ANSWERS TO ASSIGNMENT NO. 3

(1) Referring to The Good Book-1, Managing IT Chapter-14, we have the following excerpts:

A series of idea-generation and action planning sessions is often used to generate possible strategic applications of IT for the organization.

ANSWER

a. How would you conduct a session such as one described above?

Normally, idea-generation and action planning sessions are conducted in discussion groups spanning from a few sessions to many scheduled sessions covering months and maybe up to a year depending on the scope of the strategic plan. The time spent could vary from a 3-day workshop for an annual strategic plan, to 3 months discussions for a 5-year strategic plan and up to one year for a 10 to 20-year strategic plan.

Some companies conduct their strategic planning sessions in-house (own offices) while some choose to go out on a retreat, out of their office premises, e.g. at hotels or resorts. Some companies conduct sessions in open discussions while some with very high secrecy.

The people who make up the strategic planning team are normally selected by the company’s management (key management staff included) on the basis of a combination of their position in the company, experience, wisdom, wide exposure, good performance and area of expertise. People who are quiet and have no ideas or are not innovative or not opinionated are usually excluded. Sometimes, specific people are invited only for specific sessions when the subjects being discussed are relevant to them (i.e. interviews). They do not form the core of the strategic planning team.

b. Where and how can you come up with those ideas?

Strategic planning discussions sometimes become heated debates (something expected) and team members often challenge each other for information validity, accuracy, external comparisons, etc, and also include members’ suggestive comments, constructive criticisms, and many more. The discussion environment is meant to generate key and useful ideas out of those debates. Some strengths and weaknesses of the organization will certainly be scrutinized, and these may get managers responsible for those issues (especially weaknesses) “hot” in their seats. Usually, a third party (e.g. outside consultant) will be hired to conduct these sessions to play the role as facilitator, pacifier, negotiator and sometimes “prodder” with questions to challenge the team on their ideas, assumptions and conclusions.

There are no right or wrong answers (or ideas) in strategic planning. The key outputs (i.e. proposed strategies) are what the team believed to be “winning formulae” that
the organization must undertake to ensure a high chance of success in its endeavors. We know some strategies have succeeded while some strategies have failed.

Subsequent evaluation of these ideas involves degree of competitive advantage expected, cost to implement, technical and resource feasibility, and risk. Based upon these criteria, ideas are then grouped into ranked categories. Top priority ideas are identified and used in the strategic IS planning process.

ANSWER

c. Based on the excerpt above, are those the only criteria involved in the idea evaluation? Please add at least three more criteria.

The 3 additional criteria upon which ideas are identified and selected in the IS planning process are:

1. Relevant to future operations – ideas do not address adequately expected future business workflows, the IS implemented will later have to be revamped, or abandoned completely.

2. Wrong assumptions about future scenarios – the IS system built to solve future problems that will likely not happen. This is called a realistic likelihood check.

3. IS design complexity – nobody will use/ hesitates to use the newly introduced IS because of its complexity, e.g. not user friendly, going around in a long-winded way, steps to go through are too many, and information in the IS are not giving value to the final target the user needs.

d. What methods would you use in the idea evaluation? Ideas are ideas, how do you judge them, for example being top or bottom?

There are many ways in evaluating ideas and the choice depends on the team, as they are ultimately responsible with their outputs. Some of the methods are described below. Sometimes the evaluation may be a combination of methods.

1. Weighted Scores method – The ideas were first put “weights” to reflect its fractional contribution to the final result. Then each idea will be assigned a “score” to reflect its impact to the final result. The weighted score is then the product of the weight and the score. The ideas will be ordered with the higher weighted scores on top right down to the bottom. Here, the issue is actually not in the method, but among the team members evaluating the ideas, the contention will most likely arise in finding agreements in assigning “weights” and “scores” to the various ideas.

2. Consensus method – Evaluation of ideas as to the order of importance, priority, impact or being ranked higher or lower are normally accepted through consensus (100% agreement) of all the members in the strategic planning team.

3. Majority agreement method – In circumstances where there are various sides or varying opinions on the issues (ideas) being discussed, the ranking is decided on majority decisions.
4. On an idea that ended in a tie or equally split vote – The stakeholder (normally the Chairman, leader or ultimate person responsible for the strategic planning team) will make the decision or the final call.

The above are some of the common rules by which members of the strategic planning team were made to understand and accept during its initial formation. Hardcore or hard-headed members who are uncompromising or destructive can be dropped from the team altogether. The maturity and experience of team members usually require convincing (like lawyers) each other of their ideas in the discussions for the benefit of the organization.

