



Strategic profiling

A visual representation of internal strategic fit in service organisations

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Abstract

Purpose – The purpose of this exploratory research paper is to present a strategic profiling managerial framework that enables businesses to show visually the level of internal strategic fit in their organisation. Using this framework, service operations managers are able to understand the level of fit that exists, how it is created and identify actions for improving it.

Design/methodology/approach – Case-based research was conducted in eight service organisations to investigate their level of internal fit and the corresponding characteristics of their market, operating strategy and service delivery system. Based on these findings, a strategic profiling framework was developed.

Findings – The strategic profiling framework allows a service organisation to compare the characteristics of its market, operating strategy and service delivery system and determine the level of internal strategic fit. This enables it to see more clearly where conflicts exist and to start to understand the steps required to improve the level of fit in its organisation.

Research limitations/implications – The research used the Heskett strategic service vision and Hill's order-winner and qualifier technique to investigate the level of internal fit. It looked at how they can be applied and the insights they reveal rather than whether the elements they contain are correct. The research focused on developing and presenting a method of visualizing internal fit, rather than investigating the link between fit and performance. The strategic profiling framework developed needs to be tested on a wider sample of organisations to see whether high-fit profiles have high performance and whether the insights it reveals are true for other businesses.

Practical implications – Service organisations can use the strategic profiling framework to understand their level of internal strategic fit, and why it exists, in order to understand how to improve it.

Originality/value – The strategic profiling framework presented in this paper starts to address the gap in the literature around research into the field of internal strategic fit. It also meets the need for more management tools to help businesses develop strategies and understand the level of fit they create.

Keywords Operations management, Strategic planning, Service industries

Paper type Research paper

Introduction

Strategic fit is the degree of linkage or consistency between the competitive priorities, delivery system and infrastructure of an operation (Hayes and Wheelwright, 1984; Adam and Swamidass, 1989; Anderson *et al.*, 1989; Leong *et al.*, 1990; Hill, 1994). This linkage is referred to within the operations strategy and strategic management literature in a variety of ways:



- *strategic fit* – e.g. Miller (1981), Venkatraman (1989), Staughton and Williams (1994), Smith and Reece (1999);
- *strategic alignment* – e.g. Papke-Shields and Malhotra (2001), Joshi *et al.* (2003), Silvestro and Silvestro (2003);
- *strategic consensus* – e.g. Robinson and Stern (1998), Boyer and McDermott (1999); and
- *strategic focus* – e.g. Skinner (1969, 1974), Van Dierdonck and Brandt (1988), Davidow and Uttal (1989a, b), Kimes and Johnston (1990), Nayyar (1992), Stonebraker and Leong (1994), Hill (2000, 2004).

This variation in terminology can cause difficulties when researching the subject, as Venkatraman (1989, p. 423) observes:

A major problem is the lack of corresponding schemes by which fit has been tested. Although it is common for theorists to postulate relationships using phrases and words such as matched with, fit, congruence and co-alignment, precise guidelines for translating these verbal statements to the analytical level are seldom provided.

He identifies six perspectives of fit: fit as moderation, fit as mediation, fit as matching, fit as gestalts, fit as profile deviation, and fit as co-variation. This research uses the definition of fit as matching:

... in which fit is theoretically defined as the match between two related variables ... Stated differently, a measure of fit between two variables is developed independent of any performance anchor (Venkatraman, 1989, p. 430).

Thus, the research assesses variables within an organisation in order to determine if they match each other, rather than taking the view that they must do so in a certain way.

The level of “strategic fit” of an operation has two different dimensions (Draaijer and Boer, 1995; Miller, 1992; Ruffini *et al.*, 2000):

- (1) *External*. Consistency between the competitive configuration in the market and the operations processes and infrastructure in the business.
- (2) *Internal*:
 - consistency between the operations strategy and the overall business strategy;
 - consistency with the other functions in the company; and
 - consistency between the constituent elements and processes of the operations system.

As Boyer and McDermott (1999, p. 289) comment:

For a strategy to be effective it must not only be appropriate (i.e. be well-fitted to its competitive environment) but it also must be communicated and widely understood throughout the organisation.

Smith and Reece (1999, p. 146) support this view when they state:

Although less advanced than the field of general strategy, researchers in operations strategy have also noted the distinction between external and internal fit.

Table I shows a summary of the research to-date on both dimensions of strategic fit in operations. All of these stem primarily from the work of Skinner, who introduced the concept of external fit in 1969, and then looked at the idea of internal fit in his focused factory article in 1974. Building on this work, strategic fit is seen to exist in the following situations:

- *External strategic fit.* Exists when the actions and interests of all company employees are focused on key goals (Robinson and Stern, 1998).
- *Internal strategic fit.* Exists when employees from different levels and functions within an organisation agree on what is most important for the organisation to succeed. Specifically, the level of agreement within an organisation on the relative importance of competitive criteria (Boyer and McDermott, 1999).

Table I shows that the research conducted to-date is predominantly in manufacturing businesses. The only authors who have researched strategic fit in service organisations are Nayyar (1992) and Smith and Reece (1999). Both of these are concerned with the relationship between fit and performance within the external aspect of fit. Thus, there is a gap within the literature in terms of research into the dimension of internal strategic fit within services businesses that this research starts to fill.

An assessment of the level of internal strategic fit within a service operation can be made by reviewing the level of agreement across various functions and levels of employees and processes within an organisation (Boyer and McDermott, 1999). The functions to be reviewed are those that assist operations in supporting the market(s) served by the business such as marketing, sales and customer service. In doing this, three key aspects need to be reviewed to assess the degree of fit:

- (1) *Importance of different competitive criteria in the firms' market(s).* Which competitive criteria do employees consider to be important? And do these vary in importance between the different markets that the company serves? (Menda and Dilts, 1997; Boyer and McDermott, 1999).
- (2) *Operating strategy.* Are the operating strategies of each of the functions consistent with each other in terms of aspects such as investments, performance measures and employee incentivisation? (Heskett, 1986).
- (3) *Service delivery system.* Are the different steps in the service delivery system, provided by different functions, aligned with each other? (Heskett, 1986).

Only when all three of these aspects are known can an assessment of the level of internal strategic fit within the organisation be made.

