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Burke, ME

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Business Strategy and the Role of the Information Professional: A New Perspective.

by

M E. Burke

**Department of Library and Information Studies
Manchester Metropolitan University, UK**

Introduction

The word strategy and the term strategic management has been defined many times over the years. For example in 1987 Bowman and Asch (1) defined strategic management as:

“the process of making and implementing strategic decisions. It is the match an organisation makes between its own resources and the threats, risks or opportunities created by the external environment in which it operates.”

Other writers such as Johnson and Scholes (2) define three main elements of the strategic management process as:

- | | | |
|--------------------------|---|--|
| strategic analysis | - | understanding the organisation's position, |
| strategic choice | - | the choice of courses of action, |
| strategic implementation | - | putting into effect the proposed plan of action. |

Both definitions have at least one factor in common - they all refer either explicitly or implicitly to decision making. Decisions, however, cannot be made without information and therefore the role of information is vital to the successful strategies of organisations.

Strategic management is thus concerned with the business of the whole organisation. Internally, organisations must consider factors such as product costs, manufacturing capability, skills of the workforce and so on. Externally strategic management is also concerned with the organisation's position in relation to the overall environment. All strategies however start with information - information in order to clarify the external environment; information concerning the internal environment; information in order to build models for strategic analysis and finally information in order to forecast possible changes.

The business information professional of today needs not only to have an understanding and knowledge of sources, but also needs to understand the different types of business organisations and their needs and demands. The transition between taking on the role of a business information person and the role of a business information strategist is not a difficult one but it does require a different perspective and a new way of thinking. This paper will discuss some of the issues surrounding business strategy and the role of the information professional.

The external environment

In order for organisations to be successful it is essential that they are aware of what is happening in their external business environment. There is a need to have direct knowledge of current issues and changes which may affect the business such as new legislation, changes in government policies and changes in social trends. It is therefore vitally important to devise a structured method which enables the company to constantly assess and evaluate the external environment. There have been several models put forward which aim to set up a structure for the analysis of the external environment. For example, Kotler (3) stated that there were four identifiable levels of the external environment - "the task environment, the public environment, the competitive environment and the macro-environment."

The first level, the task environment - refers to the people who are concerned with helping the organisation to achieve its basic aim, regarding the production of goods or the provision of a quality level of service. The next level, the public environment refers to the stakeholders of the organisation, for example the bodies which draft legislation or control and monitor the organisation's activities in some way. Kotler's third level, the competitive environment, concerns other organisations who either produce similar goods or are in competition in some way with the organisation. The fourth and final level, the macro-environment, is concerned with the major forces which exist in both the economy and society in general - all of which have a direct or indirect influence on the organisation.

Within all of these levels of the environment exactly the same resource is needed for analysis - that of good quality information.

A second way of identifying the external influences on the organisation can be achieved by identifying certain trends which can seriously affect the future of the organisation - but over which it exerts no direct control. These trends can be divided into the following categories - sociological trends, technological trends, economic trends, ecological trends and political trends. This model is known as the STEEP model. Sociological issues include changes in society in general such as demographic changes; technological changes include the changing forms and speed of communications; an example of economic issues would be the fluctuation of interest rates; ecological trends refer to environmental concerns and finally political trends refer to new government policies which may have implications for industry.

The importance of this model is the emphasis on the system concept in that the model highlights the fact that all parts of the environment are related to one another. If an event transpires in one part of the environment then other aspects of society will also be affected. In the same way many events in an organisation are related. This model can therefore be seen as one which stresses the importance of connections and communications between the different parts of the organisation. Information plays a vital role in both co-ordinating this interconnectedness and in providing information about the varying trends within the external environment.

Information then, is fundamental to both of these models. Who provides this

information within the company? In most organisations strategic planning is undertaken at corporate level ie. at the very top of the hierarchy. This is in contrast to where the information unit is normally positioned - often to one side of the organisation structure or lower down the structure with other service oriented departments, well away from 'board level' decision making. The location of the information unit in the structure of the organisation is crucial to the success of the information office being perceived as one of the centres of strategic decision making. The information office needs to be viewed as the focal point of the organisation - all of the information about the external environment flows into - and out of - the information centre or library on a daily basis in a variety of formats. However, in order for this to happen it is perhaps necessary to re-educate managers and strategists to assist with their understanding of the very real power of information and thus the power - to the organisation - of employing a business information strategist.

