5

Environmental Relations

This chapter presents three analytic techniques for diagnosing organization-environment relations. Decision makers can also use these techniques as tools for planning ways to improve the focal organization's strategic position within its environment. Procedures for conducting in-depth interviews are discussed, along with other methods for gathering data on environmental relations.

Globalization, industrialization in China, recession and recovery, European unification, new digital technologies, financial reforms in health care, terrorism and antiterrorism, the paperless office, changing lifestyles, Mad Cow disease—the mass media provide a lengthy and rapidly changing list of developments that challenge today's organizations and sometimes create problems for them. Practitioners of diagnosis can make a major contribution to organizational performance by helping decision makers identify critical external conditions, assess current tactics for managing environmental relations, and find ways to improve these tactics and enhance their organization's competitive position. This chapter presents ways to conduct such diagnoses of environmental conditions and relations. Managers may also use this type of diagnosis to improve decision making and planning without the aid of consultants. The diagnostic models and techniques discussed here apply best to entire organizations or semiautonomous divisions but can also be adapted to less autonomous units. The lower the autonomy of a focal unit, the more its environment includes other units within the larger organization, including units at the same level in the hierarchy and top management.

GUIDELINES FOR DIAGNOSIS

Many analytical models and techniques have been developed to guide assessment of external relations.[1] Practitioners can use these techniques and frameworks to investigate a wide range of substantive issues. Consultants who adopt the sharp-image approach will focus on organization-environment relations that directly affect problems and challenges presented by clients. Consultants

conducting a comprehensive diagnosis or supporting strategy formulation may scan a wide range of external conditions and organization-environment relations. The discussion that follows presents three techniques that illustrate the range of possible approaches and topical areas.

Environmental Relations Assessment

The environmental relations assessment (ERA) framework consists of the following six diagnostic guidelines that consultants and organizational members can apply to both for-profit and not-for-profit organizations:

1. *Identify key conditions in the task environment of the client organization (or unit).* Conditions that decisively influence the focal organization may include markets, sectoral and industry-wide conditions, technical and scientific conditions, labor pools, regulation, and competition. Key conditions for a firm providing wind power and other environmentally friendly sources of energy, for example, include markets for its products, competition, underlying technologies, governmental regulations affecting the prices and delivery of cleaner forms of energy, availability and cost of generation and transmission facilities, and talent pools from which the firm recruits its personnel. External stakeholders who are affected by the firm's actions and try to influence its operations may include environmental and political groups that favor or oppose the use of particular sites for generation (e.g., banks of wind turbines) and transmission (e.g., power lines), along with national agencies and public interest groups concerned with nonenvironmental issues, such as minority employment and employee health. Public agencies and service organizations are especially subject to pressures and constraints from external regulatory and certifying bodies.

2. *Specify the main organizations with which the client organization interacts, characterize its relations with them, and specify the demands or constraints created by the most powerful external organizations.* Outside organizations may include suppliers, consumers of goods and services, supervisory and regulatory groups, unions, competitors, community and political stakeholders, and non-managing owners (e.g., stockholders). Structural relations with these organizations can range from competition to cooperation. They can also include hierarchical links, such as supervision and ownership. The most powerful external organizations should be listed, along with the main demands or organizational constraints generated by them. To assess the power of external organizations, practitioners can examine the focal organization's dependence on them for vital resources and the dependence of these organizations on the client organization. Resource dependence gives the supplier of the needed resource

power over the recipient (Pfeffer & Salancik, 2003). It is also important to consider the munificence of resource flows from the environment.

3. *Note the main units and individuals who handle external contacts.* In addition to noting formal responsibilities for functions such as strategy forma-tion, sales, public relations, fund-raising, and staff recruitment, practitioners can examine which people or groups fill these roles in practice. Techniques such as responsibility charting (see Chapter 4) may prove useful if there is confusion or disagreement about who handles critical external relations.

