

## Chapter: 2.1 Review Questions.

(1) Define the following terms.

(a) Mission.

A mission is a concise statement that outlines an organization's core purpose, reason for existence and primary objectives.

- Objective statements

Objective statement is a series of statements that express an organization's qualitative and quantitative goals for reaching a desired future position.

- Competitive strategy

competitive strategy is the method by which an organization attempts to achieve its mission and objectives.

(b) Corporate strategic planning

Corporate strategic planning is an ongoing process that defines the mission, objectives and strategies of an organization.

## ISP (Information Systems Planning).

ISP is an orderly means of assessing the information needs of an organization and defining systems, databases and technologies that will best meet these needs.

### (C) Top-down planning

Top-down planning is a planning that attempts to gain a broad understanding of information system needs of the entire organization and offers a lot of advantages.

### Bottom-up planning.

Bottom-up planning is a planning that identifies IS development projects based on solving specific operational business problems or taking advantage of specific opportunities.



(2) Describe the project identification and selection process

Ans Project identification and selection focuses on the activities during which the need for a new or enhanced system is recognized.

Project identification and selection consists of three primary activities:

- (i) Identifying potential development projects.
- (ii) classifying and ranking projects.
- (iii) and selecting projects for development.

Project identification and planning  
Project initiation and planning

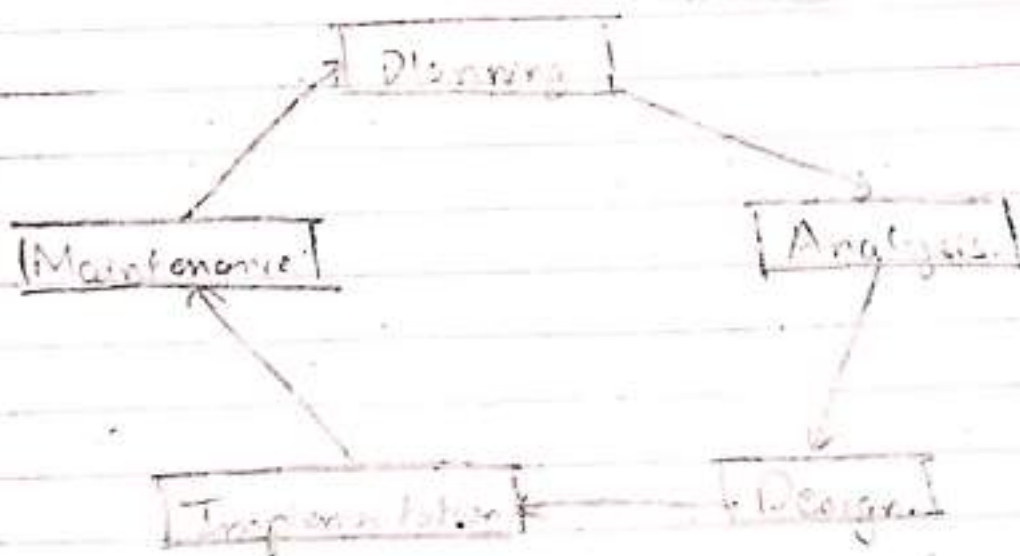


Fig: SDLC with project identification and selection highlighted.

### (i) Identifying potential development projects.

- Identification from a stakeholder group. Each stakeholder group brings their own perspective and motivator to the IS decision.
- Top-down source are projects identified by top management or by a diverse steering committee.
- Bottom-up source are project initiatives stemming from managers, business units or the development group.
- The process varies substantially across organizations.

### (ii) Classifying and ranking IS development projects:

- Using value chain analysis or other evaluation criteria.
- Value chain analysis: Analyzing an organization's activities for making products and/or services to determine where value is added and cost are incurred.

### (iii) Selecting IS development project

- Based on various factors
- Both short- and long-term projects considered.
- Most likely to achieve business objectives selected



- is a very important and ongoing activity.