Visual method for representing strategic fit

There is a need for management tools to help businesses become more competitive (Menda and Dilts, 1997, p. 239), develop and represent strategies (Mills *et al.*, 1998, p. 1083) and understand their level of strategic fit (Staughton and Williams, 1994, p. 84). As a result, there are calls for the development of further frameworks to assist managers in formulating strategy in service organisations (Edgett and Parkinson, 1993) that would be more powerful if presented in a simple, visual form (Spence and Lewandowsky, 1990). The Heskett (1986) strategic service vision is widely accepted in the literature, but seems to have two major disadvantages: first, it does not provide managers with any means of identifying where strategic gaps exist

Table I.
Summary of research conducted on “strategic fit” in operations and the type of operation researched (1980-2001)

Dimension of “strategic fit”	Topic	Research conducted (1980-2001)	Author (date)	Type of operation researched		
				Manufacturing	Service	
External fit	Presence or absence of external fit		Schroeder <i>et al.</i> (1986)	✓		
			Swamidass (1986)	✓		
	Alignment-performance relationships		Christiansen <i>et al.</i> (2003)	✓		
			Nayyar (1992)		✓	
			Smith and Reece (1999)		✓	
			Youndt <i>et al.</i> (1996)		✓	
	Factors that lead to alignment		Ketokivi and Schroeder (2004)	✓		
			Papke-Shields and Malhotra (2001)	✓		
	Total				4	2
	Internal fit	Fit between operations task and planning and control systems		Van Dierdonck and Miller (1980)	✓	
Miller (1981)				✓		
Fit between operations task and production systems			Kim and Lee (1993)	✓		
			Stobaugh and Telesio (1983)	✓		
Fit between operations task and product strategy			Safizadeh <i>et al.</i> (1996)	✓		
			Menda and Dilts (1997)	✓		
Fit between different functional managers' view of market order-winners and qualifiers and the overall business strategy			Boyer and McDermott (1999)	✓		
			Kathuria and Davis (2001)	✓		
Strategic consensus between plant operators and managers			Spina <i>et al.</i> (2002)	✓		
Fit between operations priorities and workforce management practices used by managers						
Correlation between supplier co-design adoption and the level of fit						
Total				8	2	

(Staughton and Williams, 1994); second, it requires further development to create an effective management tool (Gianesi and Correa, 1993). This research aims to address these criticisms by using the Heskett (1986) model to create a managerial framework that organisations can use to understand and then identify actions to improve their internal strategic fit.

In order to be an effective management tool, it was felt the framework should present data in a visual format. As Mills *et al.* (1998, p. 1083) conclude:

It is clear that visual methods of gathering and structuring data are of value to researchers working in organisations. The resulting picture and the rich discussion it provokes may be equally useful to managers and researchers.

This is particularly beneficial for collecting and representing “fuzzy multi-dimensional constructs when analysing organisations” (Meyer, 1991), and strategic fit is certainly one such construct.

Within the fields of general management, strategic management, operations management and operations strategy, a variety of different methods have been used to create a visual representation of data. Four such approaches are:

- (1) *2 × 2 matrix*. Probably the most commonly used method within strategy is the 2×2 business strategy matrix that was originally developed and proposed by the Boston Consultancy Group (1972) and subsequently developed by Porter (1985). It has been used extensively as a method for showing the strategic position of an organisation and for identifying strategic options. This 2×2 format is used to represent a variety of aspects such as industry typology by showing the “processes degree of product differentiation” and “material flow complexity” (Taylor *et al.*, 1981) and the four approaches to customisation with “product” and “representation” axes (Gilmore and Pine, 1997).
- (2) *Triangular matrix*. Whilst the 2×2 matrix allows two alternative dimensions to be compared, Harvey (1990) uses a triangular matrix to compare the three aspects of management power, professional power and client power. He uses this approach to describe and compare the typology of alternative professional service organisations.
- (3) *Product/service profiling*. This is described as a:

... simple pictorial device that illustrates the marketing-manufacturing interface (within a firm). Its power lies in its simplicity of presentation and its facility to express a complex business situation in a single visual image, drawing attention to the points at which fit is inadequate (Staughton and Williams, 1994, p. 81).

Hill (1985) developed this method and presents it as being applicable to both services and manufacturing, although no service examples are offered. Staughton and Williams (1994) started to address this by offering alternative service-based dimensions, although the structure of the analysis and the method of presenting the data were the same as those of Hill (1985).

- (4) *Fitness landscape*. McCarthy (2004) proposes fitness landscape theory for investigating and presenting strategic fit within operations strategy. This approach is also used to assess organisational development and change (Beinhocker, 1999; McKelvey, 1999; Reuf, 1997), the evolution of organisational structures (Levinthal, 1996), innovation networks (Frenken, 2000) and

technology selection (McCarthy and Tan, 2000; McCarthy, 2003). Essentially, the method “involves identifying the elements of strategy and recognising that the connectivity between the elements and the coupledness between competing strategies will influence the typology of the fitness landscape” (McCarthy, 2004, p. 143). The result is the production of a three-dimensional landscape that determines a firm’s current position, where it should be and how to get there.

Each of these four approaches differs in the type of data they can present, the simplicity of this representation, the ease of compiling information, the ease of completing the analysis, the level and variety of data they can compare, and how the data can be interpreted and understood. Table II summarises the characteristics of each approach. This shows how they vary in complexity and the level of insight revealed. For example, a 2×2 matrix can present both quantitative and qualitative data. The visual representation of this data is simple and it is easy to compile the necessary information and complete the analysis. However, only two variables can be presented although several positions on the matrix can be compared at once such as the position of alternative products/services, markets, business units, companies or industries. It is easy to understand the position a business may wish to achieve on the matrix, the action required to improve its position and when a desirable position has been achieved. The ease of application and level of insight revealed by the matrix has led to its wide adoption in managerial frameworks. It can be used to represent how external and internal factors affect and constrain strategic choice and fit, but is limited to presenting only two dimensions.

At the other end of the continuum, the fitness landscape can be used to create a complex visual representation of quantitative data but the process of compiling the necessary information is difficult. Using this method, it is possible to compare three different variables at once but there is only a single position on each landscape. Comparing alternative positions involves creating a landscape for each one and determining how and when they vary, which is difficult given the visual complexity of each landscape. Equally, it is difficult to understand the desirable position to achieve on the landscape, the action required to improve the landscape and when the desired position has been reached. The real benefit, however, of this method is its ability to consider connections and coupling between many dimensions. Thus, the fitness landscape method is more suited to simulations and theory testing studies.