4. *Examine current responses to external problems and demands.* Organizations can respond to external pressures by avoiding them, making internal adjustments, or intervening in the environment to reduce pressures or shape demands at their source (Pfeffer & Salancik, 2003). Within these broad categories, there are a range of possible options. Avoidance techniques include simply ignoring external demands; delaying actions; and responding to pres-sures through largely symbolic actions, such as renaming existing activities to fit new expectations or creating a committee that is assigned responsibility for an issue but receives little power to change things. Options for internal adjust-ment include acceding to demands in ways that create minimum disruptions of organizational routines; making temporary or periodic changes in staffing, work rates, or activities to cope with shifts in demand or resources; monitor-ing external developments to reduce surprises and facilitate planning; and redesigning structures and processes to align them with environmental contin-gencies (see Chapter 4). For example, the heads of a junior college could respond symbolically to increasing student demand for computer training by announcing far-off and tentative plans to revamp their curriculum. More action-oriented responses would include adding advanced courses in computer skills or mandating inclusion of computer training in existing courses.

In contrast to such forms of internal adaptation, organizations intervene in their environments through political actions (e.g., lobbying), use of economic power (e.g., demanding low prices from suppliers that depend on them for business), advertising to shape demand and attitudes, creating short-term or lasting alliances with other organizations, and changing their mix of products and services so as to enter new environmental niches.

Choice among responses will reflect an organization's past practices, orga-nizational politics, and prevailing beliefs in addition to reasoned considera-tions of the costs and benefits of alternative lines of action. The effects of beliefs and norms are well illustrated by organizational responses to signs of a downturn in performance (Ford & Baucus, 1987). Decision makers may favor ignoring these signs and riding out the downturn, making incremental adjust-ments, or taking strategic action to change internal or external conditions. The

choice among these options and the particular steps chosen will reflect the decision makers' judgments concerning the likely length of the downturn, its severity, its causes, and their organization's capability to ride it out or to take strategic action to reverse the trend.

5. *Assess the effectiveness of current responses to the environment.* Ideally, consultants and their clients will evaluate recent internal adjustments and environmental interventions in terms of agreed-upon effectiveness criteria. In the case of the junior college, no extra funds were available for computer training, so its costs had to be balanced by increased revenues. Therefore, in terms of budgetary considerations, adding courses that could attract additional students, as well as serve current students, would be a more effective response than introducing computer training into existing courses. Course enrollment fees could generate additional revenues, whereas the purchase and support of computer equipment and software for use in existing courses would add expenses without generating revenues.

The system resource and adaptation criteria listed in Table 2.1 can serve as standards for evaluating the impacts of organizational efforts to manage external relations. These criteria emphasize the quality and quantity of resources obtained and the ability of the organization to adapt to external change. Particularly important are indicators of the organization's strategic position, including changes in revenues, market share, and external ratings and reputation. In addition, effectiveness can be defined in terms of the organization's ability to create favorable external conditions in which to operate.

Practitioners can also evaluate tactics for managing environmental relations in terms of their effects on internal processes. For example, if an organization uses tactics that limit external interference in the work flow, then work routines can more readily be established and less expensive and complex forms of coordination can be used. If external forces create chronic problems and crises, or disruptions periodically reach major proportions, then current responses may be judged to be inadequate. Other signs of ineffective tactics include severe internal tensions and conflicts that result from external pressures or reliance on stopgap techniques that delay serious management of external threats until they reach crisis proportions.

6. *Search for ways to improve management of environmental relations.* Before recommending far-reaching changes, consultants and clients should first consider ways to improve current practices or make incremental changes that help manage external relations. For instance, a national park that suffers from increasing overcrowding during peak season can expand the number of campgrounds requiring reservations, or it might begin restricting day access to overcrowded areas.

If effectiveness cannot be achieved by incremental changes, strategic changes might be considered. Organizations may redesign the way they conduct core processes, and they may enter new fields of business or markets by changing their mix of products and service or changing the basis of competition (e.g., service vs. price). For example, a municipal hospital serving publicly insured patients might offer laboratory or diagnostic services at private-sector rates to patients who would not otherwise use the hospital's services.

To develop practical recommendations for improving external relations, practitioners need to listen carefully to suggestions by members of the organization who will be responsible for implementing these steps. It is important to pay close attention to these actors' concerns about possible barriers to implementing change. Strategic changes, in particular, are difficult to accomplish, require substantial investments of time and money, and often produce unanticipated and undesirable effects on system components and subcomponents that were not direct targets for change. Hence, consultants and managers need to pay attention to the organization's readiness and capacity for change and carefully weigh expected benefits of reorganizations against their potential costs and negative consequences.

