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Midterm Paper

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Question 1: Burlington Northern & Compaq

Compaq and Burlington Northern both were organizations who needed to read the environment they were in their own industries and adjust as the technology adjusted to remain as a competitor in their industry.

The IT architecture for Compaq was decent but its alignment with the organizational structure was not assembled correctly. The role of the IT department should have been to design controls that would have been implemented to the fullest extent for the organizations benefit. Compaq's organization structure was functional in a sense that the IT of the organization was centralized but it was not defined. Meaning that the IT department did not know what supplies and resources they had to work with, thus an example of this was that they did not know how much data storage they needed.

Previously stated, the organization structure of Compaq was functional with a top down and bottom up information flow. With Compaq being a computer corporation, the potential for a better should have been there but it was not thus making them suffer. They need to focus on differentiation and ensuring that they are up to date within their market respectively. Being a research and development-oriented company, they should work on having and creating more of a matrix organization structure. By having a matrix organization this could help improve productivity (Economic Times) "A well planned, easily adaptable structure can help a business thrive in many areas [including communication]" (Goldratt).

Their organizational structure is a problem which in return causes detrimental communication and information flow issues. In this case, The Process and the Open Communications sections go over how they discuss problem, plan and pricing of new products.

Before moving on to the next item on the agenda, there would have to be some type of agreement that everyone had a part in, or as close as it could be. By following this process, it could take an entire day for a consensus to be reached on a price for a single product which is inefficient. When it takes this long to decide on one thing, information flow is slowed which inevitable causes Compaq to lose their footing in the market and fall behind. Their goals are not in the right place hence why their organizational structure needs to be changed. Their goal seems to be that there should be a detailed consensus before making a decision, but the real goal should be enhancing the research and development while still staying fluid and adjusting, growing, and changing with the market respectively.

Another issue with Compaq is their open communication. Compaq uses a communication system similar to electronic mail or e-mail, but they call it “B-mail” and it is not accepted by everyone, David Schempf, Vice President and corporate controller, expressed how B-mail can be a trap, an inevitable one if you will, because it has the potential to remove and mitigate human face to face interactions (Love & Eccles). If he does not accept B-mail completely, he could be disinclined to use it which would further lead to more communication issues with Compaq.

The IT architecture for Burlington Northern was similar to the current system of Burlington Northern at the time. It was old and outdated, and it did not effectively or efficiently serve Burlington Northern like it should have. Burlington Northern’s IT department should have been in charge of overseeing how the company was utilizing its resources to transport goods.

Burlington Northern was a railroad company in the United States that was looking to upgrade its IT control system by purchasing a further investing in Advanced Railroad Electronics System (ARES). The project was 9 years yet to come and there was only one manager that was loyal from the beginning. ARES would instantly and greatly increase operation efficiency,

creating a safer railroad system, and helping thrust the company closer and closer to the forefront of a technological pioneer in this industry. After closely examining the environment, choosing the appropriate structure would greatly influence the form and specifics of the control system. The railroad company had many problems with its business processes because of poor controls and wasted efforts from imprecise information. The railroad cars were not getting to the right place at the right time due to poor technology, management of said technology, and limited ability to find failing machinery before it had a devastating impact to the overall goal of the organization. Burlington Northern's operations also allowed problems to arise because of the Theory of Constraints (Goldratt, 2008). This theory given by Goldratt (and the 5 focusing steps) tells us that bottlenecking is an extremely crucial part of operations like manufacturing or railroads for that matter. Goldratt theorizes that time that has been riddled at the bottleneck is time that is saved during operations. He also said that companies should only focus on three major things: increasing their throughput, decreasing inventory, and decreasing operating expenses.

Burlington Northern desperately needed to lessen the impact of the massive bottlenecks in their operations and by constructing a significantly better IT architecture and control system, this was their best shot to do so. The real question was if this ARES system was the right system for Burlington Northern. There were some of these aspects that were too complicated and time consuming to implement in a way that was cost-effective, but the majority of this system ought to be adopted to help with massive communication improvements, scheduling issues, and maintenance issues. The company should adopt what it needs to ensure the core competencies of its operation is in full effect, and it should know how and why it intends to use that technology.

The problem of this case was greatly influenced by its structure and as the reliance on technology increases so will it (Hertenstein & Kaplan)

Both of these companies had a deeply rooted influence by their structure but in different ways. The vastly different systems and outcomes that these companies were trying to reach, and the effect of being in different environments allowed the companies to experience smaller trends. Neither Compaq nor Burlington Northern was in great shape in strategically positioning their architecture. Railroads had been the dominant mode of transportation while Compaq has struggled with poor communication management and information flow issues that needed to be resolved because the advancement of the industry or technology was not going to slow down for them. The likelihood of new entrants in the market using new technology to complete day to day operations to beat these companies down the road was extremely high.

