AN EVALUATION OF THE EFFECTIVENESS OF STRATEGIC PLANNING IN THE BLOOD TRANSFUSION SERVICES IN SOUTH AFRICA

BY

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Marchell van Heerden
Port Elizabeth
February 2000
DECLARATION

AI, Marchell van Heerden, hereby declare that:

- the work in this paper is my own original work;
- all sources used or referred to have been documented and recognised; and
- this paper has not been previously submitted in full or partial fulfilment of the requirements for an equivalent or higher qualification at any other recognised education institution.

The financial assistance of the Port Elizabeth Technikon towards this research is hereby acknowledged.

Opinions expressed and conclusions arrived at, are those of the researcher and are not necessarily to be attributed to the centre of Science development.
SUMMARY

In this research paper, the effectiveness of Strategic Planning in Blood Transfusion Services in South Africa was investigated. A brief general overview of relevant aspects that specifically relate to the strategic planning of Services and not-for-gain organisations was presented.

The literature study included an explanation of the steps involved in the strategic planning process and the guidelines to develop and implement each of these effectively.

The research methodology consisted of three phases:

Phase 1  A literature study to determine the most effective strategic plan for a not-for-gain organisation.

Phase 2  An empirical study to determine the effectiveness of the strategic planning processes in practice by means of a survey among the Blood Transfusion Services in South Africa.

Phase 3  The findings from the literature study and empirical study were used to evaluate whether effective strategic planning is implemented in the Blood Transfusion Services in South Africa.

The following recommendations and conclusions were made:

The Blood Transfusion Services that have not yet started seeking the opinion of all the stakeholders involved in the organisation should strongly consider implementing this strategy as part of the services provided to the community.

The services operate as individual organisations, but clearly influence each other within the industry and the changes within the external environment form part of the elements that are considered by the services when determining the strategic direction of the services.
All the services identify the major areas for which objectives need to be set to assist the organisations in achieving long-term prosperity, but they do not all set objectives in these areas. When it comes to strategic issues, all the services state that they identify these, but not all pre-determine criteria for evaluating the strategic issues. Guidelines for the effective implementation of the strategies of choice by lower managers or supervisors are not developed by all the services, nor do most of the services have control mechanisms in place to assist in effective implementation of the strategic planning process.
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CHAPTER 1

PROBLEM STATEMENT AND DEFINITION OF CONCEPTS

1.1  INTRODUCTION

Strategic planning has become an essential part of any organisation whether it is a profit or a not-for-gain organisation. This chapter will focus on the presentation of the main problem and sub-problem to be addressed in this paper. It will include important concepts relevant to the scope of the study, followed by the method the researcher intends to apply to solve the main problem.

1.2  MAIN PROBLEM

Since the earliest days of blood transfusions in South Africa there has been a constant appeal to the public to help in saving a life. Evidence of this is seen in the media appeals that were published during 1943, for example, where special requests were made to save the lives of thousands of soldiers during the war (Ons Land, 1943: 8). These appeals did not stop at the end of the war, and due to the continual shortages still experienced today, they have become on-going (Butler, 1992: 12 and Muller, 1992: 3).

The need for blood continues and possible reasons why on-going appeals must be made to the public to overcome the shortages experienced can be ascribed to:

- the fear of AIDS;
- the large number of unused units of blood that reach the end of their 35-day shelf-life;
- cut-backs in the budget for additional medical expenses.

From the factors listed above it can be seen that planning to meet the public’s need for blood is crucial. The services need to cope not only with the fears of the public, but labour unrest and budgetary cut-backs all influence the supply and demand for blood and blood products. For the blood banks to succeed in the
service provided to the public, careful planning is required. It raises the following question, which is also the main problem of this study:

**How effective is the strategic planning process applied by the Blood Transfusion Services in South Africa?**

1.3 **SUB-PROBLEMS**

The following subproblems have been identified to develop a suitable strategy to handle and solve the main problem:

(a) What is the ideal model of strategic planning for organisations involved in blood transfusion services?

(b) How do the six blood transfusion services in South Africa currently conduct strategic planning?

1.4 **DELIMITATIONS OF THE RESEARCH**

The purpose of delimiting the research topic is to make it more controllable from a research point of view. Limiting the topic and thereby excluding certain areas does not mean that they do not necessarily need to be researched; they are merely excluded from this study.

1.4.1 **Topic**

This study will be limited to evaluating the presence and effectiveness of strategic planning in organisations involved in blood transfusion services.

1.4.2 **Organisations**

This study will focus on the blood transfusion services registered as organisations not-for-gain. The empirical part of the study will, therefore, focus on the following blood transfusion services:
1.5 DEFINITION OF CONCEPTS

For this study the concepts in the title and main problem can be defined as follows:

1.5.1 Blood transfusion service

A blood transfusion is defined as the transfusion of blood from one person to the next. The blood transfusion service is defined as the organisation acting as intermediary in the blood donor and recipient relationship.

According to article 37 of the Human Tissue Act, 1983, the term blood donor is defined as a person from whom blood is withdrawn to:

- infuse it to another living human being;
- process it into various blood components or blood products.

The recipient of blood (hereafter referred to as the patient) is a person who is receiving treatment from a doctor for a disorder.

Act 23 of the Human Tissue Act, 1983, specifies that the holder of a valid practising licence must control a blood transfusion service to perform the following, which, in essence, defines what a blood transfusion service is:

- be involved with withdrawing blood from the body of a living person;
- store, test, process, separate, supply or dispose of blood withdrawn, or
imported for use as whole blood, blood components or blood products;
- produce, package, seal, label, supply or dispose of any blood product.

All these practices must comply with the minimum standards as set out in the Standards of Practice compiled by the National Blood Transfusion Council of South Africa.

1.5.2 **Strategic planning**

For a clear definition of the term strategic planning for this study, definitions of the terms strategy and planning will first be compiled. Following from this, the compound term strategic planning will be defined. Confusion may arise when using the terms planning and managing. Therefore, definitions for managing and strategic management will be included.

1.5.2.1 **Strategy**

Strategy is derived from the military term used to plan the most advantageous position for manoeuvring and directing forces (Whitaker, 1978: 39). Bryson (1988: 74) defines a strategy as a disciplined attempt to determine fundamental decisions and actions, helping in directing the organisation’s activities within its legal boundaries. According to Byars (1992: 18) a strategy is the determination and evaluation of alternative options that are available to the organisation to reach its goals and mission. After determining and evaluating the possibilities the best option is selected and implemented. A strategy can, therefore, be regarded as an action plan to achieve organisation goals.

1.5.2.2 **Planning**

Planning implies designing a framework within which an organisation should determine what, where, when, how and who performs certain tasks to achieve the overall goal of the organisation. This framework must continually be adjusted in response to changing environmental factors (Hax and Majluf, 1984: 1). The plan must not only be adapted to the environment, but must consider the abilities and
talents of individual members of the organisation as well as the personal ideals of
the members and the organisational style, culture and values (Hax and Majlf, 1984: 1).

1.5.2.3 \textbf{Strategic planning}

Van Niekerk (1988: 38) describes strategic planning as a process during which
long-term goals of the organisation are determined. Factors to be considered
include the values and philosophies of management, strengths and weaknesses
and internal and external environmental factors. Strategic planning can be
defined as an action plan to implement the strategies which are agreed upon in
order to achieve the organisation’s long and short term goals (Thompson and

1.5.2.4 \textbf{Management}

Managing is a problem-solving process where the effective use of the scarce
resources realizes the organisational goals in a continually changing environment
(Van Niekerk, 1988: 3). This definition attempts to integrate five key elements,
namely -

- managing as a problem solving process;
- realisation of organisational goals;
- maintaining a balance between doing the right thing and doing things the
right way;
- universality of scarce resources; and
- the inseparability of the organisation and the continually changing
environment (Van Niekerk, 1988: 3).

For the purpose of this study management is defined as a continuous problem-
solving cycle of planning, organising, directing and co-ordinating and controlling
tasks performed by individuals to achieve specific goals (Van Niekerk, 1988: 5 -
1.5.2.5 **Strategic management**

Strategic planning plays an important role in the management process although it is not the only component of strategic management. Although planning is important, Hax and Majluf (1984: 72) are of the opinion that planning alone will never be able to engender the high-quality strategic thinking required in a complex organisation or to cause mobilization of resources or people. Strategic management, therefore, goes beyond planning and encompasses the managerial decisions and actions that determine the long-term performance of the organisation from environmental scanning, strategy formulation, implementation, evaluation and control (Wheelen and Hunger. 1992: 7).

1.6 **ASSUMPTIONS**

The assumption is made that the theoretical information available regarding strategic planning is sufficient to allow the researcher to develop a model by means of which it will be possible to evaluate current strategic planning methods of blood transfusion services.

1.7 **THE VALUE OF THE RESEARCH**

Strategic planning is a valuable aid to the management of any organisation. In this section special attention will firstly be paid to the value of strategic planning in general and secondly to its value in the South African context, specifically within the South African blood transfusion services.

a) Strategic planning plays an important role in determining the direction of an organisation. With the aid of strategic planning the effects of today=s decision can be seen in the light of the influence they may have on the future plans of the organisation (Bryson, 1988, 78). In situations where an organisation is exposed to a continually changing environment, it is
important that the organisation has action plans to respond rapidly and effectively to any change.

South Africa is no longer part of the stable, predictable environment of the fifties and sixties. This has been replaced by an ambiguous, paradoxical and continually increasing degree of change (Human and Berthan, 1990: 60). The result of these continuous changes is an unstable environment where a swift decision is vital for survival. Strategic management enables organisations to adjust to the circumstances and to make a directional change when and where necessary.

b) Effective strategic planning allows several members of the organisation to participate in the planning process. This planning process can be an ideal team building exercise.

c) The end of South Africa=s international isolation has resulted in a number of changes in the micro- and macro-environments of any organisation that need to be addressed strategically.

d) Strategic planning also serves as a starting point for compiling budgets, production schedules and the allocation of resources.

Some specific factors within the blood transfusion service make strategic planning important. Not only are the organisations dependent on voluntary blood donations by the public, but the blood transfusion services are also dependent on the hospitals for the facilities to generate an income. Therefore, factors that influence hospital services also influence the blood transfusion service.

There have been many factors that have had a major impact on blood transfusion services. This calls for strategic management. For example, after the discovery of the AIDS virus and the fact that it can be transmitted through a blood transfusion, a drastic drop, not only in the number of donations, but also in the use of blood, was noticed. With the necessary planning, the influence of this changing external
factor could have been identified earlier and the negative impact of the virus would not have been so drastic on the economy or community of the blood transfusion industry (Hill, 1987: 2). Furthermore, the discovery of AIDS and other viruses transmissible by a blood transfusion has led to an enormous technological revolution. It is vitally important for the blood transfusion service to adjust to these developments.

Over and above the technology and the discovery of new diseases the changing economy and political circumstances in the country need to be considered. For example, the occurrence of stay-aways and strikes within hospital services has had a negative effect on the blood transfusion service. Both of the above actions result in the stopping or postponement of operations and treatment of patients. The outcome is a drop in the use of blood and blood products and, therefore, a loss in income.

It is suggested that if strategic planning is applied more purposefully by the blood transfusion services in South Africa the common goals will be clearer and better pursued by individual employees. Having clear common goals could serve as encouragement and motivation of the blood transfusion personnel and assist in increasing the standard of work delivered. The increase in standard of work will result in more skilled staff whose standard of living will improve.

Currently top management takes most of the decisions and joint decision-making is not common practice. Including more employees in the decision-making process should improve cooperation and teamwork. Good cooperation between employees leads to increased productivity and performance. Strategic planning is strongly recommended for organisations involved in blood transfusion services.

1.8 PRELIMINARY MODEL FOR STRATEGIC PLANNING

Taking into account the structures of the blood transfusion service and deductions made from the models, the following steps were identified by the researcher to
serve as possible guidelines for planning.

1. Identify a mission.
2. Analysis of:
   - Organisational culture
   - Environment - internal and external.
3. Determine critical success factors.
4. Identify the industrial driving forces.
5. Determine objectives from the mission and preceding analyses.
6. Develop action plans to reach the mission and objectives.
7. Implement action plans.
8. Develop control measures.
9. Monitor and adjust the plan.

1.9 **RESEARCH METHODOLOGY**

In order to resolve the main problem and sub-problems, the following methodology will be adopted:

a) Firstly, a conceptual framework will be compiled after an examination of the different strategic planning models in the theory that are applicable to not-for-gain organisations. This will be conducted according to the following steps:

   - A critical review of existing strategic planning models and other contemplations as found in the literature will be carried out.
   - An integrated strategic planning model that will identify and define various steps for effective strategic planning in blood transfusion services.

b) Secondly, guidelines for implementing the integrated model will be developed. Each step of the model of strategic planning in blood transfusion services will be broken down into guidelines for the implementation
of that step.

c) Thirdly, an evaluation will be made of the current state of strategic planning within the blood transfusion service.

This process will include:
- The planning of the empirical study with regard to identifying participants in the investigation, the compilation of the questionnaire and its distribution.
- The questionnaire will be based on the elements of the model as determined in paragraph 9 (b).
- A description of the technique that will be used in processing the data collected.
- The interpretation of data with reference to the elements as determined in paragraph 9 (b).

(d) Finally, conclusions will be drawn, from which recommendations that may lead to more effective strategic planning will be made.

1.10 **PROVISIONAL STUDY PROGRAM**

In order to facilitate this research, the following chapters will be used.

Chapter 1. Problem statement and definition of concepts
Chapter 2. A concept framework for strategic planning in blood transfusion services in South Africa
Chapter 3. Guidelines for implementing strategic planning in blood transfusion services in South Africa
Chapter 4+5 The evaluation of strategic planning in blood transfusion services in South Africa
Chapter 6. Conclusions and recommendations
CHAPTER 2

THE DEVELOPMENT OF A MODEL FOR STRATEGIC PLANNING

2.1 INTRODUCTION

The main and subproblems of this research project were identified in the first chapter. In resolving these subproblems a solution to the main problem will be found. The contents of this chapter are aimed at finding a solution to the first subproblem; namely, identifying ways to conduct effective strategic planning in the Blood Transfusion Services in South Africa.