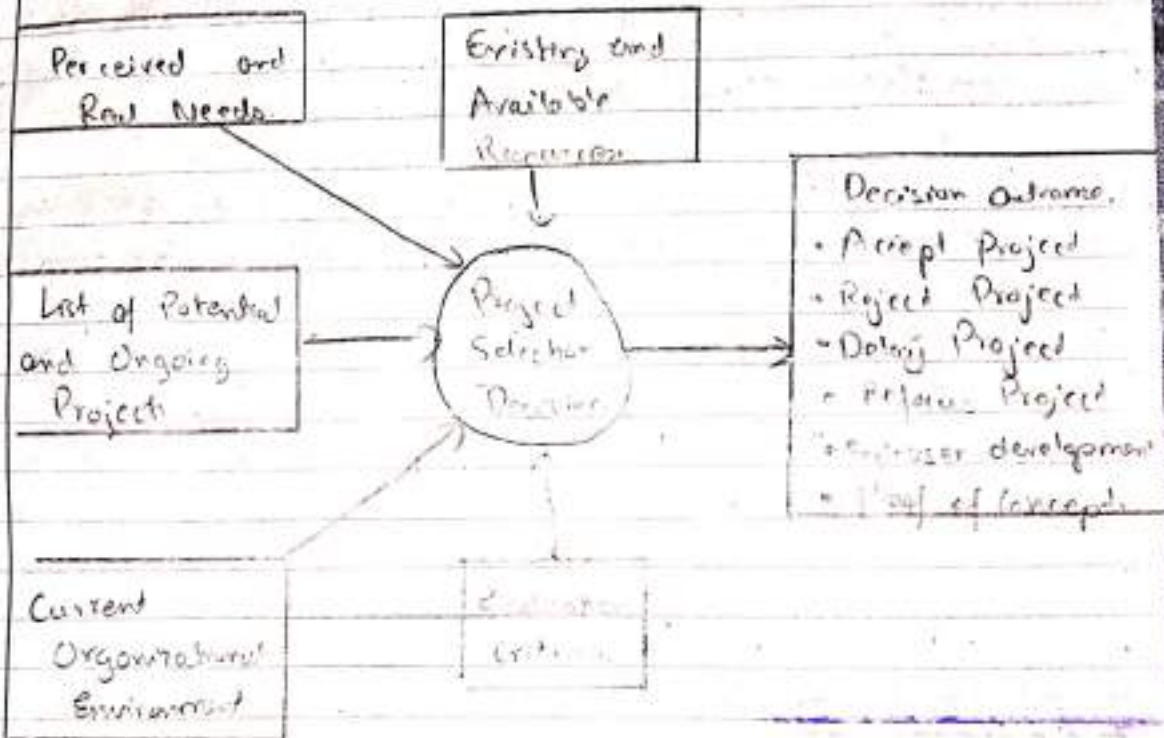


Fig:- Project selection decisions must consider numerous factors and can have numerous outcomes

(3) Describe several project evaluation criteria.

Ans The several project evaluation criteria are:

(i) Value Chain Analysis.

→ Extent to which activities add value and cost when developing products and/or services.

(ii) Strategic Alignment.

Extent to which the project is viewed as helping the organization achieve its strategic objectives and long-term goals.

(iii) Potential Benefit.

Extent to which the project is viewed as improving profits, customer service, and so forth, and the duration of these benefits.

(iv) Resource Availability.

Amount and type of resources the project requires and their availability.



(v) Project Size/Duration.

Number of individuals and the length of time needed to complete the project.

(vi) Technical Difficulty/Risks.

Level of technical difficulty to successfully complete the project within given time and resource constraints.

(4) Describe value chain analysis and how organizations use this technique to evaluate and compare projects.

Ans Value chain analysis is the process of analyzing an organization's activities for making products and/or services to determine where value is added and costs are incurred.

It is a tool used by organizations to break down their activities into primary and support activities.

It helps identify opportunities to create value, optimize processes, reduce cost and enhance competitive advantage.

Organizations use this analysis to evaluate and compare projects by assessing how



Each project aligns with core activities, adds value, improves efficiency and contributes to innovation or differentiation.

It guides project selection, resource allocation, cost efficiency and process improvement, ultimately aiding in making strategic decisions for business growth.

