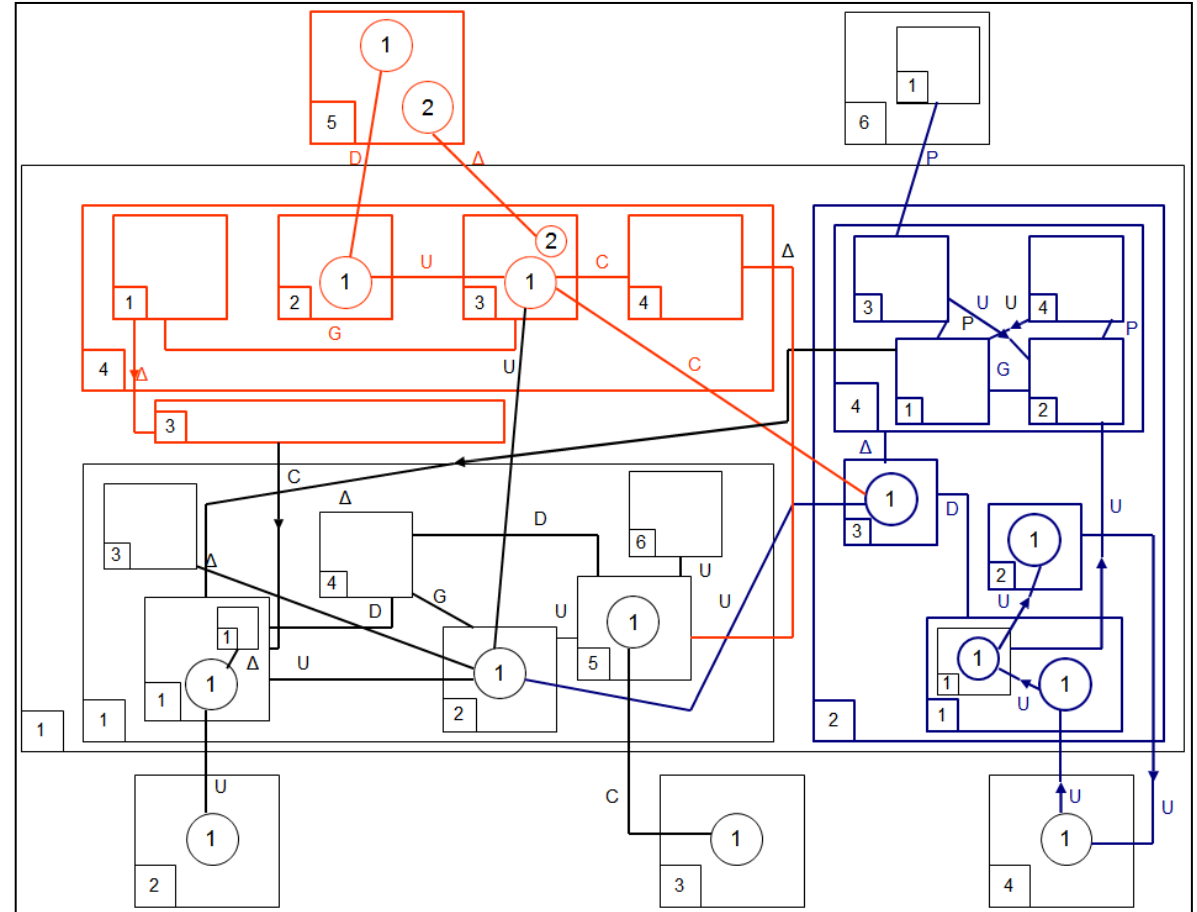


Systems Structuring in Strategic and Procedural level with DCSYM tool.

Case study: small Media
Business active in the field
of Agro Tourism

Eleftherios Kakavoulis
Marketing, B.Sc., M.B.A.



Introduction

- ✓ By adopting Design and Control Systemic Methodology (DCSYM), we analyze the structure and functionality by examining the communication and interaction within its elements. Our case study is a small Media company active in the field of Agro-Tourism and outdoor activities
- ✓ Primarily we describe the Current State (C.S.) of the Problem (P.), and then we generate a visual representation of it using DCSYM. Furthermore, we present thoughts about the use of DCSYM in conjunction with the CS diagram.
- ✓ Finally we present general conclusions, and thoughts about the use of the DCSYM's methodology, and consequently we describe the Recommended Improvements (R.I.), which are in regards to redefining the elements of the company, the roles of the personnel as well as the structure of the communication channels. The new structure is redesigned using DSCYM, as it is shown, after the application of the R.I.

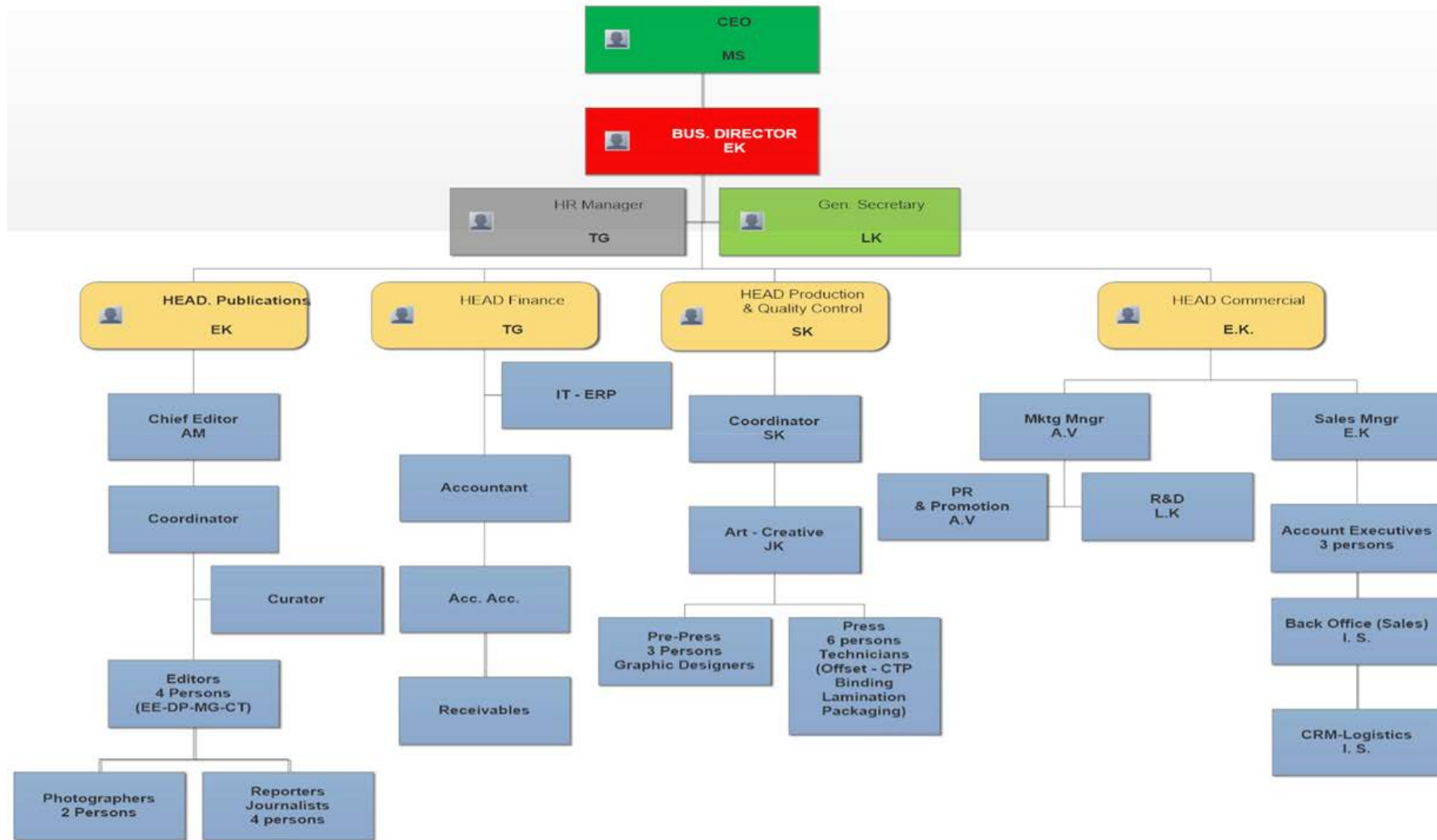
Case Study: The Business...

