

# ITIL® Poster Series #40

## Achieving balance between opposing strategic dynamics

### Introduction

We can describe a service strategy as a decision to follow a future course of action. This is often expressed simply as a plan to move from the current "AS IS" position to the desired "TO BE" future state.

For a service strategy to be successful, however, it must also consider a number of opposing dynamics. These are forces which pull in different directions. We are all familiar with the need to achieve the balance between cost and quality when designing a service – if the quality is too high, the result might be unaffordable, if the cost is too low, the quality will suffer and no-one will want our product, despite its low cost

Here we consider 3 sets of opposing dynamics which need to be considered when formulating a service strategy. If we ignore them, and fail to achieve the correct balance between the 2 opposing tendencies in each case, we run the risk of the service strategy failing.

### THE FUTURE VERSUS PRESENT DYNAMIC

Successful organizations are flexible. It is undoubtedly true that organizations need a strategic direction so that the staff to understand what needs to be done, without wondering whether it is the correct course of action.

It is important to realize, however, that although the strategy for several years ahead may have been decided, no organization has a crystal ball, and changing circumstances may require a new or changed strategy to be adopted.

New opportunities may present themselves, or new competitors may pose an unexpected threat.

**STICKING RIGIDLY TO A PLAN, WHEN THAT PLAN NO LONGER FITS THE SITUATION CAN BE FATAL.**

**FOCUS ON THE FUTURE**

**FOCUS ON THE PRESENT**



### THE OPERATIONAL EFFECTIVENESS VERSUS IMPROVEMENTS IN FUNCTIONALITY DYNAMIC

The second dynamic is the balance that must be struck between operational effectiveness and making functional improvements that may result in gaining an advantage over competitors.

Although operational effectiveness is necessary, it is unlikely to be enough to ensure success. An organisation may run efficiently, and their products may be high quality, but if they do not deliver the features that customers want, they will be unsuccessful, as their customers will look elsewhere for the functionality they desire.

**OVER-EMPHASIS ON IMPROVING OPERATIONAL EFFECTIVENESS MAY LEAD TO MISSED OPPORTUNITIES.**

**IMPROVEMENTS IN OPERATIONAL EFFECTIVENESS**

**IMPROVEMENTS IN FUNCTIONALITY**



### THE TIMING OF THE VALUE CAPTURE DYNAMIC

The third dynamic is concerned with the focus on the timing of 'value capture'.

Value capture is that portion of value creation that a provider is able to keep, such as the profit earned. The two opposing alternatives are firstly the immediate capturing of value as soon as an innovation is launched and secondly the ongoing capturing of value during operations.

A new service may offer something distinctive and therefore attract customers immediately – this is unlikely to last, however, as competitors will soon provide their versions; soon whatever was distinctive becomes expected. This competition will drive down costs, and make capturing value more difficult.

**SERVICE STRATEGY NEEDS TO BOTH ENTRENCH THE CURRENT INNOVATION AND LOOK FORWARD TO IDENTIFY THE NEXT OPPORTUNITY.**

**IMPROVEMENTS IN OPERATIONAL EFFECTIVENESS**

**VALUE CAPTURE DURING ONGOING OPERATIONS**

