

Midterm Exam

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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?

IT architecture and organizational structure, though defined differently, actually contain many similarities and are related when it comes to operating effectively in an organizational environment. According to our course discussions, an organizational structure can be one of the three basic structural forms: functional, divisional, and matrix. Organizational Structure follows the following timeline: Environment → Strategy develops the Organizational Structure → Information Technology Architecture evolves from the Organizational Structure → affects the Jobs → affects the People. It is defined as how we deploy assets in a hostile environment to compete in such a way that it maximizes shareholder return and use resources to achieve goals. This timeline is a constant loop that needs to be revisited every so often so that an organization must adapt in order to survive. Fried is quoted saying, "Acquisition of appropriate technology first requires that the technology planners understand the needs of the business and the strategic technology position that top management has management has adopted." (Fried) To understand this further technology and some of its' ideas must be described.

Technology is defined as hardware and software used to translate data into a usable form of information. There are six main components of technology and are as follows: hardware, software, data, people, models, and procedures. In our course discussions, we discussed the subject of Leavitt's Diamond, which help define what is necessary to focus on when attempting to change the strategy of an organization and applies to both IT architecture and organizational structure. Leavitt's Diamond is a system for analyzing the organizational

effects as a change in strategy occurs. There are four main components: structure, technology, people, and tasks. One idea by Leavitt was that to have a successful integrated change, it is crucial to understand the connection between each of the previously listed components.

IT architecture and organizational structure are designed to be aligned in a way that the correct people have the appropriate information at the right time. Morgan stated, "A third focus on pragmatic use of the systems approach rests in the attempt to establish congruencies or "alignments" between different systems and to identify and eliminate potential dysfunctions." (Morgan) From this quote, the third focus can involve security access to innumerable files, people, databases that will store the data needed by the organization, and how the organization, as a whole, communicates with one another and how effective it is.

The problem in the case of Compaq is that the organization was too focused on IT architecture that was influenced by financial advisors who did not understand the full impact of their advice. By doing so, the organization was affected in the development and culture all while the effects on their environment was being negatively affected. From this problem, the communication and trust were obstructed by the financial advisor's consultation in addition to the employees of Compaq were motivated by fear. Looking at this problem from the perspective of IT architecture, the numbers that were given by the financial advisors displayed an overall picture, which included that of organizational structure. This created a misalignment of organizational structure and IT architecture in addition to their culture. A quote from Morgan states, "The division of labor characteristic of industrial societies creates a problem of integration, or what may be more accurately described as a problem of cultural management." (Morgan)

Compaq began as an organization with a functional structure then changed into a divisional very quickly and then back again to functional. Their culture was the main focus of the organizational leaders. Compaq's Information System did not permit the flow of information to be fluid through their email system. An outsourced financial services company, ASK, was used to aid in tracking orders and analyzing the financial status of Compaq. From the reading on Compaq, it seemed as if the financial advisors went beyond their responsibilities by controlling the culture of the organization because they had oversight over all of the Compaq's projects. Eventually, with these harsh and strict controls of the financial advisors, the employees would find way to get around them. The functional structure that was used by Compaq works very well and the chain of command was easily understood. They seem to stay focused on forecasting based upon their IT architecture but fell short when it came to the issue of their culture. They tried to promote their culture but unfortunately it did not alter their structure and IT architecture.

Symantec experienced a IT architecture and organizational structure disparity directly through their bold efforts to gain other companies and maintain their corporate structures individually. Symantec's issues began to occur as the size of the company expanded extremely fast as they began to acquire numerous companies. While they were focusing on gaining these companies products and services, their IT architecture was becoming exponentially decentralized. In the case of Symantec, having a decentralized IT architecture was not suiting them because it created increased maintenance cost and decreased communication in addition to culture. It was clear that Symantec did not know if they wanted to be a matrix organization or a divisional organization which enhanced their battle with communication. Understandably,

Symantec's efforts to become a matrix organization as their capabilities both effective from a technology standpoint and functional cooperation. Unfortunately, their geographical expanse and lack of awareness to modify their structure to match their needs aided in the failure to properly structure themselves.

Symantec's instability is directly related to their inability to conform their acquired companies to one standard. Even with this instability, Symantec managed to pull through, but they should have attempted to coordinate their organization better with enterprise policies. However, they were still able to be successful by offering products and services through differentiation and continued to be innovative with the help of their somewhat flawed structure.

The main contributor to both of these organizations having hardships throughout was due to a lack of control and strict responsibilities and policies. Even though both of these organizations had experienced substantial productivity, their growths could have been improved with more leadership and equal focus on structure, architecture, and culture.

2) Consider the following two organizations – Walmart & 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?

In my opinion, Netflix is better positioned for the near future due to factors regarding the accessibility, differentiation, and intellectual content. In our course discussions, we have labeled a few models but the one that best describes Netflix would be the Internet Enabled Business Model and to be more specific, that of Online Services. This organization has been the

forerunner of all movie and TV show content streaming and recently has overtaken cable providers.

Netflix brings value to the customer by differentiation and low cost. An example of differentiation would be Netflix allowing downloads of the content they provide, which was a huge innovative idea and developed even more popularity for their services. The consumer scope is also endless, ranging from all age groups, most income levels, and both males and females. Likewise, their scope includes some demographics like movie buffs by allowing ease of access to a variety of genres and people who are too busy to go out to the theater to watch a movie or shop for them. The price is probably the biggest item that aids in their success. Netflix offers its' services by menu price (everyone pays the same) depending on what perks you would like to come with your subscription. The fact that Netflix has endless capabilities to provide their customers with all types of solutions for whatever needs come up in the future. Being an internet-based organization helps them to be able to release updates frequently and use new technological advances. As time goes on and the cable providers slowly die out, I can always see a need for a provider like Netflix.

