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Pricing over the product life cycle ppt

After the launch of a product, there are four stages for the product life cycle. Some marketing experts speak of a fifth state that is more developmentally intensive. Nevertheless, different dynamics occur in each of the four product lifecycle phases that affect a company's advertising, pricing, and product strategies. Managers and entrepreneurs need to be aware of the four phases of the product's life cycle, as non-monitoring of the product can dramatically impede sales and profits. The introductory phase of the product life cycle is when people start to enjoy it. Product quality is important in this state, as companies want to build repeat businesses. In addition, a company can choose to price its products relatively high or below average. Companies can quickly recover production costs with higher prices. However, a company uses a lower pricing strategy to build market share or a loyal customer base. If demand for the product is high, sales will soar during the growth phase. Companies can also add product diversity to appeal to more customers. Companies will typically keep their prices stable during the growth period, according to QuickMBA.com, an online business reference site. Companies use the higher profit margins for advertising or additional business from regular customers. Companies typically need to hire more people during the growth phase to attract better service customers. Advertising departments can increase their spending to appeal to a wider audience. During the ripening phase, the market becomes more saturated. It becomes more difficult to add customers. Some companies will add new features to their products to deduct customers from competitors. Companies can also try to find new uses for products or markets for their products to extend the life of their products. For example, a consumer product company can start selling its soaps to factories and factories. As a result, companies will typically emphasize their differences with competitors in their ads and promotions. Companies can also lower prices as more competitors enter the market. Some competitors are likely to lower prices, so other companies will do the same to avoid customer losses. Products inevitably become outdated or outdated. Black-and-white television is an example. During the period of decline, companies can make final attempts to differentiate their products or find new markets for them. However, some companies will introduce new products, especially if the technology Your existing products can be sold or discontinued. In the January-February 1979 issue of HBR, we reviewed the concept of the process life cycle as opposed to the more familiar product life cycle and suggested that a framework containing both concepts provides a more useful tool for exploring policy options. Offers. we have proposed the product process matrix to combine these concepts into a framework to describe alternative business strategies and to examine their impact on the company's manufacturing organization. In our earlier article, we essentially limited ourselves to examining issues related to the positioning of companies on the matrix; that is, to choose how a company prefers to be competitive (see Figure I): left or right of the matrix diagonal (implies greater product diversity or faster product changeover or less, more stable products). Above or below the matrix diagonal (imply either flexible, less capital-intensive processes or more mechanized, more cost-effective and rigid processes). Next, we explored the well-known concept of distinctive competence – the idea that each company should identify and use the resources, skills, and organizational characteristics that give it a comparative advantage over its competitors – and we used this concept to combine a company's manufacturing expertise with its product and market expertise. We have also taken into account the management impact of selecting a product and a process position over others in the industry. Although this choice is related to the strong competence of a company, it reflects the additional dimension of viability and dominance in taking into account different positions in the matrix. Finally, we looked at the problems that multidivisional companies face when their different divisions position themselves in different areas of the matrix. We suggested ways in which such companies could organize their manufacturing functions in order to better deal with this diversity. If nothing changes in the world, this matrix framework could only serve as an interesting addition to more traditional strategy formulation models – adding a nuance and some additional insights. The problem for corporate governance is that everything is constantly changing and at the same time. Markets are developing and maturing, processes are undergoing technological change, and costs and prices are constantly being battered by forces ranging from the Organization of Petroleum Exporting Countries (OPEC) to the operational changes that lead to the learning curve. The impact of such external forces is often to change a company's position on the matrix compared to many competitors, regardless of whether or not the company makes changes to its own product or process structures. If such changes and their effects are not detected, result of a number of serious internal problems. As a rule, these problems cannot be eliminated because they arise from fundamental structural inconsistencies and inadequacies. Good managers who deal with them can become victim lambs. In our observation of a number of manufacturing companies that we have been hit by the sense of aimlessness, the low esprit de corps and the lack of perspective that normally permeates them. Although there may be a variety of causes for their problems, two stand out as particularly important. The first is that coordination and mutual understanding between marketing and manufacturing functions have collapsed. Second, one or both functions have lost focus; they no longer feel the sense of competence and implicit understanding of priorities that arise when both marketing and manufacturing know that they are doing something that the