In order to resolve this it is necessary to examine existing models for strategic planning in non-profit organisations. The core elements of each of these models will be identified and the most appropriate model for strategic planning in Blood Transfusion Services in South Africa will be developed.

2.2 MODEL 1: KOTEEN'S STRATEGIC MANAGEMENT SYSTEM

Koteen (1991:25) defines strategic management as a deliberate effort to put purpose into group effort. The model used to accomplish this is described as a "system" which not only views the organisation as a whole, but takes each component of the organisation into account. Although each part of the organisation might not play a role throughout the process, the links and interrelationships between the different parts may prove to give better results. The problems facing the organisation result from events, threats and opportunities occurring in its environment which must be clearly understood and objectives must be set to accomplish the purpose of the organisation. To assist in this process Koteen (1991: 70-72) has identified four phases which unfold within the strategic management system namely, the assessment of the external and internal environment, strategy formulation, strategy implementation and control and evaluation.
Each of these phases involves a number of steps which must be followed in order to arrive at the next phase. Each is discussed below.

2.2.1 **STEPS IN KOTEEN’S MODEL OF STRATEGIC MANAGEMENT**

In keeping with their own needs some organizations will place more emphasis on a particular step (Koteen, 1991:70). Koteen (1991:117) has identified a number of components that are present in the strategic planning of non-profit organisations. These include the following steps:

**STEP 1 - DEFINING THE MISSION**

According to Koteen (1991:118) the purpose of the mission statement is to establish a strong organisational identity, expressing the basic nature and purpose of an organisation (Koteen, 1991:118). Koteen (1991:119) has identified a number of components that need to be included in the statement, namely:

- who your clients are;
- who you want them to be;
- what you do for them, and
- what you intend doing for them in future without specifying definite time deadlines.

**STEP 2 - DETERMINING STRATEGIC GOALS**

Once the mission of the organisation has been established, the organisation should determine a number of goals that will arise from, and assist in, accomplishing the mission. The goals can be seen as pointers used to give direction to the organisation, and should be attainable within a specified time. The goals are used as indicators of areas where change is necessary, and in which it can be achieved by making use of available resources to achieve the best results. Once they have been established, the new direction in which the organisation will
move becomes clearer, and the goals can be prioritised. Organising the goals must lead to better utilisation of available resources, and elimination of unnecessary organisational aspects including those which exist for the sake of convenience (Koteen, 1991:120 - 124).

**STEP 3 - STRATEGIC AUDIT**

Koteen (1991:101) has identified three components of the strategic audit, namely: performance, environmental impact and strategic implications. The purpose of the strategic audit is to assist in determining the present and future performance of the organisation by taking into account external events and trends that may have an impact on the organisation. Consideration of the influence of these environmental changes may result in innovative approaches in overcoming any problems that may arise.

Information relating to past and present performance is of value in determining whether a balance between demand and supply of products and services is achieved, and whether optimum use is made of product and service resources. Any corrective measures which may be required are identified and implemented. Investigating the environmental impact involves identifying trends, forces and events that may influence the development and implementation of strategic measures and initiatives. The most crucial part of this audit is an analysis of the strengths and weaknesses of, and the opportunities and threats faced by the organisation. This is also referred to as a SWOT analysis.

Definition of these elements, from data collected while performing the other components of the audit, brings to light two issues that must be addressed in order to achieve the main goals. The strengths and weaknesses assist in determining the quality of service and product to be provided. Strengths can be defined as internal competencies possessed by the organisation, and weaknesses as factors that tend to decrease the organisation=s ability to outperform its competitors. The opportunities and threats represent the influences of the environment on the various issues.
Opportunities are circumstances that may lead to substantial benefits for the organisation when incorporated into a certain action plan. Threats, on the other hand, are circumstances that may cause significant damage to the organisation if they are not identified and corrective measures taken in time.

STEP 4 - DETERMINE ACTION PLANS

Once the strategic audit has been completed, a plan of action can be developed to address problem areas which have been identified in order that the goals set for the organisation may be achieved. In compiling the plan of action specific questions are answered that assist in reaching the goals set. Koteen (1991:159) includes the following questions:

- What needs to be done?
- Who is responsible for doing it?
- When must it be completed?
- How much will it cost?
- Where will the money come from?

This step gives direction to the planning process, because it determines responsibility, time and resources necessary to reach the objectives, thereby increasing the credibility and validity of the objectives.

STEP 5 - IMPLEMENTATION OF ACTION PLANS

Up to this point, plans of action have been drawn up. But the successful implementation of these plans depends on the ability of those involved in their implementation and other variables which are uncertain and unpredictable. With this in mind, the best way of implementing the plans is to set controls as limits within which the work can be done. The control process must incorporate feedback mechanisms for early detection of a problem and alternative plans to
attain the same result. When compiling the control process careful consideration should be given to all aspects of the planning process including, for example, the objectives and the plan of action. There are four basic elements to be controlled, namely: time, resources, quality performance and quantity. Once again, the major problems can be identified and corrective action plans can be determined by answering a few basic questions (Koteen, 1991:203-205):

- What is likely to go wrong that is critical to the success?
- Why? What are the probable causes?
- How and when will you know?
- What will you do?

It is important that standards be set; that elements be monitored by means of visual devices, charts, graphs, written reports and staff meetings; that problems be identified immediately and corrective action, whether it is self-correcting, intervention in the operations or revision of the standards, be taken in order to achieve the objectives and goals set for the organisation.

Those elements of Koteen=s (1991) model which are regarded as the most important will be extracted as core elements for inclusion in the model being developed in this chapter.

2.2.2 **CORE ELEMENTS FROM KOTEEN=S MODEL**

All the steps in Koteen's model are essential and are therefore included as core elements. These are:

(a) Compilation of a mission statement that expresses the organisation=s identity, nature and purpose.

(b) Determination or establishment of goals to accomplish the mission using the resources available.
(c) Performance of a strategic audit before new strategies can be developed. This step is important and involves looking at past and present performance, environmental impact and strategic implications. The main component of this step is the identification and analysis of the organisation’s strengths, weaknesses, opportunities and threats.

(d) Analysis of the strengths, weaknesses, opportunities and threats will identify issues that must be addressed before reaching the organisation’s goals. These issues can be addressed by developing an action plan for each, determining resources, time, et cetera required.

(e) Implementation of plans. This depends on a number of unpredictable variables that can destroy all efforts to date. To prevent this, control measures should be set up to provide boundaries within which the work can be done, monitoring four basic elements: time, resources, quality performance and quantity.

2.3 **MODEL 2 - BRYSON’S MODEL**

Strategic planning according to Bryson (1988: 5-21) is a way in which the organisation can develop basic decisions and actions to guide what it is and does, and how it does it. In developing these guidelines a large volume of information is collected, which provides the materials for investigating the implications of implementing various possible actions. Although the implications at this stage are only theoretical, they can nevertheless be evaluated and the best options selected when dealing with a specific problem.

Until recently strategic planning was only applied to profit organisations. This has however changed, and the process can be extended to public and non-profit organisations. Bryson (1988: 46) recommends involvement of all key decision makers in order to develop the best strategic plan. There are however four areas- human, process, structural and institutional- which may cause difficulty. These problem areas may occur in each of the steps throughout the planning process. It
is therefore important that planners ensure that all key issues, decisions, conflicts and policy preferences at key places are focussed on by key people and if changes are necessary they must be implemented. The main process problem experienced is the changing of strategic ideas into "good currency". It is therefore necessary to have people who are both good producers and implementers of ideas. A structural problem that an organisation needs to overcome is finding the most advantageous way to link the internal and external environment. The fourth problem the planners may encounter is that of transformation of the institution. The success of this is largely dependent on effective leadership throughout the whole process. These problems may necessitate modification of the measures to be followed. Taking these areas into account Bryson (1988:73 - 187) has identified a number of steps that are essential for effective planning:

2.3.1 **STRATEGIC PLANNING STEPS IN BRYSON=S MODEL**

**STEP 1** - INITIATING AND AGREETING ON A STRATEGIC PLANNING PROCESS

The success of any planning process is dependent on the support and commitment of the key decision makers in an organisation. As this might be a new concept to the organisation the concept, value and implication of strategic planning must be explained in order to establish a commitment to strategic planning. Gaining the support and commitment of the key decision makers will lead to their involvement in providing important information and resources for the process.

**STEP 2** - IDENTIFYING ORGANISATIONAL MANDATES

Before defining its mission the organisation must determine exactly what the external authorities will allow it to do and what it forbids. The organisation must familiarize itself with the laws, articles, et cetera which affect it in providing the service and products for which it is licensed (Bryson, 1988:93-95).
In assessing these mandates the organisation must determine not only what is expected of it, but must also define the boundaries of its action field. It is, however, possible to have mandates and a mission which are similar in nature, but Bryson (1988:94) suggests that planners should not start off initially with this assumption in mind.

**STEP 3 - CLARIFYING THE MISSION**

Bryson (1988:96) includes a stakeholders' analysis in this step as a means of clarifying the organisation's sphere of operation as well as basic rules that will apply.

The stakeholders' analysis involves a number of steps, namely:

- to make a clear identification of who the organisation's stakeholders are;
- to identify the criteria the stakeholders use to assess the organisation's performance; and
- to assess how well the organisation performs in the light of those criteria.

The stakeholders' analysis and information serves as input in compiling the mission statement and strategic development.

Using the answers to the following six questions one can compile the mission statement:

- Who are we?
- Why do we exist?
- What do we want to do?
- How should we respond to our key stakeholders?
- What is our philosophy and what are our core values?
- What makes us distinctive or unique?

The mission statement will focus on what is important to the organisation and what
will clarify the purpose of the organisation.

**STEP 4 - SWOT ANALYSIS**

If the organisation is to respond effectively to changes in its environment it is important for it to assess its internal and external environment. This can be achieved by identifying and examining the internal strengths and weaknesses and external opportunities and threats that it has to face. Defining these factors assists the organisation in the next step in the process, namely identification of the strategic issues to be addressed. Not all information collected need necessarily be used for identification of the strategic issues, but it may nevertheless be useful for the survival and prosperity of the organisation as it assists the organisation in seeing itself in relation to its environment.

Bryson (1988:123) has identified three main categories in the external environment that can be monitored, namely forces and trends; clients or customers; actual and potential competitors or collaborators. The strengths and weaknesses as elements of the internal environment can also be subsumed under three main categories, namely resources, current strategies and performances. Mere identification is not sufficient: all strengths, weaknesses, opportunities and threats must be discussed, analysed and compared. Contrasts must be highlighted and strategically important issues must be identified.

**STEP 5 - IDENTIFYING THE STRATEGIC ISSUES**

Bryson (1988:139) sees this step as central to the whole strategic planning process as strategic issues are described as the “fundamental policy choice affecting an organisation's mandates, mission, values, product or service level and mix, clients or users, cost, financing organisation, or management”. Strategic issues play an important role in decision-making and strategic planning. Listing and prioritizing the strategic issues assists the organisation in knowing exactly which issues it has to deal with.
Identification of the issues provides useful information on necessary changes within the organisation and assists in deciding how to resolve the respective issues. For those who do not perceive the planning process as being "real" and necessary, this step will make it more real.

STEP 6 - FORMULATING STRATEGIES TO MANAGE ISSUES

The previous step involved identifying the strategic issues. They are dealt with by devising appropriate strategies. These strategies will determine the way in which the organisation will address each individual issue by stating why, when and how it will be addressed. Strategies vary in level, function and time and thus reflect the relationship between the organisation and its environment (Bryson, 1988:164). This step assists in giving a total picture from the origin to implementation of the strategy and may give rise to new ideas.

STEP 7 - ESTABLISHING AN EFFECTIVE ORGANISATION VISION FOR THE FUTURE

The vision of success gives a brief description of what the organisation should look like upon successful implementation of its strategies. It can therefore be described as a guide to the implementation of strategies rather than the formulation thereof. When the vision of success of the organisation has been established a compact statement including the mission, philosophies and values, basic strategies, performance criteria, rules and standards should be formulated (Bryson, 1988:195).

To obtain the best results this statement must be circulated as widely as possible, keeping everybody informed of any decisions and actions to be taken. With the first step of this process the mission or purpose of the organisation is determined. With this step the organisation's position after successful implementation of the strategies is described (Bryson, 1988:196).
Bryson’s (1988) work can be summarised in terms of the core elements contained below.

2.3.2 **CORE ELEMENTS FROM BRYSON’S MODEL**

(a) Initiating and agreeing on a strategic planning process to ensure the success of the process.

(b) Identifying organisational mandates to determine the nature and extent of the organisation’s action field.

(c) Performing a stakeholders’ analysis to identify the participants in the activities of the organisation and compiling a mission statement to focus on the purpose of the organisation.

(d) Using the SWOT analysis as tool to identify and examine the internal strengths and weaknesses and external opportunities and threats that the organisation has to be aware of.

(e) Analysing of the information collected during the SWOT analysis will identify strategic issues that play an important role in decision-making and strategic planning.

(f) In order to resolve the issues, strategies need to be formulated to assist in this. Action plans are developed to make the implementation process easier.

(g) Establishing an effective organisational vision which gives a clear description of what the organisation should look like if the implementation is successful.
2.5 **MODEL 3 - WRIGHT, PRINGLE AND KROLL'S STRATEGIC MANAGEMENT MODEL**

Wright, Pringle and Kroll (1994:3-4) define strategic management as a process encompassing no only strategy formulation, implementation and control, but also determining the mission and goals of an organisation within the context of its external environment that form part of this process. Each stage in this process is independent as well as interdependent as a change in one stage will affect other stages in the process. The managerial decisions and actions that form part of the strategic management process assist the organisation in formulating and maintaining a beneficial relationship with its environment.

