GLIS 620 - Management of Information Organization - Week 2 - Strategic Planning, Goals and Objectives

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GLIS 620
Management of
Information Organizations

Week 2 - Strategic Planning, Goals and Objectives
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Prof. Max Evans
Susan Colantuono: The career advice you probably didn’t get

- https://www.ted.com/playlists/209/counterintuitive_career_advice
Strategic thinking as an art

- “Strategic thinking is the art of outdoing an adversary, knowing that the adversary is trying to do the same to you.”

- “It is also the art of finding ways to cooperate, even when others are motivated by self-interest, not benevolence.”

- “It is the art of convincing others, and even yourself, to do what you say.”

- “It is the art of putting yourself in others shoes so as to predict and influence what they will do.”

- Most importantly, “it is the art of interpreting and revealing information.”

What is strategy?

- “A firm’s strategy is the set of activities that the firm performs to create and appropriate value.”
  (Allan Afuah, 2011 MIT)

- “Strategy is the creation of a unique and valuable position, involving a different set of activities.”
  (Michael Porter, 1996 Harvard)
Strategy has many definitions

- 60’s biggest challenge was planning for growth after WWII
- 70’s & 80’s emphasis moved to strategy as position (Porter)
- 80’s & 90’s emphasis changed to include resources, capabilities, and core competences
  - increasing popularity of the resource-based view of the firm
  - C.K. Prahalad and Gary Hamel
- Late 90’s brought about the knowledge-based view of the firm (Grant; Drucker)
One reason for the multitude of definitions is that strategy is about...
Mintzberg’s classification of strategies

He argued that strategy can be a:

- **Plan** — “some sort of consciously intended course of action, a guideline (or set of guidelines) to deal with a situation.”

- **Ploy** — “specific ‘maneuver’ intended to outwit an opponent or competitor.”

- **Pattern** — “specifically, a pattern in a stream of actions...consistency in behavior, whether or not intended.”

- **Position** — “a means of locating an organization in its ‘environment’...usually identified with competitors.”

- **Perspective** — “the ingrained way of perceiving the world.”
Strategy and Planning

- The *process* of strategy includes:
  Analysis ➔ Formulation ➔ Implementation

- Good *planning* is the cornerstone to an effective strategy
Planning
Planning

- Planning is the management of the organization’s future in an uncertain environment.

- Types of Plans: Strategic and Operational Plans
  - **Strategic plans** are organization wide, establish overall objectives, and position the organization with relation to its environment.
  - **Operational plans** specify details on how individual objectives are to be achieved.

- Plans may be long-term or short-term, directional or specific.
What is a Plan?

- A plan moves an organization from where it is to where it wants to be in some defined time-frame.

- It is an analytical process which involves:
  - an assessment of the future,
  - the determination of desired objectives in the context of that future,
  - the development of alternative courses of action to achieve such objectives and a selection of a course, or courses from among these alternatives.

- Planning for the future depends upon understanding the present in all aspects.
Why plan?

- To offset uncertainty
- To prepare for change—large or small
- To focus attention on a direction or goal
- To gain financial and operational control of the operation
- Respond to changing environments—budgets, technology, information explosion, client/staff needs and expectations, patterns of user use
- Create unified objectives
- Growth
Why not plan?

- Extremely difficult
- Time consuming—hence, costly
- May be confusing
- Accountability/responsibility
- Lack of knowledge of how to plan
- Resistance
Planning may include change in the following:

- How work is done
- When work is done
- Who does the work
- Where the work is done (outsourcing)
We plan for:

- New activities and endeavors—expected changes (strategic)
- Regular operational needs (operational plans)
- Budget control
- Staff maintenance and changes (retirements, leaves, vacations)
- Possible eventualities (disaster planning)
Planning needs

- The participation and support of all staff on the direction, goals and expectations of the organization
- Clear knowledge of the present situation—this may involve self analysis
- Clear sense of future needs/desires—shared vision of purpose
- Adequate financing
- The sharing of all pertinent information concerning decisions and commitments to all staff
Factors in a good plan