The other methods described have characteristics more similar to the 2×2 matrix in terms of their simplicity and insights revealed. However, the product/service profiling method is the only one that allows four or more variables and two or more positions to be easily compared on the same framework. This method was the one used to create the managerial framework for visually representing internal strategic fit as it was the only one able to present the 21 variables necessary to show the market, operating strategy and service delivery system characteristics of an organisation so that the level of fit between them can be compared. Equally, as the organisations researched often serve multiple markets with multiple operating strategies and service delivery systems it was important that the framework allows multiple positions to be represented and compared easily against each other. As such, the variance between the market, operating strategy and service delivery system within an organisation and between different parts of an organisation could be shown through a simple, but

Characteristic	Method of representing data				Service landscape
	2 × 2 matrix	Triangular matrix	Product/service profiling	Service landscape	
Type of data	Quantitative	✓	✓	✓	✓
Visual representation of data	Qualitative	✓	✓	✓	
	Simple	✓	✓	✓	
	Complex	✓	✓	✓	
Process of compiling information and completing analysis	Easy	✓	✓	✓	
	Difficult				✓
Compare	Different variables at once (No. of variables)	✓			✓
	2				✓
	3		✓		✓
	4 or more			✓	✓
Understand	Different positions at once (No. of positions)	✓	✓	✓	✓
	1	✓	✓	✓	✓
	2 or more	✓	✓	✓	✓
	Easy	✓	✓	✓	✓
Understand	Alternative positions on these variables				✓
	Difficult				✓
	Easy	✓	✓	✓	✓
	Difficult				✓
Understand	What position wish to achieve	✓	✓	✓	✓
	Action required to improve position	✓	✓	✓	✓
	When achieve desirable position	✓	✓	✓	✓
Understand	Difficult				✓
	Easy	✓	✓	✓	✓
Understand	Difficult				✓

Table II. Comparison of some characteristics of different methods of representing data

valuable presentation of internal fit. It is also easy to understand what position to achieve on the framework, the action required to improve the level of fit and when high fit has been achieved.

Methodology

The research aims to develop a managerial framework that allows a business to understand its level of internal strategic fit, how it is created and how it could be improved. It is concerned with building theory by identifying/describing key variables, identifying linkages between these variables and understanding “why” these relationships exist (Voss *et al.*, 2002). For this reason, a multiple case study design was used (Yin, 1994). Eight businesses were selected using replication logic rather than sampling logic so that data either predicted similar results to the other case studies (literal replication) or produced contrary results to the other case studies but for predictable reasons (theoretical replication). For example, Companies 5 and 6 were chosen as they were expected to produce a high level of fit (literal replication). By contrast, Company 3 was selected as it was expected to produce a low level of fit (theoretical replication). The purpose of this was to build a database of cases with varying levels of fit and also varying characteristics in terms of the markets they serve, their organisational size and structure, the style of management within the business, the types of employees, the operating strategies and service delivery systems used (Table III). By using both literal and theoretical replication, the richness and robustness of the database and subsequent managerial framework is increased (Eisenhardt, 1989).

As the research is developing a managerial framework to be used by businesses of varying sizes, functional structures and delivery systems then the case studies investigated must reflect this. Table IV shows some varying characteristics of the case studies investigated. It is this variance that creates the literal and theoretical replication required to build theory through multiple case study research. Once it was felt that theoretical saturation had been reached no further case studies were added (Eisenhardt, 1989).

In order to research the level of internal strategic fit in each case, the Hill (1985) market order-winner and qualifiers technique and the Heskett (1986) strategic service vision framework were used to assess three aspects:

- (1) *The importance of different competitive criteria in the firms' market(s)*. Using Hill's (1985) market order-winners and qualifiers technique.
- (2) *The operating strategy*. Heskett (1986) “strategic service vision”.
- (3) *The service delivery system*. Heskett (1986) “strategic service vision”.

It is worth noting that the market order-winners and qualifiers technique developed by Hill (1985) has its origin in a manufacturing, rather than a service environment. However, it was felt to be the most appropriate method of evaluating the importance of different competitive criteria in the firm market(s) because it is able to test fit at a number of different levels (market segments, competitive criteria and weighting of competitive criteria) and it has wide acceptance in the operations management literature (Adam and Swamidass, 1989; Anderson *et al.*, 1989; Macbeth, 1989; Slack, 1991; Harrison, 1993; Johnston *et al.*, 1993). The Heskett (1986) strategic service vision model was also selected because of its wide adoption in the literature although it does not provide managers with the means of identifying where strategic gaps exist (Staughton and Williams, 1994) and

Market	Types of industry sector(s) Types of customer(s) No. of customers No. of market segments No. of services offered Market stability
Organisational	Annual sales revenue Annual sales volume No. of sites No. of employees No. of functions and no of services offered
Operating	Type of management structure No. of functions Type of functions No. of hierarchical levels Part of a group of companies
Management style	Type of communication Frequency of communication Overall management style
Employee	Employee skill level(s) In-house resource function(s) External resource function(s)
Operating strategy	Payment and reward system(s) Type of performance measures Type of training and development
Service delivery system	No. of key steps No. of function(s) involved Type of function(s) involved No. of sites involved No. of employees involved

Table III.
Varying characteristic
categories of case studies
researched

Characteristics	Case study							
	1	2	3	4	5	6	7	8
Annual sales revenue (£M)	1,010	4,220	210	540	180	120	3,710	6,020
Annual sales volume (000 s)	4,314	240	185	390	1,400	1,100	100	650
No. of customers (000 s)	4,310	240	55	5	1,400	1,100	100	650
No. of market segments	7	4	4	2	4	4	7	6
No. of services offered	5	5	5	8	2	2	5	10
Geographical location	UK	UK	UK	UK	UK	UK	UK	UK
No. of sites	5	5	6	3	12	12	4	1
No. of employees	1,200	950	650	30	1,400	1,200	300	750
No. of functions	5	4	5	5	4	4	3	8
No. of steps in the delivery system	5	5	11	6	6	5	5	6
Typical no of hierarchical levels	7	5	7	3	7	7	6	5

Table IV.
Some examples of the
varying characteristics of
the case studies
researched

it requires further development to create an effective management tool (Gianesi and Correa, 1993). As previously stated, the research aims to overcome these criticisms by creating a management framework based on the model.

Quantitative and qualitative data for each case study were collected in a systematic way using site visits, archival information analysis, interviews and observation. Table V shows the number of executives interviewed in each case study by function and level beneath the managing director. The type of executive interviewed reflected the nature of the organisation being researched and the aspect of fit being assessed, but typically worked in the operations, sales and marketing or other support function and ranged from the managing director to three beneath him/her. For example, more senior executives knew more about the importance of competitive criteria and the operating strategy, whereas less senior executives better understood how the service was delivered.

