Course: Multimedia Information Strategic Planning (MISP)  
Multimedia University Cyberjaya,  

**ANSWERS TO ASSIGNMENT NO. 2**

(1) On Strategic Management in Ref: Reading-32.pdf, there were many management gurus that put forth their ideas on the subject.

a. What are the main differences in the views between Alfred Chandler and Peter Drucker on strategic management?

**ANSWER**

Alfred Chandler showed that a long term coordinated strategy was necessary to give a company structure, direction, and focus. He says it concisely, "structure follows strategy".

From the above quote, Alfred Chandler stated that you must first prepare and agree on the long term strategy of your organization. Only then and basing on the identified strategy you create or form the structure of your company (e.g. divisions – marketing, sales, finance, operations, departments – the sub groups under each the division etc), its direction and focus. Then you implement the strategies according to the defined activities of the departments. Alfred Chandler believes that it is not the other way round.

According to Peter Drucker, the procedure of setting objectives and monitoring your progress towards them should permeate the entire organization, top to bottom. His famous idea is MBO or "Management-By-Objectives". After the organization developed its objectives, it then develops the strategies for each of those objectives.

Drucker’s idea is “opposite or against” the idea of Alfred Chandler, specifically in terms of implementing the strategies. Drucker said that work (implementing the strategies) would be carried out in teams with the person most knowledgeable in the task at hand being the temporary leader. Drucker’s idea is different from Chandler’s in a sense that in Chandler’s view, work must follow the strictly defined structure of the organization (e.g. this department does this set of activities and nothing else, etc), whereas Drucker’s idea is about forming “work teams” with qualified people or knowledge worker picked out from any department doing every activity as a team towards achieving the objectives. The leader of each work team is not necessarily the Head of Department, as we would normally believe.

Peter Drucker also said that in the future, fewer workers would be doing physical labour, and more would be applying their “minds”. This is the basis of the concept of “knowledge worker” or “knowledge management” that we hear very often these days.

b. What are the contributions of Philip Selznick and Igor Ansoff to the subject of strategic management?

**ANSWER**

Philip Selznick introduced the idea of matching the organization's internal factors with external environmental circumstances. This core idea was developed into what
we now call SWOT analysis by Learned, Andrews, and others at the Harvard Business School General Management Group. Strengths and weaknesses of the firm are assessed in light of the opportunities and threats from the business environment.

Igor Ansoff extended the work of Chandler and developed a strategy grid that compared market penetration strategies, product development strategies, market development strategies and horizontal and vertical integration and diversification strategies. He felt that management could use these strategies to systematically prepare for future opportunities and challenges. He developed the "gap analysis" still used today in which we must understand the gap between where we are currently and where we would like to be, then develop what he called "gap reducing actions".

c. **Kees van der Heijden says that change and uncertainty make “optimum strategy” determination impossible. What do you understand from this statement and how do we go about making it possible?**

**ANSWER**

In simple words, Kees van der Heijden said that it is impossible to determine the optimum strategy because of the rapid changes and uncertainty of the future. This is what the statement meant.

In reality anything can happen in the future. This makes it difficult to predict what the future situation will be like. To deal with the future, people create possible future scenarios and then rank them in the order of probability of their occurrence. If we have too many scenarios, we will be wasting time in the analysis, or we may not have accurate information available (i.e. who knows the future) in order to analyse the scenarios. This is what is meant by impossible to determine the optimum strategy, because it involves planning and making choices for actions now against the future. The best we can do is to use what he calls "the most skillful process".

In order to make it possible, we have to create many future scenarios as realistic as we possibly can and rank them in terms of likelihood of happening. Then we tackle those of high probabilities of occurrence, only then we have a high chance of getting to the optimum strategy to act on.

d. **Under what circumstances do strategic plans fail?**

**ANSWER**

There are many reasons why strategic plans fail, especially:

1. Failure to understand the customer (why do they buy, is there a real need for the product, inadequate or incorrect marketing research)

2. Inability to predict environmental reaction (what will competitors do, fighting brands, price wars, will government intervene)

3. Over-estimation of resource competence (can the staff, equipment, and processes handle the new strategy, failure to develop new employee and management skills)
4. Failure to coordinate (reporting and control relationships not adequate, organizational structure not flexible enough)

