Through a Glass Darkly: Piercing the Veil of Strategy Generation

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Session Description

For many people, taking the service management journey can create fear, uncertainty, and doubt. This is especially true when it comes to undertaking the most formidable of all the stages of the service lifecycle: service strategy. This session will show you that not only is service strategy much less fearsome than you realize, it’s one of the key components to holding the service lifecycle together. Join us to learn the 4Ps of Strategy, define customers and services, get strategic tools, and a number of other takeaways that can be put to immediate use.

Speaker Background

Michael Cardinal has more than eighteen years of experience in IT and education, having worked as a consultant, analyst, and trainer/teacher. A solution architect, ITIL Expert, and certified process design engineer, Michael’s resume spans several industries, including insurance, manufacturing, retail, food service, and education. Michael has also spent twenty years as an adjunct instructor and trainer, has spoken at several IT and academic events, and has published white papers on how to begin an ITSM implementation.
Through a Glass Darkly
Piercing the Veil of Strategy Generation
Session 601
Agenda

• Strategy Defined
• Strategy Management Process Unmasked
• Strategy Tools and Techniques Revealed
Presumptions

• Understand “Services”
• Recognize the need for “Strategy”
• Perhaps confused or baffled by “strategy” and “strategy management”
• Perhaps understand “strategy” but wish to improve your understanding
Strategy Defined
There is a lot of confusion and misuse of these terms.
Strategy

An approach that outlines how an organization will meet a designed set of objectives (biggest picture)

- **Perspective: Future State (What is the Vision?)**
- **Position: Current State (Where are we now?)**
- **Plans: Roadmap (Where do we want to be?)**
- **Patterns: Processes and Assets (How do we get there?)**

**Service Strategy:** Specifically defines how a service provider will use services to achieve the business outcomes of its customers, thereby enabling the service provider (whether internal or external) to meet its objectives.
Strategy Taxonomy

Business Strategy
- Defines 4 P’s for the Enterprise

Business Service Strategy
- Defines Services approach for the business

IT Strategy
- Defines Business-IT Alignment (BITA) and Integration (BITI)

IT Service Strategy
- Defines IT Services approach for the business
Strategy Management Process
Unmasked
Strategic Questions

Make the connection between your reason for being in business to the activities (services) you do (Alignment and Integration)

Why do we exist?

What do we do?
Strategy Management for Services

Strategy management and generation is a process not an ad hoc set of activities without structure or logic.

- **Strategic Assessment**
  - Define and Develop the Market
  - Define and Develop the Services
  - Define and Develop the Offerings
  - Define and Develop the Strategic Assets

- **Strategic Generation**
  - Perspective
  - Position
  - Plans
  - Patterns

- **Strategic Execution**

*If you cannot differentiate yourself, you better have a lower price*

~Michael Porter
Strategic Assessment

Understanding of Who, What, Where, When, How, and most importantly Why

- Define and Develop the Markets
  - Markets/Market Spaces
  - Customers/Requirements and Desires
- Define and Develop the Services
- Define and Develop the Offerings
  - Service Packages
- Define and Develop the Strategic Assets
Markets

The group of customers that are interested in and can afford to purchase the service a service provider offers, and to whom the service provider is able legally and logistically to supply those services

• Market Criteria
  • Demand—Willingness to obtain something to fill a need, want or desire
  • Supply—Willingness to give up something to fill a need, want or desire
  • Price—Equilibrium point between Demand and Supply

• Barriers to Entry
  • Organizations must overcome various barriers to entry in order to play in a market (cf. Porter)

• Competitive Advantage
  • Organizations must hold a competitive advantage (>one dimension) to succeed
Customers and Users

• **Customers**
  • Purchase and pay for services
  • Set requirements
  • Determine value
  • Identify warranty needs

• **Users**
  • Consume services
  • Express desires
  • Determine usage and demand
  • Identify utility needs