Interviews were conducted face-to-face and lasted between one and two hours per executive depending on the number of fit aspects being investigated. Each interview was conducted in a standardised format and formal procedures ensured the quality of the data collected. The questions used to assess each aspect of fit are shown in Tables VI-VIII.

Perceptual triangulation assured the facts gathered were correct and a case study database was developed to facilitate cross-case analysis. Within each case study, explicit links were made between the questions asked, data collected and the conclusions drawn to increase the reliability of the information obtained. A detailed write-up was completed for each case and tables were used to categorise the data, analyse the level of internal fit and review its market, operating strategy and service delivery system characteristics. The idea was to become intimately familiar with each case as a stand-alone entity, allowing the unique patterns to emerge before looking for patterns across cases (Eisenhardt, 1989). The findings were presented back to the company and discussed with the appropriate members of their management team. In five case studies, this led to changes in the operating strategy or service delivery system that increased the level of fit in the organisation.

After analysing the data within each case, the findings were searched for cross-case patterns looking for within-group similarities and inter-group differences. Pairs of cases were selected to analyse the similarities and differences between them regarding their level of fit and market, operating strategy and service delivery system characteristics. Based on the alternative characteristics found within each case, a managerial framework was developed to allow companies to visually present the level of fit in their business. This framework was then applied to the eight organisations researched to understand how its level of fit is created and how it could be improved. In several instances this led to subsequent action to increase the level of fit in the business.

Findings

The research found varying levels of fit across the eight companies and differing market, operating strategy and service delivery system characteristics. A strategic profiling framework was developed using these findings. Examples of its application to a high- and low-fit organisation are shown and the resultant insights discussed.

Element of internal strategic fit	Type of executive	No. of executives interviewed in each case study																		
		1	2	3	4	5	6	7	8											
Importance of competitive criteria	Function																			
	Managing director	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
	Operations	9	6	5	4	8	8	8	5	5	5	5	5	5	5	5	5	5	5	5
	Sales and marketing	9	8	3	4	2	2	2	6	2	2	2	2	2	2	2	2	2	2	2
	Support	-	2	-	-	2	2	2	-	-	-	-	-	-	-	-	-	-	-	-
	Other	2	-	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	21	17	11	11	13	13	13	12	12	12	12	12	12	12	12	12	12	12	12
	No. of levels beneath the managing director	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
	1	6	5	6	6	7	7	7	3	8	8	8	8	8	8	8	8	8	8	8
	2	12	3	3	4	5	5	5	8	5	5	5	5	5	5	5	5	5	5	5
3	2	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Operating strategy	Function																			
	Managing director	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
	Operations	12	6	7	6	15	15	15	10	10	10	10	10	10	10	10	10	10	10	10
	Sales and marketing	7	7	3	4	2	2	2	6	3	3	3	3	3	3	3	3	3	3	3
	Support	-	2	2	-	2	2	2	-	-	-	-	-	-	-	-	-	-	-	-
	Other	2	-	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	22	16	15	13	20	20	20	17	19	19	19	19	19	19	19	19	19	19	19
	No. of levels beneath the managing director	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
	1	6	5	7	5	7	7	3	8	8	8	8	8	8	8	8	8	8	8	8
	2	11	4	7	6	8	8	9	5	5	5	5	5	5	5	5	5	5	5	5
3	4	6	-	-	3	3	4	5	5	5	5	5	5	5	5	5	5	5	5	
Service delivery system	Function																			
	Managing director	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
	Operations	26	11	16	6	25	25	25	9	10	10	10	10	10	10	10	10	10	10	10
	Sales and marketing	3	10	2	4	2	2	11	3	3	3	3	3	3	3	3	3	3	3	3
	Support	-	2	-	-	2	2	2	-	-	-	-	-	-	-	-	-	-	-	-
	Other	2	-	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	32	24	21	13	30	30	30	21	16	16	16	16	16	16	16	16	16	16	16
	No. of levels beneath the managing director	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
	1	4	4	4	4	5	5	5	3	3	3	3	3	3	3	3	3	3	3	3
	2	9	5	5	7	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
3	18	14	11	-	16	16	16	9	5	5	5	5	5	5	5	5	5	5	5	

Table V.
Number and type of executives interviewed in each case study to analyse their opinion of the three elements of internal strategic fit

Level of internal strategic fit of cases researched

The assessment of the overall level of internal strategic fit consisted of three steps:

- (1) *Categorising competitive criteria identified by executives.* Firstly, the competitive criteria identified by the executives interviewed in each company were put into categories. Table IX shows how alternative criteria were grouped. For example, in

Element being reviewed	Structured set of questions
Segment the market	How many markets does your business compete in? What "name" would you give to each of these segments? What is the size (£k) of each of these market segments?
Identify customer groups	Take each market segment, and ask further questions: What products or services do you either sell or provide to customers within this segment? What types of customers do you sell or provide products or services to within this segment? Is it possible to group together any of these customers in terms of the way in which they behave? In terms of the needs and demands that they place on the business Could you give me some examples of representative customers within each of these groups? Are all of these customers representative of this customer group? (Check for each customer group). Or are there further customer groups in this segment?
Identify order-winners and qualifiers	Take each customer group and ask further questions: How do you win business with each customer group? What dimensions are important within each customer group? For example: price, delivery reliability or design capability Take each dimension and ask further questions: Is this dimension an order-winner or a qualifier? Explain the distinction between these two dimensions Is this the same for all customers within this group? If not, does this group actually split into more than one group?
Weight order-winners and qualifiers	Take each qualifier and ask further questions: Would the failure to meet this qualifier affect future business with this customer group? If so, how quickly would the impact on future business be? How do you feel the importance of each qualifier will vary over the next five years within this customer group? Would the answer to the previous three questions be the same for all customers within this group? If not, does this group actually split into more than one group? Take each order-winner and ask further questions: How would you rate each of these order-winners in terms of their relative importance to this customer group? Allocate 100 points across all the order-winners in each customer group to show their importance in terms of winning business with this customer group Would these weightings be the same for all customers within this group? If not, does this group actually split into more than one group?

Table VI.
Structured set of questions asked within focused interviews used to analyse the executive's opinion of the importance of different competitive criteria in the markets they serve

Table VII.