Although the principles applied in the process for profit and not-for-profit organisations are the same, Wright, Pringle and Kroll (1994:283-284) have identified ownership, funding and the type of organisation as some differences that may have significant strategic implications. Even among not-for-profit organisations two groups may be identified, namely private and public organisations. Private organisations can be defined as organisations that attempt to contribute to the good of society and which are supported by private funds. They are also known as non-profit organisations. Public organisations are created, funded and regulated by the public sector and are essentially government organisations. Wright, Pringle and Kroll’s process involves five main steps which may each evolve in one or more sub-steps and include the following:

### 2.5.1 **STRATEGIC MANAGEMENT STEPS IN WRIGHT ET AL.'S MODEL**

**STEP 1 - ENVIRONMENTAL ANALYSIS**

Environmental analysis can be divided into two levels, namely the macro environment and the industry. Each organisation forms part of a complex network (Wright, Pringle and Kroll, 1994:21) which may be affected by politico-legal, economic, technological and social systems and trends, and which is known as the macro-environment of the organisation. Due to its area of expertise each
organisation also belongs to a more specific environment; this is termed an industry. The forces that influence each of these and the opportunities and threats that the organisation will face must be identified. The environmental analysis consists of two sub-steps:

(a) **Analysis of the macro environment**

Larger organisations may attempt to influence the macro environmental forces, but strategic management will enable the organisation to operate effectively among these threats and will assist the organisation to capitalise on the opportunities within the environment. The four forces that will influence the organisation are:

- **Politico-Legal forces** include the outcome of elections, legislation, court judgements and decisions at every level of government.

- **Economic forces** may also have a significant influence on business operations and include the impact of growth or decline in gross national product; increases and decreases in interest rates, inflation and the value of currency.

- **Technological forces** that may influence an organisation include scientific improvements and innovations that may provide opportunities and threats.

- **Social forces** that may play a role in strategic decisions are traditions, values, societal trends, consumer psychology and society's expectations of a business.

(b) **Analysis of the industry**

Wright, Pringle and Kroll (1994:29) describe Professor Michael E Porter as the "leading authority on industry analysis" and therefore based this part of the analysis on his work, identifying five forces that may influence an organisation's performance in the industry. These five forces are:
- **Threat of new competitors entering the industry.**
  If a new firm wishes to enter the industry it implies that competition will increase and this may lead to a decrease in prices and lowering of profitability within the industry. There are two main factors that influence entry of a new organisation in an industry. The factors are barriers to entry and the anticipated retaliation of existing competitors.

- **Intensity of rivalry among existing competitors.**
  If an existing competitor sees the opportunity to improve his position in the industry, competition within the industry can intensify. This can assume a number of forms including price cutting and advertising better customer service.

- **Threat of substitute products or services.**
  Organisations are not only faced with competition within a single industry but they must keep track of firms outside the industry that produce substitute products satisfying customer needs even though they may have different characteristics. This nevertheless presents a threat to industry as the prices are generally lower and therefore it imposes a ceiling on the prices that the industry may charge.

- **Bargaining power of buyers**
  Buyers can bargain for better prices and in this manner reduce the profitability of the industry as they demand high quality at reduced prices or play off one firm against another to obtain the best price.

- **Bargaining power of suppliers**
  Suppliers on the other hand can increase prices, reducing the profitability of the industry and making it impossible for the organisation to recover costs from their customers.
STEP 2  -  DETERMINING ORGANISATIONAL DIRECTION

The third level of analysis described by Wright, Pringle and Kroll (1994:21) is determining the organisational direction, and involves an inward look into the organisation. This implies that the management and directors must determine the direction in which they wish the organisation to move within its environment. They have identified two elements in this step, namely: mission and goals.

(a)  Determining the organisation's mission

Every organisation has a reason for its existence; this reason must be known to and understood by all stakeholders of the organisation. The purpose of the organisation is often formalised in a mission statement which may be broadly defined on a corporate level or may be narrower and more specific for each business unit forming part of the organisation.

(b)  Determining the organisation's goals and objectives

Wright, Pringle and Kroll (1994:52) define the goals of the organisation as the "desired general ends toward which efforts are directed" and objectives as specific, quantified goals. Each group of stakeholders has its own goals and objectives for the organisation and it is important to reconcile these as far as possible in attempting to continue to serve all stakeholders.

STEP 3  -  STRATEGY FORMULATION

Development of strategies is top management's means of realising the organisation's mission, goals and objectives. Wright, Pringle and Kroll (1994:75) have identified three different levels of strategies, namely: corporate level, business unit level and functional level. Corporate level strategies are the strategies that relate to the organisation as a whole. The important requirement in establishing these is a SWOT analysis that will enable the organisation to identify opportunities and threats in its external environment and strengths and
weaknesses in its internal environment. When this has been completed management is able to decide whether the organisation is a single business or whether it is involved in multiple related or unrelated businesses.

Business unit strategies are related to the strategies for competing in each subsystem within which the organisation functions whether it is a single or multiple business (Wright, Pringle and Kroll. 1994:125). There are various generic strategies on which management can decide. These strategies are known as generic as they can be adopted by any type of business unit. They include low-cost strategies aimed at providing low-cost, no-frill products and services; differentiation strategies which provide specialised or unique products and services to the market and low-cost-differentiation strategies which provide low cost unique products or services to the market.

Finally, the functional areas - purchasing, production, financing, marketing and all others within the organisation - must be aware that they are related to, and dependent on, each other. Closer functioning of all areas will lead to competitive advantage as the organisation's products and services will be of higher quality.

**STEP 4 - STRATEGY IMPLEMENTATION**

The effectiveness of the strategies formulated will only be evident when they are implemented. A number of key issues must be addressed when the effect of the strategies is being reviewed, namely: the organisational structure, the leadership, power and culture within the organisation (Wright, Pringle and Kroll, 1994:211). When determining whether the organisational structure is effective one needs to determine how compatible the organisational structure is with its corporate profile, corporate strategy, business unit strategy, need for coordination, number of hierarchical levels, grouping of activities, et cetera. Strategic leadership is vital as the leaders of the organisation must constantly motivate and encourage its members to strive towards the goals and objectives which have been set (Wright, Pringle and Kroll, 1994:212).
Every member of an organisation has a certain perception of the values, beliefs and behaviour of the organisation which develops into the culture of the organisation. This culture plays an important role in facilitating the implementation of strategic actions (Wright, Pringle and Kroll, 1988:226).

**STEP 5 - STRATEGIC CONTROL**

Wright, Pringle and Kroll (1994:241) include control as part of the model as it determines the extent to which the strategies are successfully implemented and allows immediate corrective measures to be taken. Management determines a set of standards for various aspects of the strategic planning process. The strategies are implemented and the actual performance is measured against the planned performance and if there is deviation from the expected performance corrective measures can be implemented immediately, preventing failure of the planning process.

The work of Wright, Pringle and Kroll (1994) can be summarised in terms of the following core elements.

### 2.5.2 CORE ELEMENTS IN WRIGHT ET AL=S MODEL

(a) Examining the external environment to identify possible opportunities and threats that will influence the organisation's choice of direction and action.

(b) Determining the mission, purpose and objectives of the organisation as part of the organisational direction.

(c) Analysing the information collected when examining the internal and external environment of the organisation giving rise to the strategies the organisation will select and implement.

(d) Implementing the strategies. Various factors may facilitate or impede the successful implementation of these strategies.
(e) Monitoring the implementation and prompt detection of problems will ensure that corrective measures may be taken as soon as possible to prevent the process becoming a wasted effort.

The findings of the various models which have been discussed in this chapter can be integrated into a single model for strategic planning.

2.6 AN INTEGRATED MODEL FOR STRATEGIC PLANNING

Based on the literature surveyed, an integrated model for strategic planning has been developed. From this point onwards the model developed for strategic planning is referred to as the Model and consists of the following five steps:

STEP 1 - DEFINE THE MISSION

Determining the reason(s) for the existence of an organisation is essential. Koteen (1991:118); Thompson and Strickland (1990:4); Pearce and Robinson (1992:12); Bryson (1988:95-96); David (1993:96); Wright, Pringle and Kroll (1994:49) all agree that determining the mission of the organisation assists in establishing the purpose and direction of the organisation.

STEP 2 - ANALYSE THE ENVIRONMENT

STEP 3 - IDENTIFYING OBJECTIVES


STEP 4 - IDENTIFY STRATEGIC ISSUES AND DEVISE STRATEGIES TO MANAGE THEM

Bryson (1988:139) supported by Koteen (1991:159-160); Pringle, Wright and Kroll (1994:75) state that identification of strategic issues and action plans point the way to reaching the objectives set.

STEP 5 - CONTROL THE IMPLEMENTATION OF STRATEGIES

This step involves monitoring and evaluating the implementation of these action plans, comparing the results with standards set and developing revised action plans in order to achieve the objectives set (Koteen, 1991:201-204; Pringle, Wright and Kroll, 1994:242-254).

This five step integrated model for strategic planning is proposed for use within the Blood Transfusion Services in South Africa. The model is reflected in Figure 2.1.
2.7 **CONCLUSION**

A number of existing models for strategic planning in non-profit making organisations are presented and the core elements extracted. Based on these models a five step model has been developed. These five steps are summarised in Figure 2.1. The development of this model has resolved the first part of the sub-problem namely, identifying ways to do effective strategic planning in the Blood Transfusion Services in South Africa. In chapter three, guidelines will be developed for each step in the model in order to resolve the second part of the sub-problem.
CHAPTER 3

THE DEVELOPMENT OF GUIDELINES FOR THE EFFECTIVE EXECUTION
OF EACH STEP OF THE MODEL

3.1 INTRODUCTION

In the previous chapter existing models for strategic planning in not-for-gain organisations were examined and critical steps applicable to the strategic planning process in the Blood Transfusion Services were identified. The aim of this chapter is to build on this framework developed in Chapter 2 by developing guidelines for the effective execution of each step in the Model.

To achieve the goal of this chapter existing guidelines from the literature will be examined and the most critical guidelines applicable to implementing strategic planning in Blood Transfusion Services will be identified and included in the guidelines for effective execution of each step of the model contained in Figure 2.1.

3.2 GUIDELINES FOR STRATEGIC PLANNING

Each step in the strategic planning process will be handled separately. This consists of a two-step process where the step is discussed in broad outline and thereafter the critical guidelines are highlighted.

3.3 GUIDELINES FOR DEFINING THE MISSION

The first step in the strategic planning Model is formulating a mission for the organisation. This is seen as a critical step in determining organisational direction. Certo and Peter (1993:66) and Ross (1990:10) define the mission of the organisation as the reason for its existence. Pearce and Robinson (1991:54) support this view, but stipulate that the mission highlights the factors that make the organisation unique from others that are in the same business and specifies the
organisation’s scope of operations in terms of product and market.

The question may be asked why the mission is so important to the organisation? Certo and Peter (1993:69) and Pearce and Robinson (1988:75) have based their answer to this question on the seven reasons King and Cleland (1987:72) have formulated, namely:

(a) To ensure unanimity of purpose within the organisation.
(b) To provide a basis for motivating the use of the organisation's resources.
(c) To develop a basis, or standard, for allocating organisational resources.
(d) To establish a general tone or organisational climate, for example, to suggest a businesslike operation.
(e) To serve as a focal point for those who can identify with the organisation's purpose and direction, and to deter those who cannot from participating further in the organisation's activities.
(f) To facilitate the translation of objectives and goals into a work structure involving the assignment of tasks to responsible elements within the organisation.
(g) To specify organisational purposes and the translation of these purposes into goals in such a way that cost, time, and performance parameters can be assessed and controlled.

In order to accomplish this a number of important components that should form part of the mission statement have been identified and include the following (Pearce and Robinson, 1988:75 - 76; Certo and Peter, 1993:69; Jauch and Glueck, 1988:74):

(a) Products or service - describing the goods and/or services that will be provided by the organisation.
(b) Customers or market - providing information about the targeted customers and market that the organisation wishes to serve.
(c) Technology - providing information on the technology used to provide competitive goods and services.
(d) Surviving, growing and making a profit - referring to the objectives of the organisation and its intent to grow and remain profitable.

(e) Philosophy - reflecting the organisation's basic beliefs and values that will guide it in conducting business.

(f) Self-concept - reflecting the organisation's view of itself.

(g) Public image - this goes hand-in-hand with the organisation's philosophy as the public image will depend on the way in which the organisation conducts business.

(h) Employees - reflecting the attitude of the organisation towards the employees (Campbell and Tawadey, 1990: 282).

The first three components listed above are essential as in combination they state the business of the organisation, although the target market may not always be clearly defined as it might lead to an oversight of possible customers. Any company strives for economic survival based on continuous growth and profitability. Although these goals are not necessarily stated in the mission statement, they are reflected by the statement as a whole.

The elements identified above may not necessarily all be incorporated in an organisation's mission statement, but it is important to be aware of these elements and their value if they are included. The planners must agree on the elements to be included in their organisation's mission statement. Non-profit or service organisations may stress different elements to manufacturing or profit organisations to enable them to gain competitive advantages in the marketplace. The manufacturing firms are often more labour intensive and oriented, while service organisations are generally more informative and aimed at the white collar group (Campbell and Tawadey, 1990: 284).

Consideration should also be given to the legitimate claims of all stakeholders of the organisation before the mission is drafted (Pearce and Robinson, 1988: 85; Bryson, 1988: 115; Hax and Majul, 1984: 45). The following steps can be taken to identify and incorporate the stakeholders (Pearce and Robinson, 1991: 67):
(a) **Identification of the stakeholders**

The basic stakeholders for most organisations are stockholders, creditors, employees, customers, suppliers, governments, unions, competitors, local communities, general public and, in some cases, the executive officer group may be included. The stakeholder groups may differ in number, size, influence and importance and therefore each group's effect on the success of the organisation needs to be taken into account when defining the mission of the organisation (Pearce and Robinson, 1991:66 -67).

