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Dylan thomAs

1)

IT architecture specifies the tools that will be utilized and the structure and processes by which data and applications will be acquired or developed and made available to users according to Cash [1]. An organizational structure enables organization members to undertake a wide variety of activities according to a division of labor that defines the specification, standardization, and departmentalization of tasks and functions. It enables organization members to coordinate their activities through integrating mechanisms such as hierarchical supervision, formal rules and procedures, training, and socialization. AN organizational structure also defines the boundaries of the organization and it interfaces with the environment or other organizations and institutions with which its members must interact according to Cash [1]. IT architecture and organizational structure define a company’s structure and direction to help a company make money in the present and future. If an organization can understand their environment, strategy, and the tools they are going to use, it will allow them to make the correct decisions to help the company make money, which is the goal of an organization according to Goldratt [2].

Burlington Northern is a railroad company that transports coal, agricultural commodities, industrial products, intermodal, forest products, food and consumer products, and auto motive products for many different markets. Burlington Northern is having trouble keeping up with the trucking companies and other railroad companies to transport goods. The IT Architecture at Burlington Northern is nearly nonexistent. They are very behind in technological advances. All the departments are grouped together and must work collectively for the organization to function properly. Burlington Northern has a functional organizational structure according to Cash [1]. Burlington Northern’s problem is they need to keep up with modern technology but will have to pay $350 million to update their IT architecture with AERS. Advanced Railroad Electronic System (AERS) is an IT architecture for optimizing the use of railroads and train cars.

If there are a lot of agriculture orders without any notice, then it can affect how much coal can be transported. According to Cash, the weakness of a functional organizational structure is its inability to respond to a differentiated environment, which is why the inconsistency of the grain orders was so harsh for BN [1]. With an IT Architecture that could keep track of how many grain orders they will receive will help with this problem. But at the price of $350 million, is it worth it? Given the culture of BN, the IT architecture is position top down approach. The culture will likely change if they add an IT architecture division and change the organizational structure.

Symantec designs, delivers, and supports a diversified line of software for the information management, productivity, and software development needs of business users [1]. Symantec’s IT architecture was having problems with communicating between departments because of unreliable communication channels and poor email and phone systems. It took employees a long time to communicate with each other and information was often lost in the process. These problems often caused a domino effect that would end up degrading their customer service. Symantec was separated into five divisions, which they called their product groups. Each group created a different software product for the Symantec customer. These divisions were located all over the United States which caused major problems considering they do not communicate well between divisions. Trying to effectively and efficiently communicate between these different divisions was Symantec’s major problem.

The IT architecture tools did not allow these divisions to communicate effectively. The problems escalated as the divisions grew and the tools continued to be overwhelmed. This in return caused the culture to be negatively affected because the employees were often frustrated and misunderstood with the lack of effective communication. Given the culture of Symantec, the IT architecture is strategically positioned using the bottom up approach. Symantec is still using their existing tools because they are continuously generating a profit, even though the employees are having troubles communicating.

2)

For the near future, Wal-Mart is better positioned. Wal-Mart had a net income of 13.64 Billion US dollars in 2016 according to market watch [5]. According to Market Watch, Amazon only had a net income of 2.37 Billion in 2016 [6]. Wal-Mart benefits from economies of scale more so than Amazon considering they had sales that were more than triple that of Amazon. Economies of scale is an economics term that describes a competitive advantage that large entities have over smaller entities according to thebalance.com [8]. Wal-Mart being such an enormous company, can get products for low prices, which keeps their cost low. Wal-Mart has a great business model for the near future.

A business model is the method by which a firm builds and uses its resources to offer its customers better value than its competitors and to make money doing so according to Afuah and Tucci [7]. Wal-Mart’s business model seems to suit the near future better than Amazon and give them the slight competitive advantage. Wal-Mart currently has lower prices than Amazon, therefore giving its customers more value. Wal-Mart appeals to a bigger scope of people. According to Afuah and Tucci, scope is the market segments or geographic areas which the value should be offered as well as how many types of products that embody versions of this should be sold [7]. Wal-Mart being cheaper appeals to people from low incomes and up. Amazon appeals to medium low incomes and up. Amazon also requires you to have credit card and access to the internet which makes it difficult for some people considering only 84% of people have access to the internet according to pewinternet.org [9].

For the next 15 years, Amazon is the better positioned organization. Amazon has economics of zero, which was explained by my Professor as being a business that runs on almost 0 costs. Since almost everything is online, they don’t have to pay for store fronts, electricity, water, employees for these store fronts, etc. Amazon’s current primary source of profitability, according to forbes.com, is their Amazon Web Services (AWS) [10]. Cloud software is continuously growing, which means software that Amazon owns will bring them more in ore money in the future as people start to move to the cloud. Amazons future business model seems more appealing.