Among the advantages of ERA analysis are its broad applicability and its inclusion of an explicit assessment of the outcomes of current ways of handling external demands. In addition, ERA allows consultants to focus on specific external demands or developments that create operating difficulties for the client organization. Disadvantages of the technique include its lack of explicit focus on the competitive environment in which firms and many not-for-profits operate and its concentration on current conditions.[2] Moreover, ERA's complexity makes it time-consuming and poses barriers to involving members of the client organization in the diagnostic process. The two techniques discussed in the following sections address one or more of these disadvantages.

Competitive Strategy Analysis Through SWOT

The search for competitive advantage forms the heart of many strategy formulation techniques.[3] These techniques attribute an organization's strategic advantage to distinctive competencies that help it deliver a product or service that is superior in price, quality, or terms of delivery to products offered by competitors. Many public-sector organizations and some private ones enjoy an advantageous environmental position because they are sole or dominant suppliers of a product or service. Nonetheless, an increasing number of public organizations are competing for funds, clientele, and public support with other
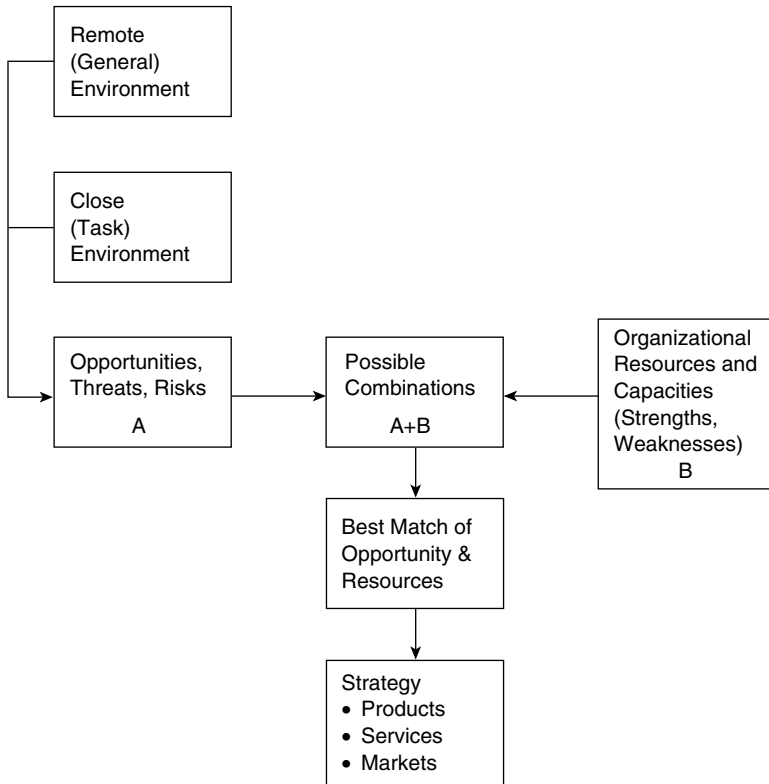
Figure 5.1   Model for Strategy Formulation

public agencies or with privately owned organizations. As a result, competitive strategy analysis has become increasingly relevant to organizations in the public sector as well as to firms and not-for-profit organizations.

The popular SWOT technique seeks the best match between organizational capacities (strengths and weaknesses) and environmental conditions (opportunities and threats). Figure 5.1 provides a schematic summary of strategy formulation based on SWOT, as envisioned by Andrews (1980) and others.

Threats are defined as threats to competitive position. Opportunities are situations that organizations might exploit to improve their competitive advantage or overcome threats. Potentially important sources of threats and opportunities in the general environment include political, economic, social, and technological developments at local, regional, national, and international levels. These forces can shape many crucial conditions in the task environment, including

demand for products or services; support and legitimating of organizational actions; flows of human and material resources; and costs, work processes, and other operating conditions. Behavioral science consultants can sometimes make an important contribution to the analysis of external developments by pointing to potential impacts of difficult to measure, but nonetheless influential, developments in fields such as social issues, culture, and politics.

