CHAPTER 2

MAJOR BUSINESS INITIATIVES
Gaining Competitive Advantage with IT

STUDENT LEARNING OUTCOMES

1. Define supply chain management (SCM) systems and describe their strategic and competitive opportunities.
2. Define customer relationship management (CRM) systems and describe their strategic and competitive opportunities.
3. Define e-collaboration and describe its strategic and competitive opportunities.
4. Discuss the impact IT culture has on technology choices and their implementations within an organization.
5. Explain the significance of enterprise resource planning (ERP) software as the integration of functional software systems.

CHAPTER SUMMARY

This chapter focuses on some of the key "systems" within an organization that can help gain and sustain a competitive advantage. They include supply chain management systems, customer relationship management systems, and e-collaboration.

The chapter then focuses on two key ingredients to making these systems successful – the IT culture within an organization and ERP systems as the integration of all software systems.

The primary sections of this chapter include:
1. Supply Chain Management
2. Customer Relationship Management
3. E-Collaboration
4. IT Culture – An Organizational Perspective
5. Enterprise Resource Planning – Bringing IT All Together

LECTURE OUTLINE

INTRODUCTION (p. 38)

SUPPLY CHAIN MANAGEMENT (p. 38)
1. Strategic and Competitive Opportunities with SCM
2. IT Support for Supply Chain Management

CUSTOMER RELATIONSHIP MANAGEMENT (p. 41)
3. Strategic and Competitive Opportunities with CRM
1. IT Support for Customer Relationship Management

E-COLLABORATION (p. 45)
1. Work Activities with Integrated Collaboration Environments
2. Knowledge Management with Knowledge Management Systems
3. Social Networking with Social Networking Systems
4. Learning with E-Learning Tools
5. Information Collaboration to Support Open-Source Information
6. Strategic and Competitive Opportunities with E-Collaboration
7. IT Support for E-Collaboration

IT CULTURE – AN ORGANIZATIONAL PERSPECTIVE (p. 48)
1. IT Culture – Structuring the IT Function
2. IT Culture – Philosophical Approach to IT

ENTERPRISE RESOURCE PLANNING – BRINGING IT ALL TOGETHER (p. 52)

END OF CHAPTER (p. 55)
1. Summary: Student Learning Outcomes Revisited
2. Closing Case Study One
3. Closing Case Study Two
4. Key Terms and Concepts
5. Short-Answer Questions
6. Assignments and Exercises
7. Discussion Questions

Back to Jump List

APPENDICES, PROJECTS, AND DATA FILES

Group Projects

- Executive Information System Reporting
- Developing an Enterprise Resource Planning System
- Evaluating the Next Generation
- Building a Scheduling Decision Support System
- Assessing the Value of Supply Chain Management

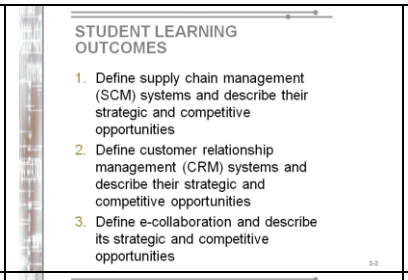
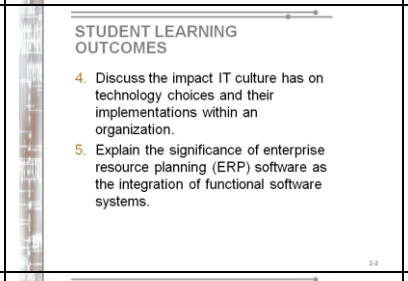
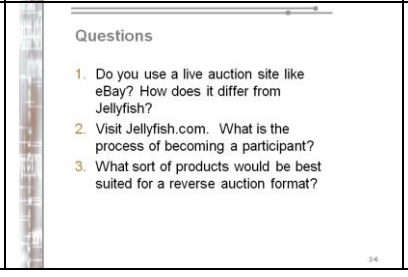
Electronic Commerce Projects

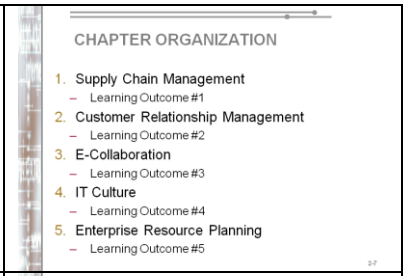
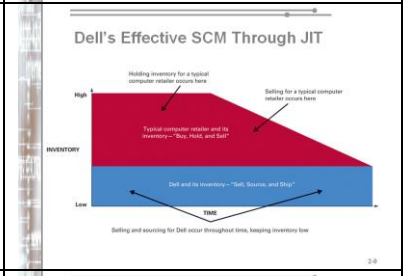
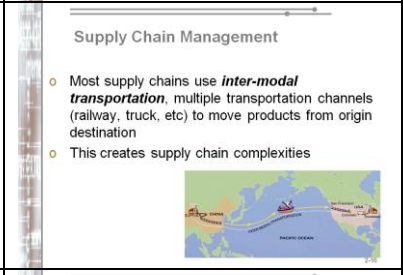
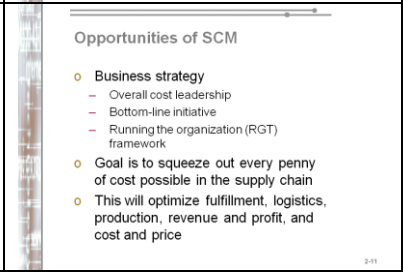
- Consumer information
- Demographics
- Bureau of Labor and Statistics
- Gathering competitive intelligence
- Meta data
- Gold, silver, interest rates, and money
- Small Business Administration
- Global statistics and resources

