

Case 1: <<Supervalu>>

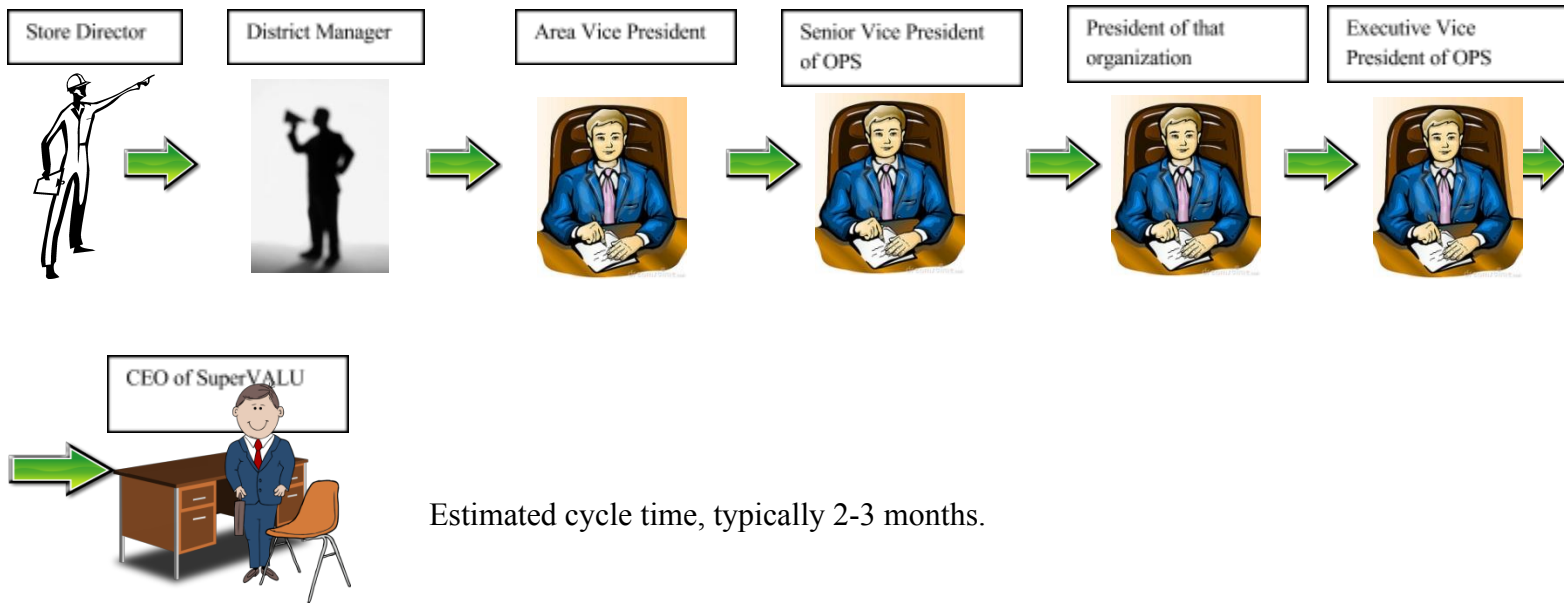
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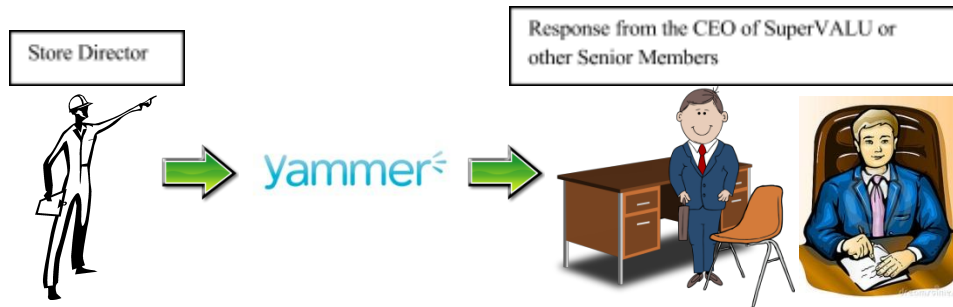
ADM 2372 P
Professor Nour El Kadri
Monday, February 14, 2014

