



HITnet: A Resource Profile of a Social Enterprise.

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Executive Summary

An organisation's resources when combined will provide capabilities that will enable it to produce unique products and services to create stakeholder value. The manager's role is to ensure that these capabilities are continually improved upon to ensure that the organisation retains its competitive advantage in the ever-changing marketplace.

A resource profile of an organisation has been conducted, identifying that with a 'value shop' business model its basis for competitive advantage comes from its intangible (human, reputational, technological) rather than its tangible (physical, financial) resources. Therefore, the main focus of this report will be to explore the mobilisation of its' human and reputational resources, and providing recommendations for improving on the management of these resources.

This analysis has found that on the whole the organisation is performing well with limited resources. Its unique capabilities (derived from its human resources and reputation) are driving demand, to meet its social mission. A series of recommendations have been outlined which will enable it to grow and be sustainable for the long term.

Introduction

This report will perform an evaluation of the organisational resources of the HITnet program; its' tangible (financial and physical) and intangible resources (human, reputational and technological). It will highlight the strengths and weaknesses of the management of these resources, and it will provide recommendations for improvement. To analyse this in context, initially the organisation's business model will be examined.

A Resource Profile

HITnet: The Organisation

HITnet is the National Health Interactive Technology Network program. It envisions itself to be a leader in innovative new media solutions to enhance Indigenous health across Australia. Its mission is to promote health and wellbeing to disadvantaged populations, through creating and sharing new media information in ways that empower individuals, families and communities.

HITnet is currently part of a University research program that has solely in the past been funded by state and federal government grants. In recent years, due to cut backs in government funding and the realisation that they have developed their own internal capabilities into marketable products and services, they have now started to generate income. They are currently establishing themselves as a non-profit social enterprise within the University's commercial arm.

HITnets' current products and services are:

- a whole of program approach to community engagement through digital storytelling, resulting in interactive health content for a national network of touchscreen kiosks;
- a HITnet touchscreen kiosk playing interactive health content, connected to a national network of 70 sites in urban, regional and rural communities;
- interactive DVD's of HITnet health content;
- adaptation of existing health content for the national network.

Based on Ballow et al's (2004) business models, HITnet would be classified as a 'value shop', as their key capabilities are 'matching and mobilizing the right mix of resources (people, financial, knowledge) needed to solve a specific problem' (Ballow et al, 2004, p. 13). In context, the problems that are presented to HITnet to solve are priority health issues, overcoming cultural barriers with Indigenous Australians, access to remote communities, and engagement of these populations via new media and technology to 'bridge the digital divide' (refer to 'Bridge the Digital Divide' website).

According to Ballow et al (2004), the ‘value shop’s’ basis for competitive advantage comes from their ‘Intellectual Capital’ resources, in particular from their human resources, and secondarily from their organisational and relational resources. This shall be explored during the analysis of the HITnet program’s resources.

1. Human Resources

Identification:

The human resources of an organisation are considered to be the primary basis for competitive advantage within the ‘value shop’ business model (Ballow et al, 2004), that is, that this model ‘generates new value by capturing and exploiting knowledge about problems and their solutions’ (p. 13).

HITnet’s human resources are made up of a small, stable, qualified team of professionals who have been working as a national virtual team for the past two years.

The current team is made up of:

1. Chief Investigator; who provides his services on an adhoc ‘in kind’ basis to the organisation, and acts as a ‘door opener’ with his wealth of contacts and experience in the health industry.
2. Program Director; who is full-time salaried to the organisation. Her main role is fund-raising and high level strategic planning. She is also behind the creative ‘look and feel’ of the health content, and the main spokesperson for the organisation for public relations opportunities (conferences, media, etc).
3. Technical Manager; who is a part-time consultant, whose main role is to manage the national network of kiosks, but also is involved with overseeing the development of new content.
4. New Media Manager; who is a part-time consultant, whose main role is to ensure that HITnet is using the latest new media technology to enable it to remain at the cutting edge of health promotion content and its delivery.
5. Community Development officer; who is a full-time salaried staff, whose main role is to conduct health workshops in communities, make contacts within communities, and also performs in-house content development work.
6. Administration & Finance; two part-time staff who support the rest of the team.