Although tools and concepts help, the key to development of a viable strategic IS plan is clearly the ability of the IS department and business managers to work together.

e. What do you understand by the excerpt above? Please address - what tools, what concepts, what ability and what work.

ANSWER

You can use as many planning tools as you like to analyse and generate ideas, create concepts and scenarios for strategic planning, etc, however it is the successful working relationship and agreement of the business managers and the IS planning team that eventually matters.

Simply said, the IS planning team is supposed to come up with an "information solution" to the needs and requirements of the business managers in its future operations (i.e. strategic information system planning). This is what is meant by the "strategic information system being developed is aligned with the business".

Many “tools” and “concepts” can be used to analyse and identify those information needs and requirements. The word “ability” in the excerpt above refers to the ability of IS and business managers to agree or compromise on the information needs, and the word "work" refers to a working relationship between the two.

The final statements to answer this question have actually been clearly said in the Good Book-1, Page 580, begin quote - The message of the chapter, however, should be clear: Business managers and IS professionals must work together from start to finish in setting the direction for the development of an organization’s information resources. Frequent review and feedback must occur. – end quote.

(2) Referring to the Good Book-3, Strategic Management – Concept and Cases, Chapter-9, under Strategy Review, Evaluation, and Control - answer the following questions.

   a. Why do some companies prefer openness in the conduct of their strategic planning sessions?

ANSWER
In a strategic planning process that is open, the process provides the following:

1. Wider contribution of ideas - Managers, employees and other stakeholders can readily contribute to the process. They often have excellent ideas. Secrecy would forgo many excellent ideas.

2. Transparency in direction – Investors, creditors and other stakeholders have greater basis for supporting a firm when they know what the firm is doing and where the firm is going.

3. Democracy in management style – Visibility promotes democracy whereas secrecy promotes autocracy.

4. Staff Commitment – Participation and openness enhances understanding, commitment and communication within the organization.

b. What are the reasons for secrecy in the conduct of strategic planning? Are there any strategic reasons for strategic planning?

ANSWER

In a strategic planning process that is conducted in secrecy, the process provides the following:

1. Prevents competitors’ exploitation – Free dissemination of a firm’s strategies may easily translate into competitive intelligence for rival firms who could exploit the firm given that information.

2. Secrets kept in a closed affair – Secrecy limits criticisms, second guessing and hindsight. As a closed affair decisions made on incomplete information will not be known by outside parties. Mistakes if any are not automatically revealed.

3. Prevents staff pinching – In an open process, participants, staff or team members “in-the-know” and with the “know-how” of the company’s strategies may be lured by attractive offers from rival firms. Thus, doing strategic planning in secret prevents this pinching of employees.

4. Limits competitors imitation – Secrecy limits rival firms from imitating or duplicating the company’s strategies and undermining the company.

5. Staff morale and control – Sometimes new strategies will eventually mean cutting-off or laying off workforce in some functions, reduction in budgets, creating new departments, closing of departments, moving people around as in promotions and demotions. This total strategic information is very sensitive to employees and will cause company instability.

Conducting strategic planning in secret means not known to the public and the company’s staff, however it is made known to the highest level management of the company.
(3) The two planning tools or methods of Critical Success Factors (CSF) and Strengths, Weaknesses, Opportunities and Threats (SWOT) are considered among the most popularly used strategic planning tools. (Reference Good Book-1, Chapter 14, Review Question No. 8)

a. Describe and explain clearly the differences between the 2 approaches towards strategic IS planning.

ANSWER

In strategic planning, the SWOT method is used to conduct analyses of the organization or business by looking internally for its Strengths and Weaknesses, and looking externally for Opportunities and Threats.

The Critical Success Factors (CSF) method on the other hand, explores, analyses and looks for a few factors normally narrowed down to about 5 or less, regarding specific areas like activities, services or products that the organization must pursue in order to be successful. These identified areas are considered “critical” to the organization, so failure to address them will mean the company will not achieve success.

As an example, the SWOT analyses produce statements covering the following 4 areas:

**Strengths** – looking internally and identifying the strengths of the organization, e.g. a team with specific and unique capabilities, having specialized products, large existing customer base, excellent reputation in certain sectors of the market, strong financial capital and asset base, good customer support personnel, efficient marketing team, etc

**Weaknesses** – looking internally and identifying the weaknesses of the organization, e.g. poor gathering of market intelligence data and poor quality of competitor information, certain departments in the organization are inefficient, not having the rightly qualified personnel for certain jobs, products offered gave limited choice to customers, production schedules are often missed, etc.