- Time—reasonable time frame for work involved (long-range/short-term)
- Collecting and analyzing data—good data will support the planning process—know when you have sufficient data
- Flexibility—all plans must allow for changes as work progresses
- Accountability—managers and work must be evaluated
Myths about Planning

- Planning that proves inaccurate is a waste of management’s time.
- Planning can eliminate change.
- Planning reduces flexibility.
Planning Team

- May be internal staff, external consultants or a mix
- Should include individuals from all units/departments to be affected by the plan
- Should be large enough to include important stakeholders but small enough to get the work done
- The key is the team leader who will marshall resources, motivate the team, negotiate with stakeholders, facilitate development and keep an eye on the ultimate goal...success
Time Frame

- Strategic plans or long-term plans
  - usually 6 months to a year for the initial phase to implemented and evaluated
  - the entire plan may take more than one year to implement — may be much longer

- Short-term plans
  - a few weeks, maybe a few months
The purpose of planning is to generate \textit{results}...not \textit{plans}.

- Senior Manager at IBM
The Foundation of Planning

Strategic Planning Hierarchy

- Vision
- Mission
- Goals
- Objectives
- Policies
- Procedures
Developing Your Vision

Vivid description...represents a vibrant, engaging, and specific description of what it will be like when the mission is achieved. It provokes emotion and generates excitement. It transforms the mission from words into pictures – it’s a way of conveying the mission so that people carry around a clear, compelling image in their heads.

Corrall, 2000, p. 96 (emphasis added)

1. Provides a direction and a destination
2. Provides focus and integration
3. Can be a source of meaning and inspiration
Vision

- A vision statement looks to the future
- It outlines what the organization wants to become; where it wants to be situated in some years’ time
- It is intended to stretch the organization’s capabilities and understanding of itself
- It should be inspiring for both staff and clients
Our Vision, Mission and Values

Our Vision

Toronto Public Library inspires the spirit of exploration, the joy of reading, and the pursuit of knowledge for people of all ages and backgrounds, beginning with the very young.

As cornerstones of their neighbourhoods, our libraries connect people to each other, to their community, and to their hopes and dreams.

Our rich resources provide the opportunity for everyone to treasure the past and to create a future that is full of possibility.

The Library promotes and enriches the democratic, cultural, educational and economic life of our diverse and evolving City.

http://www.tpl.toronto.on.ca/abo_mission.jsp
The ROM will inspire wonder and build understanding of human cultures and the natural world.
Developing Your Mission

A concise summary in a few sentences or paragraphs of the organization’s purpose or reason for existence, indicating its business area, customer base and distinct contribution; sometimes incorporating values and/or objectives; expected to be medium-to long-term, although the wording may need to be updated periodically.

Corrall (2000) p. 78
Our Mission

Toronto Public Library provides free and equitable access to public library services which meet the changing needs of the people of Toronto.

Toronto Public Library preserves and promotes universal access to a broad range of human knowledge, experience, information and ideas in a welcoming and supportive environment. New technologies extend access to global information beyond library walls.

The Toronto Public Library upholds the principle of Intellectual Freedom.

Effective partnership enhance library service throughout the city. Toronto Public Library is accountable for the effective management of library resources and for the quality of library service offered to the people of Toronto.

http://www.tpl.toronto.on.ca/abo_mission.jsp
ROM Mission

The ROM will be a world leader in communicating its research and collections to increase understanding of the interdependent domains of cultural and natural diversity, their relationships, significance, preservation, and conservation.
The City of Toronto Archives is a program of Records and Information Management in the City Clerk’s Office. The program manages information throughout its life cycle to satisfy statutory and operational requirements, and ensures the availability of the City’s documentary heritage in the public interest.

Looking back on the year’s activities, it is evident that 2007 was a significant year for the Archives. On January 1, 2007

Detail from the Plan of the City of Toronto, Canada West, 1857, Series 88, item 13
What is a strategic initiative?

- Strategic initiatives are the means through which a vision is translated into practice
  
  (Brache, A., 2006)

- Collections of finite-duration discretionary projects and programs, outside of the organization's day-to-day operational activities, that are designed to help the organization achieve its targeted performance

  (Kaplan, R. and Norton, D., 2008)
What is a Goal?