(5) Discuss several factors that provide evidence for the need of improved ISP today.

Ans The several factors that provide evidence for the need of improved ISP today are:-

(i) Increasing Data Usage.

(i) Digital Transformation

Organizations are undergoing digital transformation to remain competitive and relevant. Improved ISP ensures that information systems are strategically aligned with digital initiatives, enabling seamless adoption of new technologies and processes.

(ii) Complexity of Information System:

Modern businesses rely on a complex ecosystem



of information system. Improved ISP helps manage the complexity and integration of these systems.

(iii) Data-Driven Decision Making.

Data is a valuable asset for decision-making. Improved ISP ensures that information systems capture, store, analyze and present data effectively to support informed and data-driven decision-making processes.

(iv) Return on Investment (ROI):

Organizations invest significant resources in information systems. Improved ISP helps maximize ROI by aligning IT investments with strategic business goals.

(6) Describe the steps involved in corporate strategic planning.

Ans Corporate strategic planning is an ongoing process that defines the mission, objectives and strategies of an organization. Corporate strategy involves.

- Mission statement
- Objective statement
- Description of competitive strategy.

- Mission statement:

A statement that makes it clear what business a company is in

- Objective statement.

A series of statements that express an organization's qualitative and quantitative goals for reaching a desired future position

- Competitive strategy.

The method by which an organization attempts to achieve its mission and objectives  
The main types are:

- (a) Low-cost producer
- (ii) Product differentiation-
- (iii) Product focus or niche



(7) What are three generic competitive strategies?

Ans. The three generic competitive strategies are:

- (a) Low-cost producer.
- (i) Product differentiation
- (ii) Product focus or niche.

(i) Low-cost producer.

This strategy reflects competing in an industry on the basis of product or service cost to the consumer. For example: In the automobile industry the South Korean-produced Hyundai is a product line that competes on the basis of low cost.

(ii) Product Differentiation.

This competitive strategy reflects capitalizing on a key product criterion requested by the market. In the automobile industry, many manufacturers are trying to differentiate their products on the basis of quality.

(iii) Product Focus or Niche.

This strategy is similar to both the low-cost and differentiation strategies but with a much narrower market focus. For example:



a niche market in the automobile industry is the convertible sports car market. Within this market, some manufacturers may employ a low-cost strategy while others may employ a differentiation strategy based on performance or style.

9

(8) Describe what is meant by ISP and the steps involved in the process.

Ans. ISP is an orderly means of assessing the information needs of an organization and defining systems, databases and technologies that will best meet those needs.

ISP must be done in accordance with the organization's mission, objectives and competitive strategy.