Amazon has many different ways they are making money in the future. This includes selling software, goods, and even cars. This is more than Wal-Mart has to offer, which is why Amazon has the better revenue sources. Amazon also seems to have a better outlook on Sustainability. They have been teaming up with (buying) companies such as Whole Foods who help them compete with companies that still hold a large segment of a certain market. Afuah and Tucci believe Amazon’s sustainability could approve from its current state (low) to medium or better [7].

Amazon’s future capabilities seem brighter than that of Wal-Mart. With more and more people moving to shopping online and getting access to the internet, Amazon’s customer base keeps expanding. Amazon’s capabilities are expected to remain at a high level according to Afuah and Tucci [7]. Amazon’s strategy has been to branch out into software and keep expanding. They have implemented this well. With the software they are currently making, they will not have to pay for software in the future, just pat to upgrade their current software. This is saving Amazon large amount of money and will also bring them in money by selling this software to other companies. This is why Amazon seems to better position than Wal-Mart for the next 15 years.

3)

The Purpose of control is to create a set of conditions that improve the likelihood that desirable outcomes will be achieved, despite changing technologies, markets, competitive conditions, and other features of an organization’s volatile environment [1]. Three ways in which managers exert control include: selection and assignment of people to tasks, specifying and rewarding appropriate actions, and identifying whether appropriate results were obtained [1].

LG&E exerts many different controls to help them get what they want. LG&E has people controls that start with hiring people on. This requires people to fill out a resume and go through an interviewing process to see if they meet LG&E’s criteria to become an employee. Once a person is hired on as an employee, they will start to be changed by the culture because the culture of a business will change you, you won’t change them. Another example of a people control is training employees to strengthen skills or reinforce values and assigning employees to positions that develop their breadth or depth of knowledge [1]. LG&E trains their programmers by putting them through videos and classes that better trach them how to program. If an employee struggles in a department such as web development, they might get transferred to become a business analyst to better utilize their skill set. People who exemplify the culture the best will get promotions within an organization.

LG&E uses action controls with their employees to get desirable outcomes. LG&E has different action controls for the different divisions within their organization. The employees who work in an office have to dress business casual according to LG&E’s website [3]. The employees who do more physical work such as read electric meters and install routers have a set uniform to wear.

Result controls are also big at LG&E. The results the employees get can be used to measure how well they have done at their job. The results can also set the criteria for their job in the next quarter, year, etc. The employees are given incentives to help them achieve their results. LG&E being a divisional structure, sets different results controls for different divisions. These results are often then passed on to a group of managers at corporate headquarters, who are responsible for setting long-term strategy according to Cash [1].

KFC too exerts multiple control systems to try and achieve their desirable outcomes. KFC uses people controls to increase the likelihood of achieving desirable outcome by selecting people with appropriate skills, values, and personality characteristics. For KFC’s storefront locations, they try to choose people with cooking experience to work in the back and cook food. When looking for someone who will work at the drive thru or handle the cash register, they need to be more outgoing. KFC trains employees at their stores on how to handle customers, make certain meals, etc. KFC has a differ criteria for their corporate offices. KFC being a functional organization hires people for their corporate office that better fit the culture..

KFC has action controls that tell you how to dress, answer the phone, etc. Employees at the store front have to wear uniforms and employees at the corporate location have to dress business casual. KFC being a functional organization is more likely to be strict on things like start time, getting time off from work, etc. This works with a functional organization because they stress functional expertise, efficiency, and quality according to Cash [1].

The results controls for KFC are a vital part of its organization. This is where KFC managers compare individual and organizational performance with planned or expected performance, and make appropriate adjustments according to Cash [1]. KFC has quarterly reports that show measurements of how well the organization did according to yum.com [4]. These are based off of measurement processes that defined what data will be collected, who will collect it, how often it will be collected, and how measures will be generated from it [1].

The University of Louisville Hospital has people controls that they use for hiring and promotion. The UofL Hospital hires people that meet their criteria. Since they are a matrix from organizational structure, they have division managers and functional managers with equal authority. Some of these managers may only hire people who fit in with the culture while come may be just looking for a certain set of skills such as a nursing degree or a doctorate. The UofL hospital needs to hire people to meet their criteria and promote people who meet their measurements and best exemplify the culture.

Action Controls for The University of Louisville Hospital tell managers the decisions and behaviors that individuals and organizational subunits should take to achieve desirable outcomes [1]. At the University of Louisville, the majority of the staff is required to wear scrubs, and the rest have uniforms. The nurses and doctors all have strict policies and procedures to follow in order to remain safe and prevent a lawsuit. I would assume that the receptionist would have a clean desk policy to prevent a stranger from being able to get their hands on a client’s personal information. At the hospital, it is important for nurses to be at work on time or early because it is a must for somebody to be there to watch over the patients.

The results controls also play a huge role for The University of Louisville Hospital. These are the way the organization compares performance with planned or expected performance. These are normally measurements of efficiencies for a hospital. At how well they have done at their job, how long it has taken them to do it, and how well they compare to different hospitals. These results are then used to help determine the processes and criteria for the next performance review.

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