- Goal is a purpose or an outcome that we expect to achieve.

- Ideally, goals should stretch the organization a bit, but be sufficiently realistic that they can be met.

- Goals are the *what*, not the *how*,
  - they are smaller than a mission.
  - there can be a number of objectives and goals to be achieved in order to achieve a mission.
What is an Objective?

- Each objective expresses how you are going to achieve your goal (it must clearly answer the question “how?”)
- Each objective expresses one idea/action to be undertaken
- Each objective should suggest a measurement
- Objectives can vary in time and can be incremental, that is, building one on the other over the course of the plan
Objectives are about:

- Developing new services or opportunities
- Maintaining or improving existing services or operations
- Eliminating or minimizing an existing service or operation
- Remember – objectives are measurable
Good objectives are the foundation of planning

Objectives should be specific, attainable, yet challenging:

- Is the objective appropriate for the library at this time?
- Does it take the organization in the direction it wants to go?
- Does it support the overall mission of the library?
- Is it compatible and complementary with the other objectives?
- Is it acceptable and understandable to the majority who will be charged with implementing it?
- Is it affordable for the organization?
- Is it measurable and achievable?
- Is it ambitious enough to be challenging?
Strategic Planning

- Long term planning
- Continuous process of making entrepreneurial, risk-taking decisions in a strategic way
- Taking control of the future
- Analysis of the present situation
- Vision of the desired future
Strategic Planning

- The strategic planning process is continuous:
  - Examine the present situation (budget/staff) / identify assumptions
  - Scan the environment (e.g. PEST(LE)/SWOT)
  - Create a Vision statement
  - Create a Mission statement
  - Develop goals
  - Examine models
  - Prepare scenarios
  - Prepare an action plan/timelines (Gantt charts)
  - Identify budget needs—plan and new initiatives
  - Implement
  - Evaluate
One Possible Strategic Management and Planning Cycle

Planning to plan

Communicating and maintaining your plan

Resource Planning: (HR)

Resource Planning: collections/facilities/technology

Developing a system of program evaluation

The process is not strictly linear

Looking outside (PEST)

Looking inside (SWOT)

Writing the vision and mission statements

Conducting needs assessments

Identifying goals and objectives

Joel Alleyne and Chun Wei Choo, 2013
How can you tell if one strategy is better than others?

Compare profitability then...

Pick the highest one

- What if it is a start-up? (i.e. no profit but potential)

- You can use existing strategic frameworks
  - Balanced Scorecard, Porter’s Five Forces, Value-Chain analysis, PEST(LE), Growth/Share matrix, SWOT analysis, the 7Cs, etc, AVAC Framework
Financial Measures / Historical Earnings

- Actual earnings-before-interest-depreciation and tax (EBIDT), net income, income per sales, etc.
- Used over a period of time to predict future earnings and therefore the effectiveness of a strategy
  - Not a predictor of future earnings
  - Strategy, competitors or environment might change
  - Earnings say nothing about the scale, difficulty, and shortcomings of activities
Getting Strategy Execution Right – Harvard Business Review

- Michael Jarrett, INSEAD professor (2012)

- https://www.youtube.com/watch?v=nCo6WN_Q2GU
Week 2 Class Exercise

Strategic Planning at the Education Curriculum Resources Centre
Michael Porter

Five Forces Model, Positioning, and the Value Chain
Dr. Michael Porter

- Professor at Harvard Business School.
- He is a leading authority on company strategy and the competitiveness of nations and regions.
- Wrote a number of books about corporate strategy and competitive advantage.
- Porter introduced models, tools and methods to analyze the firm and its competitive position and its competitive advantage

Porter on Strategy - http://www.youtube.com/watch?v=iBrxIP0H84M
Why we use Porter’s model?

- Porter’s model is based on the insight that a corporate strategy and competitive strategy should be based on an understanding of industry structures and the way they change.

- Porter’s forces determine the intensity of competition and hence the profitability and attractiveness of an industry.

- The objective of corporate strategy should be to modify these competitive forces in a way that improves the position of the organization.