5. Failure to obtain senior management commitment (failure to get management involved right from the start, failure to obtain sufficient company resources to accomplish task)

6. Failure to obtain employee commitment (new strategy not well explained to employees, no incentives given to workers to embrace the new strategy)

7. Under-estimation of time requirements (no critical path analysis done)

8. Failure to follow the plan (no follow through after initial planning, no tracking of progress against plan, no consequences for above)

9. Failure to manage change (Inadequate understanding of the internal resistance to change, Lack of vision on the relationships between processes, technology and organization)

10. Poor communications (Insufficient information sharing among stakeholders, Exclusion of stakeholders and delegates)

e. In your own words, what do you understand by the term so called “BLUR EQUATION” in the information and technology driven society?

ANSWER

Stan Davis and Christopher Meyer (1998) have combined three variables to define what they call the BLUR equation. The speed of change, Internet connectivity, and intangible knowledge value, when multiplied together yields a society’s rate of BLUR. The three variables interact and reinforce each other making this relationship highly non-linear.

The above quote stated that the relationship between the 3 variables: speed of change, internet connectivity and intangible knowledge value are not linear, and that the relationship is somewhat “very blurred”.

For example, we normally view a linear relationship to be like the more internet connectivity people have the more knowledgeable they become. But when two variables “increase”, like the more internet connectivity and more information technology changes happening, can we say that it would also mean the more knowledgeable people will be? The relationship will not be linear anymore. This is the blurry part, because nobody can predict what changes will happen with technology.

(2) On Strategic Planning in Ref: Reading-33.pdf, we have the following information and ideas propounded on the subject.

a. From your reading, in the so called “Draw-See-Think approach to strategic planning methodology”, explain what is meant by the word “Draw”?

ANSWER
From the reading, in the "Draw-See-Think" approach to strategic planning methodology, "Draw" means describe in words (not just to describe in the head only because we have to articulate this to all people in our organization) the best we can on the ideal image or the desired end state we wanted to be or have in the future.

b. One management guru, Mintzberg said he could not identify one process he would call "strategic planning". Why did he say so?

ANSWER

Henry Mintzberg could not identify one process that he would call "strategic planning". Instead he concluded that five types of strategies exist:

1. Strategy as plan
2. Strategy as ploy
3. Strategy as pattern
4. Strategy as position
5. Strategy as perspective

Why Mintzberg said so as quoted above is because he believes that all the 5 types of strategies he listed must be combined for the conduct of strategic planning. That means in strategic planning we must concurrently act to plan, to implement ploys (tricks), to establish and learn from patterns happening around us or in the past, to position ourselves in the market environment where we wanted to be positioned and look at the future perspectives or scenarios and how to face those scenarios.

c. The vision statement can galvanize the people to achieve defined objectives even if they are stretch objectives provided the vision is SMART. What is meant by “galvanize”? What is meant by “vision being SMART” and what are the SMART features?

ANSWER

In the statement above the term “galvanize the people” means “to create awareness, spur action, rally or gather the people binding them in belief and commitment” to achieve defined objectives.

Vision being “SMART” means vision having characteristics of SMART. And the “SMART” features are composed of characteristics of being Specific, Measurable, Achievable, Rational and Time Bound.

d. Many people mistake vision statement for mission statement. From your reading, list down what you understand are their differences?

ANSWER

According to the specified reading, vision statement and mission statement are both fundamentally different. Mission statement defines the purpose or broader goal for being in the existence or in the business. It serves as a guide in times of uncertainty, vagueness. It is like guiding light. It has no time frame. The mission can remain same for decades if crafted correctly. While the vision statement is more specific in terms of objective and time frame of its achievement. Vision is related to some form of achievement if successful.
While according to WRY (ha ha ha), as provided in MISP-L3-Reading-1.pdf, “Vision” is the description of what we want to be in the future and “Mission” is the description of what roles to take to achieve the vision. There is no right or wrong answer to it; as it depends on your arguments, views and your perspectives. Make your own pick. Ha..ha..ha..

e. **Theorists frequently make the distinction between strategy and tactics.**

   In your own words, what are the distinguishing features?