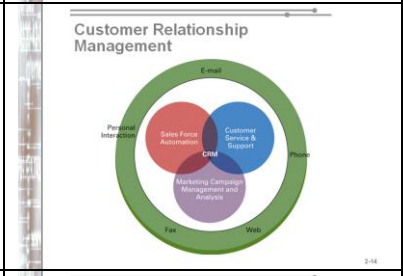
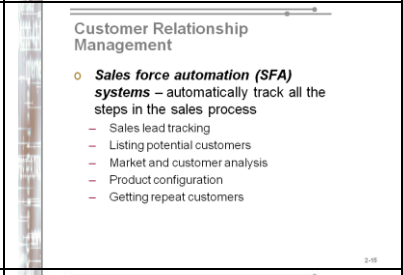
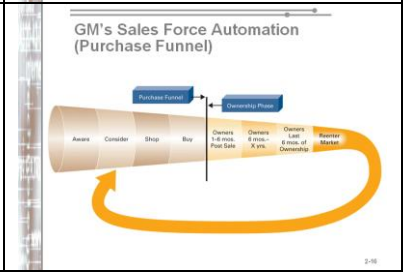
Data Files

- There are no data files associated with this chapter. However, there may be data files associated with the Group Projects you choose.

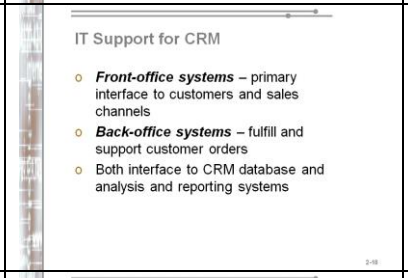
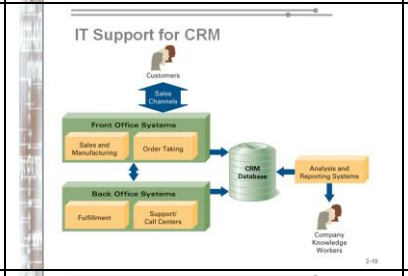
Back to Jump List

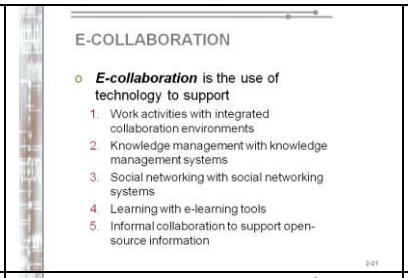
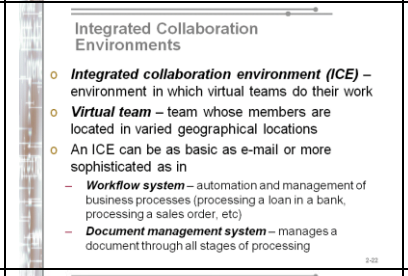
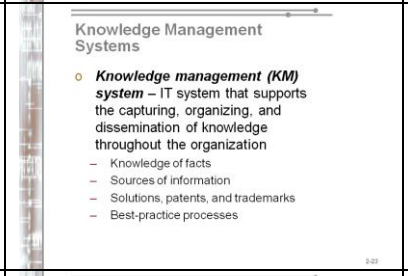
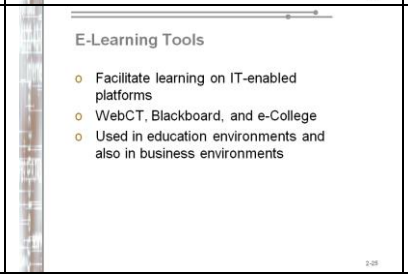
SLIDE 2		• These are the Student Learning Outcomes for the chapter. • Use them as a road map to inform your students of what you will be covering. • At the end of the chapter is a summary of each.
SLIDE 3		• These are the Student Learning Outcomes for the chapter. • Use them as a road map to inform your students of what you will be covering. • At the end of the chapter is a summary of each.
SLIDE 4		• This slide introduces the opening case study, a focus on Jellyfish.com • It is a reverse auction format site • Sellers post items and continually drop the price until all items are sold • Buyers jump in when the price is right for them
SLIDE 5		• This is an example of social commerce shopping, buyers getting together and creating some sort of “power”
SLIDE 6		• These are good discussion questions as most of your students will have used eBay, or are at a minimum familiar with it • Good products for a reverse auction format are medium priced ($100 to $500) and highly desirable such as iPods

