Unit 12: Strategic Planning

Dwayne Cargill
Colbourne College

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Content

- Learning Objectives:
- Ac.1 Understand the external environment affecting an organisation:
  - 1.3 analyse the major changes taking place in the external environment that will affect strategy
- Assessment Criteria
- References

Identifying Changes in the Environment

- The rate at which the external domain can possibly change defines the environmental uncertainty; put differently, it's a measure of how many factors change during a single planning period. Not all factors impact the day to day operations and thus needs to be weighed differently. Higher level of uncertainty entails that organizational leaders have a complex environment to deal with, it test their visionary and decision making capability in absence of clear data.
- According to Gupta (2009) a framework of environmental uncertainty can be formulated by determining the complexity and stability of the environment.

  - Complexity of Environment: It's a measure of number of domain elements that influence the organization's operation. Not all domain factors might have considerable impact, one company might have very few competitors with little market share while another might be threatened by new players.

  - Stability of Environment: It is the frequency at which the domain elements change and how predictable are the changes. Domain is considered to be stable if only few elements change in a predicable fashion. It is considered unstable if the domain elements are dynamic and shift abruptly, and it is hard to anticipate the changes. Competitors marketing strategies or alliances, price wars, sudden change in political climate are some unpredictable factors that add to the domain's instability.

Environmental Intelligence

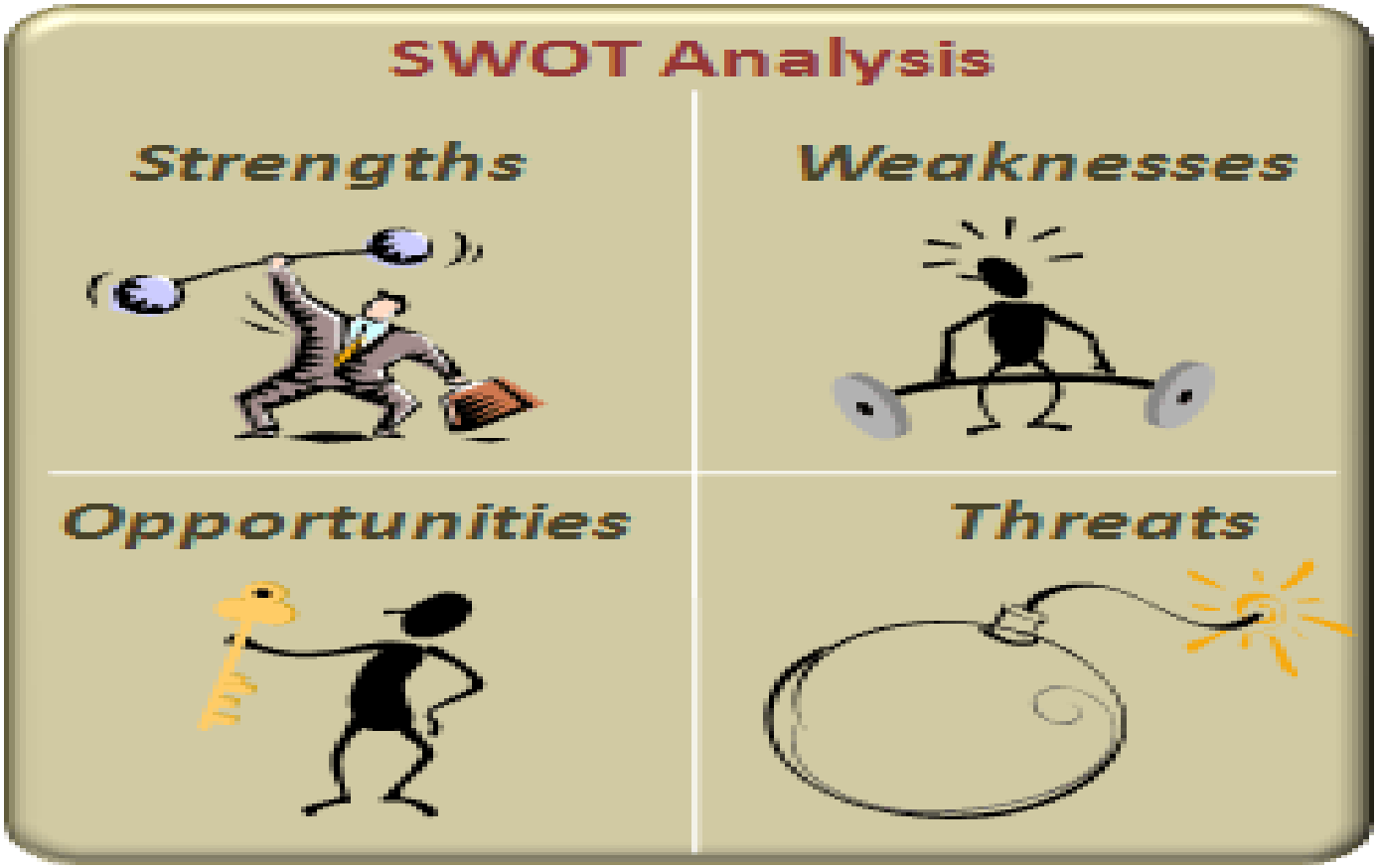
- Environmental intelligence gathering is a process of constantly scanning the environmental domain for changes. Its purpose is to detect the changes, gather vital information, perform methodical analysis and present its reports to the top executives in the organization. Gupta (2009) indicates that there are two channels of obtaining environmental domain changes that are mentioned below.