**ANSWER**

According to this reading, strategy involves planning how to get where one wants to go. However, tactics can potentially comprise the implementation of such overarching plans. Tactics deal with specific actions by particular people or by particular groups. Some theorists see it as a mistake to separate strategy and tactics. They believe tactics is part of strategy formation.

Constantinos Markides describes strategy formation and implementation (tactics) as an on-going, never-ending, integrated process requiring continuous re-assessment and reformation. Here, tactics is being described as action or implementation.

Some people say strategy is the long term plan for actions to achieve something in the long term future while tactics are short term plan for actions to achieve something in the immediate future.

With such confusion, you just pick your choice among the many views. What is important is when we give a presentation or write our ideas on a published paper; we must define upfront what we mean by strategy and by tactics. Otherwise people listening to our presentation or reading our paper will get confused. Ha.. ha.. ha..

(3) From the strategic perspectives of Information Systems (IS) and Information Technology (IT) as described in Reading-1.pdf of the class reference website, answer the following questions.

a. To achieve effective Information (Systems) Management, a new top-down approach was required — i.e. through a ‘strategy’ for the management of IS/IT, associated activities and resources throughout the organization. (Reference on page 12). The IS/IT management in organizations should be based on a defined role for IS in the enterprise. The issues are described in a three-stage model. What are the stages and the issues?

**ANSWER**

The stages are described as: Delivery, Reorientation and Reorganization.

1. **Delivery:**

   IS issues are mainly internal improving the ability to deliver and support the systems and technology. Achieving top management credibility as a valuable function is a prime objective. This means improving delivery performance, not necessarily providing users with what they really need.
2. **Reorientation:**
Establishing good relationships with the main business functions, supporting business demands through the provision of a variety of services as computing capability spreads through the business. The issues focus is extended outside the ‘DP department’ and a key objective is to provide a valued service to all business function management. Different areas will benefit differently without regard to business importance.

3. **Reorganization:**
The high level of awareness created both ‘locally’ in the business area and ‘centrally’ in senior management creates the need for a reorganization of responsibilities designed to achieve integration of the IS investment with business strategy and across business functions. A key objective becomes the best way of satisfying each of the differing business needs through a coalition of responsibilities for managing information and systems.

b. **The contribution of IS/IT to businesses was assessed by Paul Strassman from a careful examination of the essential premises of the first two eras:** - Data Processing (DP) era and Management Information Systems (MIS) era. (Reference page 19) List down at least 3 areas where IS/IT had contributed positively to business as concluded by Paul Strassman.

**ANSWER**

**(1) Efficiency of Information Processing by Automation**
IS/IT deployment has generally improved the efficiency of information-based functions in organizations when technology is used to automate discrete, structured, repetitive, stable information-intensive tasks (e.g. invoicing, accounting, order handling, word processing, etc.).

**(2) Improvement in Management Effectiveness by available information**
Measuring effectiveness improvements ‘value added’ of managers is difficult. Strassman’s measurements considered management’s contribution in terms of profitability or those aspects of profit that managers can influence against the costs incurred by management. When IS/IT is added to the organization the expected happens: good managers get even better because they are using new resources provided by IS/IT to increase their effectiveness.

**(3) IS/IT as an Information Center Repository**
The IS/IT resource moves from a production to a service orientation to enable users to obtain their own information from the data resource — the information center concept. The ease and availability of common shared information improves personal and collective effectiveness of employees in the organization thereby increasing productivity.

c. **What are the 4 classes of IS/IT systems that have been claimed to provide strategic value to businesses and organizations? (Page 25)**

**ANSWER**

In general, the 4 classes of IS/IT systems that provide strategic value (i.e. strategic systems) to businesses and organizations appear to be comprised of:
Class 1 - those that share information via technology-based systems with customers/consumers and/or suppliers and change the nature of the relationship;

The example for this class is PayPal – Case Study for Group Exercise 1. The strategic value is in the sharing of information with the banks (i.e. payment gateway, Credit Card purchases), with suppliers (i.e. with product catalogs) and customers or buyers who register themselves into the PayPal database.