company is doing particularly well and that the market wants. Position change The framework of the product process matrix concept is an excellent tool to understand why these problems occur and how they can be minimized. No matter how tightly focused and coordinated a company may be, any change in the relative positioning of its products or production processes will expose it to two types of dangers. The first follows a change in both dimensions without corresponding change in the other, so that concentration is reduced and the difficulties in coordinating production and marketing increase. A company that automates its production process without understanding the problems that such automation could cause for its marketing organization lays the foundation for a potentially stressful future relationship between the two functions. It also affects their ability to compete as effectively as companies that have better coordinated and coordinated changes in their product and process structures. The second difficulty, which may be even more dangerous than the first, follows when an enterprise tries to respond to a change in one dimension by extending its activity to the other; e.B. respond to a product shift, not with a corresponding shift in the production process, but by adding an additional process. Loss of focus The need for focus is very well understood by marketing people. They segment markets and design products, prices, advertising strategies, and sales organizations to meet the specific needs of each segment. When the needs of one segment are very different from those in another, they do not hesitate to pursue different strategies, and they often use different people to respond to those needs. Focusing on a limited segment of activities is just as important in manufacturing, but unfortunately resistance to piecemeal changes and incremental often lower there. The packaging operation of a large consumer goods manufacturer illustrates this latter difficulty. The only reason for the company's existence was to provide a cost-effective source for a highly specialized packaging product. This division, which As a profit center, it found that it could significantly increase its sales and profits if it expanded its basic product lines with some new, less standardized, higher-priced products. However, as the division continued to pursue this additional business, it came under pressure to change its process to better meet the needs of its new customers. In response to this pressure, the division began to dilute the focus it had maintained for several years. Another example is a company that has seen its standardized product line challenged by other, more marketing-oriented companies that wanted to segment the market and address specialized product forms for each segment. When the company responded by expanding its own line to specific products, it found that its high-volume, standardized production processes were not economical at these smaller volumes and that it could not effectively compete with other companies that had designed their processes for the specific volume and product standardization of their market segments. In both examples, if the company had considered coordinated, compensating changes in both the product and process dimensions, the company would have selected options that would maintain or increase its competitive competence, rather than simply trying to expand its activities to one dimension or another, which diluted its previous competence. While the matrix concept can explain the causes of many errors in previously healthy organizations, it can provide even more useful insights for planning product and process changes. Because growth planning focuses management attention on decisions related to both product and process activities, growth is a natural framework for the next segment of this discussion. Planning for growth companies usually pursues four main types of growth. From the simpler types to the more complex ones, these can be summarized as follows: 1. Simple growth of sales volume within an existing product line and market. 2. Extension of the product line within an internal market using an existing process structure (often referred to as product distribution). 3. Extension of the process structure (usually referred to as vertical integration). 4. Expansion into new products and markets. While other forms of growth exist, they can generally be considered as variations or combinations of these four types. Thus, an understanding of the requirements that everyone could place on production and marketing can do much to help you plan the further coordination and focus of these Afford. Type 1: Easy growth The simplest form of growth consists of increased volume, which is met with an existing product line and an existing production process. This type of growth opportunity requires that extremely stable conditions – in terms of competitors, technology and market taste – with the only change in the size of the Market. Unfortunately, such conditions are the exception rather than the rule, and even if a company confines itself to fairly tight product and process activities, periodic changes will be required as markets and technologies mature. In the context of a single product line and a single process structure, incremental changes in each product line reflect a kind of simple growth. However, the company now has to make two types of decisions. The first relates to both entry and exit strategies for a particular market and the second to the strategy that needs to be pursued while the company participates in that market. The matrix concept is useful for the investigation and planning of both. Entry strategies. In the first area, the company tends to pursue one of four entry-level strategies. In summary, the company says: A. Occurs early and then, when the technology stabilizes, profit margins shrink and the larger companies that follow Strategy C begin to appear, it leaves this product and tries to take advantage of the superior flexibility and technological capabilities of the company in the launch phases of a new product. B. Occurs early and grows with the industry to be an important factor in the business throughout the product's lifecycle. C. Wait on the