Question 2: Wal-Mart & Netflix

Businesses are shifting to more of an online environment. From the increasing popularity of Netflix, more and more people are opting for convenient, quick shopping experiences. If we are comparing Netflix to Wal-Mart, the thing that becomes evident is that Netflix has a better understanding of how people want their service. By allocating a large amount of time and resources into making a service that is convenient to the people and specifically cultivated for each individual based on their viewing preferences, they have been able to grow their brand by introducing new shows that utilize technology like business intelligence (BI) tools to help serve customers to the best of their ability. Wal-Mart, has a grasp on the market for the traditional brick-and-mortar storefront, but given the rise of other companies who are selling online like Amazon, Wal-Mart has just started catching up to them. Wal-Mart certainly does have a good business sense and a well footing in understanding purchasing power and its ability to sell products at a low price, so I believe that once Wal-Mart takes the time and puts forth the effort to catch up to where Amazon and other leaders are in the market, Wal-Mart could definitely position itself as one of the industry leaders for the online portion as well (Anderson). Netflix has put itself in good position for the future but Wal-Mart has the potential to fully zoom past them given the wealth of information Wal-Mart has gathered over the years but maybe has not had the means to use it yet, until now.

One of the areas that Netflix currently has a large advantage in is real-time personalization. Netflix has a system that will analyze the shows that you watch, are interested in, and will display shows that may also catch your interests and explore new horizons in their system. This way, Netflix is able to draw customers back since shows that you have liked in the past may be similar to other shows and that can start the snowball effect for some users

(Anderson). While Wal-Mart has an online presence and is starting to grow there, it has a lot of products and a pretty big existing customer base which could make the personalization process very difficult to create and manage. One of the main differences is that Netflix started off as a business that was very personalized for the user oriented, while Wal-Mart, having lower prices, and a large customer base already, started off with more of a service focused orientation and in time will be able to adequately catch up with the rest of the market.

Wal-Mart does have a very substantial advantage in the Click and Brick pattern. The online market has taken the spotlight in recent years, but there are still a large number of people who find enjoyment into going to a store and browsing at their own leisure. This option in particular allows you to have the option of convenience or to see the item in person. This allows for marketing strategies and other things to better appeal to the customer (Veyrat). Customers would see this and it may appeal to them more because it is tangible and they can closely examine it before they buy it and would eliminate the need for them to wait for an item to be shipped to you. Wal-Mart has the ability to tie in terms of proximity, but the experience is lost when all you have to do is select the item and put it in your cart. With Wal-Mart bringing together their previous success in the brick-and-mortar side of things with how their newer online presence is, they have a new way to tackle both sides of the market making themselves bigger than every rather than just trying to dominate one side. This way they can combat competitors in the market like Amazon and other leaders. Netflix though, is more immediate and this does have some major benefits in this era. Though in 15 years, Wal-Mart may find a way to lower shipping time to customers, and this would mean that they would not be as immediate as other retailers but they would still have a very present relative advantage in their market.

The final place for comparison between Netflix and Wal-Mart is in competition. While Amazon is still lagging behind Netflix, and Netflix is regarded as one of the highest entertainment applications ever, the direction of this is very likely to change with due time. Since Wal-Mart is continuing to improve their services, they may be more likely to drag away customers from its competitors with its lower costs, brand loyalty, and click a brick pattern. Netflix on the contrary, may be more subject to adjusting and variation as the entertainment industry is and can be very subjective, and the main front that they have an advantage in is the Netflix Originals. With that said, there are competitors who have started their own entertainment services such as Disney, Paramount, who share various highly sought out shows and movies like Marvel, Harry Potter, and other popular series. With new services like this, there may be customers that tend to pull away so speaking long term, there may be more effected for Netflix by the new entrants in the market.

When it comes down to decide which business is better positioned, we have two businesses that have a very strong footing and positioned very well in their own respective industries. Netflix blew past competitors with being one of the pioneers of the online, personalized marketplace, and for those reasons they will continue to be in a better position for years to come as the increase of original programs they have available and continue to create will be one of the top leaders in the entertainment market among other things they have to offer (Coster). Wal-Mart, is gaining their own traction in their online market, but the potential that they could reach is great in terms of brand awareness (O'Connell). Wal-Mart is better off at the old fashioned, traditional brick-and-mortar store rather than the online store, but as time goes on and their reputation increases, it is more likely to grow and grow and either become as big as Amazon or surpass them. Though it would take time for them to settle in, but with the notoriety

of them already and how quickly they can scale everything, Wal-Mart will be in a better position for years to come in the online realm of things.