# Corporate Strategic Planning Information Systems Planning

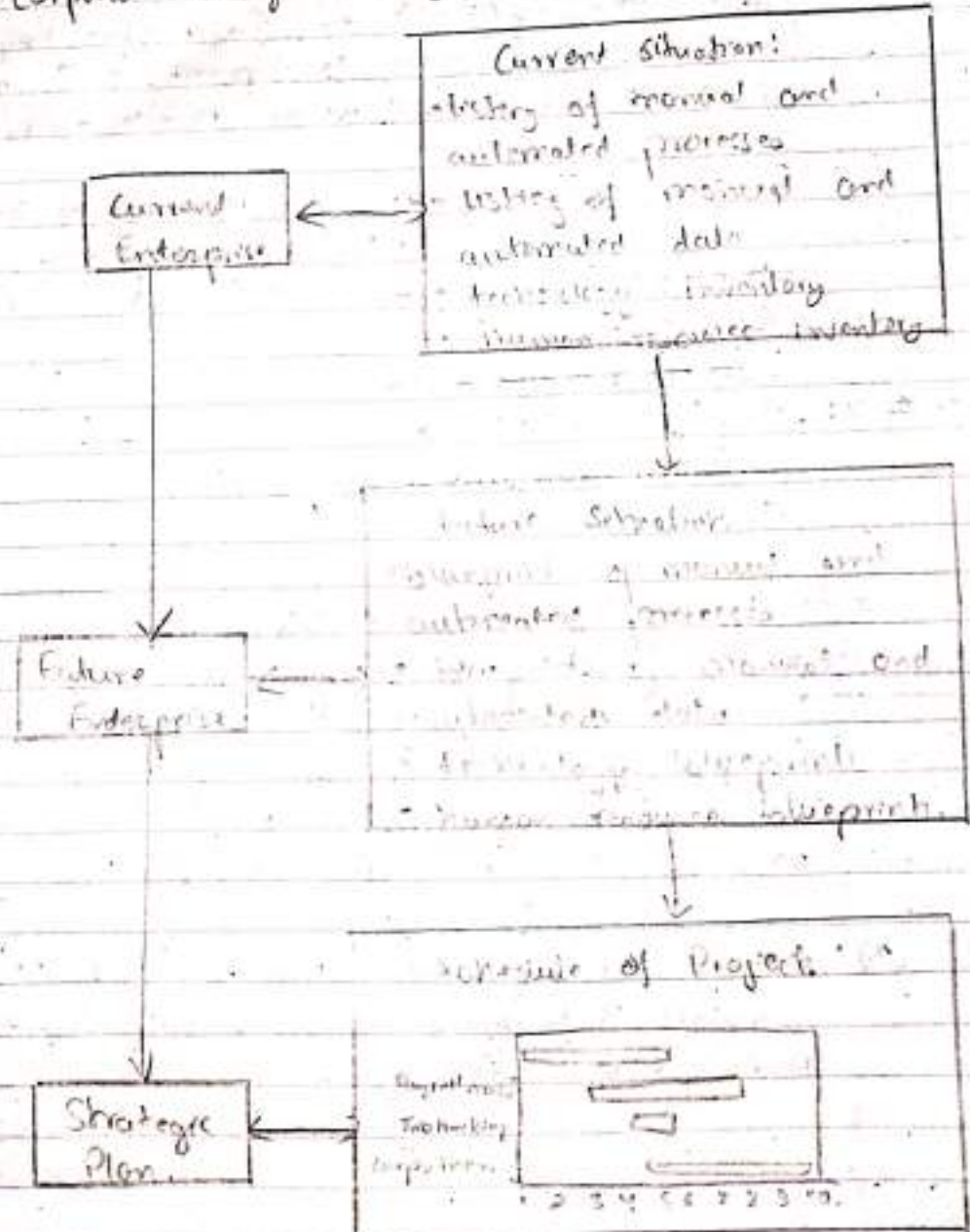


Fig: Parallel activities of corporate strategic planning and ISP.



A numerous methodologies such as business system planning (BSP) and Information Engineering (IE) have been developed to support ISP process, most contain the following three activities

- (1) Top-down planning: attempts to gain a broad understanding of information system needs of the entire organization and offers a lot of advantages.
  - Broader perspective
  - (2) Improved integration
  - Improved management star support
  - Better understanding
- (2) Bottom-up planning identifies IS development projects based on solving specific operational business problems or taking advantage of specific opportunities.
  - Can be faster and less costly, so may be beneficial in certain circumstances
- (3) Functional decomposition: breaking high level abstract information into smaller units for more detailed planning



(Q) List and describe the advantages of top-down planning over other planning approaches.

Ans The advantages of top-down planning over other planning approaches are:

(i) Broader Perspective

Top-down planning provides a broader perspective by starting with high-level organizational goals and strategies. This perspective ensures that all planning efforts are aligned with the overall mission and vision of the organization.

(ii) Improved integration

Top-down planning promotes improved integration of various departments, teams and projects within an organization, since the overarching goals are set at the top level, different functions are encouraged to work cohesively toward a common purpose.

(iii) Improved management support.

With top-down planning, senior management takes a proactive role in setting the strategic direction. This high-level involvement fosters a sense of ownership and commitment to the planning process.

(iv) Better Understanding:

Top-down planning ensures a better understanding of the organizations priorities and strategies intent at all levels. Clear communication of high-level objectives helps employees grasp the significance of their individual roles in contributing to the larger mission.