(b) **Understanding the stakeholder claims in relation to the organisation**

The planners need to understand the claims of each group as this will enable them to better initiate actions to satisfy these demands (Pearce and Robinson, 1991:66 - 67).

(c) **Reconciliation of these claims and assignment of priorities to them**

It is inevitable that the claims of the various stakeholders will differ and therefore these claims need to be reconciled and placed in order of priority (Pearce and Robinson, 1991:66 - 67).

(d) **Coordination of the claims with other elements of the company mission**

Stakeholder claims merely constitutes a single factor in determining the mission of the organisation. The organisation's philosophy and determinants of the product-market offering must be taken into account as well (Pearce and Robinson, 1991:67).

Once agreement has been reached on the elements to be included and consideration has been given to the claims of the stakeholders the mission can be compiled and should be kept as short, simple and inspirational as possible (Koteen, 1989: 119; Bryson, 1988:104). As the mission statement is a valuable tool for making management decisions it should be reviewed regularly and may even be redefined during the planning process.
3.3.1 **CRITICAL GUIDELINES FOR DEFINING THE MISSION**

The findings from the literature survey can be summarised in six broad guidelines for defining the mission. These guidelines are provided below:

(a) Establish top management's commitment to the process and its vision for the future.

(b) Select the elements to be included in the mission statement.

(c) Identify and prioritise the stakeholders and their claims in the organisation.

(d) Draft the mission statement attending to the claims of the most important stakeholders and elements decided on.

(e) Consult a selected group of stakeholders to determine their opinion of the mission.

(f) Thrash it out until it expresses the organisation's commitment to its business.

3.4 **GUIDELINES FOR ANALYSING THE ENVIRONMENT**

In defining the mission of the organisation the strategic planning team has determined what the organisation should look like, but the environment within which the organisation exists influences the functioning of the organisation. When doing an evaluation of the environment, an analysis of the influence of the outside world, whether in favour or against, as well as an assessment of the internal environment is done. The step is included to assist management in reacting to the changes in the environment to enhance the organisation’s success. The organisation, although autonomous, functions within a complex environment which can be divided into various levels or sectors (Wright, Pringle...
and Kroll, 1994: 21; Pearce and Robinson, 1991: 76; Certo and Peter, 1993: 41). These levels can be classed as external- or macro- environment, industry or operating environment and the internal environment. The Bloodbank’s environment can be divided into the same levels although not all elements that are relevant to profit organisations are applicable to nonprofit organisations. The sub-processes involved in analysing the environment include the following:

### 3.4.1 **EXTERNAL ENVIRONMENT**

Bryson (1989: 136); Koteen (1989: 108 - 109); Smith (1994: 53) and Ross (1990: 12) have identified the elements that influence the external or macro-environment as political, economic, social-cultural and technological factors. Each is discussed below.

(a) **Political factors**

Politicians determine the policies or rules governing the different macro-environments within which any organisation functions and thus influence the organisational direction (Pearce and Robinson, 1988:104; Certo and Peter, 1993: 41; Wright, Pringle and Kroll, 1994: 23; Fry and Stoner, 1995:29; Ross, 1990: 14). Legislation will not only have an influence on the political aspects governing the blood banks, but will also play a major economic role in the bloodbank environment, as it influences the use of hospital facilities and therefore all the other services that are provided as well. Government controlled hospitals are major customers of the blood banks, therefore any resource legislation on health services will influence the bloodbank environment. Political unrest and labour disputes in the health services influence the supply and demand of the services provided.

(b) **Economic factors**

and events in the national and local economy within which the organisation operates which influence the distribution and uses of resources as the economic factors. Important issues to consider are gross national product, inflation rate, productivity, employment rates, interest and tax rates, consumer income, spending and debt. The local economy within which the bloodbank operates may be the same or differ drastically from the national economy, either or both may be in or only one or both may prosper, therefore it is important to be aware of the economic factors that are relevant to the industry.

(c) Social factors

The social element includes the changes in the beliefs, values, attitudes, opinions and lifestyles of the people in the external environment of the organisation, as developed from cultural, ecological, demographic, religious, educational and ethic conditioning (Pearce and Robinson, 1988:104; Certo and Peter, 1993: 41; Wright, Pringle and Kroll, 1994: 23; Fry and Stoner, 1995:30; Ross, 1990:13). Society, and more specific the AIDS scare, has an influence on the supply of and demands for blood and blood products as people are afraid of becoming infected during the collection or transfusion of such products.

(d) Technological factors

New products and developments in manufacturing procedures of existing products may influence the organisation's environment dramatically (Pearce and Robinson, 1988:104; Fry and Stoner, 1995: 28; Certo and Peter, 1993: 41; Wright, Pringle and Kroll, 1994: 23; Ross, 1990: 13). In the scientific environment, within which the bloodbank resorts, the rapidly changing technology has major implications for the services that are provided and it is important that the customers never perceive the suppliers' technology as being outdated or inferior to other suppliers in the industry. For the blood banks to supply the safest blood and blood products they must continually implement the latest technology in collection and test procedures and these normally have an additional financial implication as new technology costs money.
Keeping up-to-date with changing manufacturing technology is not the only technology to keep track of; computerised information handling is a common feature in most, if not all, industries today. This has a drastic influence on organisational procedures, activities and communication (Fry and Stoner, 1995: 28). Within the bloodbank industry the use of computer systems has increased rapidly over the last couple of years and includes handling and storing administrative as well as technical information.

### 3.4.2 INDUSTRIAL ENVIRONMENT

The interpretation of the macro environmental forces that influence the industry, production or service provision within which the organisation operates, assists in identifying certain trends that may influence the organisation=s performance and may require a strategic response from the participating firm. Wheelen and Hunger (1992: 255); Fry and Stoner (1995: 33) and others describe the organisational life-cycle as a possible instrument to describe the development of organisational change, but Thompson and Strickland (1990: 62) have identified an alternative to this that is of great analytical value to assist in this matter. Thompson and Strickland (1990: 62) identify specific forces giving rise to industrial change, because forces are always in motion and tend to create the opportunities for change. Although these forces can vary from time to time and from industry to industry, the ones with the greatest influence in the industry can be described as driving forces. The most common driving forces identified by Thompson and Strickland (1990: 63-66) are:

- changes in long-term industry growth rate
- changes in who buys the product and how they use it
- product innovation
- technological changes
- market innovation
- entry or exit of major firms
- diffusion of technical know-how
- increasing globalization in the industry
- changes in cost and efficiency
- emerging buyer preferences for a differentiated instead of a commodity product
- regulatory influences and government policy changes
- changing societal concerns, attitudes and lifestyles
- reductions in uncertainty and business risk.

A number of forces may be identified, but these may, however, not all be driving forces in the industry. Analysing the driving forces in an industry is of practical value for the strategist as it may:

- indicate which external factors may influence the business in the next few years;
- assist in projection of the implications and consequences of the driving forces on the industry, and
- assist the managers in developing a strategy to deal with these (Thompson and Strickland, 1990: 67).

Driving forces are found not only among for-gain organisations, but can be identified in service or not-for-gain organisations as well. Blood banks, fall into the latter of the two categories, and form part of the health service. A number of driving forces can be identified that may influence the bloodbank industry’s performance. Among these driving forces are:

(a) Regulatory influences and government policies

Regulations and government actions (Thompson and Strickland; 1990: 65) often force significant changes in industries. Health and safety regulations (Ross, 1990: 14) governing the medical profession influence the bloodbank industry in a number of ways. Safety regulations pertaining to blood and blood products and prevention of transfusion transmitted infectious diseases are a major driving force in the industry. Budgetary changes (Ross, 1990: 14) governing the health plan
influence the use of blood and blood products. The government can reduce expenditure when it comes to the use of blood and blood products for treating patients and instead allocate a bigger amount of the budget to the use of alternative medication for treating patients.

(b) Changes in costs

In a competitive industry where production can influence prices, organisations with a large market share have an advantage in undercutting prices (Thompson and Strickland, 1990: 65). Drastic increases in the costs of raw materials and labour can also cause a change in costs and may necessitate sourcing raw materials elsewhere at more affordable prices.

Any additional safety requirements that are legislated increase the costs of the service provided to the public as these measures have to be implemented by the blood banks to ensure the safety of the public. Depending on the technology required for these additional measures, the increases may vary depending on the competition among the suppliers of the materials required to provide the additional safety precautions (Ross, 1990:13). The availability of raw materials to manufacture the materials required may influence the cost of raw materials and, therefore, the cost of the final product.

The other leg of this driving force involves the labour supply. It requires time and money to train a work force and a continual or rapid staff turnover will cause a problem in the availability of skilled staff that are required in a rapidly changing technological environment.

(c) Changes in technology

As most of the research and development of new technology is done in foreign countries the materials used during the collection, testing and supply of safe blood and blood products are imported. For these suppliers to export to other countries the range of products exported has to be licensed and as certain suppliers have
developed and patented the technology some suppliers have to pay royalties, making implementation of the changing technology an expensive exercise (Ross, 1990:13). Entrance and exit of suppliers who gain or lose the rights to sell certain products locally may cause a major revolution in the industry.

Changes in technology may influence the demand for the bloodbank=s services and may also influence the range of products or services that is provided. Implementing new manufacturing technology will influence the life-cycle of the products and services currently provided and by implication the manner in which the workforce is compiled and utilized (Ross, 1990: 13).

(d) Changing societal concerns

Changing societal attitudes towards the products can be a powerful instigator of industrial change (Thompson and Strickland, 1990:66). Consumer concerns about the products may influence the industry=s growth rate. In the bloodbank industry this became obvious with the discovery and awareness of the public about the AIDS virus. The industry did not only experience a problem with the demand for blood and blood products dropping, but the supply was drastically affected as well, as people were afraid of contracting the AIDS virus through donating and/or receiving blood or blood products. This change in attitude towards providing life to a fellow-human forced the blood banks to investigate new and additional products to provide this life-saving service (Ross, 1990: 13).

(e) Product innovation

With the down-ward trend that was reached when the fear arose of becoming infected with the AIDS virus the blood banks had to introduce a safer supply of blood and blood products (Ross, 1990: 13). This could either have been a threat to the bloodbank industry, implying that an alternative source of supply would have to be found, or an opportunity as new technology could be applied in developing safer and better products to rejuvenate the industry.

3.4.3 INTERNAL ENVIRONMENT
Completing the examination of the external and industry environment of the organisation leads to the examination of the internal environment of the organisation (Pearce and Robinson, 1988:202). When doing the internal assessment the planning team may identify strengths and weaknesses that, when used in conjunction with opportunities or threats in the external or industry environment, may lead to a change in the strategic direction of the organisation. The internal assessment therefore plays a strategically important role in the planning process. Pearce and Robinson (1988:208), Wheelen and Hunger (1992:127) and Ross (1990:15) have identified a number of functional areas that may be examined to assist with the internal analysis of an organisation.

(a) Marketing
In an organisation marketing forms the link between the organisation and its customers and competition. Organisations need to identify customers, products and geographical locations of the distribution channels to assist with determining the market position and customer needs (Wheelen and Hunger, 1992: 132). In certain bloodbank industries the service areas are demarcated, therefore competing for a share of the market may not be difficult, but in other industries it may be necessary to examine the market share as part of the internal assessment programme (Ross, 1990: 15; Fry and Stoner, 1995: 82-83). A customer profile will assist in identification of the needs of customers in specific areas (Ross, 1990:15; Fry and Stoner, 1995: 89), and the areas where distribution outlets may be vital to provide a good service. The needs at certain distribution outlets may differ from the needs of others and investigating the customer profile will assist in meeting the needs at the various outlets. With the differing customer profiles some outlets may require a broad or complete product line, meeting a wider range of consumer needs, while others may require a deeper product line, providing more variety within a particular product category (Fry and Stoner, 1995: 86). In the bloodbank industry it may be better to have a product line concentrating on paediatric needs when servicing a childrens= hospital while when servicing a rural hospital less sophisticated products may be required as part of the product range.
When new products enter the market place major promotion or marketing campaigns are launched to secure a solid foundation for the new product. With the rapidly changing technology of the bloodbank industry the blood banks need to market any new, better or safer products that become available to continually provide a better service to the customer (Ross, 1990:15; Fry and Stoner, 1995:83).

(b) Research and development

Research and development includes a number of activities that can range from basic research as done by scientists in laboratories, product and product packaging research and process research which concentrates on improving production methods or equipment to ensure the organisation's market position (Wheelen and Hunger, 1992: 134). Technology based organisations must be willing to invest substantial amounts in research and development, but no financial investment is big enough if time is not put aside to produce meaningful profits (Wheelen and Hunger, 1992: 137).

Blood banks are technology based organisations, but as they drastically vary in size not all have the necessary resources available to have research and development departments (Ross, 1990: 15). Research done in the bloodbank industry can be divided into a basic, developmental and commercialisation category (Ross, 1990: 15). With the technology changing so rapidly the smaller blood banks might not be able to conduct their own research, but they may be able to participate in field studies carried out by manufacturing companies.

(c) Production

Organisations are classified either as manufacturers or service providers. Manufacturers are the organisations that are responsible for changing raw materials into useable products, while service providers are those organisations responsible for providing the public with a service, for example hospitals, legal clinics and banks (Wheelen and Hunger, 1992: 140; Wright, Pringle and Kroll,
Blood banks can be classified as a combination of the two as they produce several products from the raw material, blood, and they provide a service to the public in that the blood is collected, stored, tested and transfused to the patients.

