

Strategic management and internal analysis for healthcare



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Strategic Management and Internal Analysis

Internal environment analysis plays a crucial role in the development of value-added strategic support. Organizations do their internal analysis to find out their strengths and weaknesses, which also assist them in realizing their position concerning competitors and helps to determine the organization's ability to respond to external threats or exploit opportunities existing in the market. Through critical analysis of internal factors like employees, culture, organization structure, and resources, more strategies are developed. These strategies are essential to gain and sustain the competitiveness of an organization and will generate the needed changes in the strategies and work culture, which restricts the success of the business and strategies for removing the barriers. Understanding the present strength and weakness of the strategies will result in the formulation of effective management strategies. Strategy formulation plays an essential role in implementing growth-oriented policies and strategies for business growth (Ginter, Duncan, & Swayne, 2018).

Internal Environment Analysis

Internal environmental analysis is vital for formulating effective strategic decisions of the organization and makes it possible to undertake an in-depth review of various functional areas in a company. During the internal analysis, the organization's internal resources and capabilities are considered. The strengths, weaknesses, core competencies, and capabilities are considered and compared with the strategic requirements; it is then a decision on whether value adding support strategies need modification or

not to achieve organizational goals. These include daily operations, information technology and systems, workforce, marketing, and finance. The thorough review forms the foundation on which the organization starts developing and improving its value-adding support strategies(Ginter et al., 2018).

Organizational culture, structure, infrastructure, human resources, management style, and strategic resources are value-adding support factors that should hasten the strategic requirements for achieving the mission, vision, and objectives of the organization and if needed strategies are reformed further for sustainable, profitable growth of the organization. The thorough review forms the foundation on which the organization starts developing and improving its value-adding support strategies and makes it possible to undertake an in-depth review of various functional areas in a company(Ginter et al., 2018)

What part does strategy formulation play?

Value-added support strategies are those strategies which are not part of core strategies but are set later in order to make the business more competitive and sustainable. The internal analysis exposes more weaknesses and shortcomings of the organization, which can affect the business operations. In order to overcome those weaknesses, value-added support strategies are formulated. The analysis also brings out some opportunities which may not have been visible earlier but can now be explored. The internal analysis provides the base for the formulation of support strategies and is a significant part of business operation; it is generally done by the top-

level management and looks only at critical areas, which are of extreme importance to the business. Strategy formulation provides guidelines on how the business will be performed further, what will be done, and how it will be done; due to the lack of resources or other considerations, there may be only minor areas of improvement(Wheelan, Hunger, Hoffman, & Banford, 2018).

Factors which were not taken care of during the phase of strategy formulation are considered under support strategies. Such factors may involve positioning, increasing sales, or overcoming competition. Without a strategy, organizations cannot progress and instead will deteriorate over time. Like the internal environmental analysis, strategy formulation is equally essential in successful or competitive organizations, the most crucial role of strategy formulation is the implementation of plans to achieve the intended objectives of a company. Thus, value-added support strategies complement the overall strategy formulation of the organization and are essential in setting the long-term goals and objectives of the company(Robbins & Coulter, 2009).

Basic Building Blocks of Structure

The basic building block of the structure is the smallest structural unit of a system which performs an independent function. Management makes strategy only; the proper way of implementation of this strategy depends on the basic building blocks. Due to any external or internal sources, if one unit is not performing well or tries to create hindrance in another's work, the whole system will be distressed. Producing a structure that efficiently organizes an organization's activities increases the likelihood of success. A

structure that does not coordinate well with the needs of the organization the probabilities of success decreases. The six basic building blocks of a structure are the Chain of Command, Span of Control, Centralizations, Specialization, Formalization, and Departmentalization. Each block has its advantages and disadvantages, and the decision concerning which building block is best to carry out the strategy is based on the need for standardization versus flexibility. Where a high degree of standardization is required, functional structures are desirable(Devaney, 2018).

Chain of command- authority and power in an organization are appointed from top management to employee. Advantages - employees are not confused; responsibility and accountability are assigned. Allows the manager to keep control over a large company. Disadvantages- organization becomes governmental and rigid.

Span of Control is the number of employees a supervisor can effectively manage. The higher the ratio of employees to supervisors, the fuller the span of control. Advantages- supervisors can make better decisions if they know and understand their employees; by doing so, they can grasp their employee's knowledge and work ethics and learn whose judgment they can trust. Disadvantages- on the other hand, the supervisor is with a vast extent of control might become burdened with work, have trouble making decisions, and lose control over their employees.

Centralization, the systematic and consistent reservation of authority at a central point within the organization. Advantages - the standardized process and method that assist in the substantial decrease in office cost.

Disadvantages – creates a loss of working hours and delay in performance of work because of the transmission of records from and to the central control room. Remote control – better supervision is not possible as the executives are under heavy pressure of work; no special attention is given to individual work as all works are done at one place.

Specialization, the extent to which responsibilities in an organization are broken down and separated into separate jobs. High specialization can be valuable for an organization, as it allows employees to become experts in specific areas, expanding their productivity as a result. The disadvantage is that it takes several people to work on a project.

Formalization deals with how jobs are structured within an organization and takes into consideration the degree in which an employee's responsibilities and activities are overseen by rules, procedures, and other mechanisms.

Finally, Departmentalization, which is the process of arranging jobs together in order to organize everyday activities and tasks. If an organization has inflexible departmentalization, each department is extremely independent, and there is little communication between different teams. In contrast, loose departmentalization requires that teams have more freedom to interact and collaborate.

Conclusion

The results of the internal analysis for each of the support activities in the value chain must be compared with the requirements of the strategy chosen in the strategic management process. Results of that comparison indicate

whether there needs to be a strategy that maintains the current status of the support activity or a strategy that changes the support area. Value-adding support strategies usually maintain current strengths, build new ones or correct weaknesses in the support activities.

Behind every company, division, or team is a great organizational structure — a structure customized to fit goals and one that helps employees understand how they fit into the bigger picture. Each building block of the structure has its advantages and disadvantages, and the decision concerning which structure is best to carry out the strategy is based on the need for standardization versus flexibility.

References

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