The risk associated with strategic decisions: is it a marketing issue?

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1. Introduction

In the strategic planning of companies, it is necessary to analyze, evaluate and define growth paths with a medium-long term time horizon (Kachaner *et al.*, 2016). This requires an accurate analysis of the competitive environment and the effects that future management choices will have on that environment. It is therefore essential to identify in advance the variables involved in the implementation of new strategic guidelines and optimal allocation of resources to make them feasible. This means that we are faced with alternative scenarios for which we must predict whether they will be technically feasible, whether they will produce the expected results economically and whether the necessary resources are, or will be, available financially to ensure the growth path.

2. Marketing management and strategy

Marketing plays an increasingly important role in strategic planning. Not only because, obviously, it is called upon to draw up the marketing plan as part of the business plan but, above all, because it can integrate strategic planning and market analysis with the analysis of critical factors for business success. That is, the analysis of risks related to strategic choices planned for the future. In fact, all the activities of a company are influenced by external events (from the competitive context) and internal events (to the organization) that at least potentially can threaten its stability (Kachaner *et al.*, 2016).

If the Marketing Plan aims to guide the company's growth in the medium to long term (McDonald and Wilson, 2016), it may be appropriate to integrate strategic risk management within it, in order to quantify the impact on the business of the threats (critical issues) identified, for example, in the Swot analysis, using specific assessment metrics. The integration of the analysis of critical issues related to strategic planning in the marketing plan represents an innovative managerial practice because it allows to overcome the established practice, especially, in companies organizationally less structured (such as Small and medium-sized enterprises) to react to critical issues and risks through simple reactions in response to the negative event now occurring. On the other hand, forecasting the competitive scenario makes it possible to transform these uncoordinated actions into an integrated strategy that involves the entire organization even before the risk emerges (Argenti, 2018).

3. Risk management

In today's highly complex competitive environment, risk analysis requires a mathematical/statistical technical approach on the one hand and a holistic multidisciplinary vision on the other, i.e. an integral assessment that allows different components of risk to be identified

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and broken down (Rasmussen, 1997). This means considering not only the economic and financial variables determined quantitatively with the statistical approach, but also the social, political and cultural variables which, because of their intrinsic nature, are often imponderable and therefore difficult to quantify. The exclusive focus on quantitative variables in periods of maximum complexity has certainly been, and still is, an approximation that has had a negative impact on managerial practice.

In fact, the difference between "risk" and "uncertainty" should be made very clear (Bali and Zhou, 2016). Risk can be objectively translated into cost factors, measured using appropriate metrics and therefore insured. Uncertainty, on the other hand, is subjectively imponderable, unquantifiable and therefore uninsurable. Uncertainty is often caused by social, political and cultural variables, which are subjective because they are the result of choices made by economic agents who are not always in the ideal position to make decisions. This difficulty is because of both the lack of complete and adequate information to effectively support the decision-making process and consequent psychological pressure to which decision makers are subjected in being forced to undertake actions without the availability of any forecasting tool. The analysis of social variables, subjective and imponderable (at least with traditional indicators) to associate them to economic and financial, objective and quantifiable, can therefore be effectively included in strategic marketing activities. However, it is difficult to identify appropriate metrics for these variables, which are mainly of a qualitative nature. Marketing, on the other hand, through its approach to interpreting social reality and the "behavioural" analysis of economic agents, can offer a possible solution to the problem better than any other business discipline (Stewart *et al.*, 2017).

4. How do we do this?

Beyond theoretical definitions, in managerial practice, it is essential to define a procedure that, as part of the marketing plan, analyses and monitors the competitive environment to adapt business strategies to the ever-changing context to pursue business objectives. Within companies, managers, in their various organizational positions, have their own "perception" of the risk and uncertainties associated with strategic choices and naively observe and interpret the internal and external world on the basis of their own experience, culture and sensitivity. Stakeholders and shareholders in particular interpret the implementation of such strategies according to their perception. We are thus faced with a multiplicity of expectations and behaviors associated with the effects of strategic planning of companies because each economic agent sees the risks associated with it differently in relation to the objectives that each has set itself in carrying out its activities. This new approach is an easy to implement process with three main steps schematically:

- identify, describe and quantify all risk factors related to the adoption of business strategies;
- understand, interpret and categorize the different interpretative horizons of economic agents with respect to risk factors; and
- weight and merge these interpretative horizons into a single synthesis.

The result of this processing will be a set of qualitative/quantitative but structured information that will be able to define with a good approximation the competitive scenario in which the company operates. These can be the basis for defining adequate risk response strategies that will integrate the strategic plan and transform the threats into opportunities and, above all, into a new competitive advantage because they will allow the company to be prepared, better than others, to react in the event of negative events.

Keywords:
Marketing,
Decision-making processes,
Interpretative approach,
Risks management

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