Go-Outdoor S.A., is a small Media Business, active in the field of Rural Tourism and outdoor activities. The bulk of the company products consist of on-line and printed Media such as journals, periodicals, books and manuals concerning recreational outdoor activities, such as outdoor sports, fishing, sport shooting, conservation hunting and animal welfare. Furthermore, the company is also active in the creative services and advertising market, covering the full spectrum, from idea generation to the production of the final product.

The company's media products cover the interests for tens of thousands of active consumers who love outdoor getaways, thus contributing significantly to the development of the Rural Tourism, a sector of strategic importance for the Greek economy.

Go-Outdoor S.A., employs 35 people for the operation of twelve (12) business units: (7) monthly printed magazines, (3) on-line media, (2) annual market /shopping guides and a unit for publicity productions. The printed products are distributed through news stands in Greece and Cyprus.

The Organization Chart



Structure &
Positions

Employees: 35

The Business aspirations, strategies and tactics

Vision: we will create and maintain informative top media products that will contribute to a sustainable future of outdoor activities, combining financial success for our organization with social responsibility and environmental protection.

Mission: gain a leading market share in the leisure media products business and satisfy all our stakeholders

Objectives: • Achieve an annual 20% positive financial result (a.t) • Import and apply modern technology to improve production process, productivity and reduce production costs • Create opportunities for success through reliable partnerships • Achieve employee satisfaction and employee W.L.B.

Strategy: by adopting a combination of growth strategies, namely related diversification, *Hill C and Jones G, (2007)*, and product development, the company aspire to achieve a leading position and a 39% market share in the total leisure media (print and digital) sector, by the end of the period 2017 – 2022.

Tactics: Design, apply and implement Marketing and vertical integration strategies, *Hill C, and Jones G, (2007)*, continuous investment in modern technology and equipment, skilled human resources, internal reorganization, extroversion, and outsourcing.

The corporate environment

MACRO level:

With P.E.S.T.E.L. analysis, the company focuses on specific elements that constitute the sub-elements of the broader micro-environment.

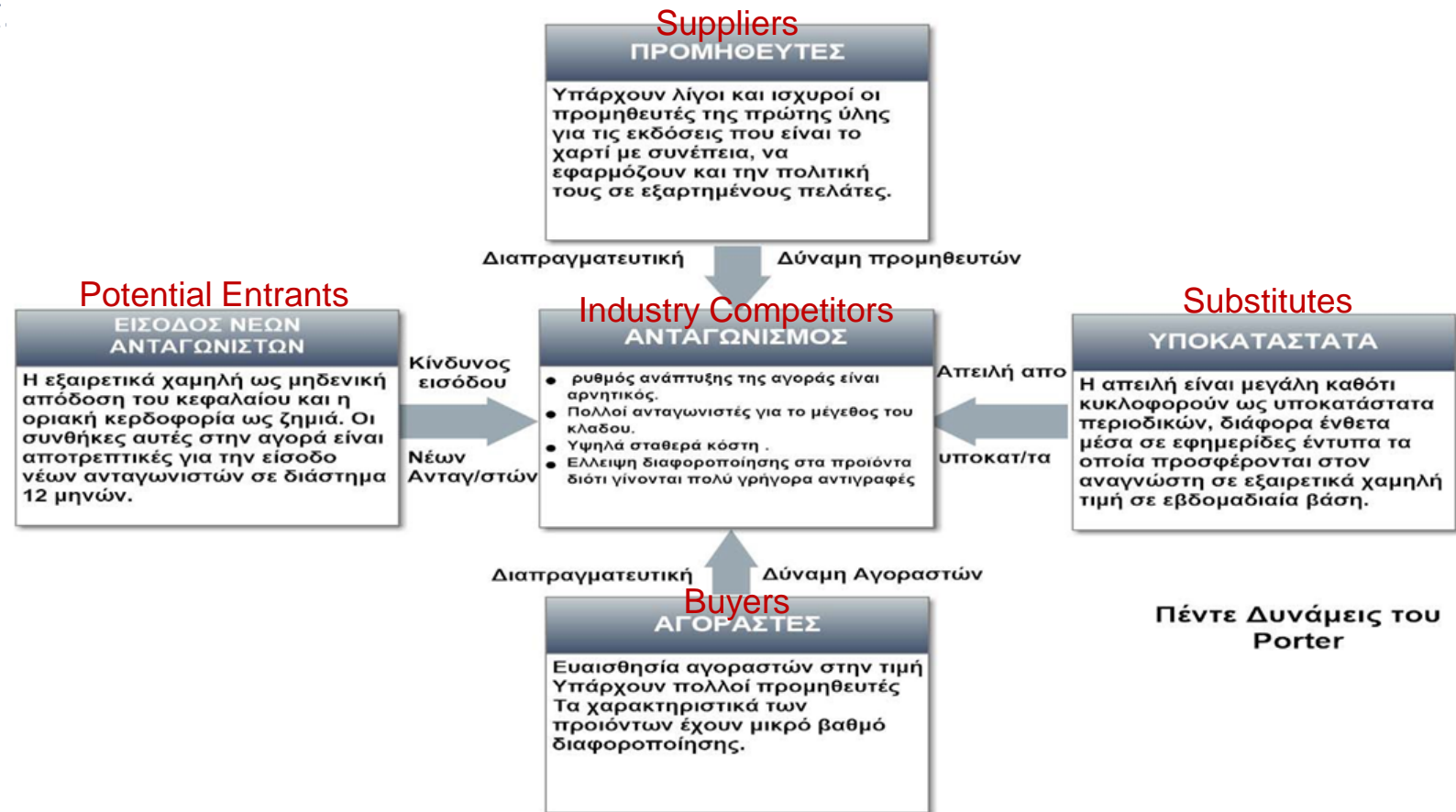
By processing those data, the company is aiming to anticipate future trends in the wider environment and adopt the appropriate strategy.

	FACTORS	Examples
P	Political	Heavy tax on business, Many additional charges (in the form of taxes), high bureaucratic costs, Memorandum burdens, tensions in the wider area
E	Financial	<ul style="list-style-type: none">• According to OECD, The cumulative loss of Greek GDP exceeded 27% during the period 2008-2015, while the unemployment rate from almost 7,9% at the end of 2008 reached a 27,7% whereas youth unemployment exceeded 50%. It is estimated that employees have lost about 50% of their purchasing power, which in turn led to significant slowdown in internal demand .• One indicator says it all- real GDP per head suffered a cumulative fall of 26% between 2007 and 2013. Since then, it has marginally increased.• High interest rates on loans(4%+)
S	Society and Traditions	<ul style="list-style-type: none">• Decline in the birth rate 5%• Reduced interest in the field of culture• Lifestyle changes• Return to traditional Atlantic businesses• Reduced interest for fashion products
T	Technological	New media and IT applications (Internet, smart phones etc.)
E	Environmental	Protected areas, energy, waste and recycling, decrease of natural resources for the production of raw material (printing paper)
L	Legal	<ul style="list-style-type: none">• Over-complicated laws• Frequent changes of legislation

The corporate environment

MICRO level:

Porter's Five Forces Framework has been used for the analysis of the competitive micro-environment.