In terms of core competencies, as the team has been working together over the years, knowledge and experience has been gained that enables them to now provide products and services at professional rates. At the time of writing, there are no other organisations in the country that provide the suite of products and services that HITnet does, so this gives the organisation their competitive advantage.

As it is a small team and due to the high demand of their products and services, there needs to be a lot of flexibility in the roles that the staff are able to undertake, therefore they need to be adaptable and able to work autonomously. Being a social enterprise, the staff need to be passionate and committed to HITnet’s mission and values.

As they are a national virtual team, technology has an important role in assisting with communication and the capturing of organisational knowledge and its reuse.

Current Management and Recommendations

Using Brown et al's (2001) five categories as a guide to 'good practice' in strategic human resource management:

1. *Commitment to people as strategic resources*; there is no denying that HITnet 'believes in the importance and potential contribution which employees can make' (Brown et al, 2001, p. 234), however they are limited in the means of acknowledging this.
 - Job security is an ongoing issue with their current lack of long term operational funding. With fund-raising considered to be a core activity this is trying to be resolved.
 - Choosing the right people has also been a problem, as the organisation has evolved the types of human resources required are also changing. More autonomous managers are required who oversee programs of work that are outsourced to suppliers. Staff who cannot work in such a way, are therefore no longer suitable.
 - Non-financial rewarding is a significant part of the HITnet package. Working within an organisation with a worthwhile cause provides intrinsic rewards to employees.
2. *Shared purpose*: HITnet's employees have all been involved with the formation of their organisation's vision and mission statements. Therefore, all staff have had the opportunity to shape the strategic direction and be a part of the organisation's shared purpose. This strategic direction flows through to the weekly team meetings via the use of the Hoshin matrix for planning which enables them to align 'individual and group goals to strategic objectives' (GBAT9129, Unit 8, p. 11). Following on from this is information-sharing of what is happening and where the organisation is going. HITnet performs this via weekly team meetings and also email communication to enable the building of shared purpose. This instils trust in the organisation's members.
3. *Enabling Structures*: HITnet is currently redesigning its major work processes to enable them to quote more effectively, and deliver a more comprehensive product. Staff have been involved in this redesign exercise, and will benefit from a more structured approach to large program development. In terms of organisational structure, they have an agile, flat structure, which enables them to suitably respond to different customer problems presented. However to do this most effectively requires having the right staff within the organisation (see point 1 above).
4. *Shared Learning and Development*: With the restriction of funds available, there is no formal training and development within the organisation. Some of the staff

members are undertaking their own professional development through further studies, which is contributing to the human capital within the organisation however more work specific technical training is unable to be offered. Continuous improvement is something that is valued and encouraged, as is sharing any new knowledge that is acquired.

5. *Shared Involvement*: Effective team-working is an essential part of the organisation. With the many stakeholders and external organisations (in particular suppliers) involved, team-work is encouraged through regular communication. Most of these teams are virtual, so technology in the form of email or 'skype' is the critical enabler for this function.

2. Reputational Resources

Identification:

According to Grant 2005, this encompasses reputation with customers, employees, suppliers, government and the community, in the form of brands and trademarks, relationships, reputation of the firm's products and services for quality and reliability. The importance of this resource cannot be under-estimated; 'a company's prosperity and survival depends upon the support it can attract' (Grant, 2005, p. 142), and with HITnet this particularly stands true.

Wei-Skillern et al (2007, p.144) elaborate by saying that:

nonprofits' reputations are their most valuable intangible asset. Embedded in their names – brands – is trust with their stakeholders and the public in general. It is an emotional connection, often quite deep, between the organisation and the outside world.

They go on to suggest that this is qualitatively a different type of connection than what commercial firms have with their stakeholders, therefore this provides an opportunity for income generating by nonprofits by establishing a corporate social responsibility relationship whereby:

corporations sponsor promotions of events of nonprofits. The companies receive the reputational benefits of positive associations with the nonprofit's brand and social cause in exchange for payments to the nonprofit.

