

*Background*

# Background

... Business 101

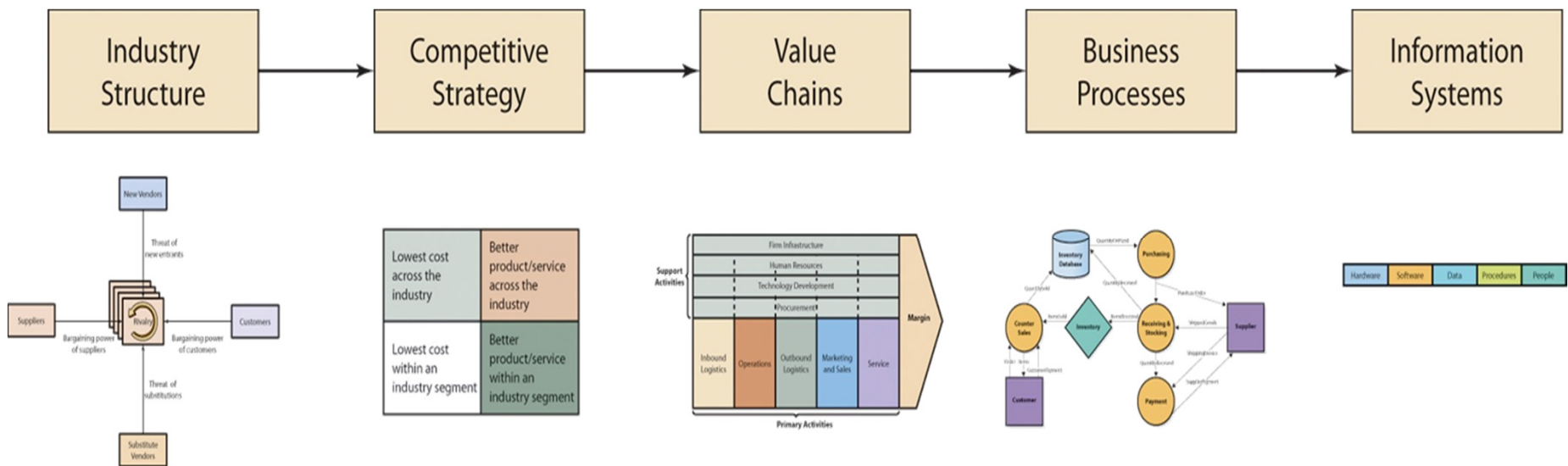
# Management Information Systems

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COURSE (core concepts)

# Information Systems & Competitive Advantage

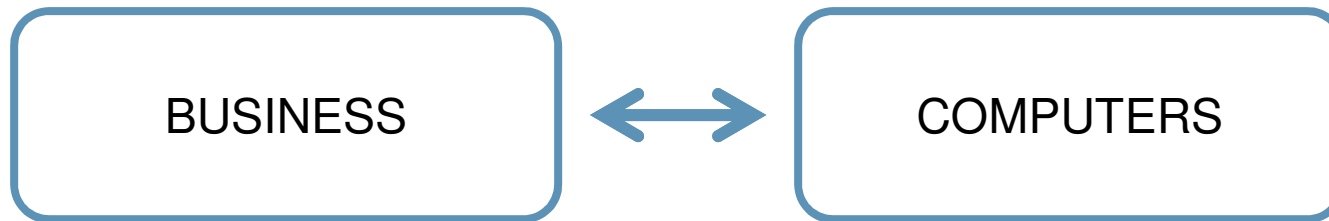
## Organizational Strategy **Determines** Information Systems



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## COURSE

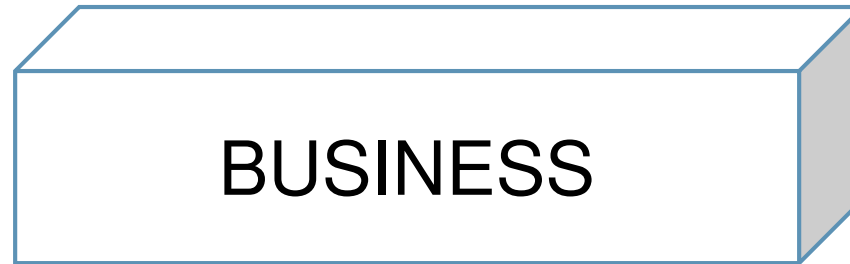


Define:

- what is 'business'
- how are 'computers' used in a 'business' environment

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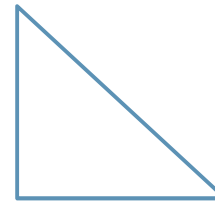
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Any endeavor or enterprise that achieves a goal through the effort of a person or persons that involves a monetary component.