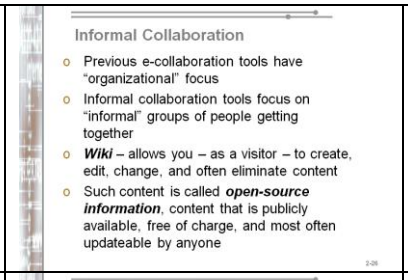
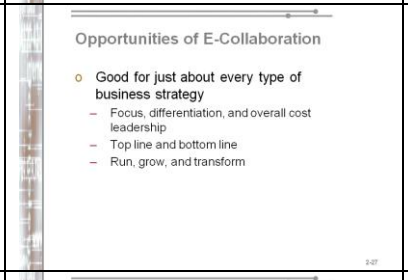
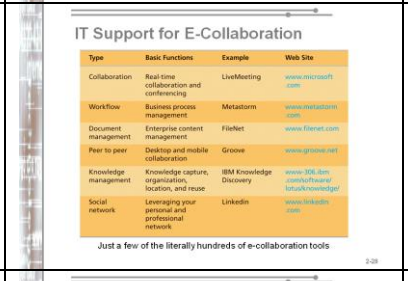
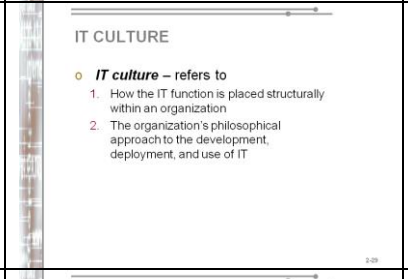
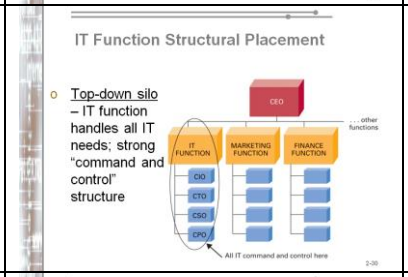
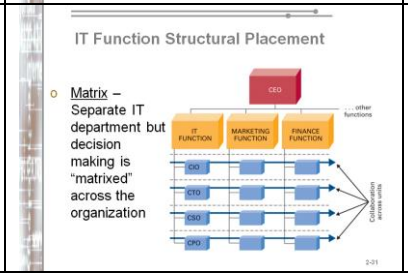
SLIDE 7		• This slide presents the organization for the chapter by major section and associated learning outcome
SLIDE 8		• This slide begins the discussion of supply chain management systems (**Student Learning Outcome #1**) • It provides the definitions for basic SCM terminology including SCM, SCM system, and just-in-time
SLIDE 9		• This slide presents Figure 2.1 on page 39 • It illustrates how Dell's SCM system helps keep inventory low over time and also produces what the customers wants at the exact time the customer wants it
SLIDE 10		• This slide talks about inter-modal transportation, the use of multiple modes of transportation in SCM • This adds complexity • It also presents Figure 2.2 on page 40 as a graphical illustration of inter-modal transportation
SLIDE 11		• This slide presents the focuses of SCM • The main focus is on ○ Bottom line ○ Overall cost leadership ○ Running the organization (RGT framework)

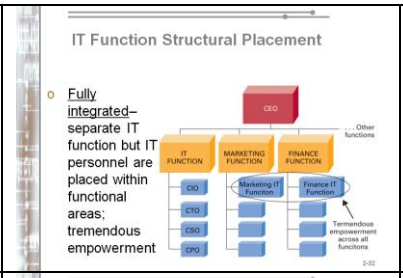
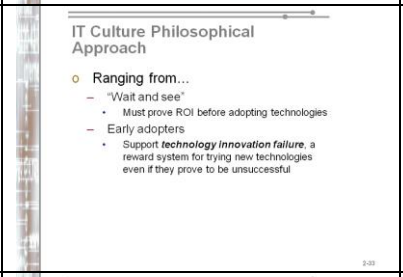
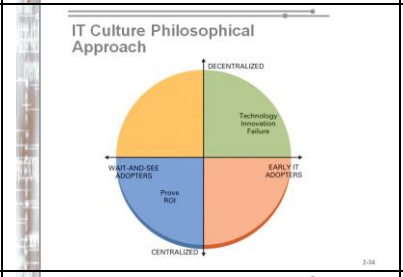
SLIDE 12		• This slide broadly talks about the IT support for SCM • It also provides additional resources you may want to explore with your class • INDUSTRY PERSPECTIVE – Staples Makes a Bet on Its Supply Chain Management System (p. 41)
SLIDE 13		• This slide begins the discussion of customer relationship management (**Student Learning Outcome #2**) • It also highlights the three focuses of CRM ○ Sales force automation ○ Customer service and support ○ Marketing campaign management and analysis
SLIDE 14		• This slide presents Figure 2.3 on page 42 • It shows the three focuses of CRM • It also illustrates multi-channel service delivery – e-mail, phone, Web, fax, and personal interaction as all being necessary for good CRM
SLIDE 15		• This slide talks about sales force automation and its key ingredients • Sales force automation is fundamental to the success of any CRM effort
SLIDE 16		• This slide presents Figure 2.4 on page 43 • This is GM's purchase funnel • The focus is on getting repeat customers through effective CRM