Adapted from Porter M., Competitive Strategy. N.Y. the free Press, 1980.

Eleftherios Kakavoulis, MBA

The corporate environment

Internal level: The company has tangible assets (design and production programs and machinery, (qualified staff for each function, planning and control), as well as intangible assets (goodwill).

'Tangible' Assets	Situation	STRENGTHS	WEAKNESSES
Financial	Lending capacity almost zero during the economic crisis period	<ul style="list-style-type: none"> • Goodwill: Know How in the field of publishing. • Resources: Specialized and qualified employees. Evaluation and control systems, etc. • Flexibility 	<ul style="list-style-type: none"> • Cash flow. • No access to sources of funding.
Physical			
Human	Experienced partners and staff		
Organizational	Integrated computer systems that meet the needs of the operational units of the company.		
'Intangible' Assets	Situation	OPPORTUNITIES	THREATS
Technological	12 brands and Know How in the fields of Media and special sectoral press.	<ul style="list-style-type: none"> • Define and implement a new, more efficient strategy that will result in a competitive advantage. • Build on existing strengths. 	<ul style="list-style-type: none"> • Recession in the economy. • Increased doubtful debts receivable (over 40%). • Staff turnover.
Goodwill	10 out 12 Media Titles of the company are εἰς αἰῶνα long-standing Brands with a high reputation for quality and credibility.		

Current State (CS) of the problem (P)

Stereotypes formed within organizations are difficult to control and change. Part of the problem is the result of well-established perceptions. This sense of security increases proportionally to the size of the company. As a result, when a crisis occurs, these companies instead of reacting quickly, lose time looking for information to confirm their preliminary perception saying that: this is a temporary new situation and that this will not affect them. Papadakis V., (2002).

As it emerges from our research, the company's management, making its self-criticism and its report (much later), claims that back in the days of 2008 when the crisis broke out, they did not predict efficiently and in time the following determinants:

- The very depth and the magnitude of the recession (-31,1%, period 2008-2015) that the economic crisis brought to the country's GDP (-26%, period 2008-2015).
- The huge size (-70%) shrinking of the media market in Greece,
- The high (40%) increase in bad debts in the market.

As a result, they did not prepare for survival. However, in order to set out a new strategy during the crisis period, realized it is very important to understand the new environment being formed due to the recession. This may sound obvious, but research has shown that, actually, many enterprises do not realize early enough the changes happening around them and, therefore, they do not react promptly.

As part of the above mentioned, this study focuses and analyses, by the use of DCSYM, two specific problems seeking their solutions in accordance with pre set business aspirations.

Current State (CS) of the problem (P)

1

PROBLEM

Due to the reduced turnover, because of the crisis in the Media Market, the company has gone through a cut costs program and currently has on the roll a limited number of employees who carry out multiple tasks (as it is shown in the following table 1).

Results:

- **Disproportionate** allocation of workload and tasks which are interdependent and interrelated, a fact that often results to confusion and inadequate handling of tasks.
- **Insufficient measurement** of results kai difficulty in identifying improvement areas.
- The **atmosphere of introversion** that has been created and the accumulation of information and knowhow combined with the **inability to exercise effective control** become “Black Boxes” for the company.
- **Inadequate planning** and **control** of production, sales and profitability during the year.

Current State (CS) of the problem (P)

TABLE (1)
PROBLEM SCALE

Positions/Jobs & Fixed Employment Cost										
Resource Name	System (Operation)	Resources IE	System (Operation)	IE	System (Operation)	IE	System (Operation)	IE	ΘΕΣΕΙΣ IE	Resource (Empl.) Cost
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MS	CEO	1							1	
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TG	HR Dir	1	Head Financial	1					2	1,700 €
TECHS	Press	6							6	7,500 €
GRAPHICS	PrePress	3							3	4,000 €
	TOTAL	35		7		2		1	45	44,100 €

Current State(CS) of the problem (P)

2

PROBLEM

The complex structure of the Media market, both from the commercial and technical viewpoint, weakens the free flow of information internally and leaves space for distortion of information between the Commercial, the editing and the Production Departments.

Results:

- **Slow reaction** to changes (trends) of the market
- **Difficulty to develop** of a solid and easy to communicate commercial policy
- **Insufficient** sales forecasting and budgeting
- **Unproductive** meetings
- **Waste of time** on operational issues at the expense of strategic ones
- **Tensions and irritations** due to insufficient information sharing
- **Unsuccessful implementation** and use of the CRM system

Thoughts upon the use of DCSYM for the (CS) of the (P)

The description of the Current State (CS) of the Problem (P) using the methodology DCSYM **enables** the viewer to **highlight** the parts of the structure of the system, which need intervention and **guides** them into **finding** targeted changes needed in this structure, as well as the steps that have to be taken in order to improve the system under study.

The use of DCSYM significantly supports the study of “soft systems”, where the human element plays a major role, and with it's ability to illustrate the diversity that that is found in such systems, can lead to successfully solving complex and multidimensional problems.

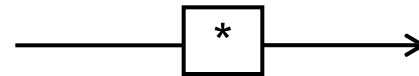
Defining DSYM Methodology

The systemic methodology DCSYM has the ability to **subsume** the structural components of a system, meaning integrating them in a hierarchical list with a bottom-up approach, and giving the outcome of the **visualization** and **structure** of the way the **system works**.

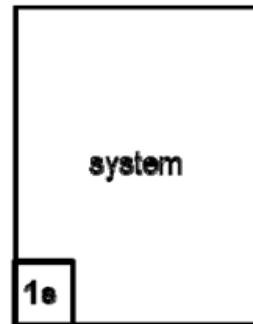
DCSYM can portray with high detail the **systems** and their **subsystems**, the **individuals**, and also the quality of their interaction, namely the **channel** itself, the **direction** and the type of interaction amongst them, adding as well the meaning of **control**.