Features of the firm's task environment shape competition for customers, clients, and resources. Technical analytical tools (Porter, 1998a, 1998b) are typically used to analyze the competitive environment of firms. The system model presented in Chapter 2 and other popular diagnostic models (Harrison & Shirom, 1999, chap. 4) can guide the analysis of other features of the firm's task environment. These models can also structure an analysis of the task environment of not-for-profit organizations.

Organizational strengths are capacities that enhance competitive advantage or provide the potential to do so. Organizational weaknesses are functional problems or limits on capabilities. These weaknesses, along with resource constraints, can undermine an organization's competitive position or prevent it from taking advantage of market opportunities.

By comparing organizational strengths to environmental opportunities, decision makers can identify an organization's distinctive competencies. Examination of the resources available for supporting a strategy further contributes to analysis of strategic capabilities. It is important to scan financial, managerial, technical, knowledge, and political capabilities along with competencies in functional areas, such as human resource management and marketing. Functional areas in which industrial firms can develop distinctive competencies include technology and the development, design, production, and distribution of products (Porter, 1998b). In particular, consultants and their clients need to look beyond current activities as they identify underlying organizational capabilities, including capacities for innovation and learning, that can be translated into new products and services. Similarly, the assessment should consider prospects for increasing organizational capabilities and overcoming weaknesses. For example, possible strategic contributions of training and other human resource management functions can be examined.

After assessing internal and external conditions, managers and consultants can seek the best match between external opportunities and organizational resources and capacities. Identification of this match leads to choices about business strategy and in particular to decisions concerning the desired mix of products, services, and markets; ways to compete on costs; and ways to differentiate products on attributes, such as quality and accessibility (Porter, 1998a).

SWOT analysis contributes to development of strategy by helping decision makers and their consultants search for additional profitable products or

services that the organization can provide at lower cost or higher quality than can competitors. Suppose, for example, that an architectural firm currently concentrates on designing factories and warehouses for commercial enter-prises. Although the firm is highly expert in this type of design and receives most of its current revenue from this type of service, competition in this niche is very stiff and becoming even stronger. In contrast, the firm may possess a distinctive competence in the design of retirement facilities—an activity that currently provides only a small fraction of the firm's revenue but offers many opportunities for growth. Recognition of this distinctive competence can lead to a redirection of activities into this previously neglected market niche.

As noted in Chapter 2, the SWOT framework can be expanded to support broader, system-oriented diagnoses of organization-environment relations. For this purpose, threats are defined to include any condition that produces or is expected to harm effectiveness by generating declines in critical system inputs, throughputs, or outputs. Opportunities include any kind of opportunity to over-come threats, enhance resource flows, or otherwise improve effectiveness. In addition to features directly enhancing strategic position, organizational strengths are defined as including all success factors that enhance effectiveness or pro-vide the potential to do so. In like manner, weaknesses include all internal forces that undermine effectiveness, along with forces blocking plans to enhance operations.

When SWOT analyses aim to enhance business strategies, they are usually conducted by experts in fields such as marketing, industry analysis, and busi-ness strategy. Change management consultants could readily lead more system-oriented SWOT analyses. The results of either type of SWOT analysis can serve as inputs to strategy formulation by clients. SWOT can also be used by members of an organization in self-diagnosis or in a consultant-facilitated process that remains client centered. The simplicity of the SWOT concepts makes them appropriate to such participative processes. Participants in SWOT studies, however, may lack the expertise needed to assess external develop-ments. Moreover, they may legitimately disagree on the nature of external conditions and their implications for the organization. Thus, client-centered SWOT sessions may not result in much agreement or certainty as to whether particular developments pose threats or create opportunities, how their effects will be felt, and how the organization might best respond to them. Consultants and clients interested in strategy development should also bear in mind the limitations of systematic strategic planning techniques (Mintzberg, 1994); in many successful firms, strategy formation is less deliberate, less planful, and much more emergent than the highly analytic process embodied in tech-niques such as SWOT and open systems planning.

Open Systems Planning

Open systems planning (OSP) is a client-centered diagnostic intervention. Participants in OSP are members of an organization or subunit who have responsibility and authority to engage in strategic decision making and planning. The consultant facilitates and guides the discussions, records and summarizes them, and gives feedback without dictating the content of the diagnosis and the planning. Groups whose members are familiar with OSP's background and approach can also use it without the aid of an external consultant. The following summary of the main steps in OSP includes instructions to participants in the planning process:[4]

1. *Analyze current environmental conditions.* Create a map of the external conditions, groups, and organizations in the task environment and the demands, problems, and opportunities created by these forces.

