Organizational Strategy, Competitive Advantage, and Information Systems

Dr. Rick Jerz

Goals

• Understand the strategic planning process
• Discuss methods for evaluating strategic initiatives
• Identify competitive advantage frameworks
• Discuss ways in which information systems enable and improve business processes

Where does all of this begin?

• Organizations “mission”
• Then “strategy”
• Where do “information systems” fit?

Focus Stories: Deere and Others

Mission/Strategy/Tactics

Mission is the reason for existence for an organization

Strategy tells the organization how to get there

Tactics are the methods and actions taken to accomplish strategies

Mission/Strategy Example

Rita is a high school student. She would like to have a career in business, have a good job, and earn enough income to live comfortably

• Mission: Live a good life
• Goal: Successful career, good income
• Strategy: Obtain a college education
• Tactics: Select a college and a major
• Operations: Register, buy books, take courses, study, graduate, get job
Strategic Information Systems

- Today, organizations need a wide variety of information systems for conducting their day-to-day business.
- Specifically, what will our information strategy be in order to give a competitive advantage?

Frameworks for Strategic Information Systems

Tools that can be used to identify strategic information systems initiatives

- Porter’s Five Competitive Forces Model
- Porter’s Value Chain
- Information Systems SWOT Analysis

SWOT Analysis to Strategy Formulation

- Mission
- External Opportunities
- Strategy
- External Threats
- Internal Strengths
- Internal Weaknesses

Competitiveness Definition

- How effectively an organization meets the wants and needs of customers relative to others that offer similar goods or services

Competitive Product/Service Options

- Price
- Quality
- Service
- Time
- Flexibility

Business Processes

- A business process is:
  - an ongoing collection of related activities that create a product or service of value to the organization, its business partners, and/or its customers.
- Comprised of three elements:
  - Inputs
  - Resources
  - Outputs

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Understand Business Processes

- No single functional area is responsible
- Information systems provide the bond between functional areas

Business Processes (Operations)

Example: Purchasing Airline Tickets Online

Another Business Process: Taking this Online Course

Information Systems & Business Processes

- IS's vital role in three areas of business processes
  1. Executing the process
     - Helping with timing
     - Providing required data
     - Providing a means to complete the task
  2. Capturing and storing process data
  3. Monitoring process performance
     - Information for monitoring & control
     - Information for performance improvement

Initial and Ongoing Processes

- The changing business environment
- Install good business processes
- Reengineering (BPR) and Improvement (BPI)
  - Degree of improvements
  - Customer satisfaction
  - Cost/time/quality
  - Product/service differentiation
  - Management (BPM)
Market Pressures

- Globalization
  - *The World is Flat*, by Thomas Friedman
- Changing Nature of the Workforce
  - Workforce is Becoming More Diversified
    - Women
    - Single Parents
    - Minorities
    - Persons with Disabilities
- IT is Enabling Telecommuting Employees
- Powerful Customers
  - Increasing consumer sophistication & expectations (google)

Societal / Political / Legal Pressures

- Social Responsibility
  - Environment
- Compliance with Government Regulations
  - Protection against Terrorist Attacks
    - Cyberattacks
- Ethical Issues
  - Email

Successful Business-IT Alignments

- Clear understanding of how IT contributes to business processes
- Knowledgeable workers and management
- Ability to plan, coordinate, and implement information systems
- Employee training
- Ability to monitor the improvements
- “Continuous improvement”

Unsuccessful Business-IT Alignments

- Business managers and IT managers have different objectives
- The business and IT departments are ignorant of the other group’s expertise
- A lack of communication
- Lack of hiring qualified employees