

Midterm  
CIS 410  
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1) Discuss the relationship between IT architecture, organizational structure and the problem issues at the Compaq and Symantec. In what ways were the problem issues affected by this interaction? Given the culture of each company, how are their IT architectures respectively strategically positioned?

Both Symantec and Compaq are two tech companies that focus on development for software and hardware in the emerging computer market. While both have been successful in the past we have seen through the case we wrote in early February that Symantec is struggling due to its rapid expansion. It is having issues with keeping up communication between its different divisions and customers are experiencing issues because of it. As we discussed in class and learned in "The Goal" the actual goal of an organization is to make money and to survive. (Goldratt) Symantec is having issues with doing that, meanwhile from what we have seen with Compaq they are having more success with the company's rapid expansion and retaining their company identity.

Symantec is having issues with the ways in which their communications worked from division to division. This is a common issue with divisional based structures and is something many companies have to work hard to avoid. (Morgan) Symantec has had an issue where you couldn't always dial out to certain areas on some days and on other times emails would just be lost. This has led to a lot of issues with their products not coming to customer service's attention until the customers brought it to them. The big question we have here is why are these issues occurring, who is to blame, and who needs to fix them? We discussed in class how because their IT isn't centralized and is instead its own division they don't actually have to listen to what the other divisions want them to do which can be an issue when it comes to solving problems like these. (Barker)

A lot of the time we focused on in class was how a divisional structure has little communication or centralized leadership and IT. (Morgan) This means that companies with a divisional structure could often find themselves with different identities between divisions. I

believe this is our issue with Symantec. They have too many different systems and expectations and no solid centralized IT to fix the problem so they are throwing it all upon one division to fix it. That division in and of itself does not have to listen to anything the other divisions say because they all operate separately from one another.

This is where Compaq comes in. I believe Compaq is doing much better with their rapid expansion (in fact they say they are) because they have a more functional based hierarchy. Functional based hierarchies have a stronger and more centralized IT which helps with the issues that Symantec seems to be having. As well, due to a more functional structure Compaq operates with a narrower sense of job responsibility and a more centralized sense of direction due to a stronger hierarchy. (Morgan) Since the company has a more functional layout they have stronger informal bonds between all the branches and are able to keep the companies identity together much easier than Symantec.

After reading about both of the companies it is very easy to tell what the issues are with Symantec and how Compaq didn't have those issues because they had a more central and focused company. However, that can affect the way the company operates on a day to day, in fact it has a direct affect on the day to day operations and because of this you see different product release schedules for both companies. You see, the main issue with functional organizations is that they are routine based and not necessarily reactive. This can be seen in the way in which both companies go about development and release of their products. Symantec likes to be the leaders of the industry and develop the newest products where as Compaq will wait until they are sure the product will be as functional as possible before they release their line. Both of these companies release things based upon that because of their company hierarchy which does not mean that either company is doing it better than the other.

Symantec is a much more reactive company than Compaq and because of that they are market leaders with several products. However, Morgan teaches us that divisional based structures have issues communicating. (Morgan) This leads to issues with the internal communications between the company that they need to focus on before they can continue to expand. Compaq on the other hand is much more routine based. They focus less on getting the new and innovating item out on the market and more on getting the most reliable version of the product on the market. Because of this we can see how they seem to be much more patient with their products and their releases. In the case it mentions how six months can make a huge difference for a product and it should not be rushed if it doesn't need to be. (Compaq)

In short, the cultures of these companies mean that their IT is positioned very differently between them and because of that you see different problems and solutions arise. Because the IT of these two companies is positioned so differently they are able to handle their issues in different ways whether it be better or worse. You can also see in their issues and solutions how one organization may be better off at solving the others problems due to their structure. For instance Compaq doesn't have the issues Symantec does with communication because they are a more functional based company with a very hierarchical structure. Symantec has much more independent divisions that are nearly autonomous from one another and, like we discussed in class, the chain of command within the company is much less important. (Barker) However, even though one company may be able to react to a situation better than the other it does not mean that structure is better as they both have their own strengths and weaknesses and both companies have been successful in their own right.