Structured set of questions asked within focused interviews used to analyse the executive's opinion of the operating strategy within their business function

Element being reviewed	Structured set of questions
Elements of strategy	What are the important elements of the strategy within your function?
Investments	Where are investments made? What have been the investment priorities in the last five years? What are the projected investment priorities for the next five years?
Performance measures	How is the performance of the business measured? What performance targets exist? What are the recent performance trends or achievements? Are these measures consistent within the different business functions? Is the level of importance of these measures consistent throughout the organisation? Are there soft measures as well as hard measures? Do the measures vary in level of importance? Which is the most useful to you? Which does your manager consider to be most useful? Do these measures reflect the importance of different competitive criteria identified in the previous section? How is customer satisfaction measured?
Employee incentivisation, reward and development	How are employees incentivised, rewarded and developed? How is customer satisfaction linked into the payment and reward system? What types of training exist? What is the extent, type and orientation of training within the different business functions?

Company 7, “one stop shop” “accurate and timely bills” and “account manager” were grouped as “customer service”. In all instances, it was confirmed with executives that these groupings were appropriate.

- (2) *Summarising dimensions of operating strategy and service delivery systems.* Following this, each of the dimensions of operating strategy and the service delivery system were summarised to give a cross-functional perspective for the whole of the business.
- (3) *Comparing operating strategy and the service delivery system with categories of competitive criteria.* Finally, each operating strategy and service delivery system summary was compared with the categories of competitive criteria identified by executives. In other words, did the operating strategy fit the competitive criteria and did the service delivery system fit the competitive criteria?

The data from this assessment were then placed into a table for each organisation. The tables allowed the data to be reviewed and the level of fit determined between the operating strategy and the category of competitive criteria; and also between the service delivery system and the categories of competitive criteria. A level of fit in each case study was determined by calculating the percentage of total competitive criteria groupings that were matched by the operating strategy and the service delivery system. For example, in Company 4 design capability, delivery reliability, quality conformance, customer service, price and brand name were identified as important

Element being reviewed	Structured set of questions
Key steps in the service delivery system	<p>What are the key steps in the service delivery system? Which business functions provide each of these steps? How is the co-ordination of each of these steps managed? When was the current service delivery system developed?</p>
Role of people, technology, equipment, layout and procedures	<p>What is the role of people, technology, equipment, layout and procedures within the service delivery system? How does this vary by the different steps within the delivery systems?</p>
Demand management	<p>How is demand managed within the different steps of the service delivery system? What is the profile of demand by capacity skill type? What is the profile of demand by channel (e.g. telephone or letter)? What are the trends of demand? How is demand translated from quantity into hours? How is demand forecasted? How does this reflect trends and special events? (E.g. advertising and promotions) How often is demand forecasted? Hourly, daily or weekly basis?</p>
Capacity management	<p>How is capacity managed within the different steps of the service delivery system? How many staff are there? What percentage of the staff is temporary/permanent? Are staff categorised into different skill levels? How is the level of skill measured? What is the typical training/development time between each skill level? What is the number of staff by skill level? How is capacity planned? How are the different skill levels reflected in the capacity planning process?</p>
Quality management	<p>How is the quality of the service determined and managed? How does this feed into corrective action/training? What types of customer feedback exists? How frequent is this feedback? How is this feedback communicated within the organisation? Does this feedback link into the payment and reward system?</p>
Service differentiation	<p>How is the service differentiated from the competition?</p>
Barriers to entry	<p>How are barriers to entry provided?</p>

Table VIII.
Structured set of questions asked within focused interviews used to analyse the executive's opinion of the elements of the service delivery system conducted within their business function

competitive criteria groups. Its operating strategy fits with all these groups giving it 100 per cent between operating strategy and competitive criteria; its service delivery system fits with all groups apart from brand name giving it 83 per cent fit between service-delivery system and competitive criteria. Each case study was plotted onto a 2 × 2 matrix to show its overall level of fit as shown in Figure 1.

The results clearly show a wide range of overall internal strategic fit in the companies reviewed. At one extreme, there is a high degree of fit in Company 4 across the three dimensions as both its operating strategy and service delivery system are aligned with the competitive criteria identified as being important by executives. However, others such as Companies 5 and 6 have highly aligned operating strategies and service delivery systems, but these are not orientated to the needs of their markets. For example, in both cases brand image was seen to be a highly significant

Grouping	Competitive criteria identified by executives		
	Price	Discount	Commission
Design capability	Design capability Technical support Technical capability Product/service design	Product/service offering Product warrantee Added value products Loyalty products	Green products Flexible payment Budget payments
Customer service	Customer Service Not hassled Accurate and timely bills Answer telephone Knowledgeable staff	One point of contact Easy to do business with Friendly/professional Clear product explanation Existing relationship	One stop shop Quick and efficient Account manager Quick quote Quick decision
Delivery speed	Delivery speed		
Delivery reliability	Delivery reliability Reliability of supply	Time window available Keeping appointment	
Quality conformance	Quality conformance	Meeting design specification	Safety
Brand name	Brand name		
Licensed operator	Licensed operator		

Table IX.
Groupings of competitive criteria identified by executives

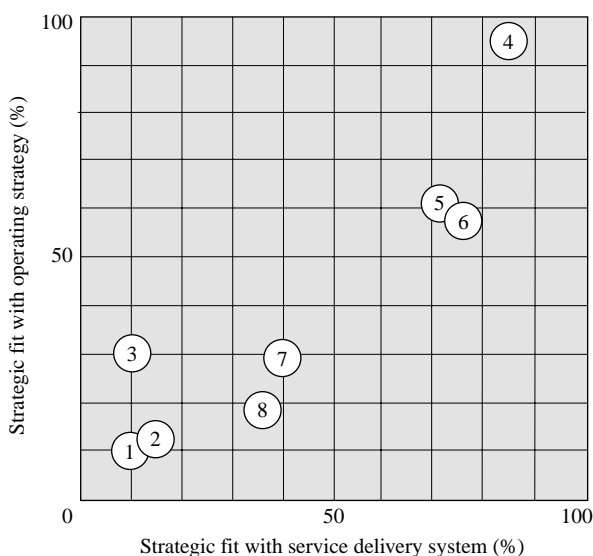


Figure 1.
Level of strategic fit of operating strategies and service delivery systems with competitive criteria groups identified by executives in each case study

order-winner in several market segments yet was not supported in any way by the operating strategy or service delivery system. By contrast, the other five companies had less than a 50 per cent level of fit. In the case of Company 1, there was virtually no fit between the competitive criteria and the operating strategy (12 per cent) and service-delivery system (11 per cent). In fact, of the seven categories identified by executives only two (price and customer service) had any level of fit, and this was only 35 and 47 per cent, respectively.