Class 2 - those that produce more effective integration of the use of information in the organization’s value-adding processes;

The example for this class is Alltech – Case Study for Group Exercise 2. The strategic value is in the effective use and sharing of information throughout the entire organization worldwide now that the whole company has an integrated information system that is fully centralized in the Headquarters and is available via internet connection from any branch offices in the world. Prior to that the information for Alltech is scattered across the various offices around the globe and their information system was not integrated and connected.

Class 3 - those that enable the organization to develop, produce, market and deliver new or enhanced products or services based on information;

The example for this class is Maxis Communications – The strategic value is in the effective use of Maxis very large customer base (information) having mobile accounts to produce new services like “SMS Voting for Akademi Fantasia” where each SMS vote will give a big portion of the money to Maxis, and the balance of small money to the real Akademi Fantasia. Ha .. ha.. ha So the prize money (e.g. car for MAWI etc) comes from this money pot. Maxis can do this because it has a large database of information of users of its mobile phone service, which is of strategic value to it. Maxis uses that “strategic value information” to trick or ploy those potentially “smart” people to do the SMS voting, not realizing that the real big profit goes to Maxis. Ha ha ha. OK if you already know about it and yet still do it for your entertaining pleasure. (Hidup Mawi …)

Class 4 - those that provide executive management with information to support the development and implementation of strategy (in particular, where relevant external and internal information are integrated in analysis).

In this case a good example would be a “Microsoft Knowledge DataBase” – a collection center of information regarding all Microsoft products, support, help, forums, solutions to previous problems, customer complaints, user comments, news releases, competitor comments, competitor information, user information, software downloads etc, etc etc etc.

Microsoft can use this information to strategize and develop its future products by knowing customer needs, customer complaints, competitor bashings, competitor product strengths and weaknesses, user comments, forum comments, news and announcements by competitors etc (external information).
For internal information, Microsoft knows its sales figures for the various products and the volume of sales in such countries, consumer buying patterns like which product is hot and which is not etc. This is strategically very valuable for Microsoft.

d. It has been said that IS/IT systems boil down to “the applications portfolio” when comes to eventually providing value to businesses and organizations. It is actually the suite or portfolio of applications that gives value and not the IS/IT system per se. What are these four application categories? (Page 42)

ANSWER

(1) Strategic Applications
Applications that are recognized to be critical to future business success. They create or support change in how the organization conducts its business, with the aim of providing competitive advantage. Note that whether the technology used is ‘leading edge’ does not indicate that the application is strategic — assessment must be based on business contribution.

(2) Key operational applications
Applications that sustain the existing business operations, helping to avoid any disadvantage. It can be argued that, in many industries, substantial numbers of applications (e.g. EPOS [electronic point of sale], ATMs [automated teller machines] and ERP) have become so pervasive that they have become ‘mandatory’ for survival in the industry.

(3) Support applications
Applications which improve business efficiency and management effectiveness but, in themselves, do not sustain the business or provide any competitive advantage. Examples include e-mail, office applications, workflow and other group collaboration applications.

(4) High potential innovative applications
Applications which may create opportunities to gain a future advantage, but are as yet unproven. Examples include multimedia and hypermedia databases.

e. Many case studies have found that companies can achieve competitive advantage over its competitors in the marketplace through the strategic adoption of IS/IT.

For example, Merrill Lynch USA gained competitive advantage by tying together many separate banking and securities services and created a new service through the use of information technology. (Page 27)

Following the example above, how did the following businesses achieve competitive advantage through appropriate use of IS/IT?

- American Airlines
- Otis Elevators
- Schneider National Inc
- Amazon.com
- LeatherXchange.com
ANSWER

American Airlines
American Airlines gained competitive advantage by being the first airline company to offer an online reservation system to travel agents through the use of the Sabre software application.

Otis Elevators
Otis Elevators gained competitive advantage by giving its customers a software application called Otsiline, linked to the operations of the lifts, such that when a fault in the lift occurred, automatically a complaint is called-in to a computer (i.e. without human intervention) for Otis to provide its repair service.