When evaluating the production or service provision of an organisation special attention should be paid to:

- The facilities, the size, capacity and technology applied can influence future expansion or reduction and can therefore be seen as a strength or weakness in production.
- The access to supplies - not only can the availability of raw materials be a strength or weakness, but access to suppliers and cost in purchasing these supplies may influence production to a greater or lesser extent.
- The inventory control, being able to meet customers’ requirements, whether internal or external, on time will ensure success in this area. This can be accomplished by having a system in place that will provide information on the stock that is on hand, where it is, how soon it can be accessed and, if necessary, placing orders for more stock to assist in proving a good customer service.
- The quality control system - policies and procedures must be in place to assist the personnel with providing the best product and service to the customer, and regular customer surveys or internal audits should be done to identify any quality problems that may exist.
- The structure. As the service and production is dependent on information, it is important to provide the correct structure to assist with the formal flow thereof as well as authority to act upon receipt of the information. This structure must support the objectives and strategies of the provider of the product or service (Fry and Stoner, 1995: 89-91).

(d) Finances

Funds are an important resource that any organisation needs for survival. These
funds need to be generated either from internal or external sources and must be allocated in different areas (Wheelen and Hunger, 1992: 134) to support the organisation=s strategy.

In bloodbank industries where competition only exists in certain service areas, the financial analysis of these organisations can play an important role in determining the organisation=s financial advantage over its competition (Ross, 1990: 16). Financial ratios can be used and may be compared with competitors or with standards, for the industry within which the organisation functions, as published in trade magazines, annual reports or other publications of trade associations (Fry and Stoner, 1995: 68). Secondly, a financial analysis can assist with identification of weaknesses or strengths in other functional areas. Special attention should be paid to budgeting, accounting and auditing procedures as well as tax laws and cost of capital if any major capital expenditure is necessary (Ross, 1990: 16).

(e) Human Resources
Labour costs account for a large percentage of a company=s total costs and therefore human resources are likely to be an important strategic factor in many organisations (Wheelen and Hunger, 1992: 143). Human resources do not only include the recruiting, selection, employing and training of personnel, but compensation and employee morale also form part of this functional area.

In the bloodbank industry the human resource is of vital importance and, therefore, it is essential that adequate staff support systems are in place and that the policies surrounding staff are known. Depending on the strategic requirements of the bloodbank the number of employees and the relevance of their skills must be examined and if staff are inadequately trained, training must be provided or additional skilled members must be employed (Fry and Stoner, 1995: 92). Employing skilled workers implies that the compensation system needs to be evaluated as well. This is made possible by doing internal and external comparisons. Not only must the compensation be adequate, but it must also be consistent with the strategic direction of the firm (Fry and Stoner, 1995: 93). Equitable remuneration may play an important role in employee motivation and in
the credibility of the compensation system of a firm. The main benefit of doing an external evaluation is one of competitive advantage as better compensation will interest better qualified candidates for positions. The workforce may, however, be prepared to accept lower salaries if other benefits make up for this. Depending on the strategy for future development of the firm within the industry incentives based on a quota, bonus or commission system may be more acceptable to employees than a company wide performance incentive system.

The compensation system of a firm may either be a weakness or a strength that can either have a positive or negative influence on the morale of the employees. Although it is difficult to measure the morale of employees there are a number of indicators that may assist in this matter and these include: employee turnover, absenteeism, tardiness, and general assessment of the workday climate (Fry and Stoner, 1995: 92). Not only is the morale of the employees important, but the management/workforce relationship is critical as well. As union activity in the bloodbank industry is increasing, a good relationship between the management of the organisation and the union is very important to ensure the best service to the customer (Ross, 1990: 16).

From the literature we can, therefore, conclude that there are three levels in the environment within which the organisation operates, each consisting of a number of elements, as illustrated in Figure 3.1, that are relevant in the evaluation of the bloodbank environment.

3.4.4 CRITICAL GUIDELINES FOR ANALYSING THE ENVIRONMENT

In summary, the guidelines from the literature for evaluating the environment within which the organisation operates can be outlined in seven critical steps. The seven steps are listed below:

(a) List the elements of the external- or macro- environment, industry or operating environment and internal environment that will influence the organisation.
(b) Establish the influence of political, economic, social and technological factors on the external environment.

(c) Interpret the effect of the factors in the external environment on the industry.

(d) Establish the influence of the major driving forces on the industry environment.

(e) Examine the functional areas that may assist in the internal analysis of the organisation.

(f) Establish how each of these functional areas affects the organisational performance.

(g) Review the relevance and influence of the environmental levels, and factors involved in each of these levels.

3.5 GUIDELINES FOR IDENTIFYING OBJECTIVES

During the preparation of the mission statement the major aim or reason for the organisation's existence is determined, but this statement does not specify any definite goals to strive towards (Wright, Pringle and Kroll, 1994: 52; Wheelen and Hunger, 1991: 14). One of the guidelines in defining the mission of the organisation is a stakeholders' analysis, including identification of the stakeholders and their expectations for the organisation, but these are not the only influences on the organisation. When scanning the environment a number of forces were identified that may influence the organisation's performance. As the organisation has defined its global aim it is important that specific goals need to be formulated towards which the efforts of the organisation must be directed (Wheelen and Hunger, 1991: 52; Ross, 1990: 11).
It is clear, however, that the specific ends (Koteen, 1989: 158) or objectives may change from time to time depending on the influences from outside and the organisational position. Objectives often run concurrently and although these objectives are determined on the same occasion, the time of conclusion for reaching these objectives may differ drastically, as some will be for the short term and others for the medium or long-term (Ross, 1990: 11). Not only do objectives assist in giving organisational direction, but having goal statements makes decision-making so much easier and may even serve as motivation of the employees (Fry and Stoner, 1995: 145-147; Ross, 1990: 11).

Koteen (1989: 158 - 159) recommends that the objectives should be direct and to the point and should clearly state the critical facts. These facts include a single end result to accomplish, the target date for this objective to be achieved and who will be responsible for the process involved in accomplishing these objectives. As some of these objectives may run concurrently it is important that they are realistic, achievable and measurable to assist in easy management of the process.

It might not always be easy to determine clear objectives for not-for-gain organisations, but having specific objectives may determine the success of the organisation (Wright, Pringle and Kroll, 1994: 289). Pearce and Robinson (1988: 245 - 246) and Wheelen and Hunger (1992: 305 - 306) have identified several areas where determining objectives may assist in achieving long-term prosperity in an organisation. These areas include:
Figure 3.1
LEVELS IN THE ENVIRONMENT WITHIN WHICH THE ORGANISATION OPERATES

EXTERNAL ENVIRONMENT

- Political
- Economic
- Social
- Technological

INDUSTRIAL ENVIRONMENT

(Driving forces)

- Regulatory influences and government policies
- Changes in cost
- Changes in technology
- Changing societal concerns
- Product innovation

INTERNAL ENVIRONMENT

(Organisation)

- Marketing and distribution
- Research and development
  - Production
  - Finance
  - Resources
* Profitability

This is an important factor in profit organisations as survival of the business in the long-run depends on the level of profits (Pearce and Robinson, 1988: 245). Although not referred to as profitability, financial resources are also important to not-for-gain organisations as vital services cannot be provided when financial constraints are experienced (Ross, 1990: 11). The blood banks may find it difficult to operate cost effectively due to the increasing public demand for a safer blood supply, but safety does not only influence the industry=s external stakeholders, the safety of the employees is vitally important and places additional financial pressures on members of the industry.

* Productivity

Improving productivity is an important objective for both profit and not-for-gain organisations. This may either be achieved by improving the input-output ratio or by reducing waste, customer complaints or overtime (Pearce and Robinson, 1991: 221).

* Competitive position

The organisation may determine its success based both on its competitive position that it has established in the marketplace and on the total sales and market share (Pearce and Robinson, 1991: 221). In the South African bloodbank industry the competitive position does not currently play a role as each bloodbank has its own demarcated area within which it operates.

* Employee development

Career opportunities and growth are both important factors to employees and providing these often increases productivity and decreases turnover (Pearce and Robinson, 1991: 221).
* Employee relations

Good employee relations can assist in achieving good productivity as this creates employee loyalty and it may be perceived that management has workers' interests at heart (Pearce and Robinson, 1991: 221-222).

Availability of human and financial resources may be a stumbling block as employees fear change and, therefore, withhold important strategic information (Ross, 1990: 11). It is important that objectives are set for employee development and improved employee relations, even in not-for-gain organisations.

* Technological leadership

An organisation must either lead or follow in the marketplace and in order to accomplish this the organisation needs to establish objectives with regard to technological leadership (Pearce and Robinson, 1991: 222). In an industry where technology plays such an important role it is vital that the blood banks establish objectives to assist them in continually providing the latest and best technology to the stakeholders involved in the industry.

* Public Responsibility

Organisations need to realize that public responsibility encompasses both the society, and the stakeholders of the firm. This may be achieved by developing a reputation for outstanding products and services provided and establishing themselves as responsible corporate citizens (Pearce and Robinson, 1991: 222). The bloodbank industry’s public responsibility is an important force to take note of, as this may have an influence on the health and safety of the public. It should, however, include the demands or expectations of the stakeholders which may change from time to time, these might require prioritisation and can be conflicting in nature because of the broad spectrum of stakeholders involved.
These objectives may change because of crisis in the environment, changes in the
stakeholders’ demands, changes in top management or changes in the normal
life-cycle of the organisation.

3.5.1 **CRITICAL GUIDELINES FOR IDENTIFYING OBJECTIVES**

In summary the guidelines from the literature for identifying short-, medium-, and/or long-term objectives for the organisation can be outlined in five critical steps. The five steps are listed below:

(a) Identify the major areas for which objectives must be set.

(b) Set within each area, the objectives that will assist the organisation to
achieve long-term prosperity.

(c) Ensure that the objectives are direct and to the point and only state the
critical facts with a single end result.

(d) Prioritise and select the most important objectives within each area.

(e) Determine the target date for each objective and those responsible for the
process involved in achieving each of these objectives.

3.6 **IDENTIFY STRATEGIC ISSUES AND STRATEGIES TO MANAGE THESE**

The next phase in the process of strategic management for not-for-gain
organisations is identifying strategic issues, and managing these issues to achieve
the organisation’s ultimate mission and objectives.

3.6.1 **IDENTIFY STRATEGIC ISSUES**

Identifying strategic issues assists with monitoring social, regulatory and political
changes that can affect corporate performance in respect of the organisation’s
mission, product and service level, cost, financing, organisational management and more (Shrivastava, 1994: 33; King, 1987: 252; Bryson, 1990: 139). Once the strategic issues have been identified and the company’s performance has been measured against these, guidelines for necessary adjustments to achieve these issues will be determined for implementation of corrective measures.

The organisation needs to consider the planning process and the objectives of the organisation in relation to the environment when formulating the strategic issues. This can, however, be done by using one of three approaches described by Bryson (1990: 147-148):

- Direct approach

This approach can be applied if:

(i) the planning team cannot reach agreement on the goals or objectives;

(ii) no vision of success has been or will developed; or

(iii) the hierarchical authority that can impose these goals on the stakeholders is absent.

The mission and SWOT matrix of the organisation can be reviewed and the individual members of the planning team can identify the strategic issues by determining what the issues are, why these are issues and what the consequences of failure to address these issues will be for the organisation. Once this is complete, all identified issues are discussed in a group and organised in order of the SWOT matrix. The strengths and opportunities can then be pursued as issues.

- Goals approach
This approach is more likely to work if:

(i) the hierarchical authority structures are in place by means of which key decision makers can impose goals on others affected by the planning structure.

(ii) agreement is reached on the goals and objectives of the organisation and these are specific and detailed enough to provide useful guidance in the development of strategies.

This approach may still be implemented successfully if the abovementioned requirements are not available. The set of goals required will then be developed at the time of the planning session and the strategic issues identified are likely to raise the question of gaining the commitment of the key decision makers on the set of goals proposed and how to prioritise these goals.

- Vision of success

Following this approach is especially useful when:

(i) it is difficult to identify strategic issues directly;

(ii) no pre-existing goals and objectives exist and will be difficult to develop; or

(iii) drastic changes are likely to be necessary.

For easy implementation of this approach for identifying the strategic issues that are of importance in an organisation individual members of the planning team must formulate a vision of the organisation in the future after reviewing the mission and SWOT analysis. This is then shared with the other members of the team and all elements identified are noted, the similarities and differences are discussed and alternative visions are formulated. The alternatives are then reviewed and a list of the advantages and disadvantages of each vision is listed, once agreement
is reached on the vision the strategies required to realise this vision have been formulated.

Depending on the organisation and its planning process one of the above-mentioned approaches can be followed to identify the issues that need to be addressed. Some of the blood banks may have a complete strategic planning process in place and would therefore apply either the goals or vision of success approach, while others are too small and have not had the resources available to invest in consultants to assist with the planning process, or have not reached the stage where the organisational structure has been formally organised, therefore it would be more effective to implement the direct approach.

Arranging the strategic issues in order of priority or logic once will assist in determining the strategic or operational value of each of the issues identified. The issues can be classified as matters that will lead to (Bates and Eldredge, 1980: 134; Bryson, 1990: 160; Ross, 1990: 18):

a) Stability

This strategy can be seen as a \textit{continue as before} strategy which means that the organisation will carry on with what it was doing before (Bates and Eldredge, 1980: 134). Stress is placed on the importance of producing at a lower cost, improving the uses of the products or holding market costs constant. As this is an easy and convenient strategy to formulate and adopt, it is popular with organisations where management wants to avoid complicated analysis.

This strategy when implemented in the Bloodbank industry implies that the blood banks will continue to serve the public with the current products and/or services (Ross, 1990: 18).

The advantage of the stability strategy is that not being innovative reduces the risks associated with adding new products and services to the ranges that it serves the market with. The mistakes made during the innovation of new products
or services are eliminated by allowing others to take the risks. The disadvantage is that management who continually adopt this strategy become complacent when changes in the environment dictate alterations in the strategy and they find it difficult to adjust its tempo to accommodate these changes.

b) Expansion

The expansion or growth strategy mainly involves increasing the volume or expanding the scale of the organisation=s operations to improve the performance (Ross, 1990: 18; Bates and Eldredge, 1980: 135). There are a number of ways to accomplish this which include:

i) Internal growth

This is similar to the stability strategy where emphasis is on accelerating the present operation of the firm by increasing the resource allocation. Internal growth can take place through penetration or expansion, where penetration involves the saturation of existing markets with existing products and services and expansion is effected by increasing the geographical scope of the firm=s operations by in-house generation of new products or services.