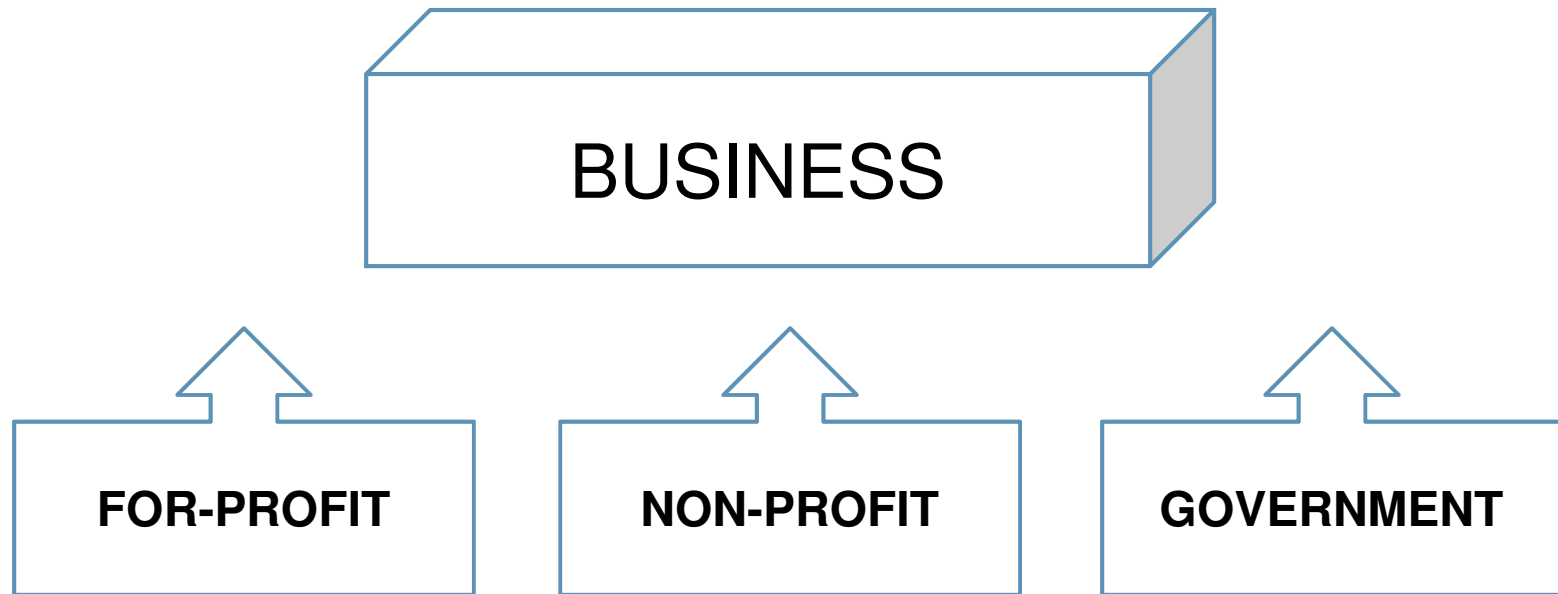
SERVICE



PRODUCT

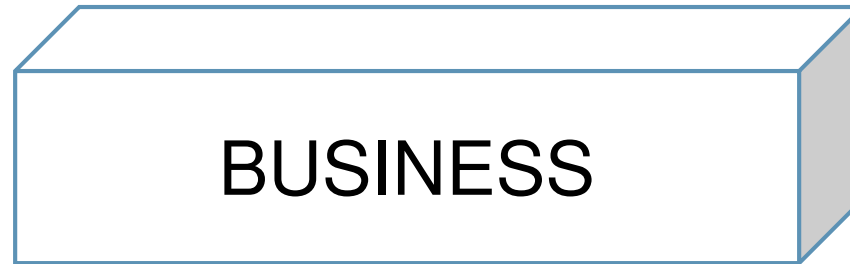
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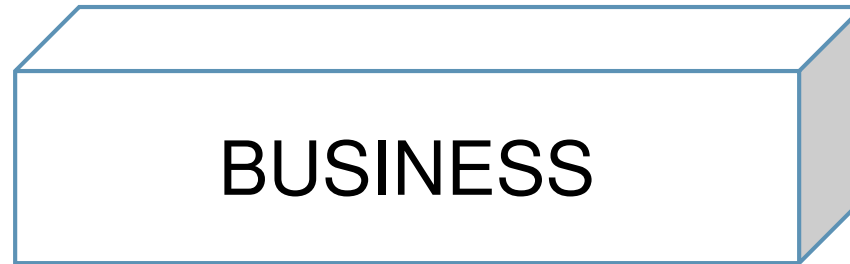
All business operates on the same basic principle.

Business requires money in order to operate



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All businesses have a single goal.