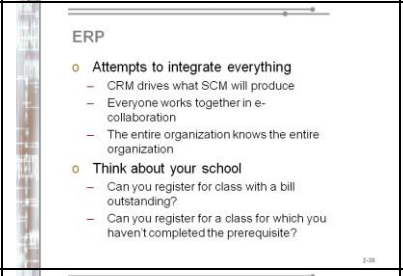
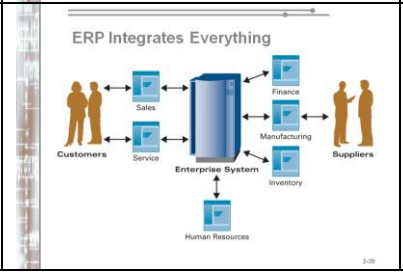
SLIDE 17		• This slide presents the focuses of CRM
		• The main focus is on
		  ○ Top line
		  ○ Differentiation and focus
		  ○ Growing the organization (RGT framework)

SLIDE 18		• This slide presents the two areas in which IT can support CRM • They are through front-office systems and back-office systems
SLIDE 19		• This slide presents Figure 2.5 on page 44 • It illustrates how front-office systems, back-office systems, a CRM database, and analysis and reporting systems work together
SLIDE 20		• This slide broadly talks about the IT support for CRM • It is similar to that of SCM in that specialists companies first pioneered such systems but now those systems are dominated by ERP players • It also provides additional resources for CRM that you may want to explore with your students • GLOBAL PERSPECTIVE – APC Creates a Worldwide Protection Presence with Customer Relationship Management (p. 45)

SLIDE 21		• This slide begins the discussion of e-collaboration (**Student Learning Outcome #3**) • It also identifies the 5 areas in which e-collaboration tools can help • Subsequent slides discuss each
SLIDE 22		• This slide talks about e-collaboration support for work activities within integrated collaboration environments • It provides several definitions for basic terms within ICEs
SLIDE 23		• This slide talks about e-collaboration support for knowledge management with knowledge management systems
SLIDE 24		• This slide talks about e-collaboration support for social networking and social networking systems • It's important that you help your students understand that there is a difference between social networking sites like Myspace and social networking systems that businesses use
SLIDE 25		• This slide talks about e-collaboration support for learning with e-learning tools • Your students should be familiar with an e-learning tools like WebCT or Blackboard • Businesses also use these to teach employees

SLIDE 26		• This slide talks about e-collaboration support for informal collaboration to support open-source information • Open-source information is a new term and similar to open-source software The notion is to let large groups of people build, edit, and manage the quality of something; in this case, the "something" is information
SLIDE 27		• This slide presents the focuses of e-collaboration • E-collaboration can and does support any type of business initiative
SLIDE 28		• This slide presents Figure 2.6 on page 48 • It highlights just a few of the thousands of IT systems for e-collaboration • INDUSTRY PERSPECTIVE – Constellation Energy: Connect. Interact. Transform. (p. 49)
SLIDE 29		• This slide begins the discussion of IT culture (**Student Learning Outcome #4**) • This is a new topic of the 3rd edition • IT culture deals with 2 things: how the IT function is placed in an organization and the organization's philosophical approach to the adoption and use of IT
SLIDE 30		• This slide is the first of three that describe how the IT function can be structurally placed within an organization • This one illustrates the top-down silo approach, a very strong command-and-control structure in which the IT function is solely in its own department
SLIDE 31		• This slide is the second of three that describe how the IT function can be structurally placed within an organization • This one illustrates the matrix approach, a more collaborative approach in which the IT function is "matrixed" across the organization

SLIDE 32		• This slide is the third of three that describe how the IT function can be structurally placed within an organization • This one illustrates the fully integrated approach, one in which IT personnel are located in functional units throughout the organization • This is the most collaborative approach
SLIDE 33		• This slide talks about the philosophical approach to the adoption and deployment of IT, the second aspect of IT culture • Talk about this in terms of a continuum, with one end being "wait and see" and the other end being early IT adopters
SLIDE 34		• This slide presents Figure 2.8 on page 51 • It shows the interrelationship among the two facts of IT culture • This creates 4 quadrants with organizations in each quadrant exhibiting different characteristics from those organizations in other quadrants
SLIDE 35		• This slide begins the discussion of ERP systems (**Student Learning Outcome #5**) • ERP is not new to the 7th edition, but we have moved some ERP material into Chapter 2 to (1) recognize its increasing importance and (2) use it as a mechanism for integrating functional software systems like SCM, CRM, and e-collaboration
SLIDE 36		• This slide presents Figure 2.9 on page 52 • It illustrates that ERP encompasses everything – financials, sales and marketing, operations and logistics, and human resources

SLIDE 37		• This slide presents Figure 2.10 on page 53 • It highlights the major ERP players • They include SAP, Oracle/PeopleSoft, SSA Global (Baan), and Microsoft (Great Plains)
SLIDE 38		• This slide reinforces the notion that ERP should encompass everything in an organization • If everything is tied together, the organization can operate more efficiently and effectively
SLIDE 39		• This slide presents Figure 2.11 on page 54 • Again, it reinforces the notion that ERP encompasses everything • We'll explore ERP more again in Chapter 7 • INDUSTRY PERSPECTIVE – Invite FedEx into Your ERP (p. 55)

CLOSING CASES

CLOSING CASE STUDY ONE (p. 56)

IS ERP THE ANSWER FOR A COMPANY THAT HASN'T MADE A PROFIT IN SIX YEARS?

