Chapter 4 Review Questions

**1. What are the primary differences between operational planning, tactical planning, and strategic planning?**

The biggest difference is the target horizon and the primary responsibility; 3 to 5 years for Strategic and the CIO is the primary responsibility, 1 to 2 years for Tactical and Middle managers IS line partners Steering committee are the primary responsibility, and 6 months to a year for operational and IS professionals Line managers Partners are the primary responsibility.

**2. Identify and describe several reasons why strategic systems planning is so difficult**

* Alignment of strategic business Goal and systems plans need align: Sometimes the CIO is excluded from sensitive meeting.
* Technologies are rapidly changing: It gets really hard to plan if the technologies are always changing, therefore changing your initial plans
* Companies need IT portfolios rather than projects: projects now must be evaluated on more than their individual merits, they must be checked how they fit with other projects, consequently this creates planning a portfolio rather than a project.
* Infrastructure development is difficult to fund: IT investments are grossly expensive, and board of directors have realized that they have to fund these huge multiyear projects just to remain competitive
* Responsibilities Need to be joint: nowadays organizations need to create a Information Systems Council (ISC) where all the C-level officers and top executives plan together
* Other planning Issues: Organizational culture, like Top-down versus bottom-up, and Piecemeal versus Integrated change

**3. What assumptions in traditional strategy making no longer hold true?**

These assumptions no longer hold true:

* The future can be predicted
* Time is available to progress through this three-part sequence
* IS supports and follows the business
* Top management knows best, because they have the broadest view of the firm
* The company can be viewed as an army: Leaders issue the orders and the troops follow

**4. What is sense-and-respond approach to planning?**

This is the approach of sensing a new opportunity or possibility and quickly responding by testing it via an experiment. Many small choices, short commitments

**5. Describe Skandia Future Centers’ 3G teams.**

They get 3 generations (25+, 35+, 45+) from different parts of the world and they were asked to focus on questions and these were presented to 150 Skandia senior executives through scenarios of these future environments performed by professional actors in a theater play

**6. What is a strategic envelope?**

It’s a central guiding mechanism created to set the parameters for the experiments and then continually manage that context.

**7. Describe Shell Oil’s action labs.**

They invited six teams of six to eight people from gas stations in one country to a week –long “retailing boot camp” they learned how to identify new opportunities and capitalize on them, then they were sent home and asked to develop a proposal of how to double their net income or triple their market share, then the teams returned for a “peer challenge” where they critiqued each other’s plans, then they returned home again and on the third time they came back each team’s plan was reviewed and either approved, denied, or modified, and if funded the promised results were factored into an operating company’s goal.

**8. What is the main contribution of the stages of growth theory to IS planning?**

It gives the understanding of where a technology or a company currently resides on the organizational learning curve. Therefore this model is an important aid to the system planning process.

**9. What are critical success factors (CSFs)? How do they contribute to the systems planning process?**

* Industry business is in
* Company itself and situation within industry
* Environment
* Temporal organizational factors

The CFS contributes to the system planning process because it can be used to help companies identify information systems they need to develop, also IS plans can be developed based on these CSFs.

**10. Describe Porters five competitive forces**

* Threat of new entrants: the threat of new competitors for example thanks to internet Travel Web Sites are threats to travel agencies
* Bargaining power of customer: Buyers seek lower prices and bargain for higher quality
* Bargaining power of suppliers: leveling the playing field, for example the internet enables small companies to compete against large ones in uncovering request for bids and bidding on them
* Substitute products or services: examples, emails are a substitute for paper mail, music download for music CDs, etc.
* Intensity of rivalry among competitors: IT alliances can change rivalries, extending them into value-chain-versus-value-chain competition rather than just company-versus-company competition.

**11. Describe the components of Porter’s value chain**

* Inbound logistic: Receive and handle inputs
* Operations: Convert input to the product or service
* Outbound logistics: Collect, Store, and distribute the product or service to buyers
* Marketing and Sales: Provide incentive to buyers to buy the product or service
* Service: Enhance or maintain the value of the product or service

**12. What is the evolution of ways companies use information to add value, according to Rayport and Sviokla?**

1. Making operations visible
2. Mirroring capabilities
3. Space-based customer relationships

On each of these steps value via information can be added in five ways: gather it, organize it, select it, synthesize it, and distribute it.

**13. Describe the four types of applications in the e-business value matrix**

* New fundamentals: Low risk and provide a fundamental way to work in overhead areas, these systems aim at the grass roots of the company
* Operational excellence: Medium risk, they intend to increase such areas as customer satisfaction and corporate agility
* Rational Experimentation: Test new technologies and new ideas. They are risky because they set the realistic expectation that they may fail, goal is to prove the concept in several months’ time or less
* Breakthrough strategy: High risk and they have a huge impact if they succeed. Require strong functional buy-in.

**14. Briefly describe the goal of linkage analysis planning. List the three steps involved in conducting such an analysis.**

It examines the link between organizations with the goal of creating a strategy for utilizing electronic channels.

The three steps involved are:

1. Define power relationships among the various players and stakeholders
2. Map out the extended enterprise to include suppliers, buyers, and strategic partners
3. Plan electronic channels to deliver the information component of products and services

**15. Briefly describe the four steps in scenario planning, as described by Markus**

1. Define a decision problem and time frame to bound the analysis: Think about the future of the industry of your concern.
2. Identify the major known trends that will affect the decision problem: Think about trends in categories such as the business environment, government and regulations, etc. and then think of the impacts of those trends on your decision problem.
3. Identify just a few driving uncertainties: goal is to explore quite different futures, not the most likely future.
4. Construct the scenarios: means to construct the different futures that you already defined on step 3 and include a “triggering event” that redirects the future into the desired space