sidelines until a degree of product and process stabilization has taken place and then enters the industry to make better use of its more massive production, sales, and marketing resources. D. Waits to enter, in the expectation that it will follow Strategy C, but when it occurs, fails to win a sustainable market position and consequently decides to withdraw without making a reasonable return on its investment. As shown in Figure II, the four segments of the matrix's product market dimension can be used to form a Latin square that represents the combinations of entry and exit strategies available to a company. Annex II Combinations of entry and exit strategies Until relatively recently, Strategy B was considered normal or most desirable, while A and C were examples of lost nerve or happiness accidents. The model of a successful company was one that developed a new product that became the basis for a large industry and then rode on its back to success. Polaroid and Xerox are classic examples. But such a strategy can put a huge strain on a company, especially if its industry matures quickly. The same people who have managed to introduce the new product may be asked to develop its development into a commodity item. The nature of the production process, the level of capital intensity, the marketing skills, the distribution channels, indeed the entire personality of the company, must change fundamentally within a relatively few years. An example of such a change is provided by the microwave oven business. Since the The Litton Industries Atherton Division, which has been a leader since the early 1960s, emphasizes flexibility in its production facilities to respond to the frequent product changes of a young, fast-growing market. As the market matured in the late 1970s and traditional equipment manufacturers were introduced, and increasing competition from Japanese imports, Litton was recently forced to review its previous strategies for how far it should go toward vertical integration and more automated production processes. In the early 1980s, Litton-Atherton will be a very different company, requiring different skills, organizational practices, and probably a different leadership style if it is to mature successfully with the market and maintain its former position. Strategy C is particularly favoured by large national or multinational companies whose production systems emphasize high, stable volumes and low variable costs. These companies can take advantage of the distribution channels, the advertising know-how and the general market power of their large distribution forces and have easy access to the capital markets for the resources required by the size and capital intensity of their competitive nature. A number of large companies, tempted by the go-go atmosphere of the late 1960s to tap into small, fast-changing markets, lamented that they were simply not very good – or at best no better – than the smaller companies competing in the same markets. Most of them have since retired to do the things they do best. Although Strategy A is still widely seen as a strategy for the little guys, it is becoming increasingly attractive to companies that prefer not to compete in high-volume companies, and to many highly diversified companies whose managers see their role as one of managing a portfolio of assets. Managers of such companies are willing to use the cash flow from mature products at the end of their product lifecycles to finance the growth and success of products or subsidiaries in earlier stages and to fully liquidate such products (and often their affiliates) when they can no longer meet the company's profitability goals. Strategy D to arrive late and leave early is probably never pursued intentionally, as there is not enough time to reap the necessary rewards to justify the initial investment. Nevertheless, this strategy is seen from time to time, as the experience in Rockwell International computers shows. In 1974, Rockwell entered the calculator business but only a few years later, after he had failed to gain a capable position in the industry. Rockwell has had several problems, but these can simply represent the cumulative challenges a company faces by waiting to join a company until the industry far into the diagonal. Even with relative success, the costs associated with commissioning a large-volume operation at this stage can be considerable, as Kodak's entry into instant photography shows. Another form of late entry difficulty that clarifies the matrix concept is the entry into the lower right quadrant with a completely new production process. Since the product is already a commodity item, the process must be continuous and highly efficient in order to be competitive. A successful start at this point would be a major challenge with a proven process, but it is twice as if a new process needs to be developed without the advantage of gradually going through the early stages of the process life cycle. Recent efforts to degass eat coal and process oil shale seem to be examples of this. Paths on the matrix. Once a company has selected an entry-level exit strategy for a market, management must select a strategy for product and process development. While these must be based in part on assessments of market development and the reaction of competitors, management should consider a variety of strategies. One way to view these options are as possible paths in the matrix. An industry usually walks down the diagonal of the matrix. Of course, if this always happens, it would be possible to reduce the two-dimensional matrix into a single dimension and base analyses and projections either on a product lifecycle or a process lifecycle basis. But although the movement along the diagonal is the composite pattern (the industry average in a sense), it is a much less likely pattern for each individual company to follow. This is because companies tend to make only one type of change at a time—either a product structure change or a change in process structure. At a given time, a company usually faces a clear choice between alternative product structures that have an existing production structure or alternative process structures for the production of an existing product