2) Consider the following two organizations – Wal-Mart and Netflix. Given the models and theories we have covered up to this point in the course, which company is better positioned for the near future? For the next 15 years? Why?

Wal-Mart and Netflix are two behemoth companies in the 21<sup>st</sup> century. Both can be considered leaders in their respective markets. Wal-Mart is a store that provides a large variety of products at low prices. Anything from groceries to books and new cell phones can be found at a Wal-Mart. Netflix emerged in the early 2,000's as a video and game delivery service that allowed you to pick what you wanted online and have it shipped to your house every month. With the development of the internet Netflix has developed into a streaming service that allows it's users to pay a monthly fee and stream any number of movies from their thousands of options on their devices at any time. Both companies are set to succeed in the near future but the question remains: Which one is better positioned to succeed?

To determine which company will do better it helps for us to look at the five forces affected decisions made by each company. The easiest way to categorize these would be through Porter's Five Forces: suppliers, customers, new entrants, substitutes, and intra-industry competition. (Team FME, 6) Being in two different markets these companies will have different things in each of their five forces but as we learned from Dr. Barker in class the five forces will help us to understand what the main focus of the business should be during planning so that we can determine what actions should be taken. (Barker).

As for Wal-Mart it has an extensive list of suppliers, it is a retail store and grocery chain at the same time so it has suppliers for food, technology, clothes, toys and even hardware. It's customers are just as diverse since they offer so many products there is a strong possibility you will be able to find whatever you need for your daily life at Wal-Mart. New entrants into their market will have major issues in doing so, there aren't many at this point because it is such an

old market. Substitutes would be places such as Amazon where you can order your food, clothes, or technology online and not even have to walk into a store. Their competition would obviously be their substitutes but also other retail stores such as Target or grocery stores such as Kroger. The market that Wal-Mart is in is so diverse and has so many options that it really is impressive that Wal-Mart is so successful in it.

Meanwhile Netflix has a different set of five forces that it is competing with. Its suppliers are those in which it gets contracts and licenses from in order to stream their content. Its customers are a wide variety of consumers, basically anyone with an internet connection. While Netflix as a company is not as new as the rest of its competition, the market for streaming services is still so new that there are new entrants every day. Companies such as Amazon have recently started streaming video content and it would not be surprising to see retail stores such as Walmart (who have their own online services like Amazon) to start streaming content. Substitutes for something such as Netflix would be the original way in which people watched movies or TV shows in that they purchase a physical (or more recently digital) copy and watch the movies. However, that is so much more expensive than Netflix that it is almost not a viable substitute for most of the target audience when you consider the sheer amount of content Netflix offers. Finally, competition would be companies such as HULU or FUBO TV who stream anything from live television to their own content and licensed products.

After looking at the five forces of each of the companies and seeing which forces are applying the most pressure for them the remaining thing to do would be to look at the current trends of the market and from there we can determine who will be more successful. Since the world is switching more towards streaming content with increased internet speeds and reliability it is fairly easy to predict that Netflix will have a very solid next few years. In fact, in the fall of

2017 Netflix stated that they planned to invest almost 8 billion dollars into their streaming service in the form of new content.(Statt) This is because while Netflix has become leaders alongside HULU and Amazon for streaming content the market is developing further and they have to continue to do the same. As we learn with Porters five forces competition is useful because it means a company has to innovate and change in order to stay competitive. (Team FME) Netflix can do this with original content and by making a name for themselves with television or movies.

Wal-Mart has a three year plan that consists of developing the way in which they integrate the shopping experience so that it is compatible with online, mobile, or in store shopping and because of this they have the ability to reach an even greater number of people with their shopping.(Walmart) We discussed the goal early in the semester and in the goal we came to the conclusion that the goal of an organization in it's most basic sense is to make money and to survive. (Goldratt) Because of this a company such as Wal-Mart, the equivalent of a cash cow in retail chains will have to continue to innovate it's structure and their current target is to have a growth of \$45-60 Billion in sales within the next three years. Because of the size of Wal-Mart as a company and the fact that they sell basically anything you could need it is very plausible to see them as a success without much true innovation (unlike Netflix) over the next three years.