MORE MONEY COMING IN \$\$\$

\$\$\$ THAN MONEY GOING OUT





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BUSINESS

THIS IS KNOWN AS THE  
**MARGIN**



MORE MONEY COMING IN \$\$\$

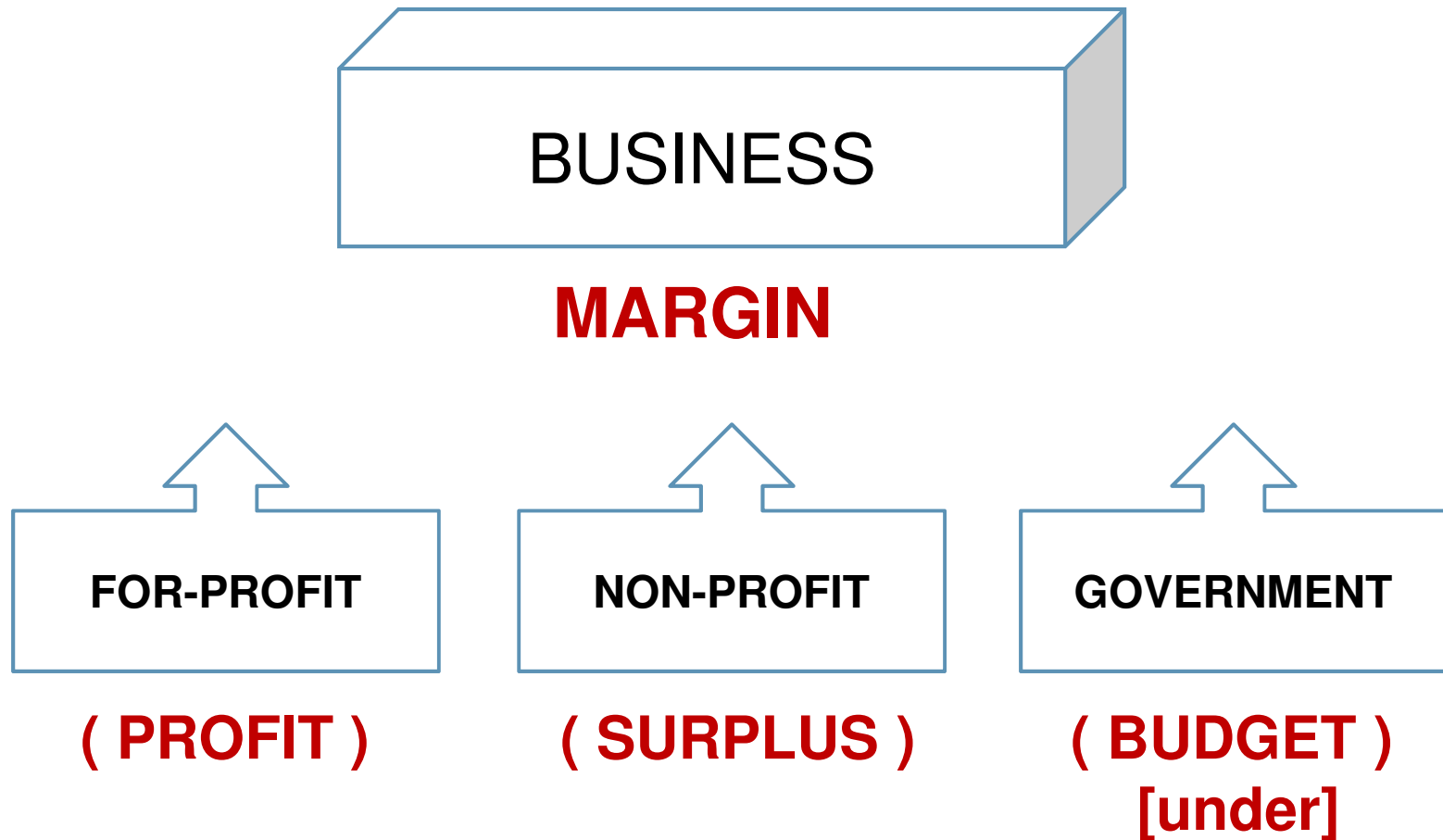
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THAN MONEY GOING OUT



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BUSINESS

**MARGIN**



LARGE MARGIN MEANS **SUCCESS**



\$\$\$



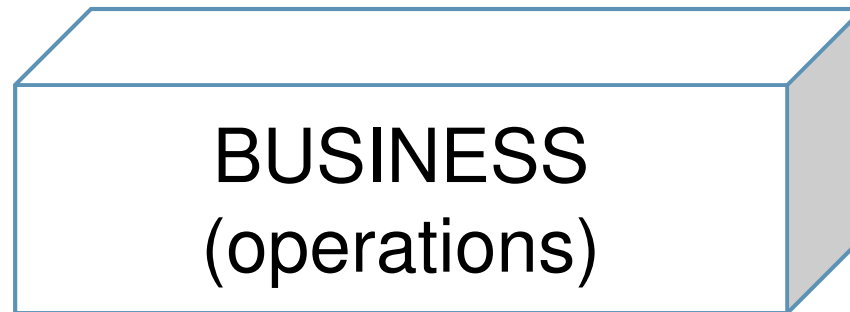
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LOW -or- NO MARGIN MEANS **FAILURE**



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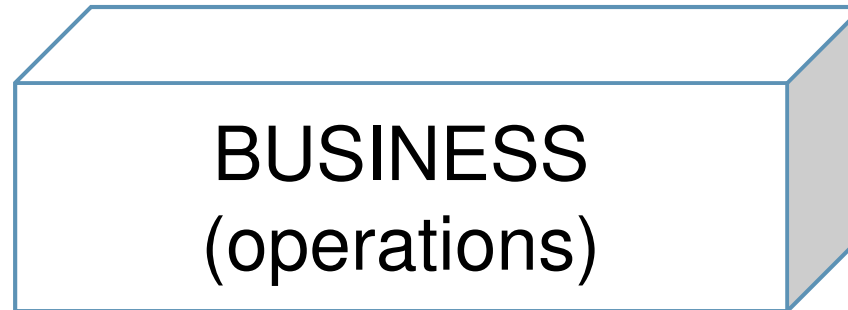


**MARGIN**

WHERE DOES MARGIN COME FROM?

