“What are the financial, marketing and strategic planning issues that the information manager must consider in a period of discontinuous change?”

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TABLE OF CONTENTS

1. INTRODUCTION.........................................................................................................................3

2. CHANGE ........................................................................................................................................3

3. MANAGING DISCONTINUOUS CHANGE ..............................................................................5

4. STRATEGIC PLANNING IN AN ERA OF DISCONTINUOUS CHANGE ...............................6

5. THE ROLE OF STRATEGIC MARKETING ...........................................................................8

6. THE LIMITS OF STRATEGIC FINANCIAL PLANNING .........................................................10

7. THE BALANCED SCORECARD AS A STRATEGIC PLANNING TOOL ..............................11

8. THE SCORECARD IN PRACTICE ............................................................................................12

9. CONCLUSION ............................................................................................................................14

10. BIBLIOGRAPHY ......................................................................................................................15
1. Introduction

In today’s management literature it is now accepted that change is a global feature of business throughout the public and private sectors. Changes in the business environment provoke reactive or pre-emptive changes in the strategies and structure of organisations, the results in turn affecting the market in a turbulent and complex cycle. In an era of e-commerce and e-government, this is particularly true of the market for information.

The strategic information manager can be left bewildered amidst the pressures and choices of this uncertain climate. This essay first establishes a definition of change, before considering the concept of change management. The core elements of strategic planning for change are outlined and it is argued that an integrated and dynamic approach to setting financial and marketing objectives is the key to success, as demonstrated by the Balanced Scorecard. Finally, information managers are advised to embrace the new unstable status quo through their constantly evolving vision. Practical examples are drawn from the field of records management.

2. Change

For Heraclitus, the only constant is change. As any student of history, business or politics knows, change is a defining feature of human organisation. However, as Toffler outlines in Future Shock, it is generally agreed that the pace of societal change is increasing due to the globalisation of markets, growing customer sophistication and the rapid developments in information and communications technology. To compound matters, the demise of the Cold War has arguably created greater geo-political instability.
Definitions of change are elusive. The first problem is one of scope, as described by Senge.

“... the word “change” means several often-contradictory things. It sometimes refers to external changes in technology, customers, competitors, market structure, or the social and political environment...“Change” also refers to internal changes: how the organisation adapts to changes in the environment. The timeless concern is whether these internal changes – in practices, views, and strategies – will keep pace with the external change)” (14-15).

The second problem of definition is the rate of change. Change has normally been understood as incremental or continuous change, where developments are understandable and predictable according to economic, social or technological trends. Another perspective is that of organic change, where products or services undergo growth, maturity and decline stages during an inevitable life cycle, describing a bell-curve of sales against time. However it is recognised that change is increasingly profound or discontinuous, which Bryson defines as a “strategic shock” in response to an abrupt event in the environment (249). An organisational merger is a common example of a strategic shock, which could be internal (e.g. the records management function joining the IT department) or external (two or more companies joining forces in a consortium or a hostile take-over).

This essay assumes that the modern information manager must succeed within the ubiquitous context of profound internal and external instability.
3. Managing Discontinuous Change

Change management is a concept that has wide currency and popularity amongst management theorists today, although there is no consensus on its definition or focus. The commonplace assumption is that the manager can successfully react to change imperatives foreseen on the business horizon. The warning from management gurus such as Peters is that this logical approach to change is no longer tenable. Instead the manager should encourage endemic change within the organisation to promote constant innovation and development. It is almost as if “Change for Change’s sake” is the new mantra within the business community, and that change must lie at the heart of any strategic vision.

Organisations that thrive on change have a number of defining features. Structures are flatter, less bureaucratic. Motivation is high, delegation is rife, teamwork is king, and bold failures are celebrated. Paradigm-shifts in perception and working practices are required for survival. Malhotra expresses the constant the need for a re-evaluation of all values;

“The new era of dynamic and discontinuous change requires continual reassessment of organisational routines to ensure that organisational decision-making processes, as well as underlying assumptions, keep pace with the dynamically changing business environment. This issue poses increasing challenge as ‘best practices’ of the gone yesterday turn into ‘worst practices’ and core competencies turn into core rigidities”

For Handy, the scale and scope of change is seen as being essentially unmanageable (291-319). The best that the manager can do is to cultivate an internal environment
condusive to change and establish mechanisms for channelling change. These include setting inspiring and measurable goals; encouraging a climate of experimentation; promoting the diversity of organisational groups whilst ensuring solidarity; and transforming creative projects into mainstream activities through successful implementation. For Kotter (??), successful implementation of change is inextricably linked to strong and inspiring leadership. Bryson adroitly summarises the change management challenge for the information manager;

“The effect of rapid change...is that management must now seize opportunities quickly, rapidly redesigning information products and services to meet changing customer need and finding new ways of doing things cost-effectively. Speed is a deciding factor and nothing is exempt from change. In identifying new end uses for services, resolving problems that enhance quality of output and reduce waste or in making organisational changes to better cope with the environment and optimise scarce resources, managers will continually have to lead in turbulent environments” (16-17).