Defining DSYM Methodology

Symbols



* =

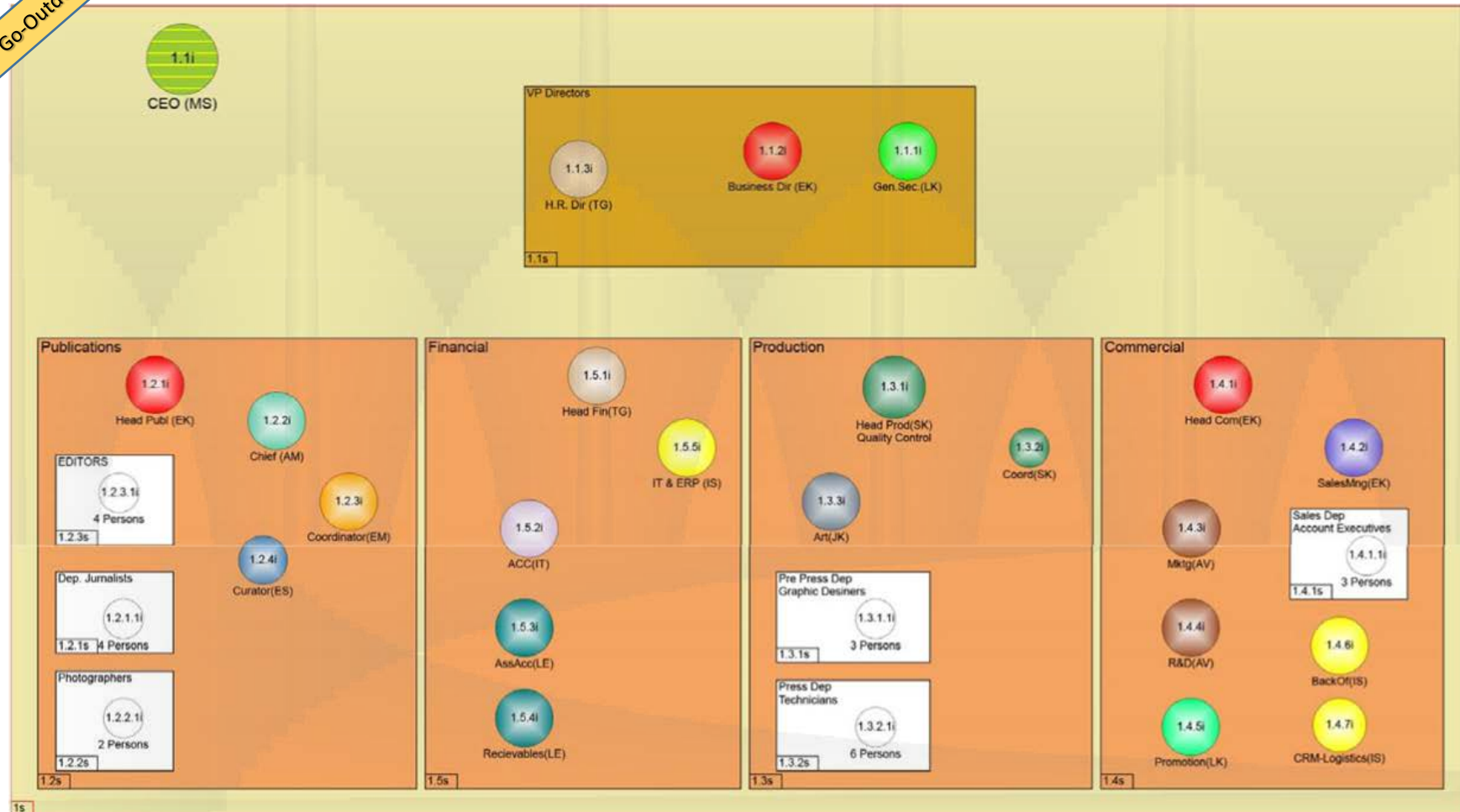


C, c	à communication
G, g	à general interaction or influence
U, u	à purposeful action
P, p	à potential conflict
D, d	à distorted communication
Δ, δ	à distorted purposeful communication