The internal environment

Internal information is affected by various factors within the organisation in a number of ways. For example internal information can be affected by the style of any existing information systems - whether they are rigid or flexible and whether the system allows the unrestricted flow of information around the organisation. In addition internal information can also be affected by the managerial skills available to interpret the information accurately. Although efficient and effective internal information systems are sometimes difficult to achieve, it is essential that whatever method is used in the organisation to collate internal information it achieves the aim of keeping members of the organisation informed of events and changes in other parts of the organisation.

Many organisations do set up information systems - usually known as management information systems (MIS) to deal with internal information. However, if an information system is to be successful it must be suitable for the organisation. In the past it was perhaps the case that information was seen as a "passive" commodity with the information centre slotted neatly into the standard hierarchical structure providing information in standard ways. Today, however the pressure is on businesses not just to survive but also to be successful - to excel in all matters. There is now a need for information systems to govern the structure of the business in order that all the necessary information is available to the right people at the right time. In this way the information available affects not only the way in which decisions are made but also the quality of those decisions.

However, it has been noted that the implementation of an MIS system alone cannot solve all the organisation's information problems. Mintzberg (4) stated that some MIS sometimes do not work effectively for several reasons including:

Distortion

As information passes through many levels on the way up the hierarchy losses and changes may occur. For example, some information is distorted, good news is highlighted and bad news blocked.

Hard vs. soft information

Some information management systems emphasise hard quantitative data, but this is sometimes not as useful as what can be termed “soft” information - ie. the clues in the literature that can sometimes hold the most important keys to new changes but which are not yet recognised in the mainstream literature.

Delays

Sending information through the various levels of the organisation structure can cause delays to crucial information.

As has been mentioned previously all of these difficulties can be diminished by the placing of the information centre at an appropriate place in the structure - alongside top management with the key decision makers.

A model of strategic analysis

In order to make sound decisions, it is important to have a framework which allows managers to analyse exactly what is needed to make an organisation successful and profitable - and be able to compete with rival firms. Porter (5) defined the state of competition in industry as:

“overseen by five major driving forces and that the strength or weakness of these help to decide on the success or failure of the industry.”

In order to be aware of these forces and what changes may be imminent it is again necessary to have information - accurate and timely information to help plan and assist with that essential management activity - making decisions. A well established model of strategic analysis is that of the Porter’s model concerning the main elements of the structure of industry. These elements include the bargaining power of both buyers and suppliers; the threat of new entrants to the market and the possibility of substitute products flooding the market.

Suppliers and buyers

Suppliers can either raise prices or reduce the quality of goods whilst buyers can force prices down or demand a higher quality of goods. A supplier is seen as powerful if dominated by a few companies or the product is unique. On the other hand, a buyer is powerful if purchases are made in large volumes or if the products needed are standard and therefore easily available from other sources.

Threat of new entrants

New entrants is the term used for new organisations to the industry resulting in the new organisation selling or making similar products. New entrants can bring new capacity to the industry and sometimes substantial new resources. However how new entrants are met by the existing competition depends on what are known as “industry barriers”. Barriers to entry include “product differentiation” ie. concerns about how the new product will distinguish itself from other products already on the market; “capital requirements” ie. there may be high capital requirements needed to join the industry and be successful; “logistical problems” such as prime locations already in use meaning that there may be some advantages not available to potential rivals such as access to distribution channels.

Substitutes

Finally “substitute products” - can be defined as products which are very similar to other usually more expensive products. The threat of substitutes coming onto the market can have serious problems and limit the potential of an industry.

Each of these elements needs to be carefully considered in order that the strategist can decide on how to best position the company where it can make use of all the forces. Taking into account the industry framework the strategist needs to devise a three way plan of action. First, the company needs to be positioned in a strategic place in order to take advantages of certain elements and yet be protected if serious threats arise. Secondly the strategist needs to be able to influence the balance of all these industry forces as strongly as possible - in the company’s favour. Finally the strategist needs to be able to exploit any changes in the industry to maximum advantage.

All of Porter’s five forces centre around one central point - that of “competitors” in the industry. In reality however the company cannot analyse its position strategically without having good information. Information is needed about each one of the sections. For example, information is required about suppliers - who they are, where they are, who can offer the best price; information is also needed regarding the buyers of the product - marketing information is essential to implement successful strategies regarding customers. For example there is a need to know who new and potential customers may be, the breakdown of the various market segments and where and when new growth or changes may be expected. Information is also required about new entrants - in essence the information needed for this is competitor intelligence. Finally information is needed regarding substitute products, such as information regarding customer preferences and shopping habits.

Information plays a crucial role in determining each one of the industry forces. The points listed above are just a few examples of how the industry model of strategic analysis cannot function without access to good quality information.