Schneider National Inc
Schneider gained competitive advantage by always being in-the-front in using IS/IT applications against its competitors in the logistics business. Schneider is not successful because of any particular leading-edge technology, which is also available to its competitors (i.e. by their catching up), but because it has developed a capability for applying strategic IS/IT to everchanging business opportunities.

Amazon.com
Amazon is the most famous site in cyberspace for an inspiring online shopping experience. Amazon gained competitive advantage by utilizing the e-commerce internet technology (like website browsing and ordering, email, and payments online, etc) for shopping of books, CD, and many other items. The website applications also provide other interesting and useful functions.

LeatherXchange.com
LeatherXchange gained competitive advantage by establishing itself as an online leather exchange “electronic market” to capitalize on the opportunities of the poor and inefficient state of worldwide buying and selling of leather that exists prior to its coming into existence.

(4) In the Good-Book-1 under the subject - Setting a Direction for Information Resources (Chapter 14) and notes Reading-21.pdf, answer the following questions.

a. Compare and contrast the mission statements for the IS department in Figure 14.3 and Figure 14.4 as viewed from two different perspectives – the former prepared by the IS Department itself while the later prepared by business managers from the other departments within the same organization. Write down your observations. You may need to refer to characteristics of good mission statements, which define the purpose, roles and goals of its existence (raison d’etre).

ANSWER
The contents of Figure 14.3 for the IS-Prepared Mission Statement Example are shown below:

**SECTION A – IS-Prepared Mission Statement**

*Information Services is responsible for a wide variety of computing systems and services for the people of our corporation. In this role the department:*

1. Provides a secure location for housing and accessing the official electronic data records of the company
2. Maintains central/shared computer processing capacity and support for file maintenance and information reporting
3. Manages a corporate data network that delivers services to departmental servers and individual work stations linked to its data center
4. Provides integrated IS development for departments in order to advance organizational strategies (system development services are available for corporate, local area network, workstations, and supply chain applications).

The contents of Figure 14.4 for the Internal Client-Prepared Mission Statement Example are shown below:

**SECTION B – Internal-Client Prepared Mission Statement**

1. In order to meet the challenges outlined within the company Vision Statement and support the strategic values and objectives of our company, the mission of Information Services is to provide reliable information, data, and computing services to all clients, both within and where appropriate, outside of the company.
2. To accomplish this role, it will be necessary to exercise leadership in identifying new management tools based on evolving information technology that enables management to increase their effectiveness in operating and managing the business. The department’s ultimate objective is the development of an integrated information infrastructure and associated services required to facilitate the decision-making process.

**OBSERVATIONS**

By comparing and contrasting the mission statements for Section A and Section B above for the same department but written by separate groups, we noticed the following:

- Overall in perspective, the IS Mission in Section A looks at the department internally and describes what it does (roles and responsibilities) and is delegated or supposed to do technically (the IS and IT functions) in order to support the other departments or functions in the organization.

- In contrast, the IS Mission in Section B looks at a perspective of providing managers with reliable information and management tools for decision-making to realize the strategic objectives and values of the organization and be effective in managing the operations and business.

- Essentially the two views above are very different in their emphasis. Section A is internally concerned while Section B is of global concerned as an...
organization. Section B emphasizes the alignment of IS to the needs for overall success of the business or organization.

b. As information technologies continue to advance, is it reasonable to assert that in many instances the strategic IS plan will drive the business strategic plan instead of being driven by it? Why and why not? Can you think of an example where this might be the case?

ANSWER

The answer as to whether the IS strategic plan will drive or determine the business strategic plan or vice versa depends on the industry the business is involved in. In almost all cases, the business will drive the IS and not the opposite.

In the case of the businesses in that its products or services is directly related or very tightly related or dependent on IS/IT services and tools, for example businesses like e-commerce providers, ISP providers, ASP providers, software production houses, telecommunications, television, video and broadcasting companies, then it is expected that technology will be the driving factor. The core business of these companies is about IS/IT technology, so its business strategic plan will most likely be dependent and closely related to the IS strategic plan. So, the business strategic plan will drive and dictate the IS strategic plan.