- Based on the information derived from the analysis, management can decide how to influence or to exploit particular characteristics of their industry.
Why we use the model, cont?

• In summary, it is a framework for industry analysis and business strategy development.

• You can use this model to decide to:
  – Enter a particular industry
  – Expand your operations if you are already in it

• The Five Forces model is basically a way of looking at an industry, and a firm within an industry, and all the factors that will come to play against that firm and its industry.

• Most important, the strategies you develop should then be supported by enabling technologies.
Five Forces Model

- Pay special attention to the role and impact IT has in each of the forces
Buyer Power

- The fewer choices a buyer has, the less power the buyer possesses
- A supplier business aims for low buyer power
- Loyalty programs (rewarding customers for the amount of business they do) use IT to reduce buyer power
  - Obviously, this depends on the ability to keep track of customers and transactions (requiring IT)
    - Air Canada’s loyalty program (Aeroplan)
- In most industries, IT has increased buyer power
Supplier Power

- Supplier power is the opposite of buyer power
- Supplier power is high when buyers have few companies to buy from
- A supplier organization aims for high supplier power
- A company looks for alternative supply sources to create a competitive advantage
The Balance Between Buyer and Supplier Power

- Your Suppliers: You want supplier power to be low here. You want buyer power to be high here.
- Your Organization
- Your Customers: You want supplier power to be high here. You want buyer power to be low here.
Threat of Substitute Products or Services

- A company aims to be a supplier organization in a market where there are few substitutes for what is being sold.

- Switching costs are meant to discourage customers from switching to another product or service supplier.
  - Doesn’t have to be monetary, costs of switching could be in terms of time or convenience.
    - Learning to use a Mac for a PC user.

- In most industries, IT has increased the threat of substitute products or services.
Threat of New Entrants

- The threat is high if it is easy for another company to become a competitor.

- These could be:
  - Large firms seeking to enter or disrupt an existing market, or
  - Entrepreneurs who will enter a market and chip away at a small subset of the customer base.
Entry Barriers

- An entry barrier is a product or service customers have come to expect in that industry
  - Customers may expect financial transactions using a credit or debit card; to compete with existing businesses, a new company would have to offer these same services
  - Banks and free online bill pay, ATM use, account monitoring, etc.

- Entry barriers tend to be erected, overcome, and then reestablished

- In many industries, IT has decreased entry barriers
Rivalry Among Existing Competitors

- Rivalry is high when competition is fierce
  - Some industries tend to be more competitive than others
  - Though now most industries are competitive

- Intensely competitive industries may use IT to make their supply chain more efficient giving them an edge over competitors
  - This may be the only way they can compete (i.e. grocery stores who have small margins)
Porter’s Three Positioning Strategies

1. Overall cost leadership
2. Differentiation
3. Focus
Porter’s Three Strategies (1)

• **Overall cost leadership** is offering the same or a better quality product/service at a price that is less than what any competitor is able to meet.

• Walmart uses this strategy.
  • They focus on offering the same products as the competition but at a lower price.
  • Rely on an IT-enabled tight supply chain management system so it can keep costs of procurement, distribution and warehousing down.
Porter’s Three Strategies (2)

- **Differentiation** is offering a product or service that is perceived as being “unique” in the marketplace.

- Apple Computers focuses on differentiation.
  - They attempt to make their computers look different (Even in ads).
  - The computers use a different user interface (GUI).
Porter’s Three Strategies (3)

- **Focus** is a strategy that offers unique products or services to particular buyers and/or targeting a specific geographic market.

- For example, a legal office may specialize in processing claims for injuries from car accidents.
  - “Hurt in a car...call...”
Value Chain Analysis
Porter’s Generic Value Chain

- Used to explore Porter's model of competitive advantages through differentiation or cost leadership strategy

Michael Porter's generic value chain model, developed in 1985
Value Chain Analysis

- The sequence of activities your company performs to design, produce, sell, deliver, and support its products is called the value chain.
- Value chain analysis provides a framework for identifying and developing a distinctive competency.
- Used to analyze the specific activities through which firms create a competitive advantage.
- Done by modeling the firm as a chain of value-creating activities.
Porter’s Primary and Support Activities

- Michael Porter identified a set of interrelated generic activities common to a wide range of firms.