HITnet's reputation is based on their social mission to overcome the inequalities of Indigenous health, and has a 'corporate brand' that is easily recognisable and is emblazoned on all promotional materials and their touchscreen kiosks out in the communities. As the kiosks are the main 'public face' of the organisation, broken down or non-functioning (as they're switched off) kiosks are an operations risk that can be harmful to HITnet's reputation. This can have an affect on many of their stakeholders:

- the consumers of the health information on the kiosks, as they lose faith in the kiosk functioning, so they don't bother to use it,

- the customers who purchase the kiosks, as they will think they have purchased a poor quality product, which affects their perception of value,
- current and potential investors, eg. Government, philanthropics, corporates; as a poor reputation will stop them investing or forming relationships with HITnet.

Another responsibility that is important to HITnet's reputation is the cultural appropriateness of the content displayed on their kiosks. If inappropriate, communities will avoid using the kiosk and this could have long-lasting consequences. Similarly, if an Indigenous person is shown on the kiosk who suddenly dies, then HITnet need to be able to quickly respond to this threat and remove the offending content, before any reputational damage is done.

Social enterprises like HITnet, are heavily dependent on a network of contacts to be sustainable; employees, customers, suppliers, investors, researchers. Therefore, to attract and retain these contacts it is essential that their reputation supported by their social mission is strong and unblemished.

Current Management and Recommendations:

As HITnet has only really made its presence in the Indigenous health promotion market known in the last three years, it is a fairly new brand and organisation. Therefore the importance of their reputation cannot be understated as this will determine whether the organisation grows and remains sustainable. With the current demand for its products and services (including many referrals and on-selling), this suggests that so far it has a strong and good reputation.

Management of this precious resource has probably not been given the priority that it deserves however being a small organisation with currently a small network of kiosks and contacts means that so far it has been fairly manageable. This will not always be the case, as these networks grow, and the potential for operational, franchise and competitive risk also grows (Simons, 2000). Therefore, strategic risk management should be implemented which should; identify risks, measure and assess risk, risk treatment and control. Risk mitigation strategies that HITnet could employ include:

- careful monitoring of kiosks to ensure 100% operational
- preventative maintenance work on kiosks
- ensuring that they are quick to respond to culturally unsuitable (in the event of a death) content being displayed on the kiosks
- to continue to use focus groups and cultural liaison to ensure that the kiosk content is culturally appropriate
- ensure that the organisation remains true to its social mission
- that it is an organisation where people enjoy working and hence employee attrition rates are low
- working well with preferred suppliers by being a good customer, to remove the need for expensive switching costs.

HITnet should leverage their strong reputation by exploring the generation of further income via developing a corporate social responsibility relationship (Wei-Skillern, 2007).

3. Physical Resources:

Identification:

Being a services organisation, HITnet has only two types of physical resource categories; buildings and ICT equipment, of which ICT equipment have the higher relative importance (GBAT9129, Unit 5, p. 8).

For the purpose of this report, only the ICT equipment which is owned, will be analysed and their strengths and weaknesses for creating stakeholder value will be explored.

Brief Description	Basis of Access:	Key Attributes Required	Strategic or Operational Importance	Impact of Attribute on Value Creation Via Operations or Strategy
Touchscreen Kiosks in communities	<ul style="list-style-type: none"> • Owned 	<ul style="list-style-type: none"> • Economy • Reliability • Age Condition • Location 	<ul style="list-style-type: none"> • Operational • Operational • Operational • Strategic 	<ul style="list-style-type: none"> • This is dictated by funding bodies who have a certain amount of money available to spend for a certain period. They also usually stipulate where the kiosk is to be sited. • Poor-performing kiosks affect HITnet’s brand & reputation. • The lifespan of a touchscreen kiosk is 3 to 4 years. Therefore, it is important that the hardware is maintained & replaced to keep it in optimal working order. • Placing the kiosks in communities around Australia that will reach the most disadvantaged is a strategic decision.
Proprietary application	<ul style="list-style-type: none"> • Owned 	<ul style="list-style-type: none"> • Technology • Reliability • Age /Condition 	<ul style="list-style-type: none"> • Operational /Strategic • Operational • Operational 	<ul style="list-style-type: none"> • Application is five years old, so is now dated technology that cannot be upgraded. • The application does have known problems and can perform poorly under certain conditions. This can delay the development of content, and the ability to deploy that content to the kiosk network. This can ultimately affect HITnet’s reputation and ability to deliver. • Due to its age the application is being used for development of content that it was not designed for. This creates performance problems.