When it comes to the next fifteen years it is a lot harder to answer that question. The birth of Amazon and Netflix lead to the demise of companies such as Borders or Blockbuster and it happened so quickly that it would have been hard to call in the mid-nineties that such huge chains would be going out of business. Between the two, Netflix is innovating their formula and strategy on a much deeper level than Wal-Mart is and because of this you would have to think

that should it pay off Netflix would be set for the future and continue to make a name for themselves. However, disregarding the possibility of some major change in the way we shop for products or groceries (and the idea that Wal-Mart may not adapt) it is hard to see a future where such a store doesn't exist. Because of this I would have to say that Wal-Mart is the best positioned to succeed in the future but Netflix is innovating at a rate that could push them past the equivalent of Wal-Mart in their respective market in the future if they were to do it right.



3) In the Course Documents section of Blackboard, there is a Powerpoint presentation (in Control System Example; filename Colleague Core Competencies) from a large pharmaceutical outlining the annual results controls for the company's sales force, which is the sole determinant of their annual bonuses. You are a consultant asked to comment on the controls. What do you report to the senior management of the drug firm?

While I believe the controls are a good start to determine what exactly a competent employee can and will do I do not believe it is necessarily specific enough to the sales division or to the requirements of a salesman themselves. For instance the idea of rating the employee on their competency and approach make sense but it is difficult to gauge that because of the many different ways a salesman can make a sale. As well we learn in "The Goal" that the main objective of any company should be to make money. (Goldratt) However, in the list of controls there was nothing there that represented sales made or any gauge of return customers or the like. Further from the goal we discussed in class how a company's real objective should be to survive in their market. (Barker) Without proper gauges for customer satisfaction and sales (particularly returning customers) there is no way to tell whether a salesman was effective or just made the customer so mad they decided not to return.

As well, there is not enough information given on the way in which the company operates in itself. If we gain an understanding of the organizational structure of the company we would have a better understanding of what the expectations should be. The way that the company expects its informal structure to operate can determine the way in which the salesman communicate with one another. (Morgan) If you are going to base the annual bonus upon whether or not they were able to teach or elevate others to take action it's best to be sure that you have cultivated a company culture that centers around the employees helping each other. Another example would have to do with the flow of information in the company. If the flow of

information is top to bottom (vertical) then it wouldn't make sense for the salesmen to be gauged on whether they were so knowledgeable they were teaching others about the information because that is not the way the company is structured. (Morgan)

Having worked in my job as a salesman for the past two and a half years I can tell you that it is very important for a sales force member to have knowledge on their product. This is where having some knowledge of Porters five forces can come in handy, specifically customers and suppliers. (Team FME) If a salesman is able to communicate with potential customers they type of people they already sell to and the quality of the supplies they are receiving for their pharmaceuticals then they will do a much better job at selling them. I do not believe the differentiators are useful in measuring how much knowledge or sales success the employee may have with the products. The differentiators seem to be more in line with a situation in which you graded the way that the employee went about selling the product and not necessarily how much they actually sold and how reliable their sales pitches were.

As for the colleague core competencies, I believe it is the best attempt to measure the employees that the company has. Simple yes or no questions that gauge whether or not the employee was able to understand their personal strengths or act in a decisive manner in any way, shape, or form. The most accurate measure of a quality salesman and whether they deserve a raise or not would have to be the measure of change agile. If the employee is able to grow and adapt as the market changes throughout the year they are further able to help the company to survive. Competition exists for a reason and it helps the company to adapt and change its ways and a mark of a good salesman is someone who can also adapt and overcome any obstacle and continue to sell their product and describe why it may be superior. (Team FME)

All in all I believe that this would be a better measurement for how an office worker was able to handle the jobs they were given throughout the year. Salesman are supposed to adapt and to develop their techniques but that does not always mean that they can be physically measured so easily. The best salesman is the one who demonstrates the most product knowledge and brings in the most sales. However, if the company wishes to gauge the bonuses on factors outside of simply sales then they need to have a thorough understanding of the culture within their company so that they do not expect to get more of the employees than what the company's organizational structure is allowing them to give.

### Sources:

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