  - External Linkage: Organizations are an open system and are tightly bounded to its external environment. Almost every functional unit has either direct or indirect linkageSales & marketing can provide information about the competition's new product, road-map and pricing, R&D about the emerging technologies, HR about skilled resources, laws and regulations.

  - External Consultants: Organizations can also use specialized external services in field of competitive intelligence and strategic planning. These services utilize various tools like survey & questionnaires, systemic scanning of public information and the web and use various statistical techniques to analyze the collected data.

Read Article at: http://www.practical-management.com/Organization-Development/Organization-s-External-Environment.html

SWOT Analysis



Internal Factors: Strengths and Weaknesses (S, W)

- **Internal factors include your resources and experiences. General areas to consider:**
  - Human resources – staff, volunteers, board members, target population
  - Physical resources – your location, building, equipment
  - Financial – grants, funding agencies, other sources of income
  - Activities and processes – programs you run, systems you employ
  - Past experiences – building blocks for learning and success, your reputation in the community

- Don't be too modest when listing your strengths. If you're having difficulty naming them, start by simply listing your characteristics (e.g., we're small, we're connected to the neighborhood). Some of these will probably be strengths.

- Although the strengths and weakness of your organization are your internal qualities, don't overlook the perspective of people outside your group. Identify strengths and weaknesses from both your own point of view and that of others, including those you serve or deal with. Do others see problems--or assets--that you don't?

- How do you get information about how outsiders perceive your strengths and weaknesses? You may know already if you've listened to those you serve. If not, this might be the time to gather that type of information. This can be gathered through focus groups, surveys and listing session.

Listing External Factors: Opportunities and Threats (O, T)

- Cast a wide net for the external part of the assessment. No organization, group, program, or neighbourhood is immune to outside events and forces. Consider your connectedness, for better and worse, as you compile this part of your SWOT list.

- **Forces and facts that your group does not control include:**
  - Future trends in your field or the culture
  - The economy – local, national, or international
  - Funding sources – foundations, donors, legislatures
  - Demographics – changes in the age, race, gender, culture of those you serve or in your area
  - The physical environment (Is your building in a growing part of town? Is the bus company cutting routes?)
  - Legislation (Do new federal requirements make your job harder...or easier?)
  - Local, national or international events

Tool for Conducting SWOT

	Positives	Negatives
Internal • Human resources • Physical resources • Financial resources • Activities and processes • Past experiences	Strengths What are your own advantages, in terms of people, physical resources, finances? What do you do well? What activities or processes have met with success?	Weaknesses What could be improved in your organization in terms of staffing, physical resources, funding? What activities and processes lack effectiveness or are poorly done?
External • Future trends – in your field or the culture • The economy • Funding sources (foundations, donors, legislatures) • Demographics • The physical environment • Legislation • Local, national, or international events	Opportunities What possibilities exist to support or help your effort – in the environment, the people you serve, or the people who conduct your work? What local, national, or international trends draw interest to your program? Is a social change or demographic pattern favorable to your goal? Is a new funding source available? Have changes in policies made something easier? Do changes in technology hold new promise?	Threats What obstacles do you face that hinder the effort – in the environment, the people you serve, or the people who conduct your work? What local, national, or international trends favor interest in other or competing programs? Is a social change or demographic pattern harmful to your goal? Is the financial situation of a funder changing? Have changes in policies made something more difficult? Is changing technology threatening your effectiveness?