For businesses that use IS/IT as just a tool or vehicle to support its operations and management (not its core activities), for example manufacturing plants, banks, government, service companies, transport companies etc, then it is expected and natural that the business strategic plan will drive the IS strategic plan. There is no two way about it. The business strategy dictates what type of information system it needs to run the business effectively for competitive advantage and win the competitive game. For example, when American Airlines wanted its travel agents to get access to flight bookings fast, on 24 by 7 basis all year round and all over the United States (i.e. business strategy for its operational needs), it decided to implement the Sabre software application for that purpose (i.e. IS strategy to implement the business strategy) and thus winning a lot of customers, monopolizing the business, until competitors had to ask the US Government to intervene. On that American Airlines had to share and allow competitors to use its Sabre software application, in which it still wins by charging payment these new users for its use.

It is hard to find a case where the Information System Plan drives the Business Plan, even for the case of companies whose core business is “selling information”. The argument is simple. Take the case of a company selling “directory information” i.e. people names, gender, addresses, telephone numbers, emails, etc. In order to sell information to its customers such that it is easily available, fast, reliable, 24 by 7 by 365, online etc (i.e. describing the characteristics of its defined business need) then only it chooses to create an IT/IS plan to meet those business need. That information company would not begin by creating its own IS strategic plan “at will and to its heart content” and then only tell its people to run its business of selling information following whatever IS have been determined. This is really crazy, don’t you think. Ha..ha..ha..
(5) Use the W5HH principle (Think Principle) to analyse one of the most important documents for Malaysia as provided in Reading-38.pdf on the course website. Then answer the following questions.

a. What is the subject all about that is said to be important to Malaysians?

**ANSWER**

The subject matter is "The Way Forward – VISION 2020" or the vision of what Malaysia would want to be by the year 2020. Simply said, the vision is to be a "developed nation" by the year 2020. The characteristics of the term "developed nation" have been carefully described in the said document.

b. Who puts forth the subject to all Malaysians? Who will be implementing it?

**ANSWER**

The subject of Vision 2020 was for the first and only time put forward through a speech by His Excellency YAB Tun Dr Mahathir bin Mohammad, the former Primer Minister of Malaysia. The subject was later analyzed, discussed at length and became the talk of all, including the common people in Malaysia.

The entire country, Malaysia, the Malaysian Government and its people will be implementing appropriate strategies and actions to achieve the vision at least by the year 2020.

c. Why was the subject important to Malaysians?

**ANSWER**

A vision for the whole country is very important because it describes a desired future state for its people.

They say that: "Action without vision is a nightmare" or doing things but getting lost into oblivion without directions.

They say too that: "Vision without action is practically dreaming” or wishing for good things but will never be getting there.

d. When will the subject matter be implemented? When was it presented?

**ANSWER**

The subject matter of Vision 2020 was implemented immediately after it was presented and made known to the Malaysian public.

Vision 2020 was presented on the evening of 28 February 1991.
e. Where was the subject matter presented? Where will it be implemented?

ANSWER

The subject of Vision 2020 was presented as a keynote address by His Excellency YAB Dato' Seri Dr Mahathir Mohamad at the Malaysian Business Council Dinner Function at a hotel in Kuala Lumpur, Malaysia.

Vision 2020 will be implemented for the entire country, Malaysia.

f. How will the subject matter be implemented?

ANSWER

The Malaysian Government and its people comprising both the public and private sectors will be implementing various activities to achieve the Vision 2020. Analyses will have to be carried out, strategies and plans developed and implementation will be undertaken in stages over a total duration of 30 years from the beginning of its announcement (i.e. year of 1991 to reach 2020). Along the way, results will be reviewed and strategies adjusted to meet the challenges of the day and more. There will be tough decisions and actions to make to solve problems along the way. It will not be an easy journey, but it is a journey that must be taken. Goals, objectives and targets may change and get readjusted, but the journey must go on.

g. How much resources will be required to implement the subject matter?

ANSWER

God only knows the total amount of money, the number of people, the amount of materials, the toil and sweat that Malaysian will have to expend to and work towards achieving Vision 2020.

We know resources will be allocated, adjusted, planned and revised along this long 30 year journey. I pray to Allah for success for all Malaysians. I also pray to Allah to be there in the year 2020, InsyaAllah, God Willing. WRY.