structure. Progression down the diagonal when it occurs therefore usually involves a series of roughly alternating vertical and horizontal steps. In addition, both the size and frequency of these steps are determined more by the rate of product maturation and technological innovation than by the wishes of companies. Therefore, it is rarely possible to move gently in the diagonal. However, the consistency of its decisions over time allows an enterprise to be slender in the direction – moving approximately parallel to the diagonal, but moving either above or below – or try to stay as close as possible to the diagonal. There is no best choice; it is simply a question of the preference of the company for one type of competitive behaviour or another. Maintaining a position above the diagonal will give you the flexibility to modify products, production volumes, and processes. Get. and will reduce the company's capital requirements. However, it will make the company vulnerable to competitors who can undercut its price, offer greater delivery reliability and possibly stricter product specifications. When the product life cycle moves too fast toward fewer, more standard products, such companies suddenly find themselves too far above the diagonal, with old, outdated, inefficient, cost-effective assets and unnecessary product and volume flexibility. It is also not necessarily preferable if a company tries to position itself below the diagonal. The adequacy of such a strategy depends heavily on how fast and unstoppable the product's development is along the product lifecycle. Moving vertically down in the process dimension usually means a reduction in unit costs, but an increase in capital investment and the breakeven point. As

long as the design of individual products or the volume mix between the products of the product line does not change significantly, such a decision can give a company a significant competitive advantage. Conversely, striving to keep a position below the diagonal can lock the company into a number of facilities and manufacturing capacities that make it difficult to respond to the market changes that normally accompany the movement along the product lifecycle. If the product advances too fast, the company may not receive its expected return from an investment in enhanced mechanization until the next step in product development makes it obsolete. This explains why the required payback period in the electronics industry is usually less than 18 months and sometimes even 6 months, whereas in the steel and oil industry it is usually 8 years or more. A company must also protect itself from the ability of the product lifecycle to reverse direction after moving toward a more standardized production process. This is the well-known phenomenon of product distribution, which companies often succumb to when trying to boost sales in a relatively mature market. This can cause a company's production strengths to become incompatible with its marketing strategy, especially if it was already below the diagonal before the shift. William Abernathy's research in the automotive industry has shown that product innovations in the early stages of product progression are leading through the product lifecycle, while process innovations later take the lead.² Although this analysis can hold in most cases, a number of counter-examples can hold. Be. These suggest that innovation could follow a much more complicated pattern, with process and product change leadership positions more than once. Radio is an example of such a pattern in the electronics industry. It followed the standard life cycle until about 1955, when a Innovation (printed circuit boards with transistors) produced miniature battery radio, and product innovations (FM and stereo receivers) followed. Recently, another process innovation (microcircuitry) led to the development of another product, the low-cost CB radio (one transmitter and one receiver). For radio, maturity seems to have been a temporary phenomenon. The T Ford model is another example of a product that has rushed to maturity. When Alfred P. Sloan of General Motors competed with product diversity against this product, he revived the industry. A recent HBR article argues that such a rebirth – the ability to create diversity in a standard product that actually moves it back along the product lifecycle continuum – is the key to success for marketing organizations.³ A related problem, perhaps even more interesting, is to determine why some products never seem to complete their progress along the matrix. Instead, they seem to have stalled at some point. Classic examples are house building and furniture, both of which seem to be the victims of an arrested product development. There are already processes that would carry both products further into the diagonal if the consumer allowed increased product standardisation. In the case of housing, this seemed to be possible with the popularization of the mobile home, but if anything, this product has become less standardized in the last ten years. The mobile home industry is now in the same frustrating position as the more traditional home industry. Once an industry stops making progress (other examples include construction machinery, sailboats, and clothing), a key question is how to get started again. The answer to this question does not seem to lie in process innovation, as unsuccessful attempts are being made both in residential construction (modular houses made of plastic or metal components) and in furniture (shaped or pressed plastic moulds). The failure of these industries to achieve the systematic efficiency of the car industry is not due to the lack of process possibilities, but to the inability of the market to standardise itself. As might be expected, a company that is too far from the matrix diagonal in both directions is becoming increasingly dissimilar to its competitors. This may or may not (depending on its success in taking advantage of its niche), make it more vulnerable to their attacks. This position can also make it more difficult to coordinate marketing with manufacturing, as the two functions develop different skills and priorities and tend to have different possibilities. It is not uncommon for companies to find that they have inadvertently or deliberately chosen to become outliers on the matrix and need to consider drastic remedies. Most most Companies entering a mature industry naturally start as outliers, and therefore they must solve the problems associated with approaching the matrix diagonal, while at the same time dealing with the usual small business problems of lack of working capital, lack of management depth, and the conflict between entrepreneurial and bureaucratic management styles. Learning curve. A final aspect of the movement along the product and the process dimensions of the matrix, which is particularly relevant for a company that plans simple type 1 growth, is the concept of learning. Some companies have taken advantage of the so-called experience effect or learning curve, which argues that product costs (in constant dollars) should fall steadily each time the cumulative volume of production doubles.