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## **OPERATIONS**

Facets of business: like a diamond

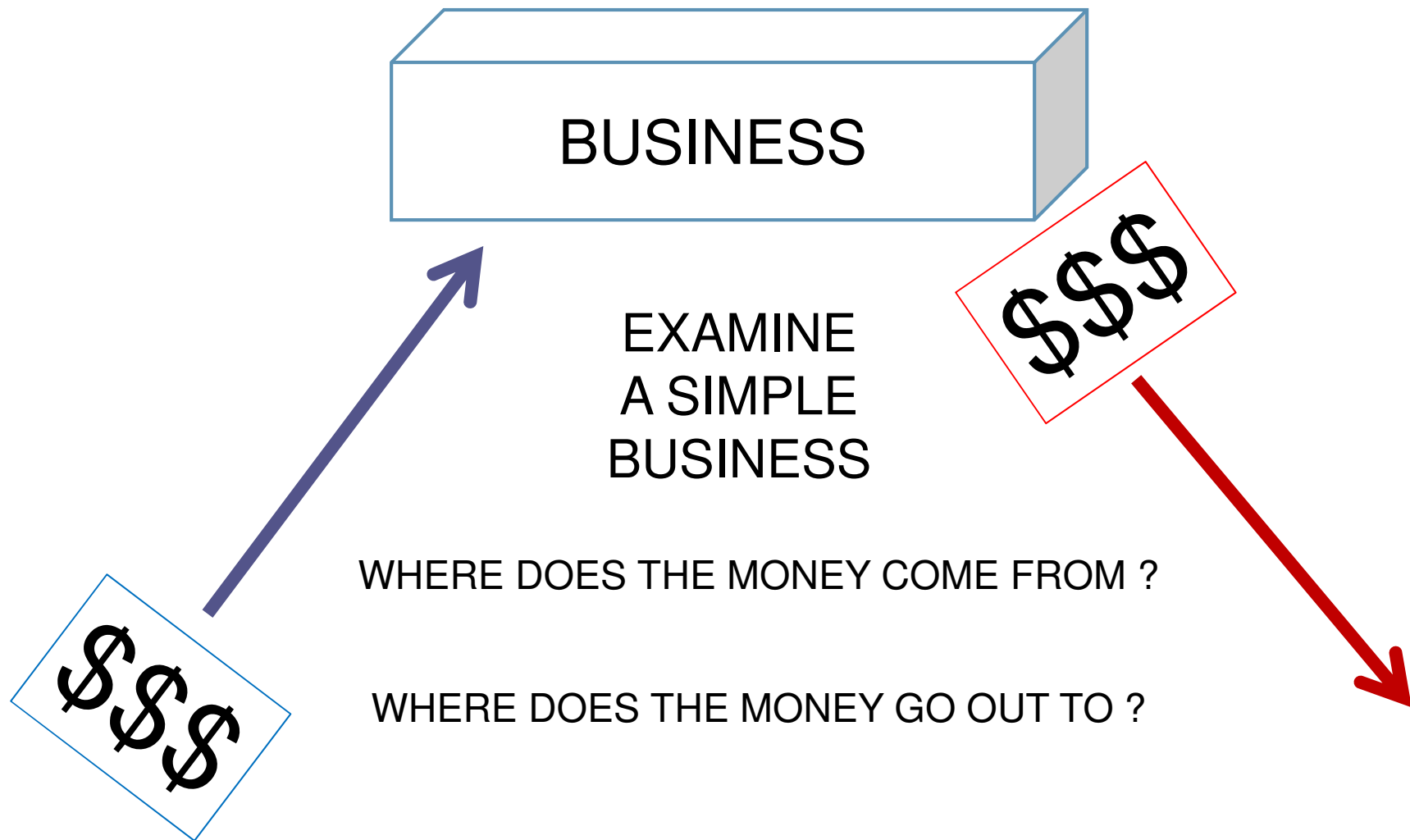
What does it take for a business to operate ?

What are all the components (parts) of a business?

How does a business actually work ?

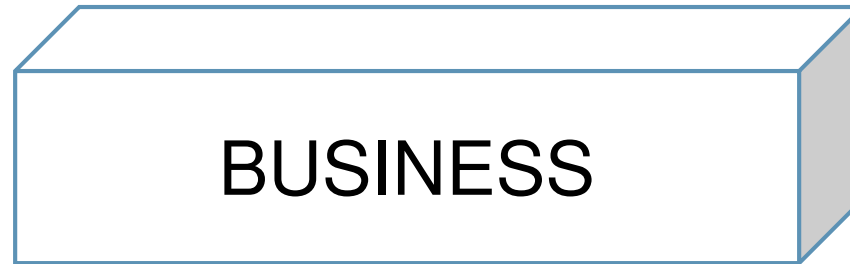
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GOAL: Create a business:

You have come up with a great idea for a business.

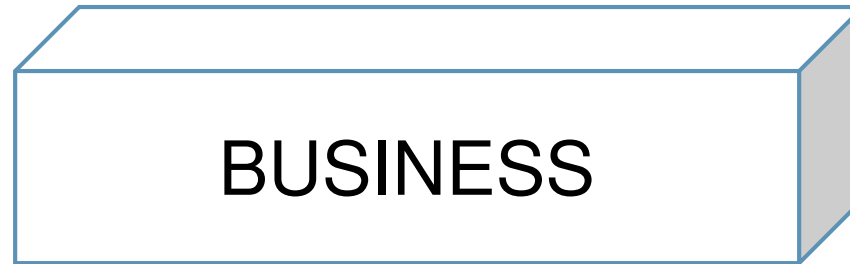
You are going to start small with you being the only employee.