4. Strategic Planning in an era of discontinuous change

Amidst the flux of internal and external pressures, how does the information manager start to take control of the situation? He or she must rise beyond the tactical and operational concerns of the information service, escaping the daily cycle of “fighting fires”, and focus on strategic planning. For McNamara, “simply put, strategic planning determines where an organisation is going over the next year or more and how it’s going to get there”.
The first element of the classic strategic planning method is for the information manager to review his or her environment from various perspectives to identify trends. This strategic audit attempts to understand the internal and external environment of the information service and its parent organisation. A common tool is PEST analysis, where changing political, economic, social and technological factors are considered. Likely scenarios can be forecast in response to these trends. Another common tool is SWOT analysis, a basic marketing aid, where internal strengths and weaknesses, and external opportunities and threats are considered. Whilst conducting the strategic audit, it is important not to neglect the influence of key stakeholders, such as customers, staff and shareholders and to consider the impact of internal management styles and cultures.

The next element of strategic planning involves establishing a compelling and comprehensible long-term vision of the information service’s future, given current resources and performance and in light of the results of PEST and SWOT analysis. A mission statement must emerge from this soul-searching, defining the purpose of the information service and often supported by a statement of ethical or business values in line with those of the parent organisation.

Driven by and supporting the mission statement, mid-term strategic goals are then set that are specific, measurable, achievable, realistic and timely (SMART). It is essential that the information manager has a role in influencing corporate strategic goals, in addition to setting those of the information service. Orna outlines the key information management issues that need addressing.

- “What does this organisation need to know to succeed in what it is trying to do?
• What resources of information does it need to ensure that its knowledge is appropriate for action to succeed?
• How do people inside the organisation need to interact with each other, and with the outside world, in using information?" (4)

Once established, these goals in turn beget positive objectives and short-term targets for each business function within the information service. A budget is set to fund these endeavours and a system of financial monitoring is established.

Finally, strategies, goals, objectives, targets and budgets are periodically reviewed. They are refined in light of performance and changes in the environment, in a cycle of strategic planning that attempts to compromise between competing demands and steer the information service through its turbulent environment to success. At every stage, dissemination of plans and targets to the lower levels of the information service is vital to create a coherent focus for effort from the boardroom to the records management shop floor.

5. The role of Strategic Marketing

As Broady-Preston and Hayward have discovered, this classical “top-down” approach is increasingly incapable of coping with discontinuous change as it risks losing touch with the business environment. There is a need to match strategic processes to market information, requiring a new “bottom-up” approach to strategic planning. Marketing discovers what the customer wants and how to develop unique products, and has changed from a traditionally tactical function to gain a more strategic role.
For Ansoff, strategic decision-making identifies the organisation’s or service’s objectives and goals, determining if it should seek to diversify in its market, identifying in what areas and how vigorously, and establishing how it should develop and exploit its present product-market position (Kennedy 9). Ansoff also defines strategic management as “a systematic approach for managing change which consists of:

1. Positioning of the firm through strategy and capability planning;
2. Real-time strategic response through issue management;

Increasing, the perspective of the market is seen as the launch pad of corporate strategy. For Porter “a firm gains competitive advantage through performing ... strategically important activities more cheaply or better than its competitors” (Kennedy 180). Competitive advantage can be created through the delivery of low cost or differentiated products or services. Porter suggests that the external environment exerts five forces; from competitors, from potential rivals, from the threat of substitute products, from buyer bargaining power and from supplier bargaining power (Kennedy 178). Analysis of these five forces develops the SWOT identification outlined above to create a comprehensive market profile.

Kotler defines strategic marketing as “a managerial process of analysing market opportunities and choosing market positions, programs and controls that create and support viable businesses that serve the organisation’s purposes and objectives” (Bryson 360)
Ansoff suggests that businesses must consider diversification in three dimensions: horizontal (related products), vertical (supplier products) or conglomerate (unrelated products) (Cole 127). For Bryson, strategic “winners” must be protected and the strategic “losers” must be discarded. Services waning in the market can be revitalised by recapturing (through promotion, reviving old markets without changing services), redesigning (modifying existing services to existing customers), recasting (marketing modified services to new customers), or refocusing (marketing an abandoned or declining service to new customers) strategies (374-376). Marketing within strategic planning has taken on a pre-eminent role.

6. The Limits of Strategic Financial Planning

Bryson defines financial planning as “The process of identifying costing and allocating expenditure and revenue to the resources and activities that allow the objectives of the info service and its parent organisation to be achieved” (95). In a climate of discontinuous external and internal change, budgets can quickly lose touch with market reality. Inflexible and outdated budgets inhibit exploitation of market opportunities through the under-estimation of the financial requirements of rising “stars”, as the Boston Consulting Group defines high-growth and high-market share services (Bryson 372-373). By sinking locked funds into waning functions, or “dogs”, the organisation or service inevitably postpones strategic investment and risks losing competitive advantage.