**Opportunities** – looking externally for opportunities that will benefit the organization, e.g. new technology potential to be incorporated into existing products, new market areas to be opened up, new government ruling about environmental or corporate laws, new product functionalities that others do not have, new product designs and services to gain more market share, new way of financing for purchases by potential customers, etc.

**Threats** – looking externally for threats to the organization, e.g. competitors will be coming with new products with more functionality, customers opening up new branches in existing areas to increase their market share, customers going into strategic alliance with interested parties, customers offering discounts to certain market segments, etc.

For SWOT, the strategies to be derived from the above analyses can be summarized as finding solutions or ways to:
- capitalize on the strengths
- reduce or eliminate where possible, the weaknesses
- seize the available opportunities
- reduce the external threats

For CSF, the strategies to be derived are basically straightforward. Those identified critical success factors are crucial (so-called critical) and must be addressed by the organization. Normally the conduct of a strategy formulation involves the use of a suitable combination of many analysis tools, not just one. So it is reasonable that the SWOT and CSF methods (tools) are used together in most cases.

b. Can the 2 planning tools be used simultaneously for strategic planning? If yes, describe what the outcome would be.

ANSWER

Yes. The 2 planning tools can be applied simultaneously, normally sequentially, during the process of discussions in finding the organization's strategies. The SWOT analysis portion will bring out the areas that the organization will have to address in its future strategies, while the CSF portion of the analysis will narrow down the results/outputs of the SWOT analysis further to identifying and acting only on those areas that are critical to the business (i.e. its future success or possibly survival). The effect is akin to “second filtering”.

(4) Table 4.5 in the Good-Book-2, Chapter 4, Reading-4.pdf, Page 27 of 57 describes the various techniques, tools or methods for planning of IS demand statements or requirements. Answer the following questions.

a. What is/are the relationship(s) of Business Process Re-engineering (BPR) and business strategy? (page 2 of 57)

ANSWER

Business Process Re-engineering (BPR) is a redesign of business processes taken by organizations to improve its business performance. Redesign means to loot at current processes, scrutinize, evaluate critically and act with results and expectations like dropping current processes, creating new processes or improving existing processes.

The relationship between BPR and business strategy is direct. Business strategy is about where the company wants to go and what its wants to be in the future. BPR is “redesigning everything” about the business to meet the goals of where it wants to go and wants to be in the future. BPR is a major, radical and revolutionary change.

In almost all cases, it is business strategy that drives BPR, i.e. the need or option to implement or not to implement BPR. The experiences of companies that have undertaken BPR have shown that it is an expensive affair, have turned companies into new entities and caused extensive changes to the working environment, work processes, its staff, its organization, the company culture and many more. BPR is a
major transformation and not a series of small increments in a company’s improvement process.

The positive impacts of BPR are well known, most notably providing the company with a quantum jump (considered a revolution rather than an evolution) in its transformation from doing business in the old way into doing business in a new way, translating into business success. The negative (painful) impacts of BPR among many others have resulted in some cases of cutting-off workforce in some functions, reduction in budgets, creating new departments, closing of departments, outsourcing certain non-core functions, moving people around as in promotions and demotions.

The contribution of IS/IT in almost all the BPR cases has been identified as being the most important “key enabler” in the business transformation. The needs of the information to run the new business (i.e. after BPR and because of the BPR) involve significant changes to the IS/IT environment, both the application portfolio and the supporting IT infrastructure. In fact, the outputs of the BPR determines exactly (i.e. drives) the needs and the IS/IT strategy of the new business. For example, IS/IT capabilities in automating newly-designed business processes is seen as one of the main contributions to the success of the business transformation.

BPR is not conducted because somebody wants it to be done. It is conducted because the business strategy dictates that it is imperative and must be done.

---

b. Would you consider IS/IT outsourcing as both a BPR and IS/IT strategy? (Refer Reading-51.zip on outsourcing) What are your views on IS/IT outsourcing?

ANSWER

Yes. IS/IT outsourcing can be considered as both a BPR and IS/IT strategy.

If the activities of a company are considered non-core to its business operations, it makes sense that those activities be outsourced. Outsourcing (or contracting out) is often defined as the delegation of non-core operations or jobs from internal production within a business to an external entity (such as a subcontractor) that specializes in that operation.

For example, during the execution of the BPR, if it was found that functions like customer service is not core to the business operations, then most likely the activity will be outsourced (i.e. outsourcing of “customer service” is a recommendation or strategy of the BPR). For instance, “the overhead costs of customer service are typically less where outsourcing has been used, thus leading to many companies, from utilities to manufacturers, closing their in-house customer relations departments and outsourcing their customer service to third party call centers.”