System Structure

Current State (CS) using the DSYM Methodology

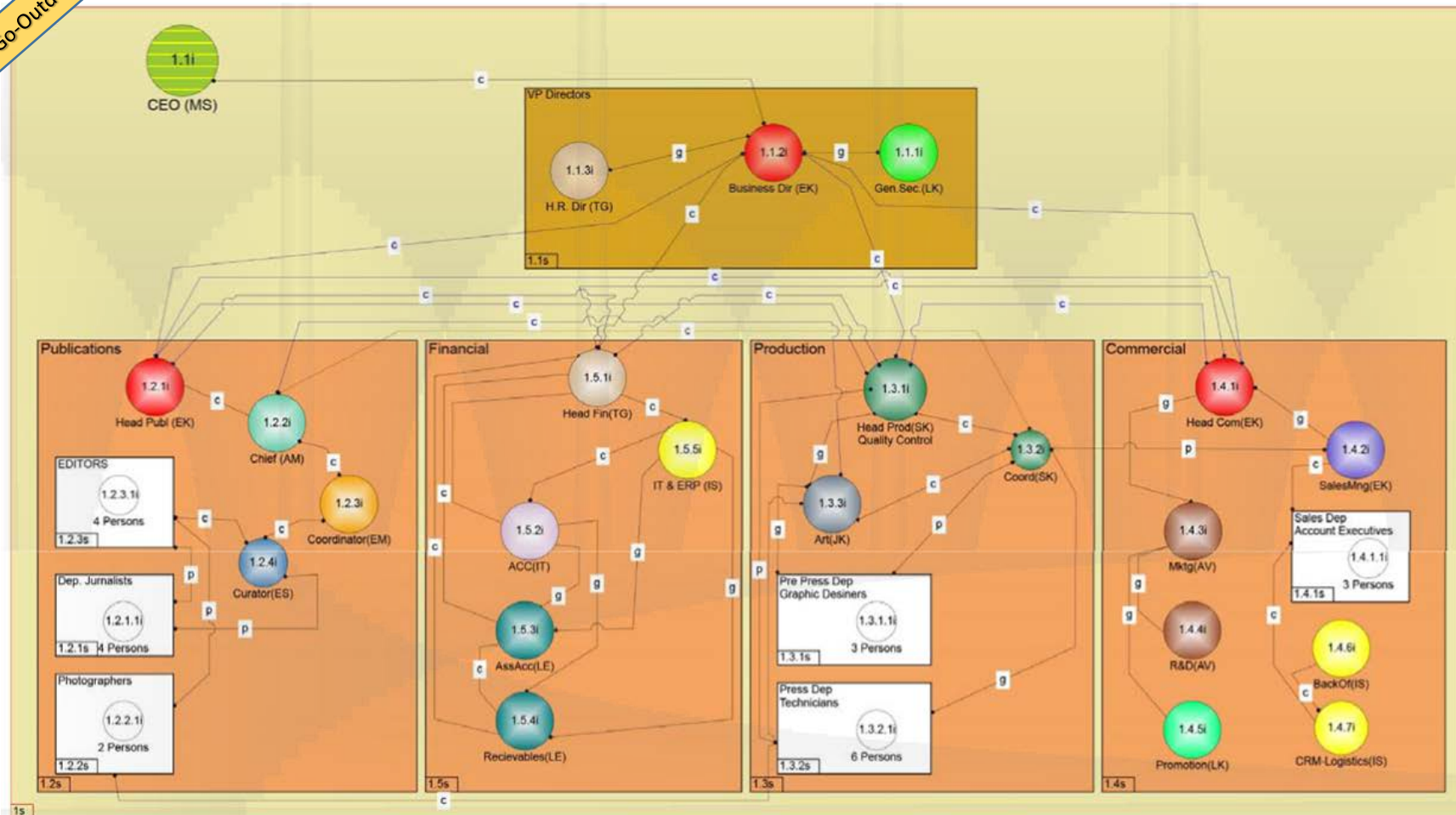
Go-Outdoor



Communication

Current State (CS) using the DSYM Methodology

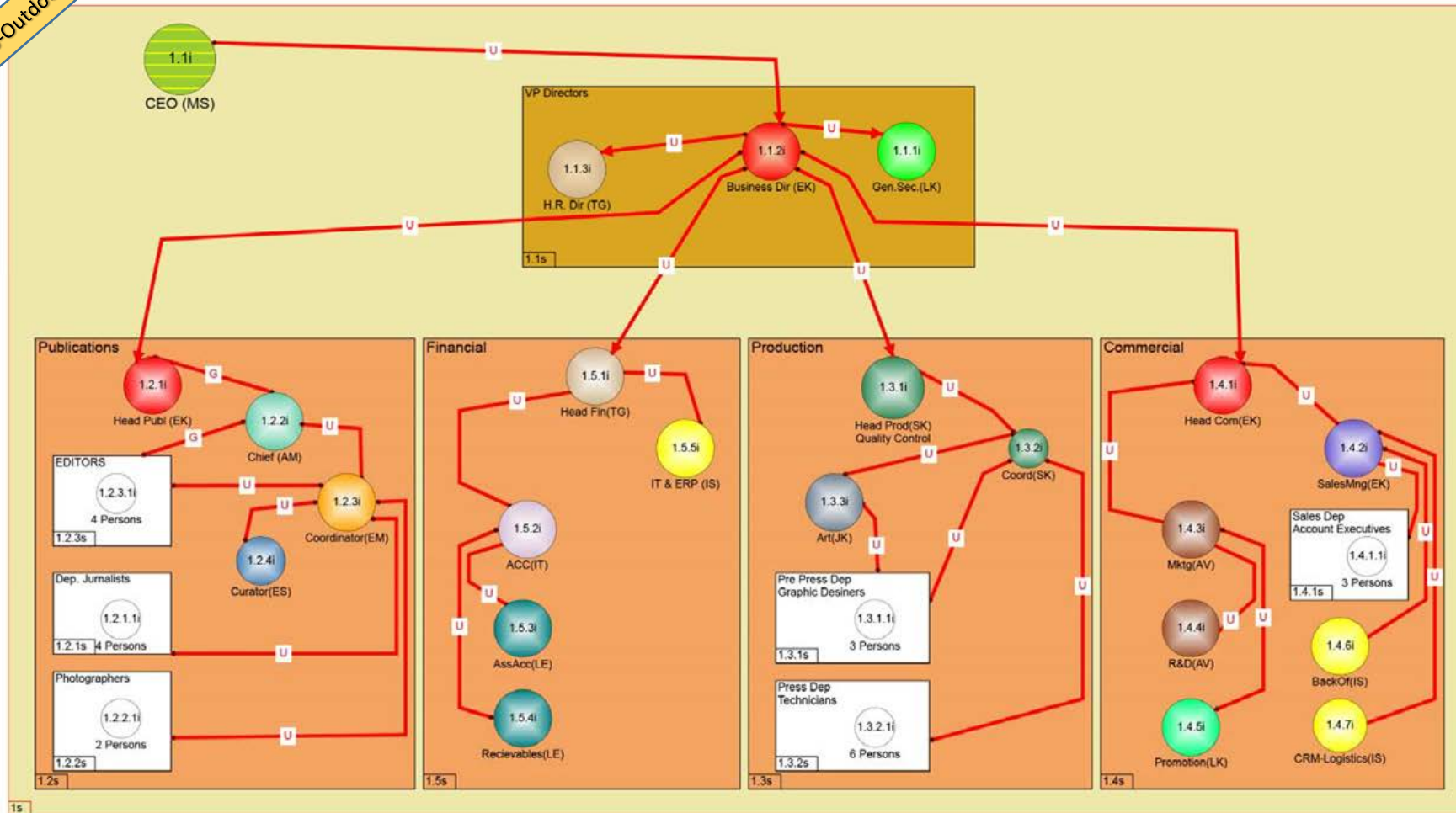
Go-Outdoor



Control

Current State (CS) using the DSYM Methodology

Go-Outdoor



Systems Map

Current State (CS) using the DSYM Methodology

1s ONEL	1.1s ONEL.VP Directors 1.1i ONEL.CEO (MS)	1.1.1i VP Directors.Gen.Sec.(LK) 1.1.2i VP Directors.Business Dir (EK) 1.1.3i VP Directors.H.R. Dir (TG)
	1.2s ONEL.Publications	1.2.1s Publications.Dep. Jurnalists 1.2.1i Publications.Head Publ (EK) 1.2.1.1i Dep. Jurnalists.4 Persons 1.2.2s Publications.Photographers 1.2.2i Publications.Chief (AM) 1.2.2.1i Photographers.2 Persons 1.2.3s Publications.EDITORS 3. i Publications.Coordinator(EM) 1.2.3.1i EDITORS.4 Persons 4. i Publications.Curator(ES)
	1.3s ONEL.Production	1.s Production.Pre Press Dep 1.3.1i Production.Head Prod(SK) 1.3.1.1i Pre Press Dep 2.s Production.Press Dep 1.3.2i Production.Coord(SK) 1.3.2.1i Press Dep Technicians 3. i Production.Art(JK)
	1.4s ONEL.Commercial	1.4.1s Commercial.Sales Dep Account Executives 1.4.1i Commercial.Head Com(EK) 1.4.1.1i Sales Dep Account Executives.3 Persons 1.4.2i Commercial.SalesMng(EK) 1.4.3i Commercial.Mktg(AV) 1.4.4i Commercial.R&D(AV) 1.4.5i Commercial.Promotion(LK) 1.4.6i Commercial.BackOf(IS) 1.4.7i Commercial.CRM-Logistics(IS)
	1.5s ONEL.Financial	1.5.1i Financial.Head Fin(TG) 1.5.2i Financial.ACC(IT) 3.i Financial.AssAcc(LE) 4.i Financial.Recievables(LE) 1.5.5i Financial.IT & ERP (IS)

Current State (CS) using the DSYM Methodology

[illegible]

Recommended Improvements (RI)

The company will have to reduce the fixed operating costs, without weakening: **(a)** the quality of the product offering, **(b)** the total quality system according to ISO:9001 to which the organization is committed to operate all corporate processes, **(c)** sales and revenue, **(d)** the relations with the employees and stakeholders.

In order to achieve this, specialized support will be needed for the **design, organization, coordination** and **monitoring** of processes (sales communication, profitability, credit and commercial policy in general). Specifically, there is a need to create an organizational position - unit with the capacity to communicate with the departments of the company, and to **collect, evaluate, process** and **analyze** financial and other data originating from the corporate systems. At the same time, will take into account information and trends about the customers and the market, originating either from internal sources (commercial department) or external sources (studies, market research, etc.).

In Brief

Recommended Improvements (RI)

1. Re-establish the position of Business Director, with major tasks to:
 - develop an integrated system for data recording, processing and analysis.
 - Limit Fixed Labor Cost (FLC) through the appropriate reorganization and the best possible use of the human resources available.
2. Redesign of the CRM system and mandatory application of it.

Analysis of Recommended Improvements (RI) - 1

New position - Business Director

It is recommended to re-establish the position of **Business Director**, out of the system (1.1s) of CS with the following **responsibilities**:

- ensure methodological support from an entrepreneurial, financial and administrative viewpoint,
- research the external environment to identify opportunities (outsourcing) to receive services in the production field, aiming at reducing fixed labor cost, along with the reorganization and the best use of human resources,
- support and coordination the sales budget and profitability as well as forecasting and goal setting procedures, regarding financial data, providing qualitative and quantitative analysis to management,
- ensure the availability and the accuracy of data and information, as well as systematically update procedures, processes and systems,
- price, sales and profitability analysis per distribution channel and sales area, and at the same time monitoring and control according to predefined targets and objectives.