2. *Analyze current responses to the environment.* Describe the ways that the organization handles these environmental demands and conditions. Consider all important transactions with the task environment.

3. *Analyze actual priorities and purposes.* Define current goals, values, and priorities by examining current responses to the environment and the organization's internal features (structure, processes, culture, etc.). If possible, reach agreement on the organization's guiding mission.

4. *Predict trends and conditions.* Predict likely changes in external conditions during the next 2–5 years. Assess the future of the organization if it maintains its current responses to the environment.

5. *Define an ideal future.* Create scenarios for an ideal future state that can envision changes in the organizational purposes and priorities, external conditions, and responses to the environment.

6. *Compare current and ideal states.* In light of projected trends (step 4), define gaps between current and ideal future states in purposes, external conditions, and organizational responses. These gaps may be thought of as differences between where the organization seems to be going and where you want it to go.

7. *Establish priorities.* Assign priorities to the gaps between ideal and current conditions. Define areas of working agreement and identify disagreements about values, priorities, and purposes.

8. *Plan appropriate action.* Plan ways of moving toward agreed upon future states by narrowing the most important gaps identified in stages 6 and 7. Plan immediate actions and those to be undertaken after 6 months and 2 years. Consider actions for resolving disagreements. Create a schedule for following up on actions and updating plans.

Like other client-centered diagnostic interventions, OSP may enhance decision making and learning capacity in client organizations. Moreover, like other popular collaborative approaches (Jimenez, Escalante, & Aguirre-Vazquez, 1997; Weisbord, 1988), OSP encourages envisioning possible organizational futures and adoption of a proactive stance toward the environment. Nonetheless, OSP shares many of the potential disadvantages of client-centered diagnosis (see Chapter 1) and should be used only in situations in which participants possess the team skills and constructive problem-solving approach required by this type of collaborative analysis and decision making.

DIAGNOSTIC METHODS

Data Gathering

Direct Investigation

If possible, practitioners should gather data from members of the focal organization's environment in much the same ways that they obtain information from inside the focal organization. Direct investigations of the environment can help members of the client organization look at their strengths and weaknesses through the eyes of powerful groups in their environment (Morgan, 1988). Consultants may interview key clients, customers, and even competitors and representatives of stakeholder groups. For example, a diagnostic practitioner might interview the head of an environmental defense group that opposes expansion of the client's physical plant. Outside experts can also be consulted on topics such as the state of the industry or sector in which the client organization operates.

As Case 8 suggests, interviews with people outside an organization can sometimes shed light on critical organization-environment relations and stimulate efforts to improve these relations.

Case 8

As part of an organizational diagnosis focused on quality improvement, the human resources specialist in a high-technology firm asked key customers to assess the firm's performance. Interviews with customers covered their involvement in the development of new products and assessed support and service after delivery. Feedback from these interviews to line managers within the firm helped them understand the importance of quality management and served as a stimulus for improvements in product development, support, and service.

Valuable information about external conditions and relations can also be obtained from the daily press and business publications, information sources such as Standard & Poor's (Kinnear & Taylor, 1995), and organizational documents (Stewart, 1992). Much information is available on the World Wide Web. In addition to information on business environments, documentation may be available on sectors such as health, social services, and education, in which many public organizations and not-for-profit organizations operate. Practitioners need to pay close attention to the sources of information, whether it is online or in print; it is important to bear in mind the purposes for which information is disseminated (e.g., public relations, marketing, research, and evaluation by a governmental body). Practitioners can also consult outside experts on topics such as the state of an industry or technology. Additional data may derive from market research and business planning studies conducted for the client organization before the diagnosis or in parallel with it.

Indirect Investigation

Unfortunately, practical constraints and considerations of client discretion often prevent direct access to people outside of the client organization. In such cases, practitioners gather information about environmental relations primarily through interviews with top management and other officials with responsibility for handling specific types of external relations (e.g., sales, public relations, customer service, and fundraising). These interviews can include questions such as those in Appendix A, Sections IV, V, and X, which shed light on organization-environment fits.

