

# Aligning Financial Strategy with Customer Categorization based on Environmental Scanning

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## Abstract

A qualitative multiple-case study about strategies needed to align financial strategy with customer-oriented practices. Interview data from 30 personnel of 2 retail businesses were coded and analyzed. Emerging themes included planning, customer supremacy, viability, and clarity. Implications for positive social change included impetus for economic stability and prosperity of society.

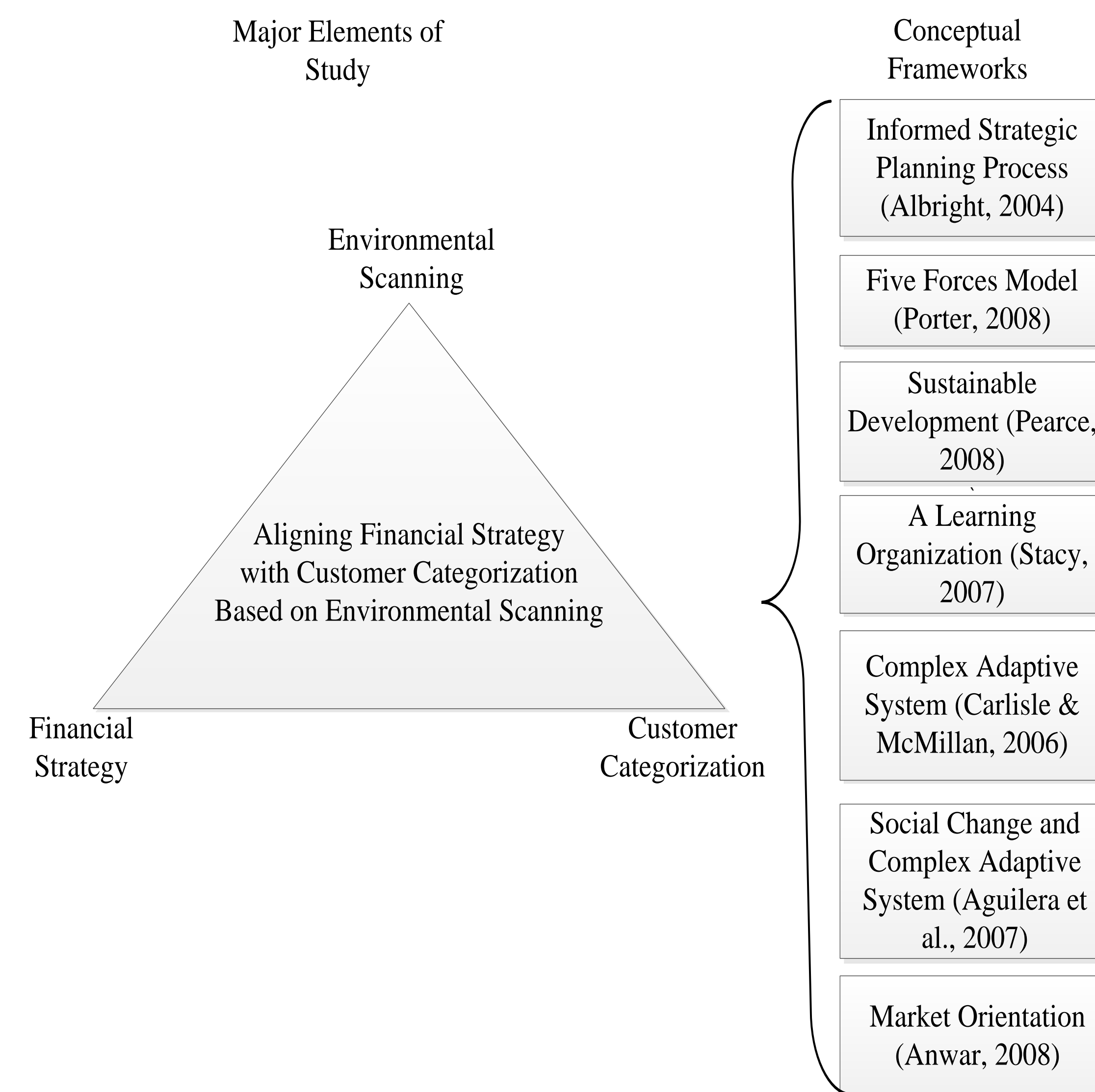
## Problem

Environmental scanning inadequately facilitates the processes for financial strategy and customer relationship (Davies, 2008). Environmental scanning, strategy implementation, and customer focus among other factors are responsible for 79% of the total variance from target business performance (Anwar, 2008). Poor foresight of trends and operational risks result in missed opportunities and losses in excess of \$100 million every decade for the retail industry (De Fontnovelle et al., 2006). The specific problem is that deficient environmental scanning negates the alignment of financial strategy with customer-oriented practices of retail businesses (Malette, 2006).

## Purpose

The purpose of this qualitative multiple-case study was to explore environmental scanning strategies, as a means of aligning financial strategy with customer categorization. The study results and contributions included enhanced strategies for business practice that may underlie societal prosperity.

## Conceptual Framework



## Relevant Literature

Environmental scanning activity enhances the strategic planning process of an organization (Albright, 2004). Buyers are a major force that influences profitability in the business environment (Porter, 2008). Environmental and market intelligence that drives sustainable development is the bedrock of business success (O. Pearce, 2008). The practice of a learning organization enables an entity to adapt quickly to environmental changes (Stacy, 2007). Organizations are complex adaptive systems that operate under chaotic conditions and in turbulent environments (Carlisle & McMillan, 2006). Social change and corporate social responsibility (CSR) are implicit in business relationships with customers (Aguilera et al., 2007). The prevailing market needs of customers drive business operations (Anwar, 2008).