Analysis of Recommended Improvements (RI) - 2

- Regular reporting on net prices, sales forecasts and inventories,
- Controlling and managing the financial data of the CRM system (inventory, pricing tools, profitability reporting, differences between CRM and ERP/SAP systems).
- In his new post, with the support of an integrated system for data recording, processing and analysis, the Business director (BD) will be able to provide:
- Reliable information adapted to relevant functional demands in order to the decision making process of the management.
- Better knowledge of the market and understanding of its key drivers in the commercial field.
- Improvement of the communication with the publishing and production departments aiming at improving and reinforcing their total effectiveness.

Analysis of Recommended Improvements (RI) - 3

Redesign of the **CRM** system and **mandatory application** of it. It is recommended to **redesign** the **CRM** system (connect it with Marketing and ERP) and ensure the **mandatory application** of it in processes such as.

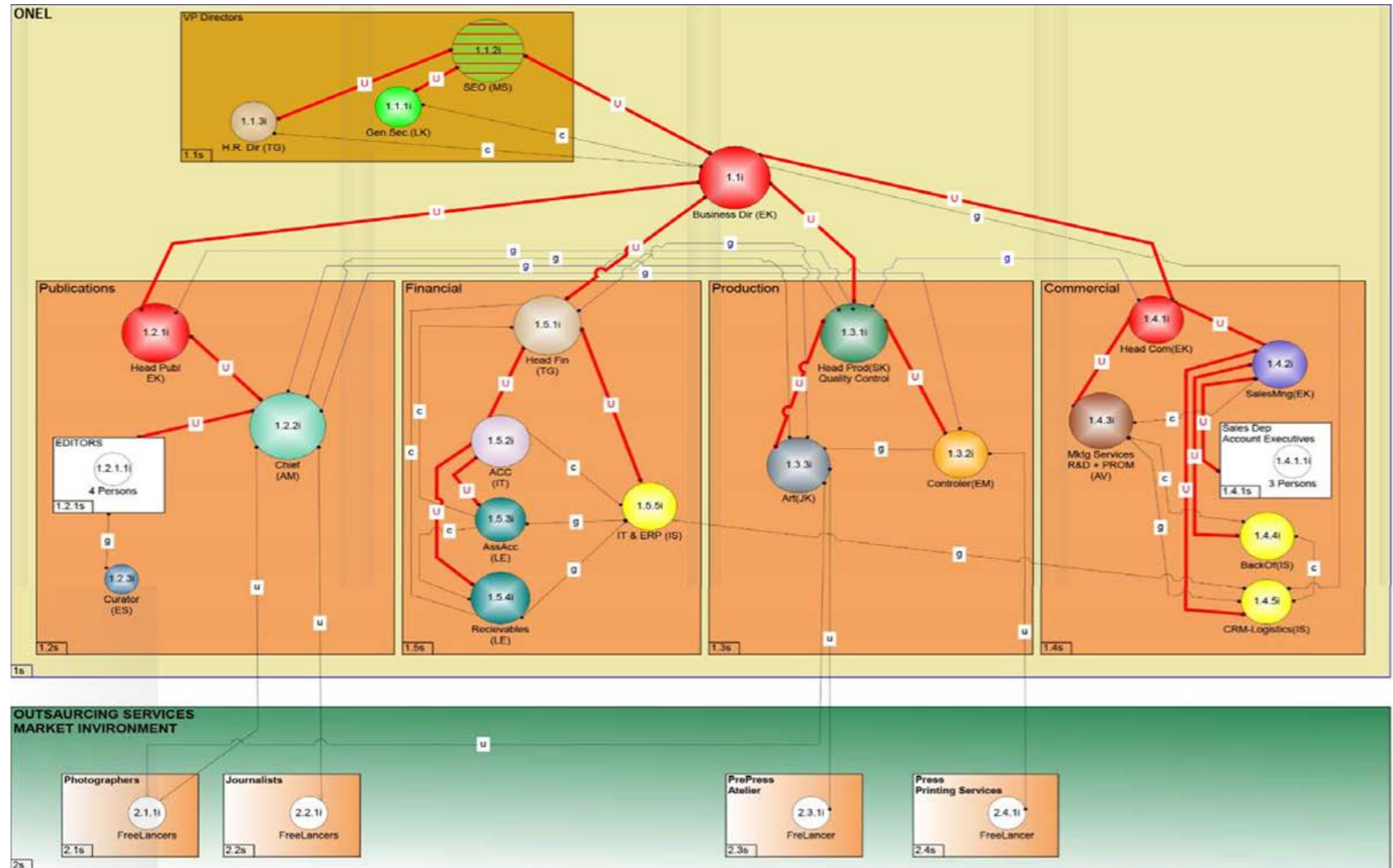
- ✓ creating and managing a customer data base,
- ✓ analysis of the sales channels and customer segmentation,
- ✓ identification of potential opportunities for new customers,
- ✓ design, implementation and recording of activities addressed to customers,
- ✓ design, implementation and recording of all activities involved in direct marketing and marketing campaigns,
- ✓ meeting needs and reinforcing the functioning of call center,
- ✓ Pricing and calculation of the υπολογισμός καθαρής τιμής (net price) per customer and product code,
- ✓ managing products and their codes (packaging), contracts and complaints,
- ✓ sales planning / forecasting and goal setting per sales area,
- ✓ order handling directly by the sales people(optional),