⁴ This learning phenomenon explains, for example, why companies with higher market shares tend to be more profitable (as measured by return on investment) than their competitors.⁵ Unfortunately, this learning phenomenon is . , the term learning curve strategy suggests a black-and-white choice: either you follow it or you don't. Progression along the product lifecycle alone, without changing the process used (i.e. going horizontally across the matrix), would still provide numerous ways to reduce costs – by redesigning products, simplifying product lines, developing improved raw materials and parts, increasing sales volume, leveraging lower-cost distribution channels, and the fact that the entire organization learns to do its job better over time. Similarly, vertically moving the matrix offers additional ways to reduce costs through economies of scale, improved material handling technology, better tools and equipment, and lower labor costs through automation. What is called the experience curve is simply the combination of these two effects, which leads to a motion down in the matrix diagonal. In other words, the experience curve shows the overall improvement in unit costs that can be achieved by combining product development and process development. An enterprise that prefers to go a path across the diagonal (see Figure III) will thereby limit its cost reduction options so that, when it reaches a certain level of product standardisation, it may be able to reduce its unit costs by only 90% of its previous value after each doubling of the cumulative volume. However, it will retain its flexibility to follow market movements quickly and will limit its capital investment. Figure III Possible learning curve strategies > Note: An 80% learning curve implies that unit costs are 80% of their previous value when the cumulative volume doubles. A company that chooses to go below the diagonal can achieve even greater cost reductions for a certain level of product standardization than to follow a path along the diagonal. The danger of this strategy is that these cost reductions can make the company very inflexible with product changes, and the benefits can be short-lived. A company that tracks a more balanced progression of product and process changes to stay close to the matrix diagonal can often achieve faster learning rates than those that are consistently higher than those that are consistently higher than those below. However, such an approach leverages potential cost improvements from both dimensions while maintaining the flexibility to respond to market shifts. For many organizations, this flexibility is worth the lost cost improvements that are available through more aggressive pursuit of process standardization. As with the other aspects of the strategy examined in this article, not a single answer fits all companies. The best strategy for a particular company depends on its resources, capabilities, market situation, competitive pressure and general business philosophy. The real question is not whether learning improvements are pursued as a driving force for marketing and production decisions, but rather the extent to which such opportunities for improvement will guide management's actions. Depending on whether a company is seeking simple type 1 growth by tracking product and process movements on the diagonal and not above or below, it largely determines the learning improvements that are likely to be realized. Type 2: Product growth In the context of our matrix, this type of growth is an extension of the product line. There are two ways for such growth. One is to add more standardized products while maintaining existing, less standardized products. The addition of new products, combined with the reluctance to drop part of the product line, represents a shift to the left in the product dimension. Marketing believes that good service requires a complete line. Manufacturing believes that almost every sale is demonstrably a net contributor to overheads and fixed costs. Therefore, it can sometimes be extremely difficult to reach a consensus on a decision to narrow the product line, even when a company is busy. The other way to achieve this type of growth is to add special features to an existing, more standardized product line. Such a product expansion also represents a movement on the matrix from right to left that runs counter to the prevailing stream of the product life cycle (which provides a continuous which presupposes products). This is often a cyclical problem in capital-intensive industries as companies try to use existing capacity to meet the specific needs of a number of secondary markets. The real danger of such growth in product distribution, as many companies know too well, is that the company's product structure can result in undue burdens on its production processes. In order to make such Management must selectively add products and take action related to physical facilities, organizational structures, and operations that offset many of these burdens. (We discussed these and other actions in our earlier article.) Type 3: Vertical integration growth based on the expansion of the production process (vertical integration) can also be understood more clearly with our matrix. Similar to the proliferation of products, this form of growth occurs when