## Research Questions

The research question for the inquiry was how does environmental scanning support an effective financial strategy that is compatible with customer categorization? Interview questions morphed from the central research question.

## Procedures

An **interview protocol** validated with a pilot study, and a computer-based **Audacity** program facilitated data collection for the study. Interview **recordings**, handwritten interview **notes**, and **participant observation** were the data collection techniques. **30** personnel from two research sites participated in a face-to-face, 20-minute verbal interview.

## Data Analysis

- Verbatim-transcription of interview data.
- Coded data by retail site and participant.
- Compared emerging patterns with propositions.
- Determined substantive themes.
- Developed findings for the study.
- Analyzed findings and identified answers to the research question.

## Findings

Aligning financial strategy with customer categorization results from:

- A planning rooted in environmental scanning.
- Recognizing the primacy of customers.
- Addressing the fundamental need for business viability.
- Articulating the basis for funding decisions.
- Formulating overarching business strategy.
- Pursuing operational effectiveness.
- Coping with the complexity of the business environment.
- Engaging in sustainable social change and CSR initiatives.

## Limitations

- Three possible limitations were identified.
- Honesty of the participants.
  - Only 30 participants in two research sites.
  - Centered exclusively on retail business.

## Conclusions

- Results in meaningful synergy.
- Efficient allocation of resources becomes possible.
- Leads to a unified force and competence in serving customers.
- Underlies germane innovativeness and offerings.
- Facilitates adequate internally generated funds.
- Expensive borrowing will decline.
- Sustainable competitive advantage becomes attainable.
- Enhances the potency of environmental scanning and planning functions.
- Averts underserving customers' needs.
- Mitigates perfunctory profitability and porous social change and CSR efforts.

## Social Change Implications

- Broad employment opportunities for society.
- Expansion of intelligence capacity of the populace.
- Decline of social disorder and criminal activities.
- Increase in earnings and purchasing power of citizens.
- Improved quality of offerings and social wellbeing of people.
- Development of the community.
- Heightened patriotism to the nation among the citizenry.