- His resulting model is known as the value chain and is depicted in two sections:
  - **Primary Value Chain Activities** are involved with a product’s physical creation, sales and distribution, and after-sales service
  - **Support Activities** provide the assistance necessary for primary activities
Classical Value Chain

Support Activities
- Infrastructure
- Human Resources
- Technology Development
- Procurement

Primary Activities
- Inbound Logistics
- Operations
- Outbound Logistics
- Marketing & Sales
- Service
Primary Value Chain Activities

- **Inbound logistics** include the receiving, warehousing, and inventory control of input materials.

- **Operations** are the value-creating activities that transform the inputs into the final product.

- **Outbound logistics** are the activities required to get the finished product to the customer, including warehousing, order fulfillment, etc.

- **Marketing & Sales** are those activities associated with getting buyers to purchase the product, including channel selection, advertising, pricing, etc.

- **Service** activities are those that maintain and enhance the product’s value including customer support, repair services, etc.
Support Activities

- Porter identified four generic categories of support activities, the details of which are industry-specific.

- **Procurement** - the function of purchasing the raw materials and other inputs used in the value-creating activities.

- **Technology Development** - includes research and development, process automation, and other technology development used to support the value-chain activities.

- **Human Resource Management** - the activities associated with recruiting, development, and compensation of employees.

- **Firm Infrastructure** - includes activities such as finance, legal, quality management, etc.

http://www.quickmba.com/strategy/value-chain/
Value Chain Analysis

- In order to better understand the activities leading to a competitive advantage, one can begin with the generic value chain and then identify the relevant firm-specific activities.

- Once the discrete activities are defined, linkages between activities should be identified.

- Understanding the linkages between activities can lead to more optimal make-or-buy decisions that can result in either a cost advantage or a differentiation advantage. (Outsourcing Decisions)

http://www.quickmba.com/strategy/value-chain/
Joan Magretta on Porter: Key steps in value chain analysis

1. Start by laying out the industry value chain

2. Compare your value chain to the industry.
   1. The goal is to capture every major step in the value creating process.

3. Zero in on price drivers, those activities that have a high current or potential impact on differentiation

4. Zero in on cost drivers, paying special attention to activities that represent a large or growing percentage of cost
Environmental Analysis
PEST(LE) and SWOT
PEST/PESTLE Looking Outside (environmental scanning)

- **Politics**
  - Government type and policy
  - Funding, grants and initiatives

- **Economy**
  - Inflation and interest rates
  - Labour and energy costs

- **Social**
  - Population, education, media
  - Lifestyle, fashion, culture

- **Technology**
  - Emerging technologies, Web
  - Information & communication

- **Legal**
  - Regulations and standards
  - Employment law

- **Environment**
  - Weather, green & ethical issues
  - Pollution, waste, recycling

Video using British Airways as an PESTLE example [http://www.youtube.com/watch?v=ppl9WCARDK0](http://www.youtube.com/watch?v=ppl9WCARDK0)

Examples of PEST Factors

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<thead>
<tr>
<th>Political</th>
<th>Economic</th>
<th>Social</th>
<th>Technological</th>
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<td>Taxes</td>
<td>Economy</td>
<td>Demo-graphics</td>
<td>R and D-Gov $$</td>
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<td>Laws</td>
<td>Interest rates</td>
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<td>Contracts</td>
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<td>Safety</td>
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<td>Politics</td>
<td>Inflation</td>
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<td>Clients</td>
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A PESTLE Analysis

**Political**
- Government support for Innovation – new toys
- Use of Elf sweat shops?

**Economic**
- Recession – Low inflation – Disposable Income – Credit Crunch
- Market growth 4%

**Social**
- What about Jewish, Muslim, Hindu and Buddhist children?
- Animal Rights Movement – Reindeer’s basic needs must be fulfilled

**Technological**
- No more letters up the chimney – texting, Facebook – wooden toys versus Wii & iPad
- GPS for location – laser guidance to shoot gifts down the chimney. Wormhole technology