1. In a graphic format, describe the IT infrastructure at SuperValu

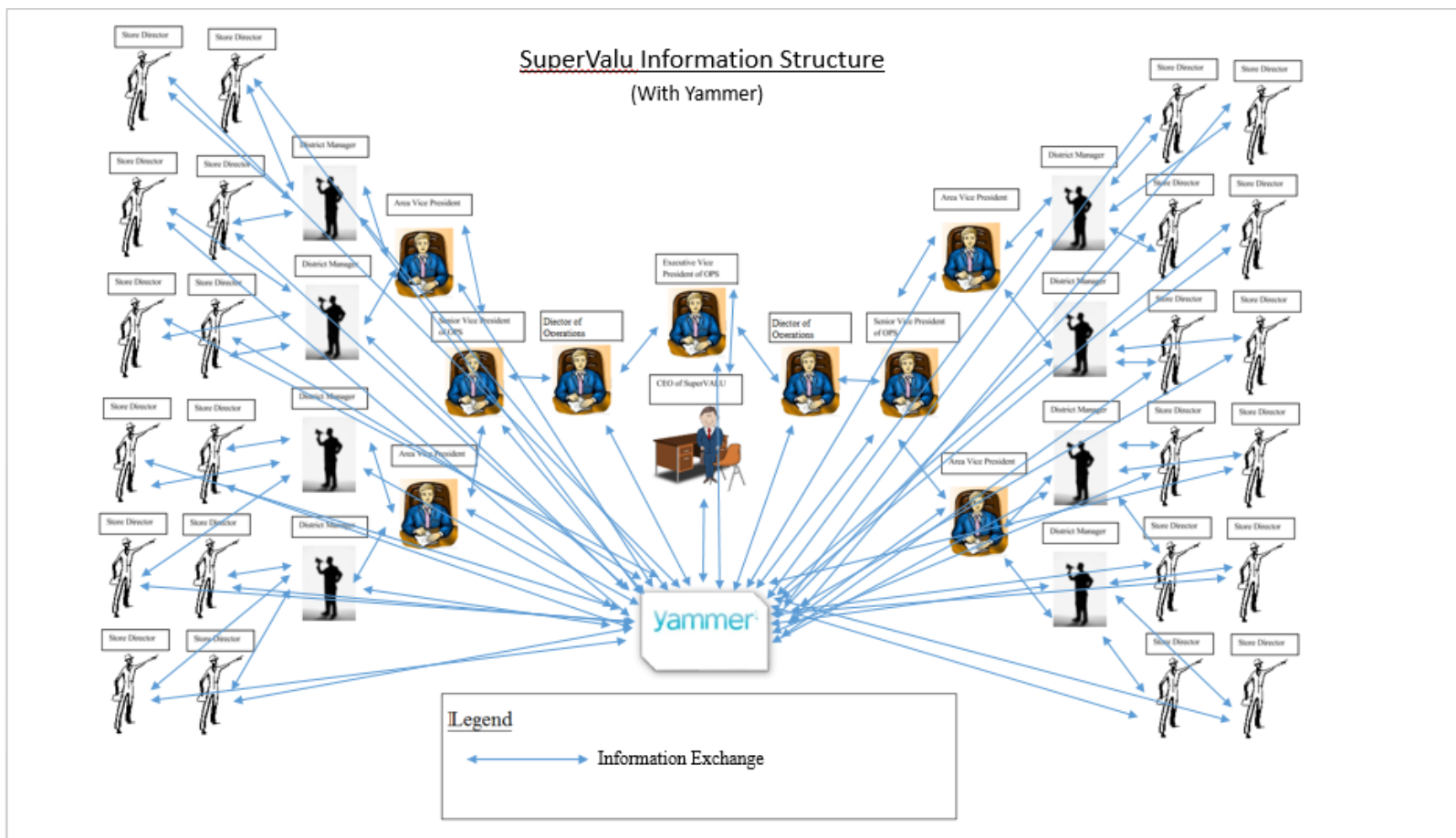
Past process cycle: store director's chain of command in order to pass information onto senior members.



Re-engineered IT Cycle: Store director's and other senior member's information transmission with Yammer.

