for fostering positive working relationships in a developmental way in a climate of co-operation and achievement. The ***internal customer relationship management system*** has a number of key features (adapted from Howe et al, 1992):

- The 'voice' of the customer is incorporated into product/service decisions;
- Customer commitment is earned in a 'social' contract;
- There is open exchange of ideas for mutual gain;
- Customers are involved in product design, production, and service;
- There is close partnership between suppliers and customers;
- Customers are viewed as individual people and so are 'value' providers;
- There is continuous interaction and dialogue between suppliers and customers;
- There is a focus on discovering, creating, arousing, and responding to customer needs;
- Relationships are viewed as enterprise assets;
- There is systematic collection and dissemination of customer information (detailing and negotiating requirements, expectations, needs, attitudes, and satisfaction).

Subscription to the managerial perspective on marketing management unreasonably allows the ring-fencing of 'marketing' as a set of activities to be carried out by a department - a number of variables simply have to be selected and manipulated - but no commitment to a value creation (de Bono, 1993) philosophy is required. This simplifies the perceived complexity of enterprise organisation and direction but also permits counter-productive tribal empire-building. The resulting intra-organisation communication problems are perpetuated through attempts to manage via such a fragmented approach to organising and managing.

The broader approach discussed here robs the functionalist/specialist of sole ownership of the territory, but the gain to the system when each individual is able to contribute to the whole enterprise is realisable in terms greater than mere 'market efficiency'. The needs and wants of the individual can be met through negotiated rights and responsibilities as the means to achieving the organisation's success in conducting the business of the enterprise.

The structure for this is a network of self-managing teams (or mini businesses (see Case, 1995)) who serve each other, develop specialist knowledge, execute projects, and sell to 'outsiders'. Internal marketing is the relationship and knowledge management required for the 'new organisation'. The internal-external boundary becomes blurred as the traditional organisation form is dissolved. Peters (1992) and Barnatt (1997) provide evidence of the move towards 'marketisation' and 'organic organisation' which is characterised as:

- A flattened hierarchical structure;
- Fluid arrangements;
- Projectised work;
- Temporary network membership;
- Individual units aim to own a market through better service;
- Symbiosis with customers;
- Pursuit of mutually satisfying employment relationships.

Communication will be seen as the *mode* of organisation, rather than the *means* (Drucker, 1973). The achievement of goals will be seen as occurring within exchange relationships rather than in discrete transactions of discrete individuals or groups. This interactional perspective will balance economic (monetary) and non-economic values through a co-operative management system. Above all, there will be a removal of the submissive, subordinate working relationship at least at the local (team) level. Collaboration will mean the self-regulation of relationships and obligations at work. People will no longer be required to work under the duress of directing, order-bestowing force, and because the system is ambition-driven, their work will be a free act of obedience to their own purposes, which will be widely understood and balanced with the collective purposes (Heilbroner, 1988, p. 103).

Organisation development has often driven by what senior managers believe is needed to meet external market opportunities and threats. An internal marketing approach to organisation design and development provides a contingency approach to ensure a balance in attending to internal market and external market interests, and is a meta-structure or meta-system (Barnatt, 1997) in the sense that it does not replace what people do, but provides a total system and customer-oriented mindset and interactive working relationships which govern how and why jobs are done. Internal marketing will become a valuable way of driving the design of formal internal communication systems in the corporate communities of the 21st Century, by helping to address environmental demands, human values and ethics, and technological possibilities. The marriage of organisation design and development with marketing may address, at least in part, the need for OD to deal adequately with its weaknesses (Burke, 1995; Herman, 1989) by taking a process perspective, by building relationships of mutual trust, by understanding the business context, by focusing on the improvement of business performance, and by seeking to create 'us' and 'we' learning situations in place of 'I' and 'you'. Desired humanity can be realised in free (voluntary), open, honest, co-operative, dignified, respectful, trusting relationships in the service of others. A genuine marketing-oriented approach can add value in organisation design and development efforts. But it still remains that managers are the change agents who must adopt a customer-oriented OD strategy - which is much more than training by another name. Perhaps it is the emerging Corporate Communication systems that will focus this effort.

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