Source: http://ctb.ku.edu/en/table-of-contents/assessment/assessing-community-needs-and-resources/swot-analysis/tools

Conducting STEEP Analysis

- An acronym for Political ,Economy, Social, Technological, Environmental, and Legal is a tool used to evaluate factors impacting a business or organization. There are various factors that can impact the business environment externally in health care industry. These factors can determine the success or failure of a business involved in healthcare. The PESTEL analysis technique can be used to help the organization to focus on what is driving changes in the external environment.

- The approach is based on the 3 circles model, which describes three aspects of an organization business environment:
  - The internal **organizational Environment,** where decisions making is largely focused on operational issues and resource management
  - The **external transaction environment,** where an organization's customers, competitors, suppliers and external stakeholders sit.
  - The wider contextual environment. Trends and events in the contextual environment are not by definition- of immediate relevance to the organization. These trends are however, shaping developments of consumer and competitor in the transaction environment.

Conducting STEEP Analysis

- The purpose of conducting STEEP analysis in an organisation is to look at the contextual environment, to characterize the changes drivers such as new technologies, new regulations, new business models and news business strategies that are operating and then consider what, if any effect they have on the organization's future activities.

- It looks at the Sociological, technological, economical, environmental and political.

STEEP Analysis for an Hospital

Factor: Sociological

Potential Contextual Environment Developments, Trends and Events	Positive/ Negative	Implication
Ageing Population	positive	Despite the challenges facing the healthcare industry, the long term prospects are good because an ageing population has greater needs for medical treatment.
1.Connectivity	Positive	The internet has brought tremendous changes to the people's lives and ways in which business operate. With everyone having the ability to connect. The hospital keeps in touch with patient thus improving communication with customers.
1.Size and Mix of Population	Positive	The hospital has to introduce new business models that will suit the young, the adults and the ageing population. Caring for everyone regardless of age is an initiative that will give the hospital a positive image and improve business.
1.Health Lifestyle	Positive	Every individual would love to stay healthy and have a reasonable standard of living. The hospitals will have more customers subscribing for medical care. Customer retention will also be high because of continuous seeking of medical attention at one of the best hospitals

Source: http://givinginc.wikispaces.com/6.+Steep+Analysis

STEEP Analysis for an Hospital

Factor: Technological

Potential Contextual Environment Developments, Trends and Events	Positive/Negative	Implication
1.Electronic Data Interchange	Positive	The use of EDI aids in controlling the transfer of business data and information among computers both within and among the enterprises. EDI has also been introduced to eliminate paperwork and improve response time in business transactions. The hospitals use these methods to communicate with business partners over the internet and telephone lines.
1.Online health forums	Positive	The hospital may choose to advertise some of its services online by creating health forums where customers can easily access health information and making informed decisions regarding their health. Doctors can also post some of the latest medical news which customers will use to stay informed about changes in health industry.
1.Online Diagnosis	Positive	With the use of interconnected networks, it is possible to diagnose a patient regardless of where they are, the online diagnosis mechanisms bring a positive change to the hospital, as the patient will use the intelligent system online to lodge their problem and in return they are given possible remedies for the condition reported.
1.Mobile healthcare	Positive	Mobile healthcare technology is the most recent technology that is changing the world. The hospital can take advantage of the trend and bring patients closer to its services by taking care of their need through the use of mobile technology. The hospital should also invest more on R&D on the latest patient care development. This will give them a competitive edge against hospitals which have not yet introduced the practice.