Walmart is an organization that offers products that can be bought in other stores or by using an online service to deliver the products like Amazon. Recently, they have begun to branch out into the E-Commerce Business Model but still requires deep ties to having an actual store front because they are a one-stop shop. One of the slogans that Walmart has used for years is "Everyday low prices" and in my opinion, this type of organization can be easily replaced. There are a few factors that I do want to go into detail about how Walmart has been so successful, but I feel they will soon end up like Toys R' Us.

There are four major strategic ideas that keep Walmart at the top for their industry. One is the value they add to their customers by consistently offering low prices even more so than their competitors. Second, Walmart is able to compete on differentiation with their ease of access. They have begun to divulge into Online Services and E-Commerce otherwise they would quickly be put out of business by companies like Amazon, who offer the lowest prices and you never have to leave home to get your products. Walmart is competitive based on their variety of brands, products, and locations. Finally, there is one thing that seems to stand out about Walmart more so than its' competitors and that is the experience when visiting a store because they are always helpful and courteous. This is mostly due to a recent change at Walmart where their employees are being treated better with pay, benefits, and potential for career growth.

As for the question of which organization would be better positioned in 15 years, I would have to go with Netflix as it requires little overhead and maintenance costs and is solely used with the internet. I understand that Walmart also uses the internet but today, no one says, "Let me pull out my phone and shop on Walmart's app." They would use a provider like Amazon that has proven customer reliability. The internet is the key to a successful business of the future. As we humans become lazier as the decades past, new innovations of technology revolving around accessibility to products and services will be vital for the survival of an organization.

3) In the Course Documents section, 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?

The sole determinant for the annual bonuses within the Colleague Core Competency is "Commits to "One Pfizer"". This competency outlines what it means to be a part of a team with one main goal in mind and that is achieving the mission for the organization. However, this does not exclude that the team has their own minor goals for which they must attain to accomplish and reach the mission of the organization. Additionally, this core competency promotes optimism throughout the organization because the individual will be willing to listen to everyone's opinion as long as it aligns with the organizational culture, vision, and mission. An individual that aligns their team's or area's goals along with the mission of the organization advocates a unity among all employees, therefore, will assist in developing a culture and structure for their organization.

"Commits to "One Pfizer"" competency not only focus on the present but the future as well. In business organizations, it always a good idea to think about the effects of today's decisions tomorrow. Furthermore, this depends on the role and responsibilities of the individual in question because you want the leaders (managers, supervisors, directors, etc.) to stay within their area's reach and the employees to focus on their tasks at hand. One who can translate the organizational vision in a way for their area/team to comprehend and apply to their own work will benefit not only the organization but the development of the skills and expertise of their subordinates or peers.

Along with traits listed for an individual the products and services that they produce must be in the Significantly Exceeded or Exceptional Results Descriptors. This signifies that the individual will go above and beyond at all costs to ensure that their performance exemplifies a result that coincides with their result and overall attitude and loyalty toward the organization. The most important factor with these descriptors is submitting a result in a timely manner and within their financial criteria like budget, plan, scope, and allocated resources.

Once the preceding factors have been established, the decision must rely on the differentiators: Magnitude of Influence, Competency, Approach, Commitment, and Consistency. Once again, depending on the role of the individual under evaluation for the annual bonus, their Magnitude of Influence must reflect their responsibilities as to not overstep their boundaries unless they are completing their results well in advance of the timeline. As for Competency, it is highly important for one to display an attitude of expanding their knowledge and skills onwards toward other employees by demonstrating, influencing, and teaching employees that need or see out that help. Approach relies on two important factors: Sense of Urgency and acting as a Role Model for all to follow suit. The example that one sets is highly important especially if they are in a position of leadership. The Sense of Urgency goes along with delivering their results in a timely manner but also must deliver a top-quality product or service. The Commitment differentiator is very similar to the Approach differentiator except instead of being a role model, one must give responsibilities to lesser skilled employees so that they may learn and be able to handle the pressure but be supervising in case the lesser skilled employee needs assistance or advice on completing their task. This is would be considered elevating other to take action. Lastly, the Consistency differentiator is up there as one of the

most important factors for an individual to display. Except for an individual whom is new to a certain type of work, there must be a constant or always consistent behavior when completing work and motivating others around them. Being consistent aids submitting results on time and within financial resources. This will help with future planning and estimating for other work because then the individual will know exactly what is required for them to complete that work due to them consistently putting in the same effort and performing on a level that is easily tracked and recorded.

Awarding employees annual bonuses based upon the preceding traits will encourage other employees to follow these same traits. This is strictly my opinion on what one must look for when deciding who will receive these annual bonuses. This insight will aid what you look for in an individual but keep in mind, that it wouldn't hurt to award an entire team/area evenly the annual bonuses if they showed these traits and had exceptional results. You must consider that the results, good or bad, of a team/area are not based upon one individual's actions or effort but the entire team/area's collaborative work to achieve their internal goal for the benefit and well-being of the entire organization. Depending on the organizational culture and structure, the determinant that I have chosen may vary but it is important for all employees to work for a common mission formulated by the organization's leadership.

References

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