It must be a Service !



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GOAL: Create a business:

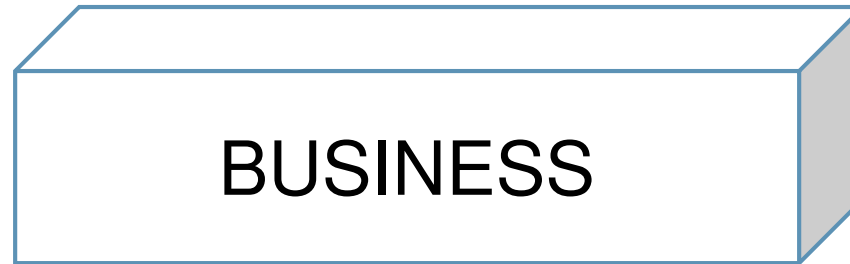
Examples:

- Dog Walking
- House Sitting
- Car Transportation



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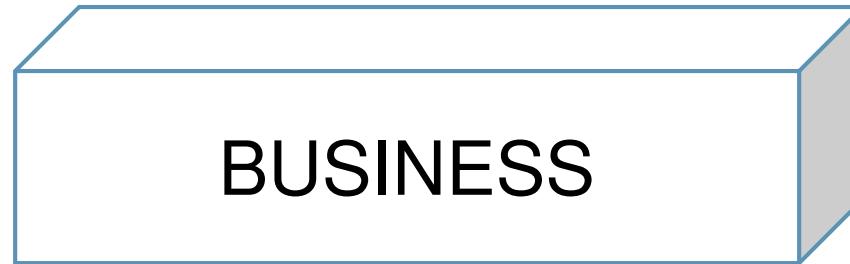
GOAL: Create a business:

First Question:

- is it feasible ?
- i.e. will make money
- i.e. is it worth your time and investment ?

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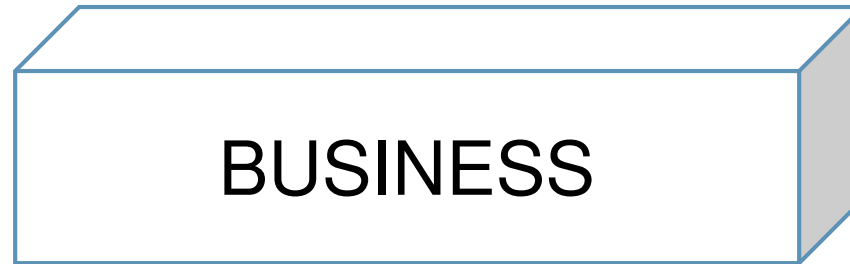
GOAL: Create a business:

First Question:

- is it feasible ?
- How to tell ?  
( or at least, how to make an informed guess ? )
- Third Rule of Business  
**“ Nobody Knows Nothing ”**

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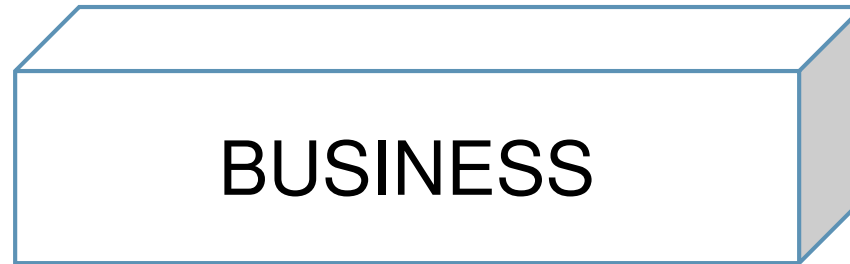
GOAL: Create a business:

First Question:

- is it feasible ?
- How much money (\$\$\$) will I need to bring in in order to make this a viable entity?

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GOAL: Create a business:

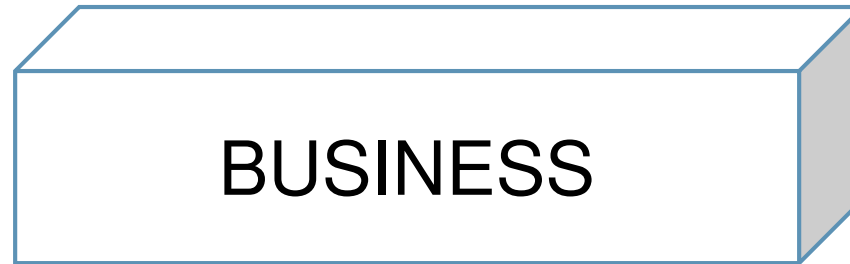
- How much money (\$\$\$) will I need to bring in in order to make this a viable entity?

**Rephrased:**

- How much will be needed to run the business?
- What are my costs  
(what will I have to pay for - i.e. money out)?