The information manager must be proactive in budgeting for strategic development. A similar environmental analysis to that outlined above must be performed, focussing on
financial trends and issues. The pervasive pressure today is for managers to deliver better and more services with fewer resources, and an entrepreneurial spirit is required. The “shamrock” organisation, defined by Handy, is already here and information managers are advised to look seriously at outsourcing functions where there is a sound business case (e.g. externalisation of manual records storage) (Kennedy 80).

Peters suggests that in this dynamic environment, budgets, revenue projections and financial monitoring should be simplified and conservative (483-493). Drucker states that we need activity based costing, as traditional cost accounting obfuscates the identification of under-performing services (101-104). In sum, the previous reliance on exclusively financial monitoring is under threat from recognition that the market perspective is increasingly vital.

7. The Balanced Scorecard as a Strategic Planning tool

Broady-Preston and Hayward, in an analysis of strategic management within UK banks, concluded that companies needed non-financial indicators of future performance as much as financial measures of past performance to survive in a climate of virtually permanent change. The Balanced Scorecard, proposed by Kaplan and Norton, was originally a performance management tool but has been developed to assist in strategy formulation. In their words, “the scorecard puts strategy and vision, not control, at the centre” (The Balanced Scorecard – measures that drive performance 79). Here strategic management is comprised of four processes.
a) Translating the vision. “For people to act on the words in vision and strategy statements, those statements must be expressed as an integrated set of objectives and measures, agreed upon by all senior executives, that describe the long term drivers of success”

b) Communicating & Linking. “Communicate...strategy up and down the organisation and link it to departmental and individual objectives”

c) Business Planning. “...when managers use the ambitious goals set for balanced scorecard measures as the basis for allocating resources and setting priorities, they can undertake and co-ordinate only those initiatives that move them towards their long-term strategic objectives”

d) Feedback & Learning. “With the Balanced Scorecard at the centre of its management systems, a company can monitor short-term results from the three additional perspectives....and evaluate strategy in the light of recent performance.

Kaplan and Norton echo Ansoff’s suggestion that “a firm’s performance is optimised when its external strategy and internal capability are both matched to the turbulence of the firm’s external environment” (Kennedy 12).

8. The Scorecard in Practice

Kaplan and Norton advise us to “think of the Balanced Scorecard as the dials and indicators in an airplane cockpit” (The Balanced Scorecard – measures that drive performance 72). Four key perspectives are explored. Consider the example of a developing records management service. As described in Table 1 below, the first view to examine is that of the customer.
Customer Perspective –

To achieve our vision, how should we appear to our customers?
(Key Factors include Time, Quality, Performance & Service, Cost)

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Measures</th>
<th>Targets</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 e.g. responsive delivery of Service</td>
<td>On-time delivery (defined by customer)</td>
<td>99% of customers believing that we deliver on time</td>
<td>1. Streamline Processes &amp; introduce 2-tier service levels (urgent, non-urgent)</td>
</tr>
<tr>
<td>Level Agreement</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 1

Table 2 below approaches the strategic dilemma for the records service from the internal perspective.

Internal Perspective –

To satisfy Members and customers, what business processes must we excel at?
(Key factors include process duration, quality, employee skills & competencies, productivity, critical technologies)

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Measures</th>
<th>Targets</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>e.g. Excellent information retrieval</td>
<td>Accurate service delivery (defined by</td>
<td>99% of customers believing that we deliver right first time</td>
<td>1. Introduce quality control into procedures, implement coaching schemes to records staff.</td>
</tr>
<tr>
<td>and return accuracy</td>
<td>customer)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2

Table 3 below considers the Innovation and Learning perspective, recognising that change and development must lie at the heart of the strategic vision.

Innovation & Learning Perspective – To achieve our vision, how will we sustain our ability to change and improve?

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Measures</th>
<th>Targets</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Improve records project management</td>
<td>Analysis of number and extent of</td>
<td>99% of customers successfully completing projects (declaring manual records) within 4 weeks</td>
<td>1. Project Mgt training for all records staff &amp; improved project monitoring</td>
</tr>
<tr>
<td></td>
<td>outstanding projects</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3

Finally, recognising the importance of financial measures, Table 4 asks how the shareholders or paymasters view the organisation.
Financial Perspective – To succeed financially, how should we appear to Shareholders?

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Measures</th>
<th>Targets</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 e.g. To survive &amp; operate within budget</td>
<td>% Recovery of all service charges</td>
<td>99% of customers billed each quarter</td>
<td>1. Develop innovative pricing strategies &amp; automate billing</td>
</tr>
</tbody>
</table>

Table 4

9. Conclusion

We have reviewed the modern profile of change, and established the urgent need for the information manager to lead and inspire his or her service to dynamic improvements. The standard route to strategic planning has been outlined, and found to be wanting. In an increasingly volatile and sophisticated market for information, strategic marketing can be seen as the main viable focus in the strategic planning process. The importance of financial planning has been demonstrated, yet exclusive financial measures have also been found to be limiting. An integrated approach, following the balanced scorecard, has been proposed as the best and more comprehensive approach to strategic change management – providing a brief 360° glimpse of the organisation’s performance against its core ambitions. Change is here is to stay, and the information manager’s ambitions must be as flexible and challenging as the surrounding chaos.
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