**Week 3: Internal Environment Analysis**

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Renaissance Learning is an education technology company, which specializes in math and reading assessments for kindergarten through twelfth grade students.

# Assess the organization's internal environment

Over the last thirty years the company has grown by acquiring smaller companies across the United States and Canada. This has led to numerous small branch offices with 5 to 10 engineers at each location. As a direct result the of this growth model, there is a highly-decentralized architecture with each branch working semi-autonomously.

There is also lose oversight of each branch through a trio leadership model consisting of: an architect, a technology lead, and a product owner. Like a matrix organization, the staff report to all members of the local leadership team. The local leadership team is responsible for ensuring that broader goals of the company are being met.

This model is great for employees that do not need a lot of supervision, as there tends to be loose oversight. The product owner, which is like a project manager, provides the most day-to-day oversight as they ensure that tasks are being completed.

However due to the relaxed communication model there is risk that communication will be poor across the organization. For example, the Brooklyn team might design a component and not tell the Vancouver team of their accomplishment. This causes the Vancouver team to repeat that effort, or have requirements which are missing from the partner team’s implementation.

# Identify the most important strengths and weaknesses of your organization including an assessment of the organization's resources.

The company is in the business of creating technology and delivering unique intellectual property through reporting. To stay competitive in this space, the organization needs to retain their staff. Clearly the staff are a treasured resource within the company. This can be seen through the numerous small perks; such as: free lunches, moral events, and providing reasonable benefits.

Renaissance also has an aging private data center, which holds back their ability to innovate and run at larger scales. There are significant efforts required by support staff to keep this legacy infrastructure up and running all year long. To mitigate these challenges, they are building a new system architecture which runs on Amazon Web Services. The expectation is that these new cloud centric resources will provide more agility and reduce costs going forward.

The office locations are also cramped with many engineers working out of the same office. This makes it difficult for some to concentrate and get their work done. However, at the same time this weakness is also a benefit to the company. Due to everyone stuffed into the same room there is excellent communication across all members of the branch office. As questions arise, there is always someone within shouting distance to help with problems.

# Identify the important internal environmental factors in relation to the internal analysis

## In General

The business prides itself on its ability to control costs and apply financial controls. This helps to ensure that the company is not wasting large sums of money without just cause. In large decentralized organizations, it is easy to have waste. Their methodology this helps drive a culture where staff members are always looking at the sustainability of solutions. To also provide a carrot in their design, there is profit sharing from the excess revenue as bonus money given to the staff.

## Industry

The education technology industry is an important area, which provides a valuable service to millions of students. However, it is not as glamourous as other technology industries; such as: video games or self-driving cars. This causes internal environments to end up with employees might have unique backgrounds. For example, several of our engineering leads started their careers as math content designers. Later they completed undergraduate degrees in computer science and transitioned their career path. This seems to be somewhat common of internal environments within the educational industry.

While it is less common for engineering leads to have advanced degrees within their immediate field, they mitigate those short comings with other knowledges and experiences. For example, as former math content designers they understand how the teachers will interact with the products. They can leverage their core competencies of providing the best in class educator experience possible (Hitt, Ireland, & Hoskisson, 2015).

## External Analysis

From an external perspective, the customers care that the product suits their needs and is easy to use. Renaissance is currently a leading provider of educational content; however, it would be possible for a competitor to join the market space. To stay relevant, businesses need to monitor the competitive dynamics around them (Hitt, Ireland, & Hoskisson, 2015).

This requires that the internal environment foster innovation and provide features that add value for the customer (Hitt, Ireland, & Hoskisson, 2015). To accomplish this the company needs to be a first mover in disruptive ways. For instances, Renaissance is moving their architecture to the cloud which allows them to run their infrastructure cheaper. Presently several competitors have not made this leap, which will slow down their ability to add new features as quickly.

# Perform competitor analysis.

A competitor to Renaissance is SunGard, a custom education technology specialist company. They are a smaller player and lack the resources to scale out to larger deployments. This can most easily be seen in the difference of sales staff and technical support. While their company could hire more employees, they would have challenges catching up with Renaissance.

Another competitor would be Coursera, an online provider of educational content. Coursera has an excellent web portal that is easy to understand, and hundreds of thousands of active customers. However, they have not been successful at monetizing the platform and give away most of the content. They also focus on college level student courses, which limits the overlap of user base.

Another key differentiator between Renaissance and many of the other competitors, is that they focus on enabling teachers. Most of the other products are focused on the students. This creates a unique value position for the teachers, as the power and control is not taken from them. It gives them reporting and analytics so that they can run their classroom, their way.

# Assess the structure of the organization and the influence this has on its performance.

The internal organization structure leads to challenges as the company is highly decentralized, and at times has poor communication. The senior leadership understands these risks and provide budgets for cross pollination efforts. For example, it is common practice for members of the San Francisco office to work for weeks at a time from Minneapolis office. This forces the employees to share ideas with different parts of the company. Through baking these ideas into the culture, they can stay hands off, and have a degree of confidence that things will just work out. If the culture was not such then there would be significant risk to the performance of the business.

# Determine the organization's competitive position and the possibilities this provides.

The organization is in a good position to be competitive, both through their human capacity, in addition to various intellectual properties. The senior leadership team is very competent and has a clear vision of what the customers need. They have built that vision through hundreds of interactions between the sales teams and school district stake holders.

The business model is also designed around multi-year contracts with the school districts which helps prevent competitors from moving in their territory. Since the schools have already paid for the service they are dis-incentivized from seeking additional services. The primary drivers that could change that is either poor service quality or lacking innovation.

Because of these characteristics it is likely that the business will retain its competitive position and deliver additional value to educators around the globe. There only thing which stands in the way of continued growth would be the company itself. This is a good position provided the right controls are in place.

# Conclusion

Renaissance has a unique internal environment which is caused by years of acquisitions across the country. The business has needed to learn how to design an organization structure which accommodate these decentralized branch offices of employees. To stay competitive, they also need to analyze the strengths and weaknesses that this can create within their company. These analysis, need to take place across the general, industry, and external environments. This will ensure that the right opportunities are being seized.

While the company does not currently have any significant competitors, they need to be ever vigilant that new businesses do not emerge within their market. Another risk to the business is not having the right internal organization structure. This can lead to the company having poor performance, such as caused by a lack of communication.

Overall the business is well positioned to retain their market leading position and continue delivering value for their numerous customers. The biggest risk for the business is that they slip quality or do something else, which drives away the customers. This means that the fate of the company is well rested within the hands of the company itself.

# References

Hitt, Ireland, & Hoskisson. (2015). *Strategic Management Competitiveness & Globalization.*