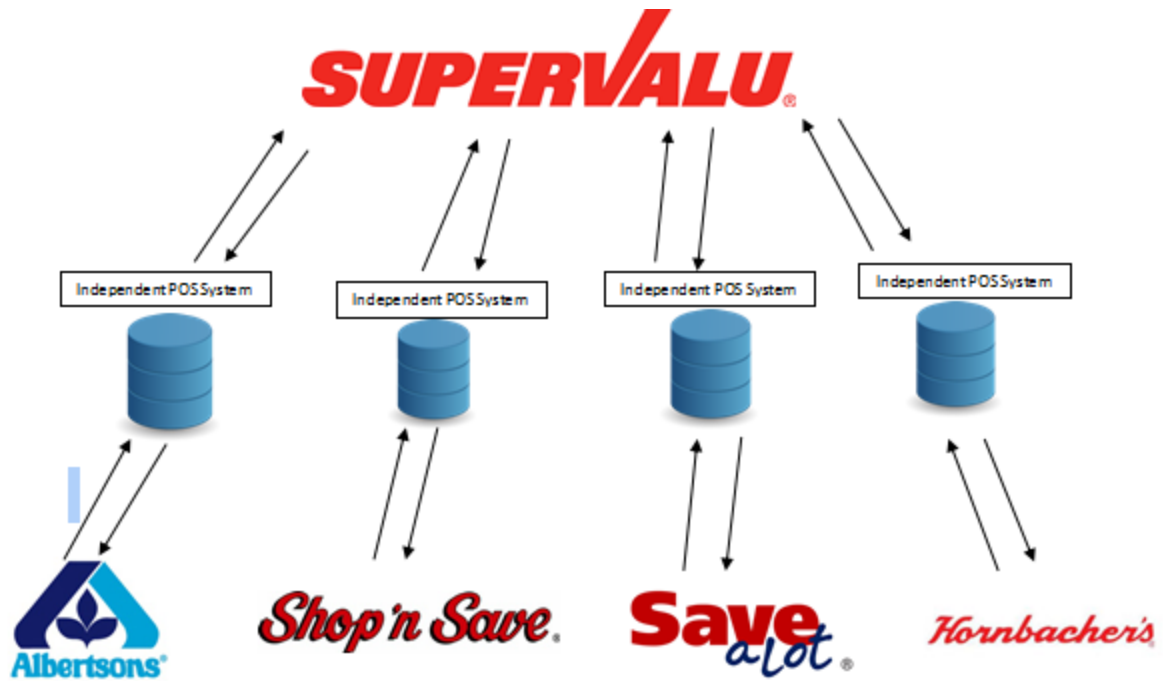


Estimated cycle time, few minutes-2 hours.