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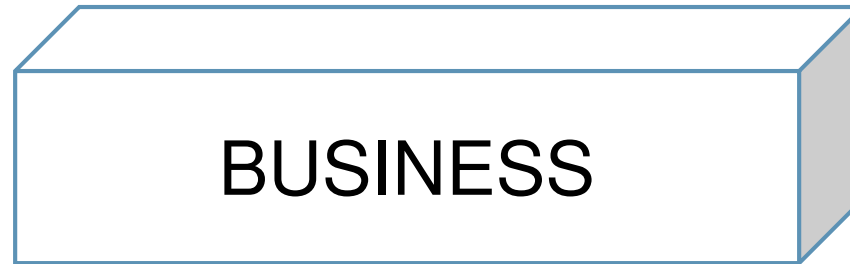
GOAL: Create a business:

- How much money (\$\$\$) will I need to bring in in order to make this a viable entity?

**WHAT COSTS CAN YOU IDENTIFY ?**

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GOAL: Create a business:

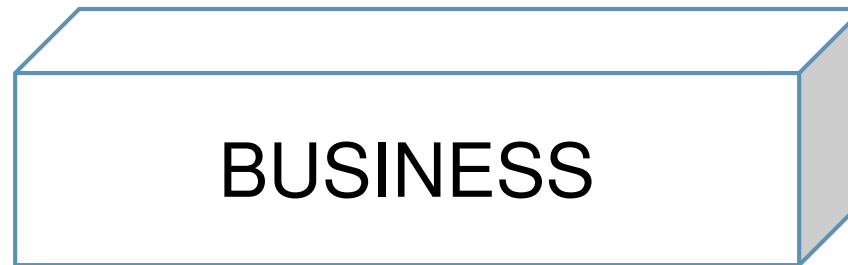
- How much money (\$\$\$) will I need to bring in in order to make this a viable entity?

## **Salary:**

- this is a COST
- it is not margin – it is not profit
- it is only ONE of the costs you have consider.

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GOAL: Create a business:

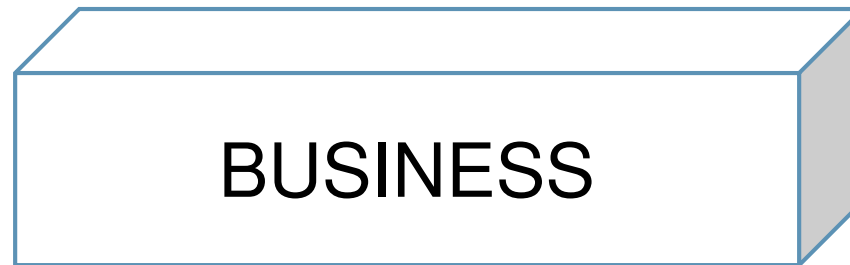
- How much money (\$\$\$) will I need to bring in in order to make this a viable entity?

## 2. Raw Material:

- this is a COST
- physical: cloth and ink for tie
- electronic: code and interface.

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GOAL: Create a business:

- How much money (\$\$\$) will I need to bring in in order to make this a viable entity?

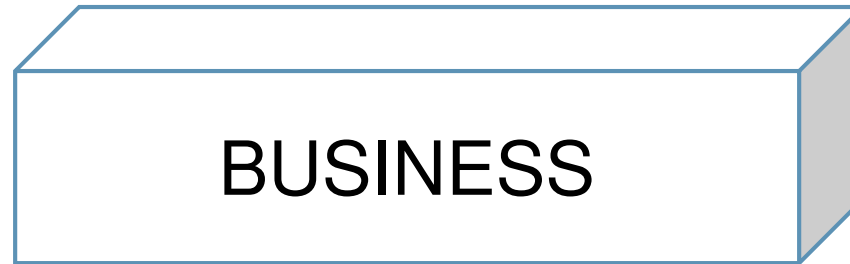
§. **Equipment:**

- this is a COST
- whatever required to manufacture
- platforms to create.



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GOAL: Create a business:

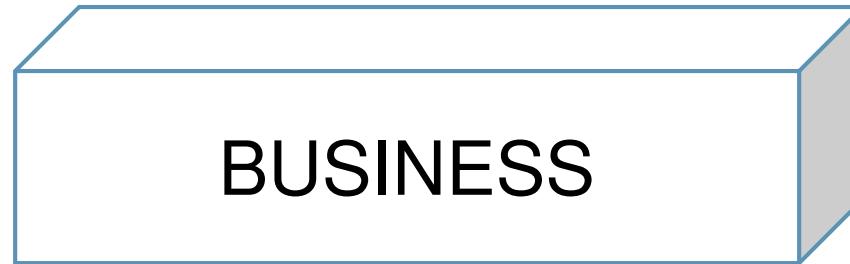
- How much money (\$\$\$) will I need to bring in in order to make this a viable entity?

## 4. Logistics:

- this is a COST
- location to conduct business
- infrastructure (secondary supplies – computers).

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GOAL: Create a business:

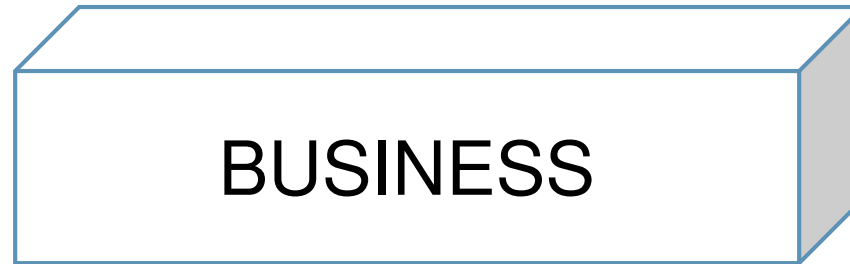
- How much money (\$\$\$) will I need to bring in in order to make this a viable entity?