In this case study, your students will explore the use of ERP by Sun Microsystems. Sun has fallen on hard times and hasn't posted a profit for many years.

Sun has implemented an ERP system in the hope of regaining its financial stability and credibility.

QUESTIONS

1. In reference to Porter's Five Forces Model from Chapter 1, how was Sun affected by Dell Computer? Do you think Dell had a similar impact on other computer vendors in the same server market? Why or why not?

DISCUSSION

- Dell actually affected Sun in many ways according to Porter's Five Forces Model.
- It increased the rivalry among existing competitors.
- It created entry barriers by providing customers with a way of ordering and getting exactly what they wanted.
- Dell increased its supplier power by creating fiercely loyal customers who wouldn't switch to another organization.

2. How closely does Sun's supply chain now mirror that of Dell Computer? Is it wise to "mimic" a competitor so closely? What about Blockbuster following the model of Netflix? How are they similar? What has Blockbuster added to its video rental model that appeals to people?

DISCUSSION

- Sun's SCM model very much looks like that of Dell's. And Dell is the leader in innovative SCM, so why not follow its model closely.
- Blockbuster is now doing the same as NetFlix, offering people a way to order rental videos over the Internet.
- Blockbuster also allows its customers to return the videos to a store as well as through the mail; this is something that NetFlix cannot do.

3. In the case, we identified that Sun is now using software from multiple vendors – ERP from Oracle, supply chain management from Manugistics, and demand planning from i2 Technologies. Can this collection of software truly be an integrated, seamless, unified-interface, all-encompassing ERP system? How do you believe organizations get different pieces of software from different vendors to talk to each other?

DISCUSSION

- The basic tenet of ERP is that software from multiple vendors can be integrated, seamless, and unified.
- But, you should talk with your students about the challenges of doing this. It's not simply a process of installing all the various components and then providing some sort of logical "pointer" to the various pieces.
- It takes a lot of middleware to make this happen.

4. What's on the customer relationship management side for Sun? How can it use the information it gathers on customers and their ordering habits to create a competitive advantage?

DISCUSSION

- Sun's CRM focus is similar to that of many organizations.
- It can take information from its SCM system and use that information to derive customer purchasing habits, trending information, and so on.
- It will have a difficult time creating a competitive advantage with this approach, as many organizations already do this.

5. How has Sun created an information partnership with its supplier manufacturers? How has this information partnership created efficiencies in the supply chain?

DISCUSSION

- In the next to last paragraph of the case, you can see that Sun's suppliers can access Sun's order processing information to generate customer invoices and shipping orders.
- This is an example of creating an information partnership.

CLOSING CASE STUDY TWO (p. 57)

IT'S ALL ABOUT CUSTOMER RELATIONS IN THE FINANCIAL SERVICES MARKET

In this second closing case study, your students will explore how the Principal Financial Group is using customer relationship management to create a competitive advantage in the marketplace.

According to InformationWeek's annual survey of U.S. companies making the best use of technology the Principal Financial Group is number one.

QUESTIONS

1. How are Principal's efforts an excellent example of the implementation of customer relationship management? In what ways has Principal developed significant knowledge and insight into the wants and needs of its customers?

DISCUSSION

- There are many examples of how Principal's efforts are effective CRM and how Principal has developed significant knowledge into the wants and needs of its customers.
- It has a Web-based and easy to use system that offers investment advice.
- It gives each customer a monthly snapshot of their retirement outlook.
- It can cross-sell products and services that specific customer groups need.
- It uses milestone information to offer different products and services.

2. With respect to the use of information technology, is Principal focusing on a top-line or bottom-line initiative? Perhaps a combination of both? Justify your answer. Within the context of the RGT framework (also described in Chapter 1), what is Principal's focus?

DISCUSSION

- Principal's IT focus is on both the top line and bottom line.
- It's IT infrastructure efficiently processes over 1 million transactions per day in record time (i.e., reduces bottom-line costs).
- It's IT infrastructure has enabled it to significantly expand its overseas operations (i.e., increase top line revenues).
- Within the RGT framework context, Principal is primarily focusing on growing the organization with a secondary focus on running the organization.

3. Within the context of Porter's Three Generic strategies, is Principal mainly focusing on overall cost leadership, differentiation, or focus? Pick only one and justify your answer.

