Chapter 7
Implementation of Pricing Strategy

ABSTRACT

This chapter argues that the critical task for marketing firms during the market uncertainty, particularly while implementing the changes in the price policy, is to find a new set of organizational practices that will become the basis for managing the next period of competitive growth. Pricing performance is affected by internal and external factors. Internal factors of the organization include work culture, guidance by the managers, and administrative support. The pricing strategies would be more efficient where outcome-based control is used in driving the performance of price in the competitive marketplace. This chapter discusses the process dynamics in pricing and ways of implementing appropriate pricing policies and demonstrates building high consumer value. The discussion in this chapter is woven around the conceptual framework of developing pricing policy and building the overall strategy integration process in a competitive marketplace.

INTRODUCTION

Organization design is a formal, guided process for integrating organizational values, work culture, and flow of author and control measures for sustainable management of performance of an organization. Through the design process, organizations drive to improve the probability that the collective efforts of members will be successful. As organizations grow, the control and coordination process of activities that are required for creating organization values, need to

be determined. Organizations face the principal design challenge in managing differentiation in work culture and organizational structure towards achieving predetermined goals. Organizational design involves preferences in developing control measures that help in coordinating organizational tasks and motivate the people to improve their performance (Jones, 2007). Substantively, it is argued that a mix of much differentiated coordination mechanisms is usually superior to the coherent forms of organization. More refined forms of organization possess combinations of

coordination mechanisms and control allocations. Such organizational design is preferred by most global firms for effective governance in the fast changing systems of today (Grandori and Soda, 2006).

Amidst growing market competition, most business organizations keep improving their organizational design in view to match with the needs of the market players-suppliers, retailers and consumers. However, the effectiveness of change efforts is largely determined by organizational design, or how a company's structure, processes, reward systems, and other features are orchestrated over time to support one another as well as the company's strategic intent, identity, and capabilities. In a world that is perpetually changing, an organization's design must support the idea that the implementation and reimplementation of a strategy is a continuous process (Worley and Lawler, 2006).

ORGANIZATIONAL DESIGN

The design of an organization encompasses the accountability system that defines roles, rights, and responsibilities throughout the firm, which has a direct impact on the performance of every employee. Global marketing organizations view the design of an organization as a powerful and proactive management lever rather than an inevitable outcome of corporate evolution. An integrated organizational design helps in cultivating the performance driven work culture and accountability among employees through sustainable structure that holds judiciously planned authority and control measures (Simons, 2005). Organization design is becoming more and more a cornerstone of competitive advantage in today's increasingly complex companies. Managers need to create powerful synergies among their capabilities, among market opportunities, and between the two. These synergies help in forming multidimensional organizational designs.

Such organizational designs not only empower the dimensions of workplace culture and control process but also define and manage the collaborative interfaces needed for effective convergence of organizational design, organizational culture, and control process (Miller, 2005).

Mangers in large marketing organizations can maximize productivity across every level of the organization by converging the design, culture and structure related issues. The new cultural paradigm of the marketing organizations has emerged over the recent global marketing meltdown, which has been built underpinning four core elements including consumer definition, critical performance variables, creative learning, and commitment to mission. Building from these core areas the organizational structures and accountability systems are developed that positively influence how people do their work, where they focus their attention, and how their activities can be aligned to contribute to overall strategic goals (Ivashina and Scharfstein, 2010; Simon, 2005). The critical task for management in the market uncertainty, particularly during implementing the changes in the price policy, is to find a new set of organizational practices that will become the basis for managing the next period of competitive growth. Those new practices eventually outlast their usefulness and lead to another period of revolution. Managers therefore experience the irony of seeing a major solution in one period become a major problem in a later period, and implementation of pricing policies turns more complex (Griener, 1998).

Organizational design encompasses a large number of factors including information management, human resources and incentives, business processes, and the scope of decision authority. A design configuration of an organization changes according to shifts in the business and technological environment. Marketing institutions like banks and investment companies are using business value and complementarities based organizational architecture as a systematic basis to ensure that design

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