In Company 4, there is high fit across all of the groups of competitive criteria. One such criterion is product design. Here, we see that designing new products is an

important element of its operating strategy with a technical plan in place for each customer and the objectives set out by this feed into employee incentivisation, reward and development. An account manager works with a client to identify opportunities for developing new products and to ensure that existing products are designed to the appropriate standard. It is also important that products are delivered on time. On time, delivery is measured for all customer orders and investments were made in a computer system to link all the operations functions. At any point, customers are able to contact their account manager to rearrange delivery times or ascertain why problems may have occurred to ensure that they are not repeated in the future.

Company 5 is another illustration of a high-fit organisation. Here, there is a high level of fit with some, but not all the competitive criteria. The operating strategy and service delivery system of the business clearly support the criteria of customer service, price, safety and data integrity, but not brand image or technical capability. For example, price and the resultant need to reduce cost is supported by the investment in a computer system that links the operations functions and automates the majority of the business processes. Performance measures focus on reducing cost and the targets set are linked into a structured appraisal system that incentivises, rewards and develops employees. Employee bonuses are based on meeting these performance targets. However, price is not the only competitive criterion with which the business is aligned. For instance, there is also an equal level of fit with customer service. Customer complaints and satisfaction surveys are used across the business to identify areas of poor quality and highlight opportunities for improvement. The computer system also ensures the service is delivered quickly and in line with customer requirements.

Companies 4 and 5 highlight the alternative methods for achieving fit. Company 4 is more people-based and focused on the customer, whereas Company 5 uses technology to deliver the service and focuses more on the process used to deliver this. The alternative approaches reflect the differing nature of the business and the markets in which they work. Company 5 operates in a high volume, price-sensitive market while Company 4 is more concerned with developing new markets and managing relationships with existing customers.

Companies 4, 5 and 6 were the three organisations found to have the highest overall level of fit. The other five businesses researched show a different picture. Company 1 has the lowest fit of all the businesses researched where there is low fit across all of the seven important competitive criteria groups identified by executives, and no fit with five of them. For instance, the low fit on price results from investments to reduce the number of sites and the performance measures used. However, the need to reduce cost is not reflected in the way employees are incentivised, rewarded or developed. Equally, few processes have been automated and capacity is tightly managed in some areas, while other parts of the organisation have high levels of paperwork and excess staff levels. There is a similar level of support for the customer service competitive criteria. Reducing customer complaints is an important element of the operating strategy and is supported by the performance measures used, how quality is managed and the role of people, procedures and technology are used in delivering the service. However, the importance of customer service is not reflected in any of the other dimensions of the operating strategy or service delivery system. For example, the lack of demand forecasting appeared to contribute to customers typically having to wait for long periods before they are served.

The market, operating strategy and service delivery system characteristics of cases researched

The first, and most important, market characteristic of an organisation is the competitive criteria they must support. The criteria found within the companies researched were price, design capability, customer service, delivery speed, delivery reliability and quality conformance. Some companies sell a specific capability to their customers such as their ability to design a product, the level of customer service they provide or how quickly they can supply a product/service. Alternatively, other companies tend to compete predominantly on price and provide a standard product/service to their customers. The key business and management tasks vary between organisations, as do the order volume, technical similarity and content of the orders they receive from their customers. For example, Company 2 competes mainly on price so its key tasks are to manage and reduce its operating costs by ensuring that there is a high-throughput speed and efficiency in its operation. Customer order volumes tend to be high, the products/services are all technically similar in nature and there is very little work or design content for each order it receives. By contrast, the opposite is true for Company 4. Here, all products/services are designed to order and take many months to complete. It wins its business by designing products better than its competitors, thus its key business task is to respond to customer needs and manage the product-design process.

The operating strategy characteristics of the eight organisations also vary. For example, in price sensitive markets the key business task is cost reduction and the key management task is managing throughput speed and efficiency. Investments tend to be made in the three areas of service delivery system, organisational structure or advertising/promotion; and vary in terms of their orientation. For example, investment in the service delivery system may focus on either technology/equipment or the people in the process. Equally, performance measures tend to be orientated to internal business needs such as cost reduction or customer needs such as the level of customer support provided. How the employees within the business are incentivised, rewarded and developed also varies. It can be linked to either internal-business needs, such as sales revenue, or customer needs such as level of customer support provided. For example, in Company 5, the price sensitive nature of its markets means it has to reduce costs continually and manage the efficiency of its operation. It has invested heavily in the technology/equipment of its service delivery system and centralised its organisational structure. The performance measures it uses focus on cost reduction and efficiency. Employees are incentivised using a structured appraisal system linked to business performance; there is a bonus system based on performance targets and a formal development process based on regular skill assessments. Company 4 has a similar method for developing, incentivising and rewarding its employees. The product design and customer requirement of its market means it has chosen to invest in the skill of its people and it uses a decentralised organisational structure so it can be based close to its major customers' facilities.

The role of people in the service delivery system varies by the task they perform (either processing work or managing customers), the level of interaction with the customer, the organisational structure and whether the resource is in-house or outsourced. For example, in Company 1, people processed work, had very little customer interaction and worked in a functional organisation where a large percentage of the resource was outsourced. The opposite was true for Company 3 where the main

task of people in the delivery system is to manage customers. To assist this, they use a decentralised structure where employees have high-customer contact.

The level of automation in the delivery system varies and can involve complex or simple technology. It tends to be either dedicated to a certain number of products/services or is flexible across a wide range. The procedures used in the delivery system tend to have high or low flexibility. The layout of the delivery system is either single or multi-site; and is of a functional or team-based structure. Capacity is managed in various ways depending on the number of sites involved, the structure of the layout and the level of flexibility required. For example, the delivery system used by Company 2 is highly automated and is managed using a complex computer system. This computer system processes a wide range of products/services with very flexible procedures for employees allowing them to cope with the diversity involved. The activities within the delivery system are organised by function and split across a number of different sites, each dedicated to a specific role.