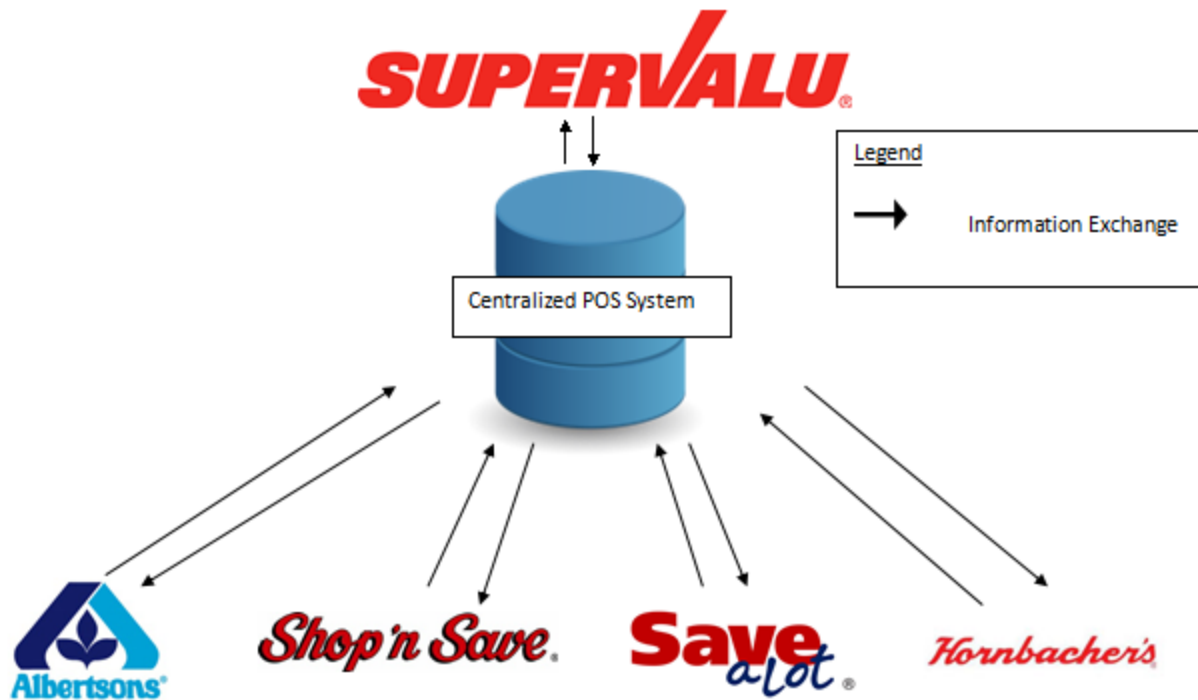


SuperValu's introduction of Yammer allowed the company to implement a business process reengineering model, which allows the company to have a centralized interface for communications within the business. With the new process it is easier for associates to exchange information with other members that are not directly related to them within the company's hierarchy, and also avoids time losses with the disintermediation of the supply chain of information inside SuperValu.

Old Independent POS System



New Centralized POS System



2. Discuss the specific advantages of decentralized and centralized approaches of an IT architecture at Supervalu

Advantage of decentralized:

Decentralization gives individual store directors autonomy over their own resources without any major considerations over other directors unless it is essential to the overall organization policy. One of SUPERVALU's turnaround strategies is moving from centralized to store-centric decision making, such as empowering store directors with greater autonomy. After SUPERVALU acquired West Coast grocery chain Albertsons, the company's revenue model was changed. In 2006, about 77% of the company's total revenue came from retail (Figure 3). It means SUPERVALU needs to face on running a grocery business. SUPERVALU coined the term "hyperlocal", which is trying to become America's Neighborhood Grocer. The main traits of a decentralized approach include flexibility, empowerment of individual business units, and service orientation. Because of decentralization, store directors could decide which merchandise to feature based on their understanding of customer needs and have more leeway in merchandising their stores based on the needs of their community; therefore, the local store can retain old customer, attract new customer, and maximum the profit. SUPERVALU also developed a comprehensive annual performance review (Figure 5); it can keep store directors more effective.

Advantage of Centralization:

Centralization refers to the allocation of all IT resources to one particular business unit that provides IT services to the whole organization. A centralized system in general is efficient due to reduced duplication, more centralized control, and better standardization. Base on this case, after a series of attempts, SUPERCALUS strategy decides to move from banner-based to centralized business processes in order to have a better delegation of control to store managers and collaboration across banners. For example, since managerial system change from independent point-of-sale (POS) system to POS system with centralized system, the most significant result is showing on transparency. The company wants to use common tools that met the needs of all the banners. By this tool, it will be much easier for supervision department to use POS data to measure movement of produce items, and determine how much to hold in stock and how much space to allocate. It would reduce spoilage and lower costs, and thus provide a source for process reductions as well. Secondly, SUPERVALUE recommends Yammer to the entire term. The management wants to create a culture of sharing to increase the collaboration across banners. Everybody is connected together to build a team to focus on the same thing; one team winning. Yammer allows teams and every director to communicate, share ideas, and get advice from others. Additionally, Yammer can also help to shift the culture from one of difference and competition to one of sharing and openness.

Although there are many advantages of decentralized and centralized approaches of an IT architecture at SUPERVALU, they cannot stand alone. Without centralized, the information between the banners

may not be shared, and the company cannot achieve “One Company “strategy. Therefore, decentralization combined with centralization is necessary to success at SUPERVALU.

3. Discuss the types of data that Supervalu could have, as well as, what they could use the data for.

Data that Supervalu could have:

- Transactional data
 - Point of Sale data
 - Customer data
 - Employee data
 - Supplier data

Supervalu can use all of their quality transactional data by transforming them into useful information to better serve their customers and increase profitability.

- Point of Sale data allows Supervalu to track the produces and gain control of the amount of inventories. After the data is turned in to quality information, it can limit spoilage and needs for cost reductions. (Baltzan, 2012)
- Customer data can be used to determine the local demography, and the characteristics and preferences of the local shoppers. Knowing these information, Supervalu can better tailor the local store to its customers and increase customer loyalty.
- Employee data is used to keep track of employees’ basic informations, wages, skills, and performances. It is needed for human resource management and maintain quality customer service.
- Supplier data can be used for not only keeping in contact with store supplies, but also in case of multiple suppliers for a single product, the data can be used to compare each suppliers and look for the ‘best’ supplier of the item.

References

1. Baltzan, P., Detlor, B., & Welsh, C. (2012). *Business Driven Information Systems* (3rd Canadian Edition ed.). New York: McGraw-Hill Ryerson.
2. Melissa Beck, Centralized versus Decentralized Information Systems in Organizations
Emporia State University,
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