Blood banks can add new products or services to assist them in increasing their market share. This could be products or services that may improve the safety of the recipients (Ross, 1990: 18).

ii) External growth

External expansion of the organisation=s functions or operations is effected by the addition of functions that are performed by other organisations. Expanding in this manner can either be by horizontal integration where a firm is purchased and the existing facilities or expertise of that firm are used; or by vertical integration where the suppliers of raw materials or the distributors of manufactured products are purchased.
In the Bloodbank environment this can be accomplished by merging or setting up a joint venture to improve the product scope of the service provided, whether it is a fractionation plant or a marketing agency, or any other aspect required to provide a more efficient service to the customer.

iii) Diversification

The third way in which an organisation may expand externally is to diversify into an industry that is not related to the existing industry within which the organisation operates (Bates and Eldredge, 1980: 142).

c) Retrenchment

Following this strategy the organisation generally wants to downsize or cut costs, by selling off divisions, combining its product line, closing down production facilities or withdrawing from certain geographical markets (Bates and Eldredge, 1980: 143; Ross, 1990: 18).

The blood banks can decide to downsize its production facilities or even its collection facilities. The various services can combine in research and development or even have a central education or training facility (Ross, 1990: 18).

d) Combination

A combination strategy is followed when two or more of the strategies above are combined to achieve the organisation=s mission and objectives (Bates and Eldredge, 1980: 143; Ross, 1990: 18).

These combinations may take the form of a joint venture and Ross (1990: 19) has identified three types of joint ventures that may be entered into:

- Spider-web strategy where a small firm establishes a number of joint ventures in order to survive and not be consumed by a large competitor;
- Go together-split strategy where the organisations work together for a fixed period of time;

- Successive integration strategy where the joint venture can continue to grow until a merger takes place.

3.6.2 IDENTIFYING STRATEGIES TO MANAGE THE STRATEGIC ISSUES

Once the strategic issues have been formulated, these will be reviewed and evaluated to select the one(s) the organisation wishes to pursue. The evaluation and selection can be based on:

- utilization of resources;
- probability of success;
- potential costs and profit.
- degree of risk;
- quality of profits; and, or
- timing of profit flowing.

In the Bloodbank industry managers evaluate the alternative strategies by determining the impact that they have on the profit factor that will result from the implementation thereof or safety to the patient. Implementing a new safety measure for the prevention of the risk in transfusion the Bloodbank will determine what the implication will be on the resources available. These resources will not only include the financial, but also the human aspect. The addition of a new test for a safer blood supply may be recommended by international research, but the indication from local research may be that this will not necessarily have a major impact on the safety for the patients. It will, however, imply major fund re-allocation, an increase in the cost of the products and therefore a depletion of the resource allocation of the customers.

There are several reporting formats which may be employed to assess the
potential profitability of alternative strategies. These include:

- pro-forma income statements;
- volume cost profit analysis;
- sources and uses of funds (Bates and Eldredge; 1980: 144-146).

The profitability of the various strategies should be reflected for several periods and must be qualified on the basis of the abovementioned three factors.

There are prescriptive methods available to assist an organisation in how to deal with certain products and services. Among these, the Boston Consulting Group’s Growth-share matrix was identified. This is shown in Figure 3.2. This matrix uses industry growth rate and relative market share as the two axes. The relative market share being defined as the ratio of the business’s market share to the market share held by its nearest rival (Thompson and Strickland, 1990: 192-194). The growth rate is the percentage growth in the market over the past year, which is the percentage increase in sales of the specific product line. This can be indicated on the matrix by means of a circle based on its relative market share or industry growth rate. The quadrants each represent specific characteristics and have been named stars, cash cows, dogs or question marks (Thompson and Strickland, 1990: 194). Each will be briefly explained.

Stars are products or services with relatively high market share and a high market growth rate and, therefore, require large cash investments to satisfy the capital needs and to finance production facilities. Some can, however, become self-sustaining in terms of cash-flow and not demand much of the capital. If there is a decrease in the growth rate the stars change into cash cows. Cash cows are products or services with a large market share but a low market growth rate. Less capital is required to maintain its present market position. When this enters a decreasing product life cycle, it can be disinvested and the cash allocated to the question marks to improve their market position. Question marks are products or services with a relatively small market share as opposed to a high growth rate, but which generate little internal cash as a result of the small market share and low
economies of scale. Dogs are those which have a relatively low market share in slow growth industries because they have lower profit margins and cannot generate long-term cash-flows. These should rather be discontinued and alternative options should be investigated (Thompson and Strickland, 1990: 194-196).

**FIGURE 3.2**

**BOSTON CONSULTING GROUP=S GROWTH-SHARE MATRIX**

<table>
<thead>
<tr>
<th>Relative market share position</th>
<th>High (above 1.0)</th>
<th>Low (below 1.0)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High (faster than the economy as whole)</td>
<td>Stars</td>
<td>Question marks (problem children)</td>
</tr>
<tr>
<td>Low (slower than economy as whole)</td>
<td>Cash cows</td>
<td>Dogs</td>
</tr>
</tbody>
</table>

(Source: Thompson and Strickland, 1990: 193)

Figure 3.3 shows examples of the elements with reference to the bloodbank industry. The Bloodbank industry has red cells that may be cash cows, infectious disease testing may be a star and antibody identification may be a dog (Ross, 1990: 20). This may however be one dog that cannot be discontinued as it may be needed in the community.

When choosing a strategy managers must be aware of the past and current strategies and these should be flexible with contingencies built-in.
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FIGURE 3.3
GROWTH-SHARE MATRIX FOR BLOOD BANK INDUSTRY

<table>
<thead>
<tr>
<th>Relative market share position</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Stars</td>
<td>Question marks (remainder divested)</td>
</tr>
<tr>
<td></td>
<td>Infectious disease testing</td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>Cash cows</td>
<td>Dogs (Liquidate)</td>
</tr>
<tr>
<td></td>
<td>Red cells</td>
<td>Antibody identification</td>
</tr>
</tbody>
</table>

(Source: Ross, 1990: 20)

3.6.3 IMPLEMENTATION OF THE STRATEGIES

The choices have been made and these strategies need to be implemented. Glueck (1980: 376) suggests that the implementation takes place in three facets ranging from leadership, functional policy and organizational implementation. Leadership implementation takes place when the leaders either in different functional areas or departments are assigned according to the strategy, while the functional policy implementation includes the development of functional policies. Even if the organisation should appoint better leaders and implement all the correct functional policies it will be ineffective if the organizational structure and climate does not support the strategies selected (Ross, 1990: 21). Implementation of the strategies will therefore include the following:
3.6.3.1 LEADERSHIP IMPLEMENTATION

For the most successful implementation of the strategies the most appropriate leadership style needs to be put in place. It is essential that the leader has the right education, ability, experience, temperament and personality to implement the new strategy (Glueck, 1980: 306-310). The leader is not the only factor that needs to be taken into account as the environment determines the leadership style necessary to be successful. Turbulent environments for instance, will require a more entrepreneurial style while in a more stable environment a more conservative style will be more appropriate (Ross, 1990: 27).

3.6.3.2 FUNCTIONAL POLICY IMPLEMENTATION

This facet involves two processes, namely resource deployment and development of functional policies.

1) Resource deployment

The choice of the strategy does not indicate the success of the process if no resources are made available for the implementation of these strategies (Glueck, 1980: 310-311; Ross, 1990: 21-22). If the strategy of the Bloodbank is to expand in the infectious disease testing area of the Bloodbank, then the money, staff and materials should be directed in this area. Resource deployment is generally managed most effectively through the budgeting system.

2) Developing of functional policies

The functional policies are there to provide guidelines for decision making to make the strategies work. This must therefore be compatible with the grand strategy and workable to make the implementation for the subordinate managers an easier process.

The functional areas that have been identified are:
Finance/accounting

Financial policies developed determine where the capital resources will come from and the allocation and use thereof, while accounting policies will be formulated for the management of inventory, expenses and costs.

Marketing

Addresses the processes followed in marketing of products and services included in the spectrum of the organization. Policies on which products are offered, what the costs should be and how these products will be promoted to the customers are determined;

Production/operations

Addresses all aspects of the production facilities and staff. If the organisation were to offer a new product or service will the staff and equipment be able to cope with the additional workload?

Research and development

Determines the necessity of the new projects, products and how this should be addressed, whether this should be joint efforts with the other blood banks or should it be for a single organisation only or whether the focus should rather be on production and operations.

Personnel

Ensures the provision of adequate, well-trained and stable work-force to meet the requirements of the strategic plan (Glueck, 1980: 310-320; Ross, 1990: 24-26).
3.6.3.3  **ORGANISATION STRUCTURE**

The third facet of the strategy implementation is related to the organisational structure used by the organisation. In most cases the duties are divided into meaningful subunits to avoid duplication or excessive specialisation. This can however differ from organisation to organisation as it depends on what works best for the strategies that need to be implemented. The structures can differ from the most primitive to a complicated divisional structure (Glueck, 1980: 320-322; Ross, 1990: 23-24) depending on the organisation=s size, volatility, complexity, personnel characteristics and dependence on the environment. Based on the strategy implemented the correct organisational structure must be put into place to ensure success of the planning efforts as expansion and retrenchment strategies may require a whole new organisational structure.

These strategic issues and the manner in which they are managed and implemented are dependent on stakeholders= demands, changes in the environment, management or changes in the normal life-cycle of the products and services provided.

3.6.4  **CRITICAL GUIDELINES FOR IDENTIFYING AND MANAGING STRATEGIC ISSUES**

In summary the guidelines from the literature for identifying strategic issues and strategies to manage these for the organisation can be outlined in eight critical steps. The eight steps are listed below:

(a)  Determine the criteria for evaluating strategic issues.

(b)  Identify the strategic issues.

(c)  Evaluate and prioritize these strategic issues and the implications in consultation with the stakeholders and planning team.
(d) Implement the strategy of choice

(5) Determine the leadership required for successful implementation.

(6) Determine whether resources need to be reallocated.

(7) Develop functional policies to act as guidelines for implementation by lower managers and supervisors.

(8) Determine the most effective organisational structure that will assist in effective strategy implementation.

3.7 **CONTROLLING THE IMPLEMENTATION**

Implementing the strategies and not controlling this has no benefit for the organisation as the managers will not know whether the strategic choice that was made will reach the objectives of the organisation (Glueck, 1980: 348; King and Cleland, 1987: 138).

As was stated before there must be commitment from management for the process to be successful. This is not only true for the commitment to the process but it is also true for the evaluation and control thereof. The performance of those who must implement strategies must be evaluated. In some organisations the reward system is directly related to the performance that will assist the organisation to move towards achieving the strategic goals set and therefore this forms an important part of the process (Glueck, 1980: 350; Wheelen and Hunger, 1991: 298; Ross, 1990: 28). These rewards may be in the form of monetary compensation or career growth. The evaluation can only be done if the feedback information of the implementation process is in a usable format. Therefore effective management information systems and thorough reporting of the results are a requirement. This information may be in the form of statistical or financial figures or may be based on the reports supplied by the managers involved in the implementation process. Not only is the information important, but what happens to it and when the evaluation is done is also critical. The assessment should be
ongoing and done as soon as significant deviations are noted and corrective measures must be put into place (Glueck, 1980: 350-351). Evaluation should be both quantitative and qualitative (Glueck, 1980: 351; Ross, 1990: 28).

Qualitative evaluations should include:

- Consistency not only internally, but with the environment as well;
- Appropriateness of the resource application and time allocation;
- Risk values given toward the various factors; does it meet with the acceptability values given to the various strategies;
- Workability of the strategies to meet the organisation=s objectives (Glueck, 1980: 351).

In the Bloodbank environment the qualitative criteria are more difficult to establish but may be related to the Bloodbank=s reputation in the community, among the physicians and referral laboratories for the quality and turnaround times of the tests offered. The criteria established must be definitive, measurable and achievable in order to be useful (Ross, 1990: 28).

Quantitative evaluation involves relating the results of the strategy with the original objective set. Factors to consider include: market share, growth in sales, production costs and efficiency, distribution costs and efficiency and many more (Glueck, 1980: 351; Wheelen and Hunger, 1991: 299).

Ross (1990: 28) recommends quantitative evaluation if the Bloodbank intends to expand its services through the marketing of laboratory tests. It may then be measured by the increased number of tests or increase in revenue.

### 3.7.1 CRITICAL GUIDELINES FOR CONTROLLING THE IMPLEMENTATION

1. Determine whether management is committed to controlling the strategic planning process.

2. Determine whether the reward system is directly related to the performance
of the process.

(3) Ensure that the information collected for evaluation is in a usable format by using an effective management information system.

(4) Determine the time and manner of evaluating the information collected.

(e) Evaluate the process qualitatively and quantitatively.

(6) Implement corrective measures to reach the objectives set.
CHAPTER 4

THE EVALUATION OF STRATEGIC PLANNING IN BLOOD TRANSFUSION SERVICES IN SOUTH AFRICA

4.1 INTRODUCTION

The theoretical elements essential for strategic planning in the Blood Transfusion Services in South Africa have been identified. The research method used will be described in this chapter.

4.2 RESEARCH METHODOLOGY

In order to promote the logical solution of the stated sub-problems, the following broad procedure was followed:

a) A literature survey was undertaken to determine the ideal strategic planning process for the Blood Transfusion Services.

b) A survey was conducted to determine whether the current strategic planning process performed by the Blood Transfusion Services falls in with what is described in the literature, by means of a questionnaire analysing the procedures.

c) The findings from (a) and (b) will be used to evaluate the effectiveness of strategic planning done in Blood Transfusion Services in South Africa.

