

Organization Analysis & Design

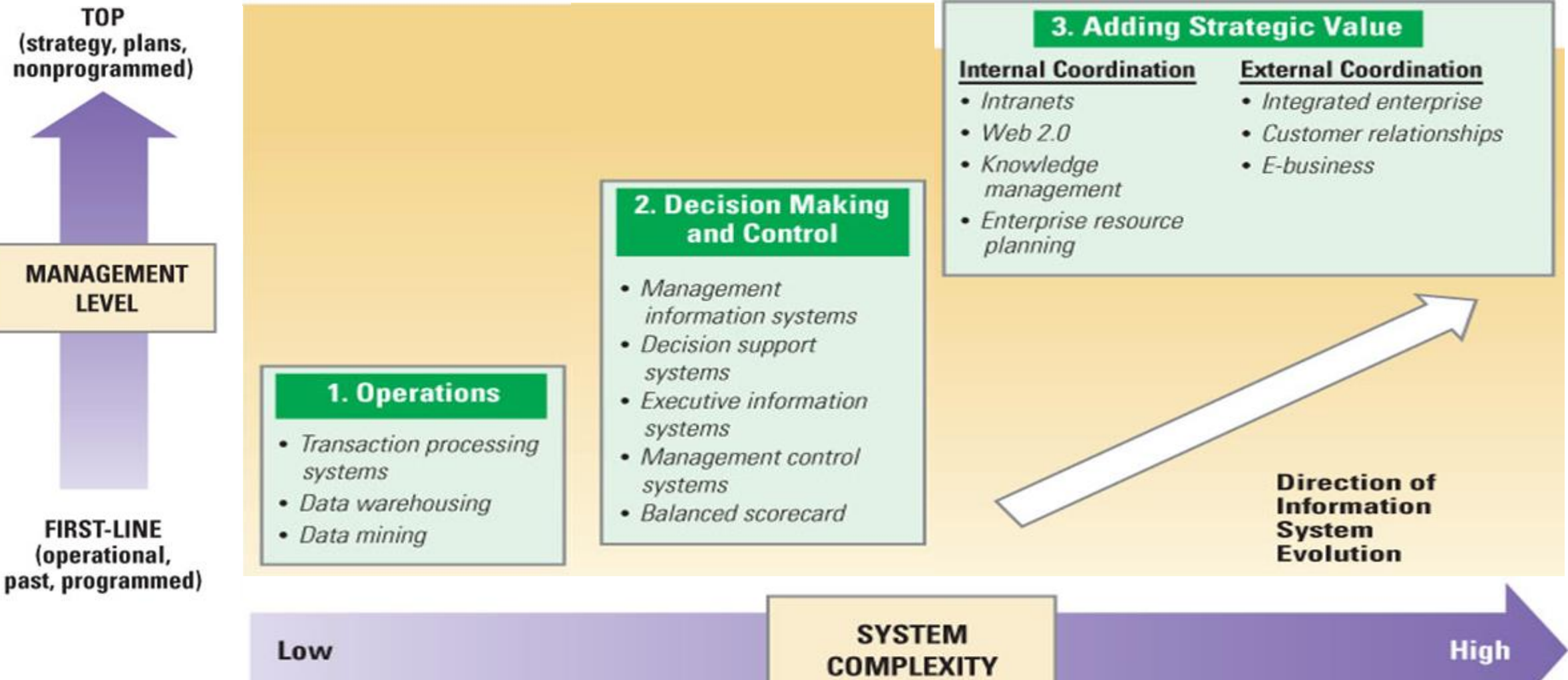
Lecture 13 – December 16th 2017

Information & Control Processes

Today's lecture KLPs

- Evolution of Organizational Applications of Technology
- Managerial Control & Decision Making
- Balanced Scorecard
- Adding Strategic Value
- Two Approaches to Knowledge Management
- Customer Relationship & E-Business
- IT Impact on Organization Design