4. Technological Resources

Technology is a key intangible resource that pervades all organisations in the 21st century. Its' value is not represented as a balance sheet item however for some companies, technological resources (in the form of intellectual property – patents, copyrights, trade secrets and trademarks) are a significant portion of what identifies their market value (Grant, 2005).

The key technological resources owned by HITnet are the intellectual property for its proprietary software application and its health content (in the form of stories, animations, games, images, etc. that appear on its touchscreen kiosk network and are also available in DVD format). These are what give HITnet a unique product which sustains their competitive advantage.

Up until recently, the IP for the software application resided with the original software developer, however a deal was struck to hand this over to HITnet. The IP for the health content has also been passed onto HITnet from organisations that have funded the development of the content, however this hasn't always been formalised, and HITnet are currently undertaking an exercise to ensure that all the IP is brought in-house which will enable it to be used for income generating, as part of HITnet's social enterprise model.

With adopting new technologies as HITnet plans to do with the development of a new software application (to replace its ageing application, referred to in the physical resources), HITnet would not consider a technology until it had reached what Luftman et al (2004) refer to as the third 'key technology' stage. This is where 'the technology provides a competitive differential' (Luftman et al 2004, p. 180), and has already grown in acceptance from the emerging and pacing technologies of the earlier stages.

As an adopter type, HITnet the organisation would be categorised according to Luftman et al (2004, p. 182)) as the 'early majority', where there is 'more assurance for the success of the technology'. Due to the nature of being a new media provider, HITnet has to be seen as cutting edge in the types of products it is able to provide, however due to the limitations imposed, both financially and capability-wise, HITnet will not accept technology that is deemed to be high risk.

5. Financial Resources

HITnet's financial resources are generated primarily through grants received from the government, which typically come with restrictions on what the funds can be used for. They also generate financial resources by combining their human, physical and technological resources to produce their unique suite of products and services which are currently in high demand. Their reputational resources have a large impact on both forms of resource generation.

As they are transitioning from a fully funded program to a nonprofit social enterprise, they have developed an investment plan which predicts that by the third year they will be

generating enough revenue to cover their operating costs and capital expenditure. Therefore, they will still be dependant on grants and investment to make up the shortfall in the next two years.

Operating a business out of a University research program is now proving highly problematic for HITnet. The financial structures do not exist to support their business function. Therefore many time intensive 'work arounds' are needed to enable business transactions to occur.

As they have no financial structures, they are unable to calculate profit at the organisational level. They do however calculate basic accounting profit on individual services that they provide at the customer level, to ensure that they are covering all costs (direct & in-direct) and that they generate some profit to put back into the organisation to cover non-profit making activities or capital expenditure.

Conclusion

The classification and mobilisation of resources within HITnet's 'value shop' model have been explored. The prime importance of their human and reputational resources for their competitive advantage has been highlighted.

In relation to its resources, its key issues for sustainability include; having the right type of staff within the new social enterprise, ensuring staff have suitable training and development, nurturing the reputation of the HITnet brand, and the urgent need to replace its proprietary software application to enable its expansion.

Its current dependence on government funding that is now harder to secure and has restrictions on what it is used for, is a major hurdle for its expansion in the next two years to become self-sustainable. Leveraging their strong reputation to generate further income via developing a corporate social responsibility relationship should be considered.

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