Constructing an Interview Guide

Rather than preparing specific questions in advance, investigators with experience in semistructured interviewing may prefer to gather data on environmental relations, as well as on other system features, through interviews based on an interview guide. The guide lists topics to be investigated and allows the interviewer to frame questions about each topic that reflect the distinctive circumstances of the client organization; the guide also provides opportunities to take into account previous answers. Interview guides thus ensure coverage of major topics while allowing flexibility. Interview guides have lower reliability than standardized questionnaires, however, because they allow for more variation between interviews and among interviewers. Using interview guides also requires more interviewer skill than does the use of more structured schedules.

Here is an illustration of the major headings for an interview guide based on the ERA:

1. Key external conditions in markets or fields

2. Main outside organizations, types of relations (ties, competition vs. cooperation, resource dependence)

3. Main units, people who handle external contacts

4. Current management of problems, demands, opportunities

5. Effectiveness of current actions, including specification of effectiveness criteria

6. Ways to improve current environmental management

Each major heading in the guide would be broken down into subheadings to cover specific topics. For example, Items 4 and 5 could be specified as follows:

4.   Current management of problems, demands, opportunities

4.1.   Specific actions—describe in detail. What is/was done, by whom? (Search for internal adjustments, interventions in environment; incremental vs. strategic actions.)

4.2.   Other actions (e.g., Did your group make any other attempts to moderate these pressures/deflect these criticisms/anticipate such developments, etc.?) (Interviewer, Note anticipatory vs. reactive moves.)

5.   Effectiveness of current actions

5.1.   External impact of actions

5.1.1. Impacts on external actors, conditions (e.g., How did x react to the steps you took?)

5.1.2. Effectiveness (Use effectiveness criteria suggested by respondent; e.g., Did these steps improve your sales revenues?)

5.2.   Internal organizational impacts (Probe for felt effects of one-time or recurring reliance on these responses, whether they produced desired results, how successful they seemed to respondent, and meaning of success for him or her.)

5.3.   Changes in tactics and impacts. Were similar problems handled in the same way in the past? What happened after changes in tactics? (Probe for shifts in tactics, stance toward environment, and variations in impacts.)

When practitioners use an interview guide, they prepare for the possibility that the answers will range across the topics listed in the guide. During the interview, they record the responses in the order given. Afterward, they can reorganize them according to the topics in the guide.

Questionnaires

Some standardized questionnaires include reliable, structured measures of external relations and conditions. These measures can facilitate comparisons

between units within a large organization or among organizations. For example, the Organizational Assessment Inventory (Van de Ven & Ferry, 1980; Appendix B in this volume) contains measures of perceived environmental predictability (Van de Ven & Ferry, 1980, pp. 241–258) and dependence on external organizations (Gresov, 1989). Many of the items included in the Organizational Assessment Inventory apply to both for-profit and not-for-profit organizations. The International Organizational Observatory *(*Heijltjes, 2000; Heijltjes & van Witteloostuijn, 1996), an instrument developed for comparisons among European businesses, includes measures of interorganizational linkages (e.g., joint ventures, licensing, and franchising), market conditions, anticipated external developments and responses, overall competitive position, and competitive position on major products. The National Organizations Survey (Kalleberg, Marsden, Spaeth, & Knoke, 1996; Appendix B in this volume) includes measures of how employers interact with other organizations to obtain and train new workers. Although useful, measures such as these will not provide the wealth of data obtainable through interviews or questionnaires that are tailored to the client organization.

Analysis and Feedback

Data Analysis and Interpretation

Models that specify links between environmental conditions, strategies, and organizational design features can help practitioners examine fits between external conditions and features of the client organization. For example, practitioners can assess whether coordination mechanisms are appropriate to environmental conditions that are very dynamic and difficult to interpret. Units that face very unpredictable environments (e.g., threats of bioterrorism) or poorly understood tasks (e.g., resolving community conflict) will usually need to make more use of complex, lateral coordination mechanisms and organic administrative systems than will units dealing with predictable environments.

Another analytical approach involves examining the uses and consequences of each of the response tactics listed in ERA guideline No. 4. In this way, consultants can uncover ways to make current tactics more effective and discover neglected possibilities for managing external relations. An additional procedure for mapping external contacts is described in Exercise 1.