a company maintains existing processes and adds either less standardized, more flexible processes (forward integration) or more standardized, less flexible processes (backward integration), in the hope of either increasing sales volume and market responsiveness, or reducing costs and improving reliability. The problems that companies often face when they integrate vertically, even in the simplest case, when they start making a part they previously bought from an external supplier, can be significant. As a rule, it is not just an extension of the company's processes, but the production of a completely different product that can be located at a completely different point on the matrix. In other words, the company may need to think of an additional matrix for this component or raw material and develop strategies that are very different from those selected for the original final product. If this does not happen, the company may be tempted to create the new part with a process and organizational structure that is completely inappropriate. An example of an approach to this problem is the experience of Trus Joist Corporation, which manufactures custom floor and roof rack systems for residential and commercial construction. Before 1970, the company used sawwood as the main raw material in its beam products, which were manufactured and assembled in a number of regional plants. These small, flexible systems corresponded to the company's product line and markets and contract manufacturing. However, when micro-Lam, a unique laminated structural material, was developed and introduced as a substitute for sedated wood in many of its products, the company's process span became much wider than before. Given the capital intensity of the Micro-Lam production process and its high degree of standardization, Trus Joist decided to separate the two stages of its production process and organize itself as in two separate markets, although it expected to use its entire micro-lam production as a raw material for its beam systems. Type 4: New market growth through expansion into new Type 4, is even more difficult to handle than the other three types because it can follow one of several paths. For example, if the company can avoid the spread of products, market expansion may increase in the scale (type 1 growth). Alternatively, an entity can reflect the individual requirements of the new market by creating a new matrix for that market and planning a separate strategy for that market. This reflects the approach Taken by Trus Joist as it expanded his process. More often, a company's participation in a new market is under pressure to expand its product line – indeed, to retreat horizontally to the matrix. This creates a situation that most companies are particularly difficult to deal with because both the company's production and marketing sides encounter problems at about the same time (different but complementary) because they are trying to adapt to a new market for which their process is not appropriate, and production because it is trying to adapt to new products. . which burden their process analogously. This situation often leads to what can be called the phenomenon of creeping breakeven. To boost demand, a company enters a new market or introduces a new product. This step is initially successful, but the existing process is not able to meet the additional scope and complexity without additional investment (more capacity, different equipment, more than buying, or a more efficient inventory control system). Success tends to lead to failure. The increased investments increase the breakeven point of the company and offset the expected profits from the increased sales volume. This motivates the company to pursue other markets and products in order to break out of the box in which it is located. In summary In this article and its predecessor, we have tried to introduce and apply a framework that can help a company diagnose its strategic development, think creatively about possible future strategic directions, and explicitly include both marketing and manufacturing in the coordination and implementation of its competitive goals. In addition, the approach we described in analysing the various opportunities and pressures that companies face in the emergence of markets and technologies shows why companies can so easily lose their way. Another advantage of this approach is that it encourages company executives to think creatively about their process development strategy: what types of process changes are appropriate and when should they occur? Managers can then use this framework to position themselves along these two dimensions, so that both marketing and manufacturing can be used for a limited or set of products and process characteristics. The concepts outlined in both this article and in our earlier article can be useful in the following ways: 1. Determining the appropriate mix of production facilities, identifying the main manufacturing objectives for each plant, and monitoring progress on these goals in the company. 2. Review investment decisions for equipment and equipment with a view to their compliance with product and process plans. 3. Determination of the direction and timing of important changes in a company's production processes. 4. Assessing product and market opportunities in the light of the company's manufacturing capacities. 5. Choosing a suitable process and product structure for entering a new market. 1. Link Manufacturing Process and Product Life Cycles, HBR January-February 1979, p. 133. 2. Cf. William J. Abernathy and Phillip L. Townsend, Technology, Productivity, and Process Change, Technological Forecasting and Social Change, Vol. and James Utterback and William J. Abernathy, A Dynamic Model of Process and Product Innovation, Omega, December 1975, p. 639. 3. Nariman K. Dhalla and Sonia Yuspeh, Forget the Product Lifecycle Concept, HBR January-February 1976, p. 102. 4. Winfred B. Hirschmann, HBR January–February 1964, p. 125 Profit. The research of the Marketing Science Institute, reported in this journal, tends to confirm this; See Sidney Schoeffler, Robert D. Buzzell, and Donald F. Heany, Impact of Strategic Planning on Profit Performance, HBR March-April 1974, p. 137.