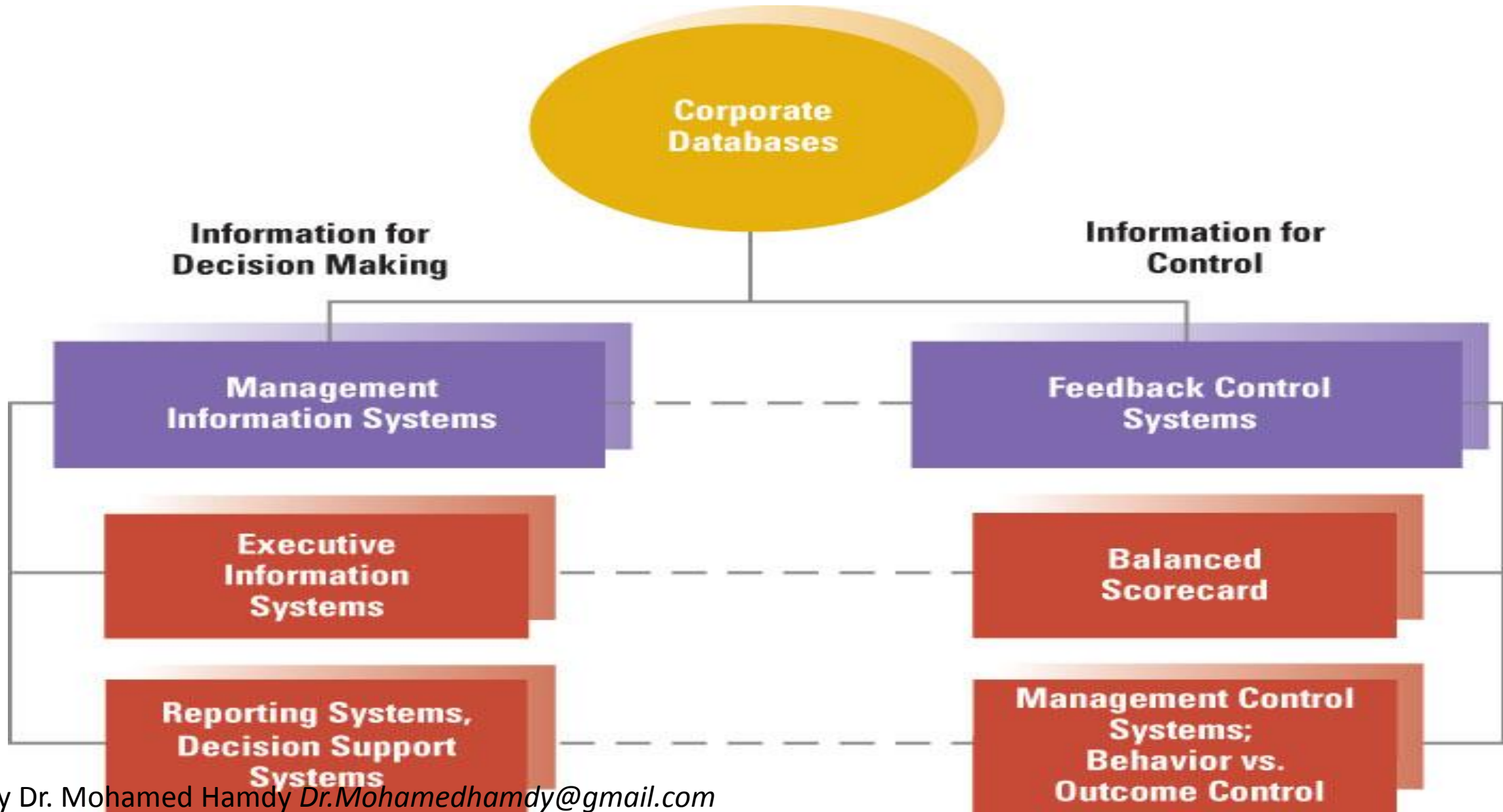
Evolution of Organizational Applications of Technology



Information for Decision Making & Control

- Technology provides vehicle for managers to access information for decision-making
- Management information systems include:
 - Information reporting systems
 - Decision support systems
 - Executive information systems
- Technology provides systems for controls:
 - Executive dashboards
 - Balance scorecards