**Legal**
- Health & Safety – max. weight of Santa’s Sac? - Competition Law?
- Minimum price for unit of alcohol – what about Santa’s tipple? – Food safety regulations

**Environmental**
- Global warming – Polar Icecap melting – What about the Grotto?
- Do Elves like living in a frozen wasteland with no Tesco’s?

http://www.consultants-on-line.com/default.asp?contentID=143
From PESTLE to SWOT

- Now you have the PESTLE context you can use this output to map out a SWOT analysis. SWOT stands for:
  - Strengths
  - Weaknesses
  - Opportunities
  - Threats

- A traditional SWOT analysis would take the context of the PESTLE and analyze how these factors may impact on Santa's organization.

http://www.consultants-on-line.com/default.asp?contentID=144
### Strengths
- Loyal Customers
- High level of Awareness
- Strong Brand Image – Ho..Ho..Ho.. Catch Phrase
- Omnipotent – maybe even magic
- Keeps overheads to a minimum
- Kids really like Santa
- Kids write to him – knows exactly what they need

### Weaknesses
- Santa is a control freak – may not have the best management style
- Morbidly obese at 35 stone – fitness for work?
- No investment in infrastructure
- Delivers the entire stock on only 1 sled – risk of mechanical problems
- Evidence that Santa is an alcoholic – drinks 15,000 gallons of sherry and whisky in one night

### Opportunities
- Growing world population
- To deliver to ALL kids – not just the ones that have been good
- Diversify – use a talking meerkat (or similar) to attract a new customer base
- Deliver the toys 2 days earlier – for a premium gold card subscription.
- Pimp my Sleigh
- Social media presence

### Threats
- Internet sales – all year round
- RSPCA may inspect – but no evidence of animal cruelty
- House building – chimneys getting smaller
- Might get caught drinking on the job
- Lack of belief in modern teenagers – easy access to information
- Flatulence – methane emissions from old reindeer

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**Does Santa Have a Future? A SWOT Analysis**

http://www.consultants-on-line.com/default.asp?contentID=144
SWOT Analysis for Internal and External Analysis

- Internal
  - Strengths
  - Weaknesses

- External
  - Opportunities
  - Threats

Video on how to do a SWOT analysis:
- [http://www.youtube.com/watch?v=GNXYI10Po6A](http://www.youtube.com/watch?v=GNXYI10Po6A)
Key SWOT Questions

**STRENGTHS**
- What do we do exceptionally well?
- What advantages do we have?
- What valuable assets and resources do we have?
- What do members/customers identify as our strengths?

**WEAKNESSES**
- What could we do better?
- What are we criticized for or receive complaints about?
- Where are we vulnerable?

**OPPORTUNITIES**
- What opportunities do we know about, but have not addressed?
- Are there emerging trends on which we can capitalize?

**THREATS**
- Are weaknesses likely to pose a threat?
- What external roadblocks could block our progress?
- Is there significant change taking place in our environment?
- Are economic conditions changing that could affect us?
Sample SWOT diagram

SWOT Analysis

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Joy Bennett, 2013
Another version:
Choosing McGill

SWOT Analysis

**Strengths**
- Good school
- Reasonable tuition
- Canadian School

**Weaknesses**
- Large classes
- Big city
- Expensive rents

**Opportunities**
- Possibility to learn French
- Possibility to meet new people
- More free time to study

**Threats**
- Need for French
- Unfamiliar territory
- Unable to work

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Joy Bennett, 2013
Simplify your Strategy – Harvard Business Review

- Donald Sull, London Business School professor, poses three questions to break down complex strategies into actionable steps (2012)

- https://www.youtube.com/watch?v=PZg6Q8HJ6lw&feature=relmfu
Derek Sivers – Keep your goals to yourself

- https://www.ted.com/talks/derek_sivers_keep_your_goals_to_yourself
Next Week

1) Motivation

- Harvard Business Review 81, no. 1 (January 2003). Special issue on Motivating People. Scan over the overview article and papers by Frederick Herzberg (job satisfaction), Harry Levinson (MBO), etc.

2) Leadership