**Sales:**

- this is a COST
- advertising
- demonstrations – display of product.

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GOAL: Create a business:

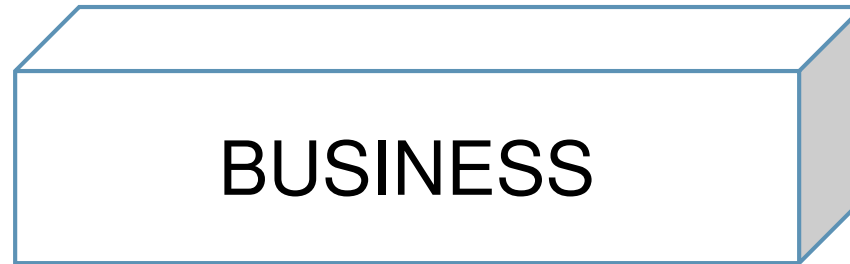
- How much money (\$\$\$) will I need to bring in in order to make this a viable entity?

**Distribution:**

- this is a COST
- packaging
- delivery and shipping

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GOAL: Create a business:

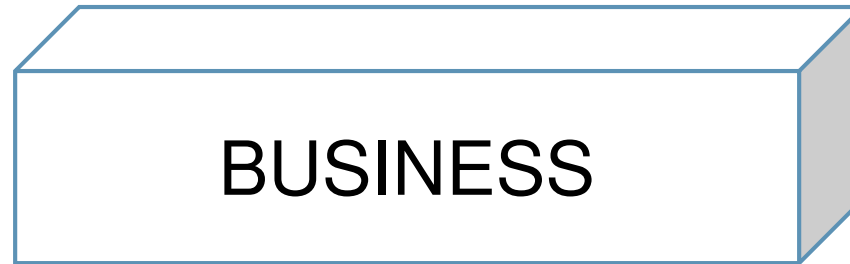
- How much money (\$\$\$) will I need to bring in in order to make this a viable entity?

**Support:**

- this is a COST
- usability and instructions
- returns and defects.

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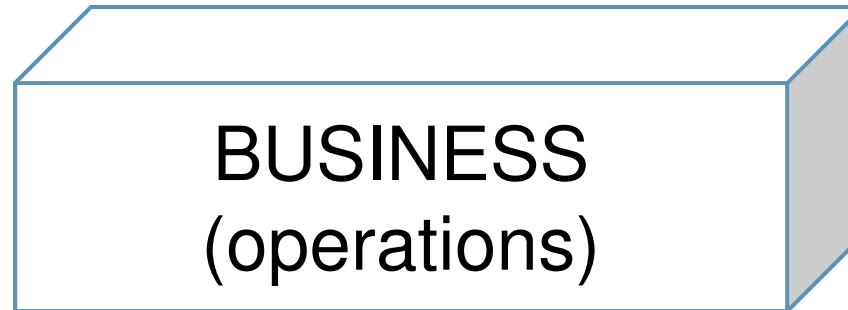


GOAL: Create a business:

- costs (money out)
- **Salary**
- **Raw Material**
- **Equipment**
- **Logistics**
- **Sales**
- **Distribution**
- **Support**

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## **RUNNING A BUSINESS**

HOW DO YOU 'RUN' A BUSINESS ?

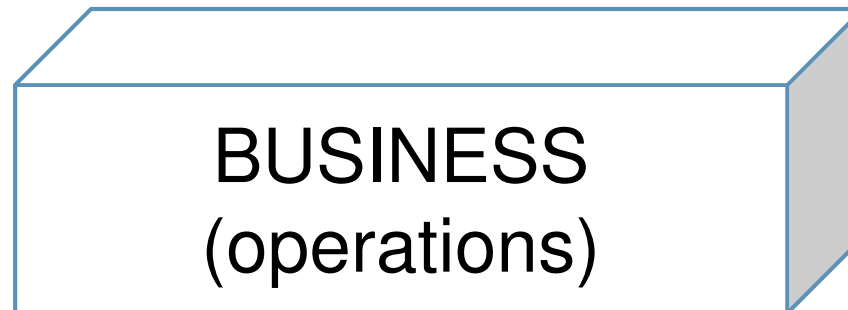
**SIMPLE  
TRACK EVERYTHING !**

What to track ?

How to track it ?

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## TRACKING (WHY ?)

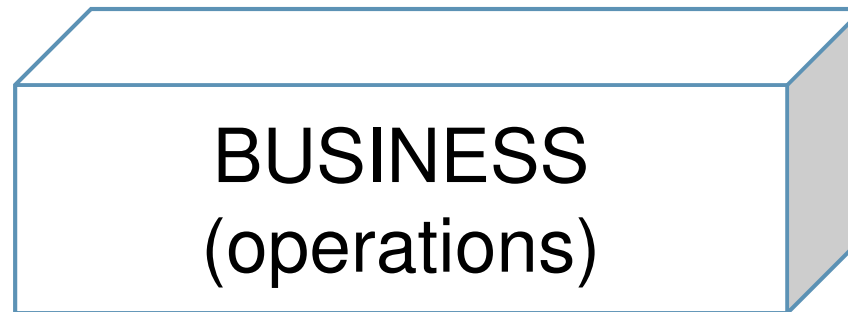
SPOILER ALERT !!