Designing R.I. with the use of DCSYM

Go-Outdoor S.A.
Upper
Administration

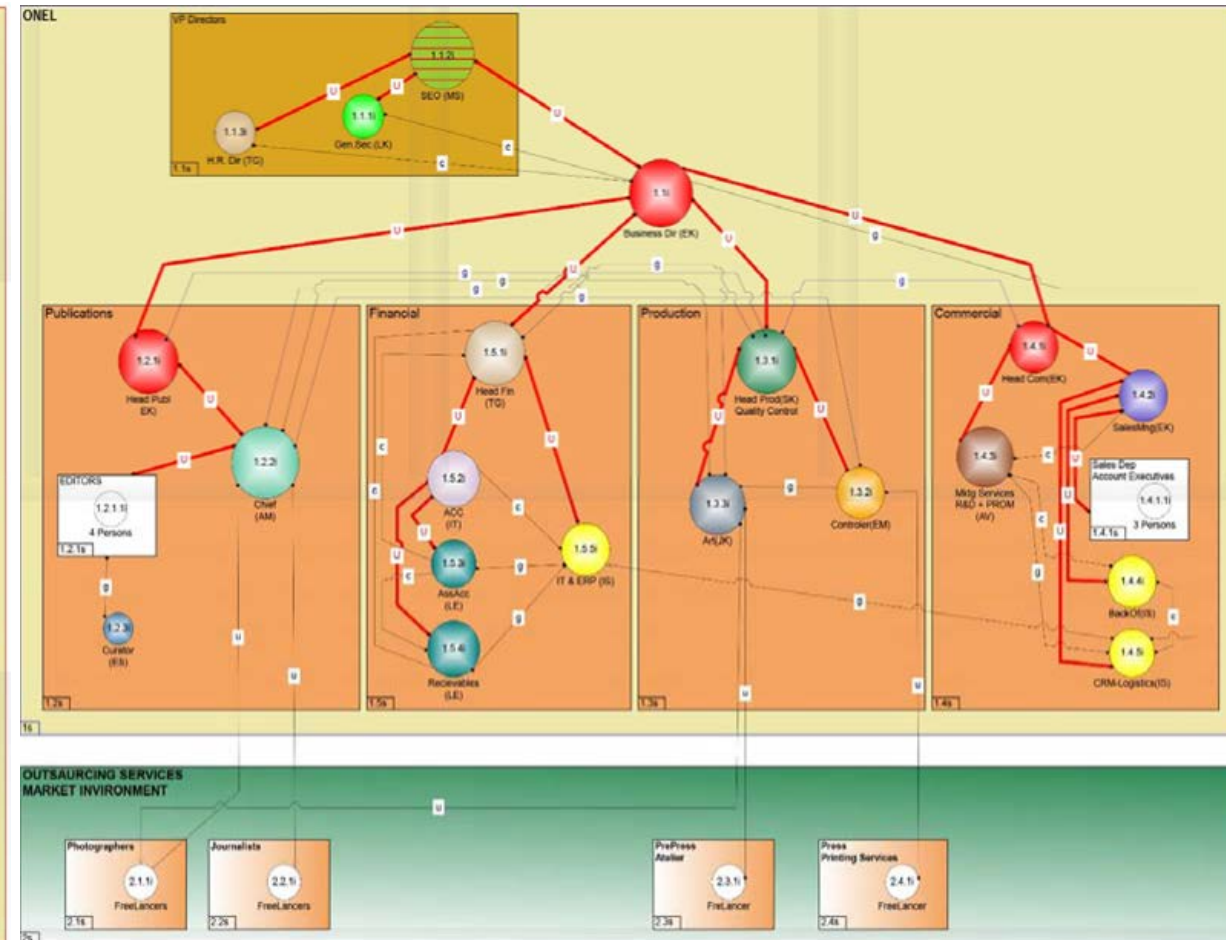
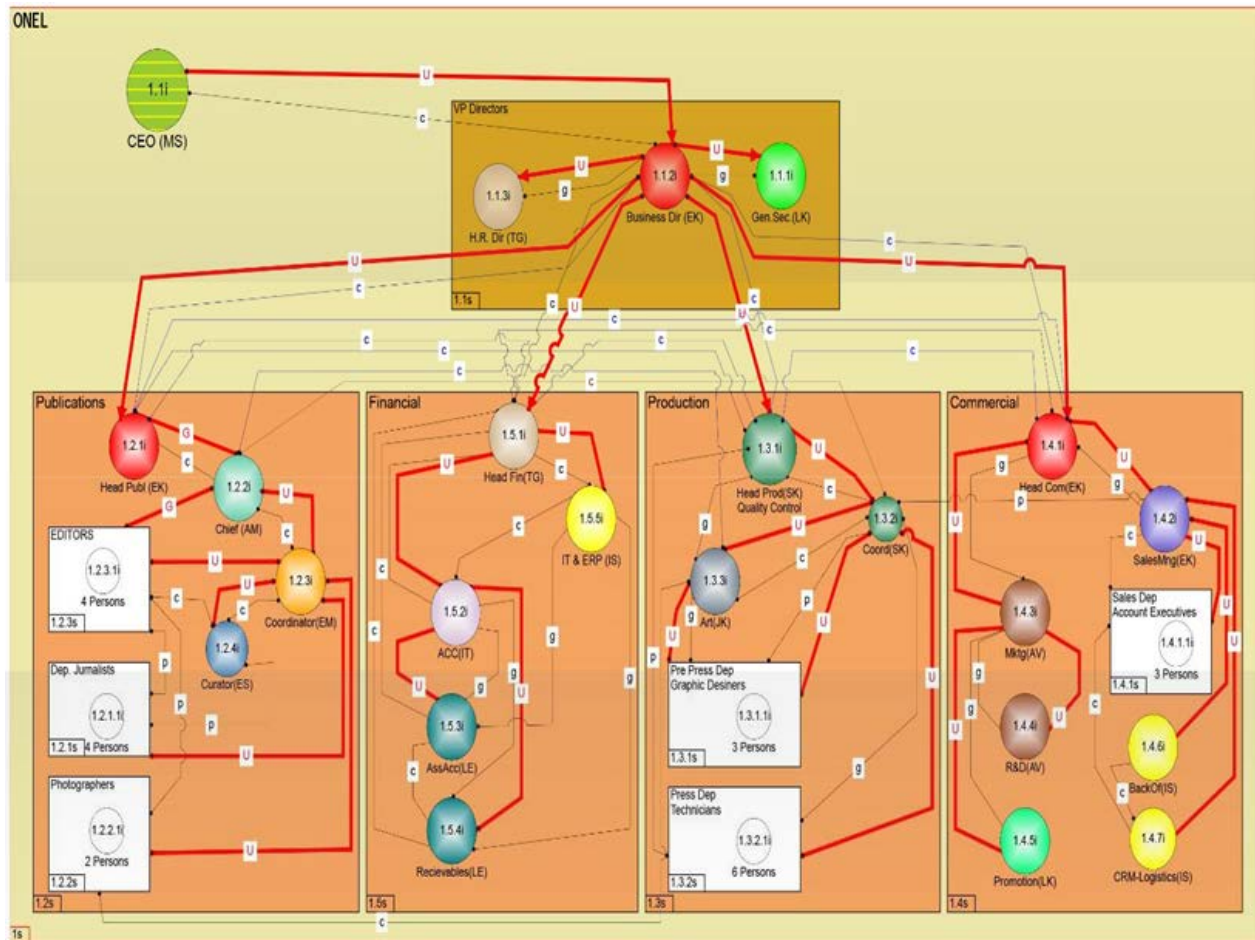
Go-Outdoor S.A.
Business Environ.

External
Environment



Comparison of C.S. of P. and R.I.

Recommended Improvement



Conclusions and Recommended Improvements

With the use of DCSYM we were able to visualize the structure of the Company, the systems and the subsystems, as well as the communication channels within them.

The C.S. of the P. describes the confusion, the overlapping of the communication and the extra effort that a limited number of people make for the achievement of all the tasks, processes and procedures of the company. It also detects the deficient design, control and computation the results measurement of the basic procedures. Finally, malfunction of the communication channels was noticed.

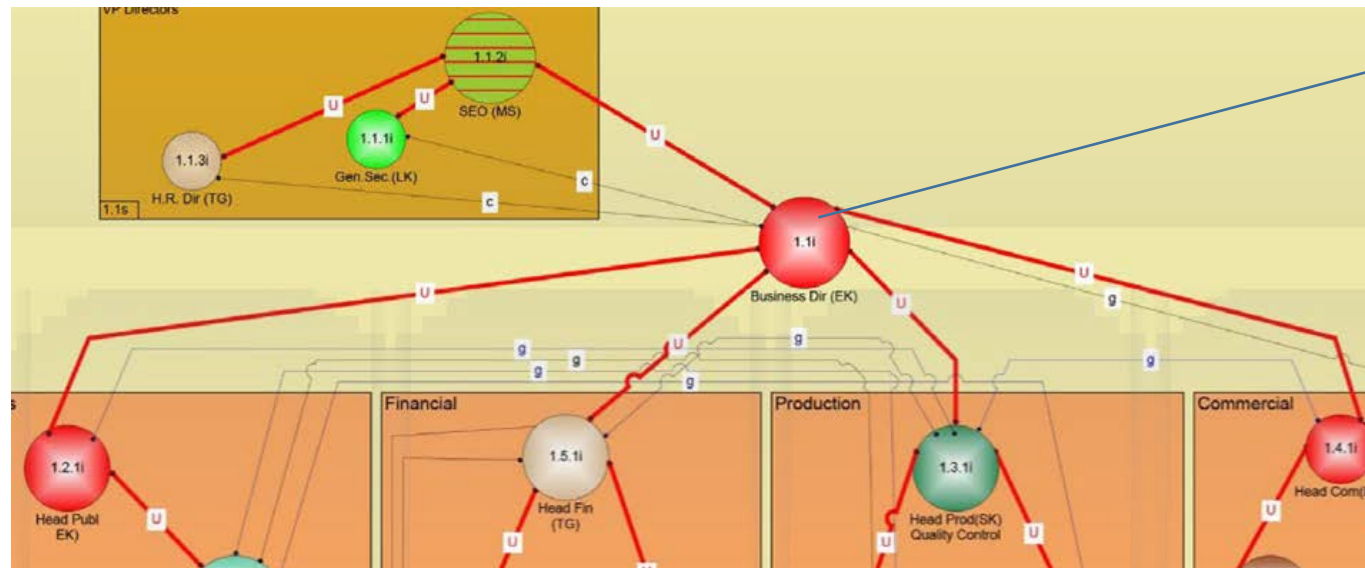
The C.S. & the R.I. state was designed and then the Recommended Improvement (RI) which includes:

