

M3 - Generate valid, accurate and useful information

D2 - Justify the information selected to support a business decision making process

Justification of Information Chosen for the MIS

Valid, Accurate and Relevant

When inputting data/information into the Management Information System (MIS), it must be good information – it must be valid, accurate and relevant to the firm. Meeting these three criteria mean that the management information produced by the MIS will always be functional and can be used by the firm to manage their business. If the information is not valid, accurate or relevant, it is of no use to the firm and can cause problems if used to make strategic, long term decisions.

Sales and Financial Information

Using sales (marketing) data to produce management information can make business decisions much easier as the data used is valid, accurate and relevant to the firm. Sales data is collected by one of the business functional areas in the firm – marketing - therefore the information will be both valid and accurate. The information will be valid because it comes from a primary source within the company and is reliable. It is accurate because the data/information will give the exact amount of products/services etc. sold in the year and will have been recorded in a database by a marketing information system. As well as being valid and accurate, information coming from the sales department will also be relevant. It comes from a primary source so would be relevant to the firm as the information is used for a specific purpose – analysing sales and looking for ways to maximise their profit. This information can be used to make critical business decisions such as whether to spend more on stock, train/hire more people to work on products/services and whether or not to increase or lower their prices.

Financial information used in the MIS must also be is valid, accurate and relevant to the firm. Financial information will be the most accurate information if it has been transferred correctly into the MIS and hasn't been tampered with. This is due to it showing the exact amount of money the company has and where money comes into the firm and goes out. When using financial data for management information, accuracy is key as it allows the firm to predict what their future profit could be and how they could spend less etc. Financial information is relevant to the firm and to the creation of management information because it allows managers to produce accurate reports on how much income the firm gets compared to how much it spends and how they can make the most of their budget.

Competitors

Competitors can have a major impact on the firm as they could put them out of business. By inputting valid, accurate and reliable data about the competitors into the system, the firm can use the management information produced to put themselves a step ahead of their competitors. Entering valid information is important as it allows them to gain an insight into what opposing companies may be doing and develop a way to stop customers differing to other companies for different services. Entering invalid information would mean that the firm would not foresee what the other companies are doing so they might lose business and profit by not addressing the right issues.

The information that they enter also needs to be accurate and reliable. If they had incorrect information on the prices and services of their competitors, then the firm may be undercut and they will lose business. Similarly, having relevant information about their competitors will stop the business losing customers and money. If the company had information about how much of what service in what area was being used, the firm could target that area with a specific service to try to get business from the customers of their competitors. Having irrelevant information will be of no use to the company and waste their time. Overall, having information on their competitors will allow the firm to predict any future events where other firms might release the same products/services and let them develop and release them first – thus gaining an advantage over competitors.

Employee Skills

Information about employee skills and qualifications is both valid and relevant to the firm as the management information produced using this information can make important decisions on staffing matters. Having valid information about the employee's skills allows the managers to make decisions on whether or not employees need training – which can improve the firm's products and services. Having relevant information about what qualification/skill each employee has can help the firm decide where people are best suited so the company gets the most out of its workers. Overall, using information about employees can produce useful management information for when the firm is running training programs, allocating new jobs or roles in a project.

Rejected Information

Management information is produced by inputting a wide range of data and information into a management information system and having it analysed by the system. When information or data is selected, if it is not valid, accurate or relevant it is rejected.

Employee Information

When inputting information about employee skills into the Management Information System, information regarding the employees themselves was rejected. There were many reasons behind this, the first being that it would breach the Data Protection Act 1998. If the firm was to enter personal details such as age, address or phone number, they could face serious implications for using information in an improper manner and not for the purpose it was originally intended. Another reason would be that if the information is irrelevant - entering the employees' personal details would not be of use to the firm if they were looking for the skills of each employee.

Firm's Banking Details

Financial information is essential for the production of useful management data, but there is certain information that is rejected as it cannot be put into the management information system. The firm's banking details for instance. Inputting the firm's bank details could bring major problems as people outside of the accounting team and CEO can locate the details and using them illegally (commit fraud or alter log books so that they can steal money). This would then have an impact on the management information and the business; the management information would be flawed and the firm may go bankrupt due to having lost money.

Customer's Personal Information

The firm cannot enter any personal details concerning their customers into the MIS (such as address, telephone number and bank details). There are two reasons for this: it would breach the Data Protection Act 1998 and the information is not relevant to any use of management information. By using a customer's personal details, the firm could be sued by the customer and face serious legal implications. As the data is of no use to the firm there is no reason why it should be used by the firm.

M3 & D2

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for any reason other than contacting the customer with any problems or issues with their product/service.