Question 3: Colleague Core Competencies

This pharmaceutical company has a PowerPoint that details the “Colleague Core Competencies”, “Performance Scale Rating”, and “Differentiators”. Combining all of these make up the company’s results control for its sale force which directly influences the employee’s bonus. Dr. Leavitt would take a look at this control system in the context of the organization’s “diamond” (Leavitt, 2011). The diamond are four major concepts that help make up the organizational system: people , tasks, structure, and technology. In this case, the people will change their behaviors because of the new incentives that they could obtain. The tasks they perceive as essential will be different, and there will be a fundamental change as businesses process forms to fit the new reality they are in. Finally, the technology will change so that it can better collect the data needed to make reliable measurements of the control system. This company needs to ensure that the information executives receive is legitimate.

The “Colleague Core Competencies” focus on personal responsibility and accountability, collaboration, and adaptability in the workplace and these groupings seem to be suitable thematically and in line with the conditions of the current culture. By making these employee’s bonuses simply contingent on this control system, it would cause them to fight hard to achieve these standards. Yet, these measures are very general without much description on what some of them mean like “grows self” for example. There are no real measures for these things, just light descriptions which can lead to misinterpretations which can furthermore lead to arguments, mistrust, and inevitably chaos (Morgan).

For this company the control does not seem to be tight enough. This situation lends itself to a higher likelihood of political wrangling instead of shared progress. “Most often,

organizational structure, rules, regulations, and procedures are viewed as rational instruments intended to aid task performance. A political view of these arrangements, however, suggest that in many situations they are often best understood as products and reflections of a struggle for political control (Morgan, *Images of Organization*, 1997)". The generic descriptions of the competencies and performance scale rating are causes for concern. These scales are supposed to act as a basis or a template for judging the accomplishments and employee production, but it seems like these give managers the ability to play favorites. Though there is the change that this does not happen, the perception that is there could potentially and easily leak into the culture and infect it. If the control system doesn't seem to be fair on it's face, then managers will have an extremely difficult time convincing their workers of that and getting the best out of them every day. As Morgan says "Control of decision-making processes is usually more visible than the control of decision premises. How should a decision be made? Who should be involved? (Morgan, *Images of Organization*, 1997)". These types of questions often get left out of the conversation because of politics and power. Morgan then later states that "The ground rules to guide decision making are thus important variables that organization members can manipulate and use to stack the deck in favor of or against a given action."

The control set presented show the right themes for a healthy business culture, but it is lacking in measurements and specifics. For the "Performance Rating Scale", "Exceptional Results" and "Significantly Exceeded" criteria, they almost have the exact same description, but the difference is that on one scale it is worth more on one than the other which would influence the employee's bonus. The one aspect of the control set that was accurate to my liking was the "Differentiators". The "Magnitude of Influence", "Competency", "Approach", "Commitment", and "Consistency" categories give managers a better idea of how workers are stacking up to each

other. The scales would indicate that they are rated on a scale that is meaningful enough to them. The descriptions for the scale are different enough from each other which helps in things like rationality and being fair to all (Kalkatoa & Robinson). These also provide a sense of what the employee is having great success in or may need a little more assistance in to ensure they can be adequately helped. The number ranges on top of the descriptors also help with providing further context into the performance of the employee.

Though I personally disagree with making the entire sum of the bonus based on these measures, it should deliver a fair playing field that would not give managers the ability to give bigger bonuses for reasons that do not have to pertain to their work, such as the likability of a person. The ideas that a 21st century worker needs to bring to enhance the company is fairly accurate. The scales need to be deeply refined and heavily specified more. Morgan gives us an explanation of power dynamics in his book “Another possible explanation rests in the idea that it is important to distinguish between the surface manifestations and the deep structure of power. It suggests that while organizations and society may at any one time comprise a variety of political actors drawing on a variety of power bases, the stage on which they engage in their various kinds of power play is defined by economics, race, class relationships, and other deep-structural factors shaping the social epoch in which they live (Morgan, *Images of Organizations*, 1997)”. These human interactions are driven by more than our minds can comprehend at times. This pharmaceutical company needs to be courteous of this when setting controls that can and will greatly influence behavior from employees as it has a direct impact on bonuses they would get. The refining of these measurements and scales will surely enhance the performance and help reduce the amount of envious activity and political maneuvering that will impact and arise under the current circumstances and this control set.

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