4.3 SURVEY METHOD

Welman and Kruger (1999: 147) describe various types of measuring instruments, one of which is the use of survey questionnaires. This type of measuring instrument was used in this study and is, therefore, described in greater detail.
4.3.1  **SURVEY QUESTIONNAIRES**

This can be used to obtain the following types of information:

- biographical particulars;
- typical behaviour;
- opinions, beliefs and convictions; and
- attitudes.

In order to conduct a typical postal or mail survey, the questions to be included in a structured questionnaire are collected, the questionnaires are posted to the respondents with the request to complete and return by mail or fax. This method of collecting data was used in this research and has the following advantages and disadvantages:

4.3.1.1  **Advantages**

- **Cost and ease of application**

This is the least expensive of all the survey methods. Distance of location does not affect the cost involved in collecting the information as postage is standardised within the borders of the country (Welman and Kruger. 1999: 151).

- **Anonymity**

Of all the survey methods this one provides the greatest possibility of anonymity, where the respondent does not need to provide personal details (Welman and Kruger. 1999: 152).

4.3.1.2  **Disadvantages**

- **Control over responding**
The researcher has very little control over the way in which postal questionnaires are completed.

- **Response rate**

As mentioned above the researcher has little control over the completion of the questionnaires, therefore the respondents are allowed to complete the questionnaires at their own convenience and this may result in a low return rate. Postal surveys generally have a return rate of less than 50% of the target population if it involves the general public as population (Welman and Kruger. 1999: 152). The questionnaires may be lost in the post or may land in the waste basket as the respondents do not want to complete them.

A survey of the seven Blood Transfusion Services in South Africa was conducted by means of a questionnaire, as this was a convenient way to collect information from areas as wide-spread as the Services are in South Africa.

4.4 **ADMINISTRATION OF THE QUESTIONNAIRE**

Welman and Kruger (1999:153) suggests the use of alternative ways of distribution to ensure the return of the postal survey, namely personal delivery and returning via postal services; delivery using the postal services and personal collection or personal delivery and collection. An alternative manner of distribution was however used in this case, namely faxing, as the population was small. This was identified as a more secure and rapid method of distribution as the postal services are not always reliable and faxing the questionnaires meant the researcher had direct control over whether or not the questionnaires were received or not.

4.4.1 **QUESTIONNAIRE CONSTRUCTION**

When constructing a questionnaire several aspects have to be considered. Some
Aspects are more applicable when opinions and beliefs are assessed and others are more applicable when biographical details and typical behaviour is researched (Welman and Kruger. 1999: 171).

The following are the more important aspects to consider when constructing the questionnaire: content and format, type, wording and sequence of the questions. A brief discussion of each of these aspects will be given below.

4.4.1.1 **QUESTION CONTENT AND FORMAT**

The questions included in a questionnaire may be open-ended, giving the respondent the opportunity to express his/her opinion, or provide factual information for example the age, gender or geographical location of the respondent, or closed-ended, where the respondent is provided with a number of choices from which the most appropriate response must be chosen (Welman and Kruger. 1999: 172).

Closed-ended, opinion-seeking *Yes/No* questions were used in this questionnaire.

4.4.1.2 **QUESTION TYPE**

The questions included in this questionnaire were formulated to take the minimum time to complete, to determine whether or not the guidelines identified in the literature study are included in the strategic planning process that has been implemented in the various services, and therefore only allowed for a positive or negative answer.

4.4.1.3 **WORDING OF THE QUESTIONS**

The questions must be constructed in such a manner as not to offend or under-estimate the respondent=s intelligence level. Preference should be given to concise and unambiguous questions which clearly state the essential information
required to correctly understand and interpret the questions and then provide an accurate reply. Care should be taken not to suggest or imply a particular response when constructing the questions (Welman and Kruger. 1999: 175-177).

4.4.1.4 **QUESTION SEQUENCE**

The questions should be sequenced to ensure that if preceding responses affect the subsequent items these follow each other. It is recommended that the questionnaire should start with a few easy and non-threatening items which are related to the stated purpose of the questionnaire. These are then followed by more involved questions.

A topic should clearly be identified and connected to the overall aim of the questionnaire (Welman and Kruger. 1999: 178-179).

The purpose of the research was to evaluate the effectiveness of strategic management in Blood Transfusion Services according to the Model and guidelines developed in this research. The questions in the questionnaire addressed the steps in the Model and the guidelines for the effective execution of each step in the Model, therefore determining whether the step should be included in or excluded from the planning process.

4.4.2 **PILOT STUDY**

Welman and Kruger (1999: 146) stated that the purpose of the pilot study is the same as that for which the final study is intended, but it is used:

- to detect possible flaws in the measurement procedures;
- to identify unclear or ambiguously formulated items; and
- to allow the researcher to notice non-verbal behaviour which possibly may signify discomfort or embarrassment about the content or wording of the questions.

This questionnaire was evaluated by Prof N.D. Kemp, the promoter of this study.
and the management of the Eastern Province Blood Transfusion Service in the presence of the researcher and they concluded that the questionnaire was understandable.

4.4.3 **POPULATION TO BE SURVEYED**

The questionnaires were sent to the Chief Executive Officers or one of the managers involved in the planning process of the different Services. These individuals were:

- Border Blood Transfusion Service: Mr John Cottrell
- Eastern Province Blood Transfusion Service: Mr Ian Simpson
- Natal Blood Transfusion Service: Mr Lynton Milner
- Northern Blood Transfusion Service: Mr Walter Willetts
- Medimatch (Private Blood Transfusion Service): Mrs Denise Hill
- South African Blood Transfusion Service: Mr Arthur Kaplan
- Western Province Blood Transfusion Service: Mr Malcolm Kahn

4.4.4 **COMPLETION OF THE QUESTIONNAIRES**

As this was a restricted population the response time was limited to one month from date of receipt of the questionnaires.

The completed questionnaires were returned to the researcher in Port Elizabeth for analysis. The responses to the questionnaires, were recorded by the researcher, using a spreadsheet, Quatro Pro, to facilitate the statistical analysis.

4.5 **CONCLUSION**

The proposed research methodology, survey method and construction of the questionnaire were explained in this chapter. In Chapter Five the results of the empirical study will be presented and discussed.
CHAPTER 5

RESULTS OF THE EMPIRICAL STUDY

5.1 INTRODUCTION

The results of the empirical study, which was described in the previous chapter, will be presented and analysed in this chapter. The administration of the questionnaire used during the survey was discussed in paragraph 4.4.

5.2 RESULTS OF THE SURVEY

The questionnaires were faxed to the participants identified in paragraph 4.4.3 in order to gather the information required to evaluate the strategic planning that is done within the various Blood Transfusion Services in South Africa.

5.2.1 THE RESPONSE RATE

A total of seven questionnaires were sent out as stated in 4.4.3 and all seven questionnaires were returned; therefore a 100% return rate.

5.2.2 ANALYSIS OF THE RESULTS

As all the Services were included in the survey population, no major role player was excluded, therefore no distortion of the results was possible. The questions and responses to each question will be presented as a percentage of the total respondents. A statistical comparison will be done between the different Services in order to determine whether the Services are on par with the implementation process or not.

The respondents were requested to respond to the questions by indicating with an X their choice that best describes what they do within their Service (See Annexure A). The results for each section of the questionnaire are presented and discussed
below.

5.2.2.1  **DEFINE THE MISSION**

The results for questions related to defining the mission are contained in Table 5.1.

<table>
<thead>
<tr>
<th></th>
<th>DEFINE THE MISSION</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Establish top management's commitment to the process and its vision for the future.</td>
<td>100.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>1.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>Select the elements to be included in the mission statement.</td>
<td>100.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>1.3</td>
<td>Identify and prioritise the stakeholders and their claims in the organisation.</td>
<td>71.43%</td>
<td>28.57%</td>
</tr>
<tr>
<td>1.4</td>
<td>Draft the mission statement attending to the claims of the most important stakeholders and elements decided on.</td>
<td>100.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>1.5</td>
<td>Consult a selected group of stakeholders to determine their opinion of the mission.</td>
<td>71.43%</td>
<td>28.57%</td>
</tr>
<tr>
<td>1.6</td>
<td>Thrash it out until it expresses the organisation's commitment to its business.</td>
<td>57.14%</td>
<td>42.86%</td>
</tr>
</tbody>
</table>

The results indicated that 100% of the respondents i.e. the management of the various services are committed to the process of strategic planning and the services= vision for the future. All the respondents have indicated that the services have selected the elements to be included in the mission statement. Only 71.43% of the services have indicated that they have identified and prioritised the stakeholders and their claims in the organisation. Although 28.57% of the
services did not identify all their stakeholders, all respondents claim to have drafted their mission based on the claims of their most important stakeholders. The same services (28.57%) referred to above have not consulted with the stakeholders to determine whether they are in agreement with the mission or not. Of the 71.43% of the services who do consult their stakeholders, only one does not thrash the mission out until it expresses the organisation’s commitment to its business. This service claims to have reached consensus with a wide group of the stakeholders involved in its business.

From the results obtained for the questions related to defining the mission of the organisation it is clear that all the services have taken the first step towards implementing this step of the strategic planning process and therefore it can be concluded that this step must be included in the strategic planning process of the Blood Transfusion Services of South Africa.

5.2.2.2 **ANALYSE THE ENVIRONMENT**

The questions and results related to step two are listed in Table 5.2.

**Table 5.2**

Results of Question 2 (Analyse the environment)

<table>
<thead>
<tr>
<th></th>
<th>ANALYSE THE ENVIRONMENT</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>List the elements of the external- or macro-environment, industry or operating environment and internal environment that will influence the organisation.</td>
<td>71.43%</td>
<td>28.57%</td>
</tr>
<tr>
<td>2.2</td>
<td>Establish the influence of political, economic, social and technological factors on the external environment.</td>
<td>85.71%</td>
<td>14.29%</td>
</tr>
<tr>
<td>2.3</td>
<td>Interpret the effect of the factors in the external environment on the industry.</td>
<td>85.71%</td>
<td>14.29%</td>
</tr>
<tr>
<td>2.4</td>
<td>Establish the influence of the major driving forces on</td>
<td>85.71%</td>
<td>14.29%</td>
</tr>
</tbody>
</table>
The majority of the services (71.43%) have included identification of the elements that influence the macro-, operating and internal environment. Although not listing the elements influencing the service within the various environments an additional respondent, 85.71% in total, indicated that they establish the influence of political, economic, social and technological factors on the external environment within which the organisation operates. Not only do these same services evaluate the influence of the external environment on the industry, but they also establish the influence of the driving forces on the industry. All seven services are in agreement that the functional areas that may assist the organisation with the internal analysis of the organisation must be examined. A high percentage (71.43%) of the respondents state that they review the relevance and influence of the environmental levels and factors involved in each of the levels after establishing what they are.

It can be concluded from the results obtained in this question that the individual Blood Transfusion Services in South Africa may be independent from each other, but not only do the Services influence each other within the industry, the operations are influenced by political, economic, social and technological forces present in the macro environment not closely related to the Blood transfusion industry.

5.2.2.3 IDENTIFY THE OBJECTIVES
The questions and results related to step three are listed in Table 5.3.

Table 5.3

Results of Question 3 (Identify the objectives)

<table>
<thead>
<tr>
<th></th>
<th>IDENTIFY THE OBJECTIVES</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1</td>
<td>Identify the major areas for which objectives must be set.</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>3.2</td>
<td>Set within each area, the objectives that will assist the organisation to achieve long-term prosperity.</td>
<td>85.71%</td>
<td>14.29%</td>
</tr>
<tr>
<td>3.3</td>
<td>Ensure that the objectives are direct and to the point and only state the critical facts with a single end result.</td>
<td>71.43%</td>
<td>28.57%</td>
</tr>
<tr>
<td>3.4</td>
<td>Prioritise and select the most important objectives within each area.</td>
<td>71.43%</td>
<td>28.57%</td>
</tr>
<tr>
<td>3.5</td>
<td>Determine the target date for each objective and those responsible for the process involved in achieving each of these objectives.</td>
<td>71.43%</td>
<td>28.57%</td>
</tr>
</tbody>
</table>

Consensus seems to exist among the respondents that objectives need to be identified and all the services (100%) identify the major areas for which objectives
must be set. Only one service (14.29%) does not set objectives in each of these areas that will assist them in achieving long-term prosperity. Objectives should be direct, to the point and only state the critical facts with a single end result, but only 71.43% of the respondents include this step as part of their planning process. Priority should be given to the more important objectives in each area and here again only 71.43% of the services apply this. Only those services, which prioritise and select the most important objectives, determine target dates and responsible individuals or groups of individuals are able to achieve these objectives.

5.2.2.4 IDENTIFY STRATEGIC ISSUES AND STRATEGIES TO MANAGE THESE

Even though important objectives have been identified, these objectives need to be managed and the most effective way to do this is by identifying strategic issues and ways to manage these.

The questions and results related to step four are listed in Table 5.4 below.