Source: http://givinginc.wikispaces.com/6.+Steep+Analysis

STEEP Analysis for an Hospital

Factor: Economic

Potential Contextual Environment Developments, Trends and Events	Positive/Negative	Implication
1.Integration of Services	Positive	Healthcare providers will only realize the benefits of EMR once necessary infrastructure for distributing information within an integrated healthcare network is established
1.Outpatient Services, importance and Growth Strategies.	Positive	Creating more community awareness through marketing and advertising, streamlining operational processes to increase efficiency. Working with community providers to increase referrals, adding new services. Expanding existing treatment areas.
1.Ageing Health infrastructure	Negative	Healthcare has seen lower levels of investment resulting with systems in desperate need for modernization to overcome the challenges that have arisen over the years. Desperate mix of software that struggle to share information, infrastructure that hinders rather than helps expansion or growth, and programs that are not aligned with clinical workflows. As expectations for improved healthcare continue to evolve, older IT systems will increasingly struggle to deliver a truly integrated flow of information, having been designed traditionally around provider need, rather than patient needs. And as such, both patients and medical staff increasingly experience healthcare technology that is below expectation
1.Responsive to economic change; Staffing	Negative	Changes in economy may result in the retrenching of staff, especially employees who are in non-clinical positions. Also at risk are those in Positions of IT services, marketing and communications departments

Source: http://givinginc.wikispaces.com/6.+Steep+Analysis

STEEP Analysis for an Hospital

Factor: Environmental

Potential Contextual Environment Developments, Trends and Events	Positive/Negative	Implication
1.Green Industry	Positive	The use of technology, equipment and resources that are friendly to the environment will reduce the impacts of global warming and environmental depletion.
1.Sustainability	Positive	The long term use of green technology on medical resources will lead to sustainability of resources, especially from suppliers, and drug manufactures.
1.Waste management	Negative	Disposal of wastes is a sensitive issue. A lot of waste that comes from hospitals may end up in local flowing rivers and even polluted the environment.
1.Management for Carbon storage	Positive	The hospital must recognise the benefits of using green technology to reduce carbon footprints and minimize waste. Using technology to reduce cost and overhead expenses, lessen the amount of waste produced, and mitigate the negative impacts of services, industry and manufacturing on the environment.

Source: http://givinginc.wikispaces.com/6.+Steep+Analysis

STEEP Analysis for an Hospital

Factor: Political

Potential Contextual Environment Developments, Trends and Events	Positive/Negative	Implication
1.Cyber Terrorism	Negative	Medical databases hold sensitive data of patients. Cyber terrorism may cause a catastrophic effect if the websites come under attack.
1.Government Regulations	Positive	The government's policy has allowed private health care industry to play an important role in health. The hospital can expand its business and establish more hospitals to have substantial the market.
1.Public Health Decline	Positive	The public healthcare has been reported to be in decline. The private hospital has the opportunity to attract the market by lowering prices and making their services at least affordable to the patients.
1.Local Taxation and finance	Negative	The government heavily imposes taxes on the private hospitals and this has a negative effect on the overall revenue of the hospital, ending up having no choice but to increase their prices.

Source: http://givinginc.wikispaces.com/6.+Steep+Analysis

Gathering Data for your Analysis

- There are several ways in which businesses can gather data for preparing their environmental analysis. It is best however, that this activity is done by a group so different ideas and opinions can contend. Information can come from:
  - Survey
  - Customer complaint system
  - Government Reports and Forecast
  - Internal Reports
  - Market Research
  - Others

Assessment Criteria

- To Be Discussed in Class for Consensus and Agreement.

Further Reading

- Renault, Val, The Community Tool Box Chapter 3 section 14 retrieved from http://ctb.ku.edu/en/table-of-contents/assessment/assessing-community-needs-and-resources/swot-analysis/main

References

- David, F. (1993) *Strategic Management*, 4th Ed. New York, NY: Macmillan Publishing Company.
- Giving Incorporated, STEEP Analysis retreived on January 3, 2015 from http://givinginc.wikispaces.com/6.+Steep+Analysis
- Gupta, Ashim (2009) Organisation's External Environment retrieved from http://www.practical-management.com/Organization-Development/Organization-s-External-Environment.html
- Renault, Val Community Tool Box retrieved on January 3, 2015 from http://ctb.ku.edu/en/table-of-contents/assessment/assessing-community-needs-and-resources/swot-analysis/main

Online Resources

- The Essential Guide to SWOT Analysis from Jackson Hille, content associate for FormSwift, a SF-based startup that helps organizations, entrepreneurs, and businesses go paperless.
- Quality Guide: SWOT Analysis is a helpful guide from Management Sciences for Health and United Nations Children's Fund.
- Mind Tools: SWOT Analysis provides a quick overview of SWOT