DISCUSSION

- This is a good question for class discussion.
- There are actually several correct answers, as long as your students can provide appropriate support discussion.
- Overall cost leadership – this is a stretch because of the all the personalized attention, but Principal is processing a lot of transactions quickly and inexpensively.
- Differentiation – again, somewhat of a stretch.
- Focus – this is the most likely answer; retirement savings for employees in small to medium-sized businesses

4. Principal really offers only services to customers; that is, it has no physical products to sell. How would Principal make effective use of an ERP system, while not needing modules such as manufacturing, transportation, and logistics? As more and more companies focus on only service offerings, do you see a need for a service ERP that targets companies like Principal?

   DISCUSSION
   - ERP systems can include everything, but only if you need everything.
   - In this instance, Principal simply wouldn't use the ERP modules related to physical product manufacturing, storing, and distribution.
   - There certainly is a need for "service" ERP and most major ERP vendors offer it.

5. If you were to consider the financial services needs of a customer over his or her entire lifetime (after college), what specific information would you want to know about a customer? We identified information such as age, marital and family status, salary, and benefits. What five other information "milestones" would you want to track?

   DISCUSSION
   - Others include: birth of children; parents (of employees) getting older and needing support (this is the notion of the Oreo generation); children reaching various milestone ages such as those ages associated with needing braces and driving a car; divorce; purchase or sale of a home; etc.

Back to Jump List

SHORT-ANSWER QUESTIONS (p. 59)

1. Why is the traditional buy-hold-sell inventory model an expensive and potentially risky one?
   ANSWER: The traditional inventory model requires that (1) you create inventory without a known demand, (2) you keep a lot of inventory throughout the supply chain, and (3) you sell off obsolete inventory at a very low price.

2. What is the role of a supply chain management (SCM) system?
   ANSWER: The role of a ***supply chain management (SCM) system*** is to support supply chain management activities by automating the tracking of inventory and information among business processes and across companies.

3. How does SCM fit into Porter's three generic strategies?
   ANSWER: SCM is most commonly associated with the overall cost leadership generic strategy.

4. What are the typical functions in a CRM system?
   ANSWER: The typical functions in a CRM system include sales force automation, customer service and support, and marketing campaign management and analysis.

5. How does CRM fit into the RGT framework?
   ANSWER: CRM is most commonly associated with growing the organization in the RGT framework.

6. What is the difference between front office and back office systems?
   ANSWER: A ***front office system*** is the primary interface to a customer and a sales channel, while a ***back office system*** is used to fulfill and support customer orders.

7. For what five things does e-collaboration provide support?
   ANSWER: E-collaboration supports (1) work activities within integrated collaboration environments, (2) knowledge management with knowledge management systems, (3) social networking with social networking systems, (4) learning with e-learning tools, and (5) informal collaboration to support open-source information.

8. What is the difference between a social networking site and a social networking system?
   ANSWER: A ***social networking site*** (e.g., Myspace) is a site on which you post information about yourself, create a network of friends, share content, and so on. A ***social networking system*** is an IT system that links you to people you know and, from there, to people your contacts know.

9. What is open-source information?
   ANSWER: ***Open-source information*** is content that is publicly available (in a broad sense), free of charge, and most often updateable by anyone.
10. What are the three most common ways in which the IT function can be placed within an organization?
    ANSWER: The three most common ways in which the IT functions can be placed are: top-down silo, matrix, and fully integrated.

11. How are the structuring of the IT function and the philosophical approach to IT interrelated?
    ANSWER: They are interrelated in that the philosophical approach is most often implemented as a specific structure. Wait-and-see organizations tend to centralize the IT function in a top-down silo approach, while early IT adopters tend to disperse the IT function (i.e., either matrix or fully integrated).

12. What is an enterprise resource planning (ERP) system?
    ANSWER: An ***ERP system*** is a collection of integrated software for business management, accounting, finance, HR, project and inventory management, supply chain, customer relationship management, e-collaboration, etc.

Back to Jump List

ASSIGNMENTS & EXERCISES (p. 59)

1. **COLLABORATION WORK** In a group of three or more students, collaborate on a project to make a list of your group's most popular music CDs. Then, classify the CDs into musical genres such as pop, classical, and so on. All communication about your project must be electronic (but not by voice or video phone). You can use e-mail, set up a Web site, use a chat room, use instant messaging, or use a collaboration e-room, if your school has that facility. Print out a copy of all correspondence on the project and put the correspondence together in a folder in chronological order. Was this task every different from collaborating face to face with your partners? In which ways was it better? In which ways was it worse? What additional problems or advantages would you expect if people you were working with were in a different hemisphere?

   DISCUSSION
   - Answers here will vary greatly among your students.
   - Optimally, your students should use Excel or Access and send attachments to each other while compiling the list of information.
   - When deciding upon category names and the like, they will probably use text e-mail.
   - Virtual team work is very different from face-to-face team work. If you have the chance, cover with your students tips and suggestions for effective virtual team work.