Demand management also varies by company. The unit of measure upon which it is forecasted is often different; and a mismatch between demand and capacity tends to be managed by either a short-term capacity increase or through the use of queues. Quality is managed using a proactive or reactive approach that focuses on monitoring either the people delivering the service or the steps in the process itself. For example, in Company 8, demand is forecasted for the different products/services that it supplies and over-time/subcontractors are used to cope with any instances where it is higher than expected. It uses a customer satisfaction survey to understand the quality of the service delivered, asking customers to comment on each step of the service delivery system. Company 1 does not forecast demand and if it happens to be higher than the capacity available then customers are expected to wait until they are served. The company does not contact customers to understand if they are satisfied with the service provided, instead it waits for them to complain and then takes appropriate action.

Managerial framework for visually representing internal strategic fit

The previous section shows that the data used to represent the market, operating strategies and service-delivery system characteristics of an organisation has a number of different features:

- *Qualitative.* The information is of a qualitative nature. For example, demand management might be “forecasted around customer groups and steps in the computer system”.
- *Multiple variables.* There are multiple variables within the data in terms of the dimensions of each aspect of fit and also the characteristics within each dimension. There were 17 dimensions and 73 typical characteristics in total across the three aspects of fit for the eight companies researched.
- *Multiple position.* As well as the data having multiple variables, there are also multiple positions to represent. On average 4-5 positions need to be presented for each company researched.

As the data has these characteristics, the “service profiling” method was the most appropriate basis for the managerial framework. The other benefits of this method are that it is a simple visual data presentation, it is easy to compile information, easy to complete analysis and easy to understand (Table III). However, although the method of

representation was appropriate, the dimensions contained within the frameworks outlined by Hill (1985) and/or Staughton and Williams (1994) were not. Instead, the characteristics identified in the previous section were used to generate the managerial framework shown in Figure 2. To illustrate how the framework can be used to understand the level of fit within a business, examples are given of a low- and high-fit organisation in the next two sections.

Application to a low-fit company

An example of the application of the strategic profiling framework to a “low fit” organisation is now given for Company 3. The resultant profile in Figure 3 shows a number of aspects:

- *Different market characteristics.* Company 3 supports three markets all with distinctly different characteristics. In Market 1, design capability is the key order-winner and the company meets this using a highly customised product/service. However, Market 3 is at the other extreme being very price sensitive and requiring a standard product/service. Market 2 is a mix of the two, it requires a higher level of customer service than Market 3 but the company still sells a standard product/service.
- *Different business and management tasks.* The different market characteristics mean that Company 3 is faced with a variety of business and management tasks. It has to respond to customer needs whilst at the same time reducing process costs.
- *Single operating strategy.* It tries to meet the differing market characteristics and business and management tasks with a single operating strategy. The result is low fit within its operating strategy as indicated by the jagged profile. By trying to meet the needs of all three markets with a single strategy, it ends up not fully meeting any of them.
- *Single service delivery system.* As with the operating strategy, it has tried to meet the differing market characteristics and business and management tasks with a single service delivery system. Again, the result is low fit as indicated by the jagged profile.
- *Low internal strategic fit.* The overall comparison of the market, operating strategy and service delivery system of the business shows the lack of fit caused by trying to meet all three market requirements through a single operating strategy and service delivery system.

The strategic profile of Company 3 allowed it to see more clearly where conflicts existed and the cause of its low fit. As a result, it chose to restructure itself and created two separate operations within its organisation: Operation 1 supplying Market 1 and Operation 2 supplying Markets 2 and 3.

Operation 1 maintained its decentralised layout but moved to a team-based structure orientated around serving different customer groups in Market 1. It introduced a set of performance measures that reflected the product design and customer service order-winners demanded by its customers. The incentivisation, reward and development of employees were modified to reflect the new performance measures and targets introduced. The key task in the service delivery system now

Aspects		Typical characteristics	
How are orders won?	Order-winning criteria	Design capability, delivery speed	Price
	Qualifying criteria	Delivery reliability, price	Delivery reliability, quality conformance
What does the company sell?		Capability	Standard product/service
Product customisation		High	Low
Key task	Business	Responding to customer needs	Cost reduction
	Management	Product design/meeting schedules	Throughput speed/efficiency
Order nature	Order volume	Low	High
	Technical similarity	Low	High
Organisation	Layout	Decentralised	Centralised
	Structure	Team based	Functional
	Orientation	Customers	Processes
Performance measurement orientation		Level of customer support	Cost reduction
Employee incentivisation, reward and development orientation		Customer need	Internal business need
Service delivery system	Key task	Managing customers	Processing work
	Key resource	People	Technology/equipment
	Level of flexibility	High	Low
	Level of automation	Low	High
	Customer interaction	Level	High
Type		Face-to-face	Telephone
Quality management orientation		People	Process
Level of service differentiation and competitor barriers to entry		High	Low

Figure 2. Managerial framework for visually representing the level of internal strategic fit of an organisation

Aspects		Typical characteristics	
How are orders won?	Order-winning criteria	Design capability	Price
	Qualifying criteria	Delivery reliability, price	Delivery reliability, quality conformance
What does the company sell?		Capability	Standard product/service
Product customisation		High	Low
Key task	Business	Responding to customer needs	Cost reduction
	Management	Product design/meeting schedules	Throughput speed/efficiency
Order nature	Order volume	Low	High
	Technical similarity	Low	High
Organisation	Layout	Decentralised	Centralised
	Structure	Team based	Functional
	Orientation	Customers	Processes
Performance measurement orientation		Level of customer support	Cost reduction
Employee incentivisation, reward and development orientation		Customer need	Internal business need
Service delivery system	Key task	Managing customers	Processing work
	Key resource	People	Technology/equipment
	Level of flexibility	High	Low
	Level of automation	Low	High
	Customer interaction	Level	High
Type		Face-to-face	Telephone
Quality management orientation		People	Process
Level of service differentiation and competitor barriers to entry		High	Low

Key ⊕ Market segment 1 ● Overview across all functions of the business
 ● Market segment 2
 ○ Market segment 3

Figure 3.
 Strategic profile for Company 3: a "low fit" organisation

concerned managing customers. It carefully selected people from the existing business whose skills matched this task and, where appropriate, retrained existing staff or recruited new ones. Each customer team now works closely with customers through regular face-to-face meetings to help identify their needs and develop appropriate products/services. The skill and quality of the employees in these teams ensure the quality of the products/services delivered; and the resultant level of service provided is clearly differentiated from its competitors.