- **DATA:** what you track
- **INFORMATION:** derived from data
- **KNOWLEDGE:** using information

This is actually the core concept of this course ....

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## TRACKING (HOW?)

BP (before computers)

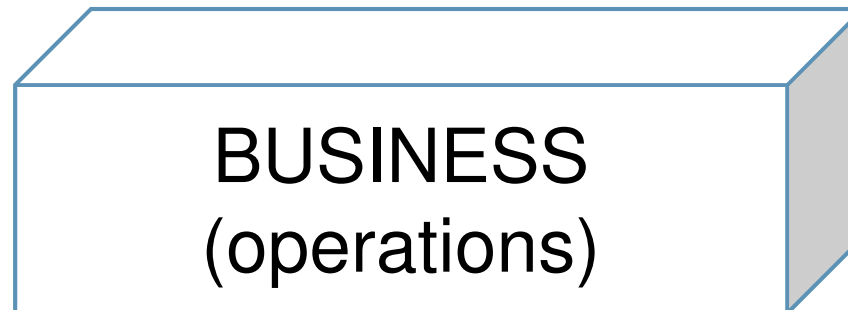
- **PAPER / INDEX CARDS:** everything was collected
- **LEDGER BOOKS:** accounting
- **POLICY:** using the information

**PURPOSE:** track \$\$\$ in versus \$\$\$ out - MARGIN



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## TRACKING (NOW?)

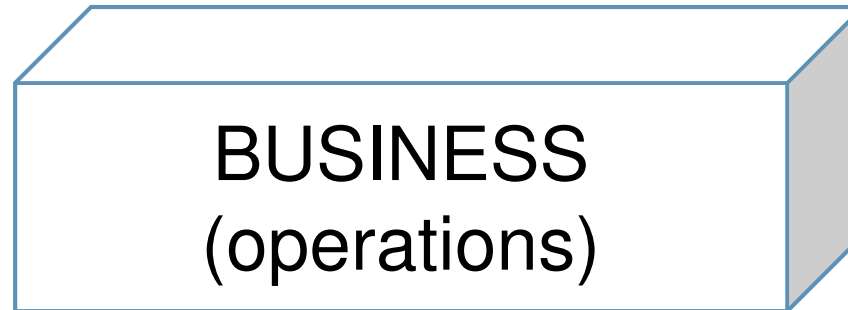
AP (after computers)

- **DATABASES:** everything is collected
- **SPREADSHEETS:** accounting
- **IT SYSTEMS:** using the information

**PURPOSE:** track \$\$\$ in versus \$\$\$ out - MARGIN

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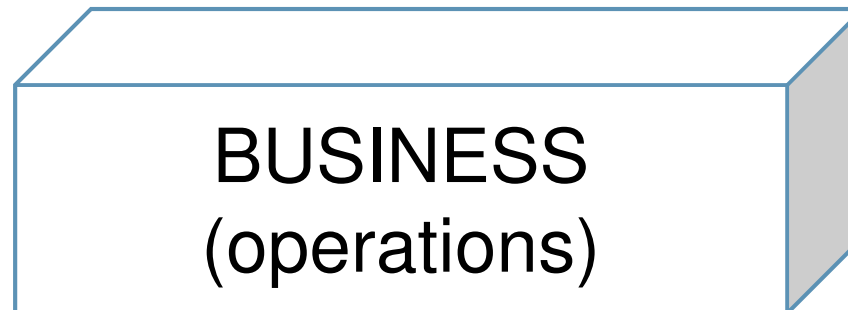
## TRACKING (WHAT ?)

- **EASY:** everything
- **HARD:** what is everything ?

It is a process – build – test - adapt

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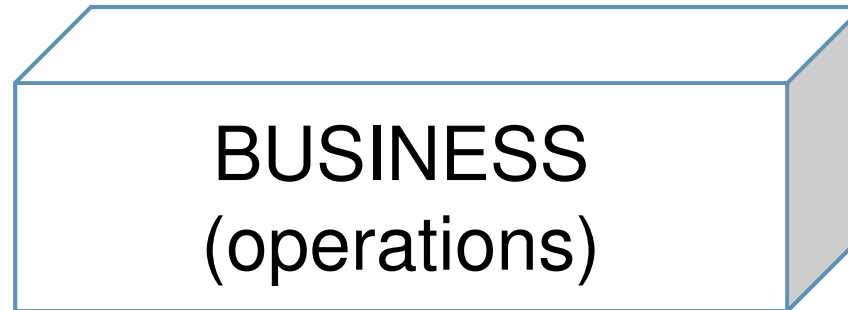
## TRACKING (WHERE ?)

- **COMPUTER:** (obviously ...)
- **MECHANISM:** database  
spreadsheets  
information tools

It is a process – build – test - adapt

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## COMPETITIVE ADVANTAGE

- HOW CAN COMPUTERS BE USED TO MAKE YOUR ORGANIZATION PERFORM BETTER (BRING IN MORE MONEY) THAN YOUR COMPETITORS