2. **WAL-MART'S SCM SYSTEM** Wal-Mart is famous for its low prices, and you may have experienced its low prices first-hand. At least, you have probably seen its motto, "Always Low Prices – Always." One of the biggest reasons Wal-Mart is able to sell at prices lower than almost everyone else is that it has a superefficient supply chain. Its IT-enabled supply chain management system is the envy of the industry because it drives excess time and unnecessary costs out of the supply chain. So, because Wal-Mart can buy low, it sells low. As a matter of fact, if your company wants to sell items to Wal-Mart for it to sell in its stores, you will have to do business with it electronically. If your company can't do that, Wal-Mart won't buy anything from you. Log on to Wal-Mart's Web site (www.walmart.com), search for supplier information, and find out what Wal-Mart's requirements are for its suppliers to do business with it electronically. Prepare a brief summary of its requirements for presentation in class.

   DISCUSSION
   - Wal-mart's supplier requirements can be found at http://www.walmartstores.com/wmstore/wmstores/Mainsupplier.jsp?pagetype=supplier&template=ContentLanding.jsp&categoryOID=-8250&catID=-8250.
   - Most notably, Wal-mart requires the use of RFID technology for tracking inventory.
   - This is a good time to cover RFID. We cover it thoroughly in Chapter 9.

3. **REAL WORLD APPLICATIONS** In the chapter we mentioned that many CRM installations have been less than successful. On the other hand, there are many satisfied users of CRM applications. Log on to the Internet and find at least three examples of companies that are getting real business benefits from their CRM systems. Prepare a report on the results they are getting and the ways they achieved them. One place to start your search is at www.searchcrm.com. Another good source is the Web sites of CRM application software vendors Siebel and Salesforce.com (www.siebel.com and www.salesforce.com). At least one of your examples must be from a site other than the three mentioned.

   DISCUSSION
   - Answers to this assignment will also vary greatly.
   - At every CRM software site, your students should be able to find customer success stories.
   - Other places include InformationWeek (www.informationweek.com), CIO (www.cio.com), and Optimize (www.optimizemag.com).

4. **ERP FOR THE SMALL BUSINESS** Most major ERP vendors have been focusing on selling multi-million dollar installations of their software to very large organizations. That is shifting in focus somewhat as ERP vendors realize that the small-to-medium-size business market is probably just as large. Search the Internet for ERP vendors that focus on small-to-medium size businesses. Also, search for open-source ERP software. Prepare a short report for class presentation and offer the vendors that you found and their Web site addresses.

   DISCUSSION
   - Your students will be able to find hundreds of ERP vendors that focus on the small to medium-sized business market.
   - If they look ahead to Chapter 7, they'll find many of these companies listed.
   - They should definitely come across Microsoft, which focuses a great deal of efforts in this arena with its Great Plains ERP software.
   - Open-source ERP software is really not a reality yet, although you can find some open-source ERP packages. We cannot attest to their quality.

5. **IT CULTURE** Interview someone working in the business world. It can be a friend, a family member, or simply someone you know. Explain to him or her the three most common ways of structurally placing the IT function within an organization. Also, explain to him or her the range of philosophical approaches to the development, deployment, and use of IT in an organization. Finally, show Figure 2.7 on page 50. Ask him or her to point out on that figure where his or her organization would be located. Finally, gather justification for the decision. Make a short presentation to class. If necessary, you can omit the company name but do provide its characteristics.

   DISCUSSION
   - Answers here will vary greatly according to the chosen organizations.

Back to Jump List

DISCUSSION QUESTIONS (p. 60)

1. Do you think your school would benefit from installing a customer relationship management (CRM) system? How might it benefit you as a student? How could it benefit your school?

DISCUSSION

- Schools can definitely benefit from CRM systems.
- Benefits include: knowing from where most students come, assessing optimal class times (according to when most students take classes), understanding the order in which students usually take classes, determining the most difficult classes, and so on.
- Students benefit because the school gains knowledge. For example, if a school can determine the most difficult classes, it can set up tutoring labs and student mentors to help reduce the difficulty.

2. Spoke is e-collaboration software that examines all employees' e-mail contact lists searching for people at potential customer sites who may be known to employees. Do you think a company has an ethical obligation to notify employees it is going to use Spoke, or (because it will search only computer files on company-owned computers) is it none of the employees' business?

DISCUSSION

- This is a great question for class discussion.
- Ethics are always a matter of personal interpretation, and some of your students will have very definite opinions about this.

3. In the Run-Grow-Transform (RGT) framework, the third component is that of transformation, or enabling your organization to operate in entirely new ways. Of the three major business IT applications we discussed in this chapter (supply chain management, customer relationship management, and e-collaboration), which one(s) do you believe most support organizational transformation? Justify your answer.

DISCUSSION

- This is another great question for class discussion.
- In general, e-collaboration is the most supportive of transformation because it supports the sharing and dissemination of ideas, knowledge, and so on.

4. Think about IT culture and its two main aspects – (1) the structural placement of the IT function within an organization and (2) the philosophical approach to the development, deployment, and use of IT. Which of these two would present the greatest challenge in changing within an organization? Justify your answer. Of the three types of structural placement of the IT function within an organization, which do you believe is the most common? Justify your answer.