Because the provision of “customer service functions” directly involves IS/IT infrastructure if conducted internally by the organization, then IS/IT outsourcing by the organization in this example is certainly a simultaneous implementation of both the BPR and IS/IT strategies.
c. What is/are the relationship(s) between the Balanced Scorecard (BSC) and the Critical Success Factors (CSF) when used in IS/IT strategic planning? (Page 29 of 57) Clarify your answers.

ANSWER

Figure 4.4 in document reference Reading-4.pdf (Page 29 of 57) on Information in Context (N. Venkatraman) provides a very direct relationship between BSC and CSF in IS/IT strategic planning.

In some literature this model is called the “DIKAR” model for information systems, taking acronyms of Data, Information, Knowledge, Actions and Results, as depicted in the boxes in Figure 4.4.

In the DIKAR model, the technology perspective of Balanced Scorecard (BSC) is from left to right whereas the business perspective of Critical Success Factors (CSF) is opposite, i.e. from right to left.

We interpret the DIKAR model as follows:

a. The BSC portion of the model is a performance measure (how good is IS/IT performing to help the business), so it views sequentially - the initial data in the IS being processed into information, then the information interpreted into business knowledge, then the knowledge within the business being transformed and decided into business actions, and finally the business actions driving the business into results. Here, we see that the BSC beginning “from data in the IS/IT system” finally sees the “business results” at the end of it - is actually measuring the performance of the IS/IT, as being good, effective or ineffective through the end results.

b. The CSF portion of the model is the identification of factors that are critical to the business success. The factors in this case are based on business information. So CSF in the DIKAR model is viewed in reverse, i.e. from business results, to the actions that caused these results, to the knowledge that necessitates these actions, to the information that produced this knowledge, down finally to the data that formed the information. What we can understand here is that, those end results that are significant and provide major contributions to business success must come from knowledge and information that are critical to the business. Thus, this model actually helps us determine which information and actions are critical to the business, so the term CSF here is appropriate.
Based on Reading-50.pdf, on Banking Systems – Strategies for its IT leaders, describe in one paragraph using not more than 10 sentences, how the following personalities and their organizations achieve success in their IS/IT strategies.

**ANSWER**

**a. Jean Davis at Wachovia – SERVICES INTEGRATION**

The IS/IT strategic success at Wachovia was achieved through its business strategy by providing IS/IT services focusing on the needs of the customers, integration of its services for the customers, providing direct online customer access and doing it in a cost effective manner.

**b. Edwards at Wells Fargo – COMMON SET OF INFRASTRUCTURE**

The IS/IT strategic success at Wells Fargo was achieved through strictly aligning its IS/IT services towards its business goals, servicing its so many branch offices, keeping itself to a common set of systems and infrastructure, shared systems, implementing services and infrastructure that are dependable and flexible, and using technology only for those that are necessary for significant success of the business.

**c. Timothy Theriault at Northern Trust – EMPHASIS ON PEOPLE**

The IS/IT strategic success at Northern Trust was achieved through emphasis and empowerment of the multi-dimensional role of its IT staff, combining business skills and IS/IT know-how, with IT staff going directly to meet the customers, embracing the required technology where necessary and focus completely on giving maximum value to the bank's global and personal business for both foreign and domestic clients.

**d. Greg Bixby at Republic Bancorp – CENTRALIZED MAKE THINGS SIMPLE**

The IS/IT strategic success at Republic Bancorp was achieved through centralized, standardized applications and common technology infrastructure, keeping things simple, keeping staff lean and mean, using new applications and merging all the different subsidiaries by connecting most of them through right bandwidths to the central IS/IT servers.

**e. Pravir Vohra at ICICI Bank – APPROPRIATE TECHNOLOGY SELECTION**

The IS/IT strategic success at ICICI Bank was achieved through appropriate technology selection for infrastructure, being in the front line in leveraging new technologies, designing suitable solutions in its banking business, provide IS/IT access to the entire companies within the retail banking group covering both the urban and including funding large scale infrastructure projects in rural India, where it has a very large customer base. The success was in addition attributed to stewarding enterprise wide technology initiatives as well as laying down standards and policies.
in the area of technology, thereby creating an IT enterprise that is extremely responsive to business needs both in terms of functionality and scale.

f. Seinfeld at Commerce Bank – RIGHT GROWTH STRATEGIES

The IS/IT strategic success at Commerce Bank was achieved through the implementation of the right growth or expansion strategies like using the minimal amount of technology to its optimal level, purchasing bank applications from vendors, outsourcing of development and in-sourcing execution activities, making light on processes and procedures and keeping simple and intense on customer service, concentrating on the information-based business, integrated into the fundamentals, the core of the business of the bank.