**Factors:**
- Desired business outcomes
- Customer assets
- Constraints
- Value (Utility + Warranty)
Customer Requirements and Desires

- Specifics
- Conformity
- Consistency
- Value
- Communication

- Customer Requirements & Expectations will:
  - Will change over time
  - Be based upon their perceptions & preferences
Market Spaces

The confluence of the needs of a specific customer with the value of a service

- Services fill one or more market spaces
- Services can overlap in market spaces
- Service Portfolio—All market spaces a company desires to occupy
- Service Catalog—All market spaces currently occupied

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Utility

Customer Assets

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Defining Outcomes

- Identify clear and measurable outcomes
  - Document the outcomes as part of the service description in the Service Pipeline
- Map outcomes to services
  - As part of the CMS and Service Portfolio
  - To understand how services impact outcomes
  - To understand the type and level of service needed

Objective
Measure
Desired Outcome

Increase the amount of natural gas transported safely to storage locations
A service is a means of delivering value to customers by facilitating outcomes customers want to achieve without the ownership of specific costs and risks.

- Services should align to your strategy
- Services should support business processes
- Services should help you find and dominate market spaces
- Services should be your differentiator
- Services should give you competitive advantage
Service Offerings (1)

Services should be “bundled” into Service Packages that drive greater loyalty to your organization

- Service Packages reflect both Demand and Supply
- Service Packages should become the “core” of your Portfolio and Catalog
- Service Packages should drive your Service Level Packages and reflect Service Level Objectives and Targets
Service Offerings (2)
Strategic Generation

Generating a strategy is a matter of determining the “4 P’s” that provide a guide for decision making

- Perspective
- Position
- Plans
- Patterns
Perspective

Describes the vision and direction of the organization. The perspective reminds employees, customers, and suppliers about the beliefs, values, and purpose of the organization.

• **Elements**
  • **Vision:** A picture of the future; “what you want to be when you grow up”
    • All horses work; no gum on seats
  • **Mission:** How you will achieve your vision
    • Dominate the wireless market
  • **Goals:** What milestones you want to hit upon your journey
    • Achieve $1B in revenue by EOY 2019
  • **Objectives:** How you intend to achieve your goals
    • Hire five of the best and brightest cloud engineers available
Position

Describe how the service provider intends to compete against other service providers in the market.

• Variety-based positioning
  • The service provider differentiates itself by offering a narrow range of services to a variety of customers with varied needs.

• Needs-based positioning
  • The service provider differentiates themselves by offering a wide range of services to a small number of customers.

• Access-based positioning
  • The service provider offers highly tailored services to a very specific target market, usually based on location, special interest or some other category.

• Demand-based positioning
  • The service provider uses a variety-based approach but allows each customer to customize exactly which components of the service they will use, and how much of it they will use.
Plans

Describe how the service provider will transition from their current situation to their desired situation.

• Planning Horizons
  • Strategic Plans: 5-50 year horizon
  • Tactical Plans: 2-5 year horizon
  • Operational Plans: 0-18 month horizon

• Types of Plans
  • People: OCM, Communications, Succession, Development, et al
  • Process: Service Management, Stage/Phase, Process Level, Procedural, et al
  • Technology: Lifecycle, Management, Maintenance, Operations, et al
  • Information: Data, Information, Knowledge, et al
Patterns

Describe the ongoing, repeatable actions that a service provider will have to perform in order to continue to meet its strategic objectives.

- People
- Process
- Technology
- Information
Strategic Execution

All service management processes have a role to play in executing a strategy since they are all about achieving the vision, objectives and plans defined in strategy management. In a very real sense, the other stages of the service lifecycle all have to do with strategy execution.
Strategy

Design

Transition

Operation

Plan

Do

Check

Act
Strategy Tools and Techniques Revealed
Strategy Tools
Strategy Techniques
Summary
Thank you for attending this session. Please complete the session evaluation form SMFusion.com/Feedback or on the FUSION App.