DISCUSSION

- The philosophical approach of the development, deployment, and use of IT is always the most challenging to change. The philosophical approach is really indicative of the culture of the organization and people's views. Culture and personal views are always hard to change.
- The most common placement of the IT function in an organization is the first, top-down silo. This is true because that's the way it's been done for a long time.

5. In the text, we noted that it is extremely difficult to measure the success of a CRM system prior to its implementation and use. Why do you believe this to be so? What can organizations do to develop measures of success in advance of implementing a CRM system?

DISCUSSION

- Many CRM installations focus on providing the customer with a "better" experience and determining how many customers will return because of a "better" experience is very difficult to measure.
- Organizations do try to measure the success of a CRM system prior to its implementation by measuring the number of customers leaving and sales lost because of the lack of a good experience.

Back to Jump List

INDUSTRY & GLOBAL PERSPECTIVES

INDUSTRY PERSPECTIVE – Staples Makes a Bet on Its Supply Chain Management System (p. 41)

- Staples offers an interesting guarantee on its fastest moving inventory.
- If it's not in stock, Staples will deliver to you (at home or at your business) the next business day with no shipping charge.
- It will also provide you with a $10 coupon.
- It does so because it believes its SCM system is good at predicting demand levels that no fast moving item will ever be out of stock.

Return to Slide #12

GLOBAL PERSPECTIVE - APC Creates a Worldwide Protection Presence with Customer Relationship Management (p. 45)

- APC provides surge protectors for high-end items such as home PCs and plasma TVs and also to businesses wanting to protect computers and data center equipment.
- APC sells its equipment in over 160 countries.
- Because of its CRM system, APC can track every customer touch point, including failed transactions.
- APC embraces customer satisfaction so much that employee bonuses are directly tied to satisfaction numbers.

Return to Slide #20

INDUSTRY PERSPECTIVE – Constellation Energy: Connect. Interact. Transform. (p. 49)

- Constellation energy noticed that employees didn't seem to be sharing information and communicating with each other.
- It implemented a number of e-collaboration tools to help.
- It uses Microsoft Live Meeting to conduct most of its meetings.
- It also uses SharePoint for document collaboration.
- All these tools save valuable time and enable employees to share information, new ideas, and knowledge.

Return to Slide #28

INDUSTRY PERSPECTIVE – Invite FedEx into Your ERP (p. 55)

- FedEx will install a complete computer system in your business, called Ship Manager.
- Ship Manager helps you weigh your packages, calculate shipping, and print shipping labels.
- It also notifies FedEx that you have a package pickup ready.
- It can also tie into your ERP system, providing information to customer billing, inventory, and warehousing functions.

Return to Slide #39

Back to Jump List

ADDITIONAL ASSIGNMENTS AND EXERCISES

UNDERSTANDING SUPPLY CHAIN MANAGEMENT IN YOUR BUSINESS STRATEGY

Note: Use this in the supply chain management section

It's now time for you to consider supply chain management (SCM) and SCM systems within the context of business strategy. Prior to answering the following questions, pick any organization you wish and prepare a one-page summary of who it is, it's primary customers, and how it attempts to differentiate itself in the market. You are free to choose any organization that provides products to its customers. That is, stay away from organizations that primarily provide services such as financial service firms, insurance firms, and the like. Good candidate organizations may include Microsoft, Coca-Cola, Nordstrom, Wal-Mart, and the like.

1. **Top-line versus bottom-line:** In what ways could your organization use its supply chain management system to support top-line initiatives? In what ways could your organization use its supply chain management system to support bottom-line initiatives?
2. **Porter's Five Forces Model:** In what ways could your organization use its supply chain management system to (1) reduce buyer power as a supplier, (2) reduce supplier power as a buyer, (3) reduce the threat of substitute products or services, and (4) reduce the threat of new entrants?
3. **Value Chain:** Within your organization, would supply chain management be seen as a support value process or a primary value process? Please justify your answer.

UNDERSTANDING CUSTOMER RELATIONSHIP MANAGEMENT IN YOUR BUSINESS STRATEGY

Note: Use this in the customer relationship management section

It's once again time for you to use business strategy to evaluate a major business initiative, customer relationship management. For this project, we would like for you to consider that you are in a family with your spouse and two children. With the same bank, you have a home mortgage, two car loans, you're building up a retirement account, and you're putting away money for the college education of both your children.

First, we would like for you to list every piece of information that the bank probably tracks about you, including when you withdraw money from an ATM, the ages of your family members, when you bought your home, you and your spouse's annual salaries… basically anything and everything the bank would know about you and your family. All of this information should be tracked by a CRM system within your bank.

For the following scenarios, write a short description of what actions the bank could take using the information in its CRM system.

1. You and your spouse decide to have another child.
2. You lose your job.
3. One of your parents is stricken with a severe and long-term illness and has no medical insurance, leaving you to pay the bill.
4. You consistently incur transaction fees for using an ATM not in your bank's ATM network.
5. You have your identity stolen.
6. You decide to build on to your home.

As you envision what your bank might do, ask yourself if you would consider any of those actions to be an invasion of your privacy.

Back to Jump List