By splitting out the more complex and paperwork-based element of its business, Operation 2 is now able to focus on reducing cost to meet the price sensitive nature of Markets 2 and 3. The high-order volume, technically similar and repeatable nature of customer orders in these markets meant it could invest in developing the equipment necessary for a more efficient delivery system. It created a single centralised site where all orders were processed using a highly automated process, designed specifically for the now reduced product/service range. Customer interaction with the new process was telephone based and kept to a minimum to allow it to operate more efficiently. Quality checks and controls were built into the computer system used to deliver the product/services, and the business soon found that it was able to provide a lower priced product than its competitors. Figure 4 shows the new strategic profiles for Operations 1 and 2. The straight line represents the increased level of fit that they now have with the markets they serve.

Application to a high-fit company

By contrast to the low fit in Company 3, Figure 5 shows the high fit in Company 4. The profile illustrates that all aspects of the business are clearly aligned with each other. The main order-winners for all customers are design capability and customer service meaning its key task is to design products and respond to the needs of customers. To do this it has created a decentralised, team-based organisation that is orientated around its customers. The performance measures used are all customer-specific and orientated to understand the level of customer support provided. These customer needs are also reflected in employee incentivisation, reward and development across all business functions. The key task within the service delivery system is managing customers and it does this through flexible staff who meet face-to-face with customers on a regular basis. The highly personalised service, customer relationships built over the years and the highly customised product all mean the service provided is highly differentiated from its competitors and there are high barriers to entry.

Conclusions and recommendations for further research

The service operations management literature has discussed the need for management tools to help businesses become more competitive (Menda and Dilts, 1997, p. 239), develop and represent strategies (Mills *et al.*, 1998, p. 1083) and understand their level of strategic fit (Staughton and Williams, 1994, p. 84). Specifically, there have been calls for the development of further frameworks to assist managers in formulating strategy (Edgett and Parkinson, 1993) that would be more powerful if presented in a simple, visual form (Spence and Lewandowsky, 1990). The Heskett (1986) strategic service vision is widely accepted, but is also seen as requiring further development to create an effective management tool (Gianesi and Correa, 1993). For example, service managers

Aspects		Typical characteristics	
How are orders won?	Order-winning criteria	Design capability	Price
	Qualifying criteria	Delivery reliability, price	Delivery reliability, quality conformance
What does the company sell?		Capability	Standard product/service
Product customisation		High	Low
Key task	Business	Responding to customer needs	Cost reduction
	Management	Product design/meeting schedules	Throughput speed/efficiency
Order nature	Order volume	Low	High
	Technical similarity	Low	High
Organisation	Layout	Decentralised	Centralised
	Structure	Team based	Functional
	Orientation	Customers	Processes
Performance measurement orientation		Level of customer support	Cost reduction
Employee incentivisation, reward and development orientation		Customer need	Internal business need
Service delivery system	Key task	Managing customers	Processing work
	Key resource	People	Technology/equipment
	Level of flexibility	High	Low
	Level of automation	Low	High
	Customer interaction	Level	High
Type		Face-to-face	Telephone
Quality management orientation		People	Process
Level of service differentiation and competitor barriers to entry		High	Low

Key ● Market segment 1 ● Operation 1
 ● Market segment 2 ○ Operation 2
 ○ Market segment 3

Figure 4. New strategic profile created by Company 3 through establishing Operation 1 and 2

Aspects		Typical characteristics	
How are orders won?	Order-winning criteria	Design capability	● → Price
	Qualifying criteria	Delivery reliability, price	● → Delivery reliability, quality conformance
What does the company sell?		Capability	● → Standard product/service
Product customisation		High	● → Low
Key task	Business	Responding to customer needs	● → Cost reduction
	Management	Product design/meeting schedules	● → Throughput speed/efficiency
Order nature	Order volume	Low	● → High
	Technical similarity	Low	● → High
Organisation	Layout	Decentralised	● → Centralised
	Structure	Team based	● → Functional
	Orientation	Customers	● → Processes
Performance measurement orientation		Level of customer support	● → Cost reduction
Employee incentivisation, reward and development orientation		Customer need	● → Internal business need
Service delivery system	Key task		Managing customers ● → Processing work
	Key resource		People ● → Technology/equipment
	Level of flexibility		High ● → Low
	Level of automation		Low ● → High
	Customer interaction	Level	High
Type		Face-to-face	● → Telephone
Quality management orientation		People	● → Process
Level of service differentiation and competitor barriers to entry		High	● → Low

Key ● Overview across all markets and business functions

Figure 5. Application of strategic profile to Company 4 a “high fit” organisation

are not able to identify where gaps exist, in order to allow them to make improvements (Staughton and Williams, 1994).

The strategic profiling managerial framework presented here overcomes these criticisms. It is felt that the strategic profiling framework gives similar benefits to those identified by a number of authors in assessing other management and research frameworks:

- more precise than verbal definitions (Shostack, 1984);
- easier to understand than verbal approaches as they order and structure information (Weick, 1985);
- easier to communicate strategies than through verbal approaches (Mills *et al.*, 1998);
- allows managers to formulate and plan action (Mills *et al.*, 1998; Shostack, 1984);
- encourages creativity, pre-emptive problem solving and controlled implementation (Shostack, 1984);
- easier to understand actions and their consequences (Mintzberg and Waters, 1985);
- provokes discussion and debate (Mills *et al.*, 1998);
- makes frameworks accessible to the practising manager (Platts and Gregory, 1990);
- provides logic, data and analysis upon which decisions are made and can be revisited at a later point (Platts and Gregory, 1990); and
- compares different markets and services on two or three attributes simultaneously (Shostack, 1987).

Using the managerial framework developed, a low-fit organisation was able to understand the level of fit in its business, why it existed and take action to improve it. Equally, in a high-fit situation, the framework enabled it to maintain its existing level and prevent fit regression in the future. However, this conclusion is only based on the limited amount of feedback from executives during the process of the research. Further, research is required to test this and understand if this is true for a wider sample of businesses. Also, the research presented did not look at the dimensions within the Heskett (1986) model to determine if they are correct. From the work completed, it was felt that all the dimensions contained within the model were important for assessing internal strategic fit, but that maybe they should be further developed to incorporate other criteria. For example, the “customer relationship management” aspects of the business and the “role of the supply chain” in terms of the market requirement and how this is met within the operating strategy and service delivery system. These appeared to be important aspects within a high-fit organisation’s operating strategy. The research focused on developing and presenting a method of visualizing internal fit, rather than investigating the link between fit and performance. The framework needs to be tested to see if high-fit profiles have high performance.

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