- 1 The establishment of a key position:** Business Director.
- 2 The Outsourcing** part of the production process in order to limit the Fixed Labor Cost and make it variable.
- 3 The redesign** and the proper functioning of the CRM system.

Analysis

Conclusions and Recommended Improvements

- 1 The establishment of a key position, Business Director, to provide specialized support specialized support will be needed for the design, organization, coordination and monitoring of processes, ensuring the adequacy data collection, processing and analysis. Thus, a better allocation of the available resources will be achieved and the effectiveness of the company's operating activity will be increased.



Key Position Bus. Director

Analysis

Conclusions and Recommended Improvements

Results from Outsourcing

2

Outsourcing part of the production process in order to limit the Fixed Labor Cost and make it variable. This measure will enable the company to disencumber the work load of the employees and the communication between them, improve control and limit FLC to 59% of CS, as it appears in the following tables.

Resource Name	System (Operation)	Resources IE	System (Operation)	IE	System (Operation)	IE	System (Operation)	IE	ΘΕΣΕΙΣ IE	Resource (Empl.) Cost
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EM	Coordinator Pupl.	1								1,100 €
AV	Mktg Manager	1	R&D	1					2	1,600 €
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FS	Curator	1							1	1,000 €
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MS	CEO	1							1	
SK	Head Production	1	Coordinator	1					2	1,600 €
TG	HR Dir	1	Head Financial	1					2	1,700 €
TECHS	Press									
GRAPHICS	PrePress									
TOTAL		20		7		2		1	30	26,000 €

Conclusions and Recommended Improvements

before

Improvement

after

Θέσεις εργασίας & Σταθερό Κόστος Απασχόλησης

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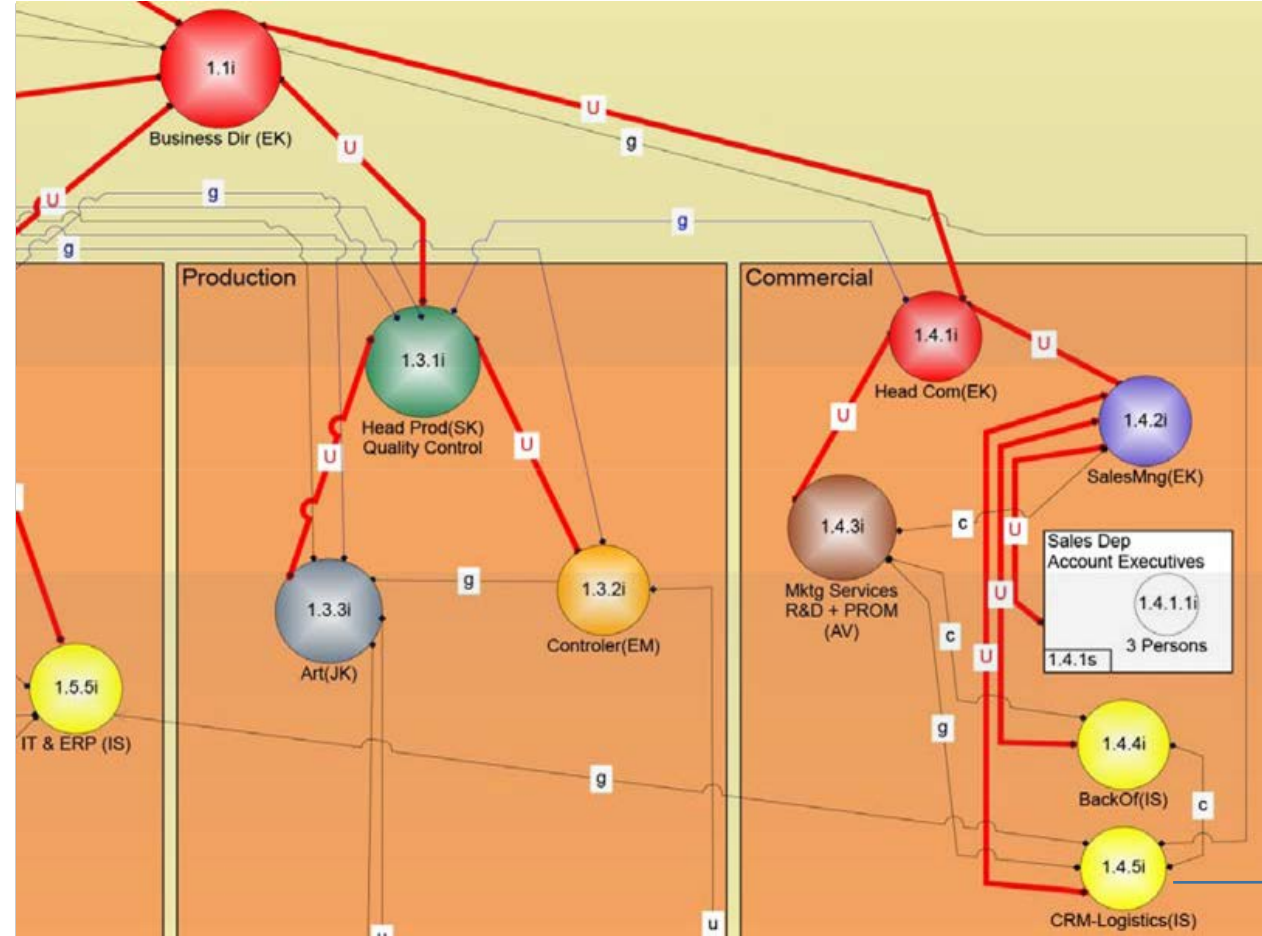
Analysis

Conclusions and Recommended Improvements

3

Redesign of the CRM system and proper functioning of the CRM system, that will be adapted to the needs and demands of the organization, in order to provide proper information and knowledge regarding the business environment of the company.

CRM Communication



Thank you!

ΛΕΥΤΕΡΗΣ ΚΑΚΑΒΟΥΛΗΣ, MBA

B.Sc. in Marketing (First class Honors)

M.B.A. Master in Business Administration (with distinction in O.B.)

Certified Systems Analyst Professional (CSAP), cant.

Accredited Coach, Certified Trainer, Professional Facilitator (Accr.: AC, HIC, CMI, LAEK/OAED, FIPP)

- He has worked in Australia, United Kingdom and Greece in Global Multinational and Greek companies for more than 37 years in front-line positions (Journalist, Publisher, Business Manager, CEO and Entrepreneur, Business Advisor, Corporate Coach and Senior Trainer with more than 5,000 hours of experience)
- He has designed and successfully executed dozens of Marketing, Sales and Project Plans.