Except in very small organizations, each unit in a client organization will deal with a different subenvironment consisting of those sectors of the environment most relevant to the unit's operations. To analyze environmental relations in complex organizations, practitioners need to construct profiles of the main features of the subenvironments of major units. These profiles can note features such as the following:

- Predictability (ability to anticipate external developments)

- Complexity (number of relevant external organizations and degree of difference between them)

- Competitiveness

- Dependence on other organizations

- Degree of economic and political threat or support to the unit and the organization as a whole

- Distinctive problems and challenges

- Tactics for managing external relations

To make characterizations of the environments faced by an entire organization or division, practitioners will often have to create a composite picture drawn from the reports of people who are knowledgeable about particular subenvironments. Similarly, practitioners can synthesize data from subunits to assess organization-wide impacts of tactics for managing external relations. To decide which responses to the environment work best, practitioners can compare past responses to current ones or contrast the approaches of units or organizations facing similar conditions.

Preparations for Feedback

Feedback of data on environmental relations can focus directly on the effectiveness of current tactics for managing these relations and ways to enhance effectiveness. Alternatively, practitioners can present the findings on the state of the environment and external relations as stimuli for self-analysis and decision making. In preparing the data for analysis and feedback, consultants should examine how the members of the client organization are reading external conditions and interpreting important environmental developments (Weitzel & Jonsson, 1991). Interpretations of the environment are shaped by many factors, including the members' position in the organization, their work experience and training, their social and cultural backgrounds, their personalities, and the organizational culture. Sometimes members of an organization systematically deny or ignore developments such as client dissatisfaction or sectoral trends, which the consultant and outsiders, such as industry experts, regard as critical. Judicious feedback about gaps between internal and external views of the organization can help members become aware of how others view them and can motivate them to take action to improve external relations.

EXERCISES

1. External Contacts

Choose a unit within an organization that has substantial external contacts (both within and outside the organization's boundaries). Interview the head of the unit using Sections IV and V of the General Orientation Interview (Appendix A). Make a chart showing the focal unit at the center and the other units and groups around it. Then color code the chart to show the external groups or units on which the focal unit is most dependent for resources or services, ones with which contact is most frequent, and any outside units or organizations that have authority over the focal unit. Describe the routines and procedures linking the focal unit to two of the most important external units. Indicate how these procedures could be improved, and suggest other ways for improving relations with these important units.

2. Environmental Relations Assessment

Construct a detailed interview guide that reflects the issues treated in the six guidelines for ERA. Using this guide, interview the head of a unit or small organization. Organize the responses to the interview and your conclusions about it in terms of the categories given in the guidelines.

3. SWOT

Construct an interview guide based on the SWOT model and Figure 5.1. Interview at least two top managers in a firm or a not-for-profit organization that competes for clients or critical resources. Include questions on the firm's general and task environments, all four SWOT components, and current and possible future strategies for attaining competitive advantage. Write a report evaluating current strategies and (if appropriate) recommending strategy changes. Be sure to explain how the proposed changes are likely to enhance competitive advantage.

NOTES

1. See Bunker and Alban (2002), Cummings and Worley (2001), and Harrison and Shirom (1999, chaps. 2, 11–14) for additional models and techniques.

2. Future-oriented guidelines can be added to ERA. For example, "Identify external trends that are creating new problems or opportunities or are likely to do so in the future," and "Consider possible responses to anticipated developments." See also the discussions of SWOT and OSP.

3. These techniques assume that strategy is deliberately and systematically formulated by top managers. See Mintzberg, Lampel, Quinn, and Ghoshal (2003) and Harrison and Shirom (1999, pp. 349–373) on nondeliberate processes of strategy formation.

4. This summary, which synthesizes and slightly adapts Jayaram's (1976) approach, also draws on Burke (1982, p. 66) and Plovnick, Fry, and Burke (1982, pp. 69–70). The main advantages of Jayaram's approach over that of Beckhard and Harris (1977, pp. 58–69) are that it allows the definitions of purposes and priorities to emerge from the discussions of the current and ideal states and requires only the achievement of working agreements about operating priorities. This approach to defining goals and priorities seems more realistic than expecting participants to agree in advance on the organization's core mission (Fry, 1982).