Table 5.4

Results of Question 4 (Identify strategic issues and strategies to manage these)

<table>
<thead>
<tr>
<th></th>
<th>IDENTIFY STRATEGIC ISSUES AND STRATEGIES TO MANAGE THESE</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>IDENTIFY STRATEGIC ISSUES AND STRATEGIES TO MANAGE THESE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1</td>
<td>Determine the criteria for evaluating strategic issues.</td>
<td>71.43%</td>
<td>28.57%</td>
</tr>
<tr>
<td>4.2</td>
<td>Identify the strategic issues.</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>4.3</td>
<td>Evaluate and prioritise these strategic issues and the implications in consultation with the stakeholders and planning team.</td>
<td>71.43%</td>
<td>28.57%</td>
</tr>
<tr>
<td>4.4</td>
<td>Implement the strategy of choice</td>
<td>85.71%</td>
<td>14.29%</td>
</tr>
<tr>
<td></td>
<td>Determine the leadership required for successful implementation.</td>
<td>85.71%</td>
<td>14.29%</td>
</tr>
<tr>
<td>---</td>
<td>---------------------------------------------------------------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>4.6</td>
<td>Determine whether resources need to be reallocated.</td>
<td>85.71%</td>
<td>14.29%</td>
</tr>
<tr>
<td>4.7</td>
<td>Develop functional policies to act as guidelines for implementation by lower managers and supervisors.</td>
<td>71.43%</td>
<td>28.57%</td>
</tr>
<tr>
<td>4.8</td>
<td>Determine the most effective organisational structure that will assist in effective strategy implementation.</td>
<td>42.86%</td>
<td>57.14%</td>
</tr>
</tbody>
</table>

All the respondents (100%) stated that they identify strategic issues, but only 71.43% pre-determine criteria for evaluating strategic issues. Only 71.43% of the services evaluate and prioritise these strategic issues and their implication, in consultation with the stakeholders and planning team. One respondent (14.29%) indicated that they do not implement the strategy of choice as they do not prioritise strategic issues or evaluate the implications thereof. The majority of the services (85.71%) determine the leadership required for successful implementation of the strategies of choice. Re-allocation of resources will be considered by 85.71% of the respondents, while guidelines for implementation by lower managers and supervisors are only developed by 71.43% of the respondents. The most effective organisational structure to assist in effective strategy implementation is not considered with 57.14% of the services.

5.2.2.5 **CONTROLLING THE IMPLEMENTATION**

The questions and results of the guidelines for step 5 are presented in Table 5.5.
### Table 5.5
Results of Question 5 (Controlling the implementation)

<table>
<thead>
<tr>
<th></th>
<th>CONTROLLING THE IMPLEMENTATION</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1</td>
<td>Determine whether management is committed to controlling the strategic planning process.</td>
<td>85.71%</td>
<td>14.29%</td>
</tr>
<tr>
<td>5.2</td>
<td>Determine whether the reward system is directly related to the performance of the process.</td>
<td>28.57%</td>
<td>71.43%</td>
</tr>
<tr>
<td>5.3</td>
<td>Ensure that the information collected for evaluation is in a usable format by using an effective management information system.</td>
<td>42.86%</td>
<td>57.14%</td>
</tr>
<tr>
<td>5.4</td>
<td>Determine the time and manner of evaluating the information collected.</td>
<td>28.57%</td>
<td>71.43%</td>
</tr>
<tr>
<td>5.5</td>
<td>Evaluate the process qualitatively and quantitatively.</td>
<td>57.14%</td>
<td>42.86%</td>
</tr>
<tr>
<td>5.6</td>
<td>Implement corrective measures to reach the objectives set.</td>
<td>57.14%</td>
<td>42.86%</td>
</tr>
</tbody>
</table>

The planning process cannot be implemented effectively if it is not controlled and 85.71% of the respondents not only agree with this, but the management is committed to controlling the strategic planning process.

Linking the reward system directly to the performance of the process has only been implemented in two of the services (28.57%). An effective management information system for collection of the usable information seems to be lacking in a large number of services (57.14%). A low percentage (28.57%) of the respondents pre-determine the time and manner of evaluating the information collected using the management information system. Only four (57.14%) of the respondents indicated that they evaluate the process qualitatively and quantitatively or implement corrective measures to reach the objectives set.
5.3 **CONCLUSION**

The results of the empirical study were presented and analysed in this chapter. The response rate and analysis of the questionnaire were discussed. The last chapter will present a summary of the findings of the study followed by some concluding remarks and recommendations.
CHAPTER 6

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

An evaluation of the effectiveness of strategic planning in the Blood Transfusion Services in South Africa is the subject researched in this dissertation.

This chapter, contains a summary of the preceding chapters, including an overview of the empirical findings. Then, finally, recommendations will be made to assist in more effective strategic planning.

6.2 SUMMARY OF CHAPTERS

- Chapter One (Problem statement and definition of concepts)

The aim of this chapter was to present the main problem to be addressed and to outline how the researcher intended to solve the main and sub-problems. Important core concepts were identified to ensure clarity and consistency throughout the research paper.

- Chapter Two (The development of a model for strategic planning)

This chapter aimed at finding a solution to the first sub-problem; namely, identifying ways to conduct effective strategic planning in the Blood Transfusion Services in South Africa.

In order to resolve this, it was necessary to examine existing models for strategic planning in not-for-gain organisations. The core elements of each of these models were identified and the most appropriate model for strategic planning in the Blood
Transfusion Services in South Africa were developed.

- **Chapter Three** (The development of guidelines for the effective execution of each step of the model)

The aim of this chapter was to build on the framework developed in Chapter two by developing guidelines for the effective execution of each step in the Model.

To achieve the goal of this chapter existing guidelines from the literature were examined and the most critical guidelines applicable to implementing strategic planning in the Blood Transfusion Services were identified and included in the guidelines for effective execution of each step of the Model developed.

- **Chapter Four** (The empirical study, methods used and analysis of data)

This chapter gave a description of the empirical study. In order to promote the logical solution of the stated sub-problems, the following broad research procedure was followed:

a) A literature survey to determine the ideal strategic planning process for the Blood Transfusion Services.

b) A survey was conducted to determine whether the current strategic planning process performed by the Blood Transfusion Services falls in with what is described in the literature, by means of a questionnaire analysing the procedures.

c) The findings from (a) and (b) will be used to evaluate the effectiveness of strategic planning done in the Blood Transfusion Services in South Africa.
Chapter 5 (Results of the empirical study)

The results of the empirical study were presented and analysed in this chapter. The following aspects of the questionnaire were discussed: the purpose of the survey, the response rate and analysis of the results.

6.3 SUMMARY OF THE EMPirical FINDINGS

The results of the survey were presented in Chapter Five. The purpose of this paragraph is to summarise the empirical findings and to provide concluding remarks about the findings.

It is clear from the results that the management of the services are all committed to the process of strategic planning and vision for the future. The results show that not all services are on the same level of planning or have not all considered every aspect identified by the researcher as necessary for effective strategic planning.

All the services based their mission on the claims of the major stakeholders of the organisation, although the stakeholders have not formally been identified or consulted by all the services. The services operate as individual organisations, but are not isolated from each other and clearly influences each other within the industry. Not only do the services influence each other, but the changes within the external environment form part of the elements that are considered by the services when determining the strategic direction of the services.

All the respondents indicated that the services identify the major areas for which objectives need to be set to assist the organisations in achieving long-term prosperity. There is however, one service that does not set objectives in these areas. When it comes to strategic issues, all the services state that they identify these, but only 71, 43% pre-determine criteria for evaluating the strategic issues. Most of the services determine the leadership required for successful implementation of the strategies of choice, and if necessary they will re-allocate
the resources required for this purpose. Guidelines for the effective implementation of the strategies of choice by lower managers or supervisors are not developed by all the services, nor do most of the services have control mechanisms in place to assist in effective implementation of the strategic planning process.

6.4 **RECOMMENDATIONS**

6.4.1 **Recommendation 1: Define the Mission**

The Blood Transfusion Services which have not yet included the opinion or claims of the stakeholders involved in the organisation should strongly consider implementing this as part of the services provided to the community.

Once all stakeholders have been consulted and the draft mission has been compiled, it should be thrashed out and refined until it expresses the organisation=s commitment to its business.

6.4.2 **Recommendation 2: Analyse the environment**

Although the Services all operate independently, the planning teams in the organisations that do not include an analysis of the environment should consider this as a priority as the political, economic, social and technological changes that are happening within the operational sphere of the organisations do influence the effectiveness of the service provided to the community.

6.4.3 **Recommendation 3: Identify the objectives**

All the Services identify the major functional areas for which objectives must be set. However, consideration should be given by those services who do not set the objectives for minor areas to assist the organisation in achieving long-term prosperity to do so. Not only should the objectives be set, but the target dates and
responsible individuals for achieving these objectives should also be determined.

6.4.4 **Recommendation 4: Identify strategic issues and strategies to manage these**

Here again all the services agree that the issues should be identified, but not all have done so. The issues identified should be prioritised and strategies of choice should be implemented. Effective implementation cannot take place unless the correct leadership style or individuals is in place to drive the implementation, but even this will not ensure effective implementation if the necessary resources are not available. Greater consideration should be given to allowing the individuals freedom of decision-making regarding allocation of resources and choice of strategies to be implemented.

Assigning decision-making powers to individuals can be greatly assisted if the correct organisational structure, based on the strategic direction the Service wishes to follow, is in place.

6.4.5 **Recommendation 5: Controlling the implementation**

This final step seems to be lacking in most of the Services and the researcher is of the opinion that this should take greater priority with the planning teams of the various services. Motivation of the staff is essential for the stimulation of productivity and therefore it is strongly recommended that a reward system be related to the performance of the process. This can be achieved by implementing a performance appraisal system considering all the aspects of the implementation and achievement of the objectives set in a particular department.

For successful implementation and monitoring of the process it is essential that the management information systems be sophisticated enough to accurately monitor and control the implementation process. The information system should be user friendly and easily adapted to obtain accurate information for thorough
evaluation of the process.

Evaluation is not enough unless the corrective measures are implemented to achieve the objectives set.

6.5 **CONCLUSION**

This chapter viewed the dissertation as a completed project and reviewed the primary aspects covered in the preceding chapter. A number of recommendations for the effective implementation of strategic planning in Blood Transfusion Services were proposed.

It is clear though that more attention should be paid to controlling the implementation process. If the services wish to co-ordinate the planning process two of the smaller services will have to engage in implementing more of the steps described in this research, to make the transition an easier process.
BIBLIOGRAPHY

Books


**Periodicals**


**Government publications**


**Newspaper Articles**


ANNEXURE A

EVALUATION OF THE EFFECTIVENESS OF STRATEGIC PLANNING DONE IN BLOOD TRANSFUSION SERVICES IN SOUTH AFRICA

Please indicate by means of an X placed in the appropriate block whether the following statements describe the manner in which you do strategic planning.

<table>
<thead>
<tr>
<th></th>
<th>DEFINE THE MISSION</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Establish top management's commitment to the process and its vision for the future.</td>
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<tr>
<td>1.2</td>
<td>Select the elements to be included in the mission statement.</td>
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<tr>
<td>1.3</td>
<td>Identify and prioritise the stakeholders and their claims in the organisation.</td>
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<tr>
<td>1.4</td>
<td>Draft the mission statement attending to the claims of the most important stakeholders and elements decided on.</td>
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<tr>
<td>1.5</td>
<td>Consult a selected group of stakeholders to determine their opinion of the mission.</td>
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<tr>
<td>1.6</td>
<td>Thrash it out until it expresses the organisation's commitment to its business.</td>
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<table>
<thead>
<tr>
<th></th>
<th>ANALYSE THE ENVIRONMENT</th>
<th>YES</th>
<th>NO</th>
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</thead>
<tbody>
<tr>
<td>2.1</td>
<td>List the elements of the external- or macro- environment, industry or operating environment and internal environment that will influence the organisation.</td>
<td></td>
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<tr>
<td>2.2</td>
<td>Establish the influence of political, economic, social and technological factors on the external environment.</td>
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<tr>
<td>2.3</td>
<td>Interpret the effect of the factors in the external environment on the industry.</td>
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<tr>
<td>2.4</td>
<td>Establish the influence of the major driving forces on the industry environment.</td>
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</tbody>
</table>
### 2.5 Examine the functional areas that may assist with the internal analysis of the organisation.

### 2.6 Establish how each of these functional areas effect the organisational performance.

### 2.7 Review the relevance and influence of the environmental levels, and factors involved in each of these levels.

### 3 IDENTIFY THE OBJECTIVES

<table>
<thead>
<tr>
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<th>YES</th>
<th>NO</th>
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<tr>
<td>3.1</td>
<td>Identify the major areas for which objectives must be set.</td>
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<td>3.2</td>
<td>Set within each area, the objectives that will assist the organisation to achieve long-term prosperity.</td>
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<td>3.3</td>
<td>Ensure that the objectives are direct and to the point and only state the critical facts with a single end result.</td>
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<tr>
<td>3.4</td>
<td>Prioritise and select the most important objectives within each area.</td>
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<td>3.5</td>
<td>Determine the target date for each objective and those responsible for the process involved in achieving each of these objectives.</td>
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### 4 IDENTIFY STRATEGIC ISSUES AND STRATEGIES TO MANAGE THESE

<table>
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<tr>
<th></th>
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<th>YES</th>
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<tbody>
<tr>
<td>4.1</td>
<td>Determine the criteria for evaluating strategic issues.</td>
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<tr>
<td>4.2</td>
<td>Identify the strategic issues.</td>
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<tr>
<td>4.3</td>
<td>Evaluate and prioritize these strategic issues and the implications in consultation with the stakeholders and planning team</td>
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<td>4.4</td>
<td>Implement the strategy of choice</td>
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<tr>
<td>4.5</td>
<td>Determine the leadership required for successful implementation.</td>
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<td>4.6</td>
<td>Determine whether resources need to be reallocated.</td>
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<td></td>
<td>Develop functional policies to act as guidelines for implementation</td>
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</table>
4.7 by lower managers and supervisors.

4.8 Determine the most effective organisational structure that will assist in effective strategy implementation.

<table>
<thead>
<tr>
<th>5</th>
<th>CONTROLLING THE IMPLEMENTATION</th>
<th>YES</th>
<th>NO</th>
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<tbody>
<tr>
<td>5.1</td>
<td>Determine whether management is committed to controlling the strategic planning process.</td>
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<td>5.2</td>
<td>Determine whether the reward system is directly related to the performance of the process.</td>
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<td>5.3</td>
<td>Ensure that the information collected for evaluation is in a usable format by using an effective management information system.</td>
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<tr>
<td>5.4</td>
<td>Determine the time and manner of evaluating the information collected.</td>
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<tr>
<td>5.5</td>
<td>Evaluate the process qualitatively and quantitatively</td>
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<tr>
<td>5.6</td>
<td>Implement corrective measures to reach the objectives set.</td>
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