Forecasting Changes

All of the five industry forces discussed earlier need constant monitoring in order to be aware of changes - and to be able to act on them and devise appropriate strategies. This can be achieved by a process known as environmental appraisal.

In addition to providing information about the external and internal information the information professional is able to analyse the business environment by using a process known as scanning. There are various forms of scanning which are undertaken on a day to day basis. The following types have been identified by Aguilar (6); undirected scanning - scanning everything at a general level; conditional viewing, which takes place once a trend such as increased use of the internet, has been noted and informal and formal searching for specific issues. Information professionals are trained to carry out scanning without becoming sensitised to one particular part of the information. The information professionals are therefore in an excellent position to track these signals.

Martino (7) identified two distinct types of signals that could be found in the literature, which he termed strong signals and weak signals. He suggests that the strong signals are easy to detect - those clues in the literature which indicate with some certainty that for example, product developments are likely, such as the impact of laser technology on pre-recorded music formats. More interesting however, are the weak signals. These lie at the periphery of our sight but can be picked up by information professionals, who are constantly exposed to information, and thus develop a sixth sense, a kind of professional judgement as to when a weak signal may require closer tracking and investigation.

Supplementing this tracking of information there is inevitably some business information which is never published. This data forms part of the informal network between information professionals and thus adds to the knowledge bank of information. This may not normally be accessible by other members of the organisation.

The role of the information professional

The role of the information professional and the perception of the role of the information centre or library is paramount to the success of the organisation's strategies. All the strategic planning processes are in essence concerned with decision making. Managers make decisions at different levels - decisions are made about the customers, about competitors and internal company business. Although the decisions are made at different levels all three areas overlap with each other - and all have one essential requirement; that of quality information

What information then do managers actually require? It is important that information adheres to the standard characteristics of good information. For example there should be the right amount of information; it should be tailor made to specific needs; the information should be presented in an appropriate format and provided at an appropriate time.

The professional information associations are also becoming increasingly aware of the changes in the perception of information and its relationship and importance to the business world. This is borne out by research commissioned by the UK Library

Association in Autumn 1996 which concerned 994 chief executives who took part in a survey on company and information policies.(8) The results were as follows:

78% of chief executives stated that they found information themselves

40% of companies stated that they had no information policy at all

38% of companies stated that information issues reached board level

11% of chief executives approached a manager for information

7% of chief executives stated that they approached the secretary for information.

Many conclusions can be drawn from this research. However, one important one seems to be that there is an urgent need to re-educate managers, strategists and all those who form the highest levels in companies. How can this be achieved? One suggestion may be a two way plan . First, training at both undergraduate course and postgraduate courses for information officers must emphasise the importance of information and business. For example, at Manchester Metropolitan University there are a series of business modules on offer which can be studied by second and third year undergraduates and the series concludes with a module on Business Strategy. Manchester Metropolitan University also offer a post-experience course where we have found that many of the participants are not mainstream information professionals but recognise the need for information within strategic management. Departments of Information in other Universities also offer similar undergraduate and postgraduate courses. It is important to emphasise to the students at this early stage that they are the new professionals - the students who can change the future - who have the opportunity to bring new ideas and enthusiasm not just to the profession but also to the business world. The second way in which managers can be re-educated is by assisting those already in the information profession, by providing support and courses, not just for the information officers - but also for the managers and strategists.

In addition to these two training options the UK Library Association has also launched a new initiative called "Investors in Information". The scheme aims to encourage business organisations to carefully consider the role of information and the role of the information officer - it is hoped that by raising the profile of the importance of information and business the profession will be successful in assisting with the re-education of managers.

Conclusion

To conclude then, this paper has outlined some of the issues surrounding business strategy and information. The article has explored ideas concerning both the external and internal environment and highlighted the way in which information can play a role in assisting with this. A model of strategy analysis was also examined and the suggestion made that the core of the model should centre on information. There was also some discussion on the role of our professional associations and the way in which managers can be re-educated.

Throughout this paper there has been constant reference to the fact that no matter how good or successful the organisation or the information officer - the real key to assisting with strategy and becoming a business information strategist is about the location (and the perception) of the information centre in the structure of the organisation. It is only when there is realisation that the role of information is essential to strategy will things change.

Finally, Houlden (9) defined the development of strategic ability as knowing:

- where and how to compete -
- whom to appoint in executive positions -
- how to organise the company -
- how to allocate resources to yield the greatest success-

All of these abilities emanate from experience, understanding and knowledge yet none of these qualities can be achieved without information. Information is the very foundation upon which great companies and corporations are built and the successful companies of the future will be the ones who fully realise the value of information as a vital resource.

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