Managerial Control & Decision Making



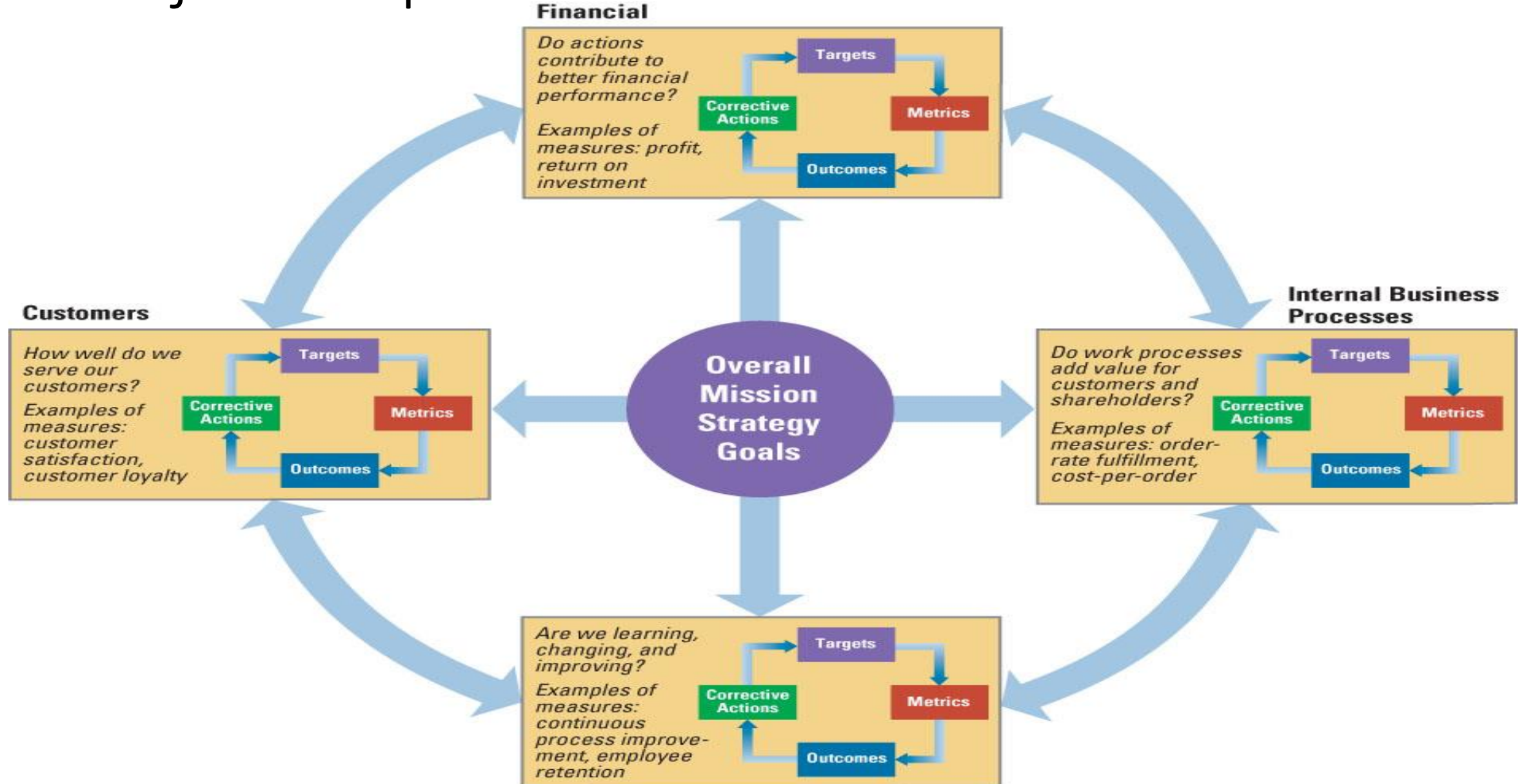
A Simplified Feedback Control Model



Management Control Systems

- Formal routines, reports and procedures
- Formalized information based activities
- Controls include:
 - Budgets, financial reports
 - Reward systems
 - Quality control systems
- Managers must define standards and measure performance

Major Perspectives of the Balanced Scorecard



Adding Strategic Value

Strengthening Internal Coordination *with information systems*



Two Approaches to Knowledge Management

Explicit

Provide high-quality, reliable, and fast information systems for access of codified, reusable knowledge

People-to-documents approach

Develop an electronic document system that codifies, stores, disseminates, and allows reuse of knowledge

Invest heavily in information technology, with a goal of connecting people with reusable, codified knowledge

Knowledge Management Strategy

Information Technology Approach

Tacit

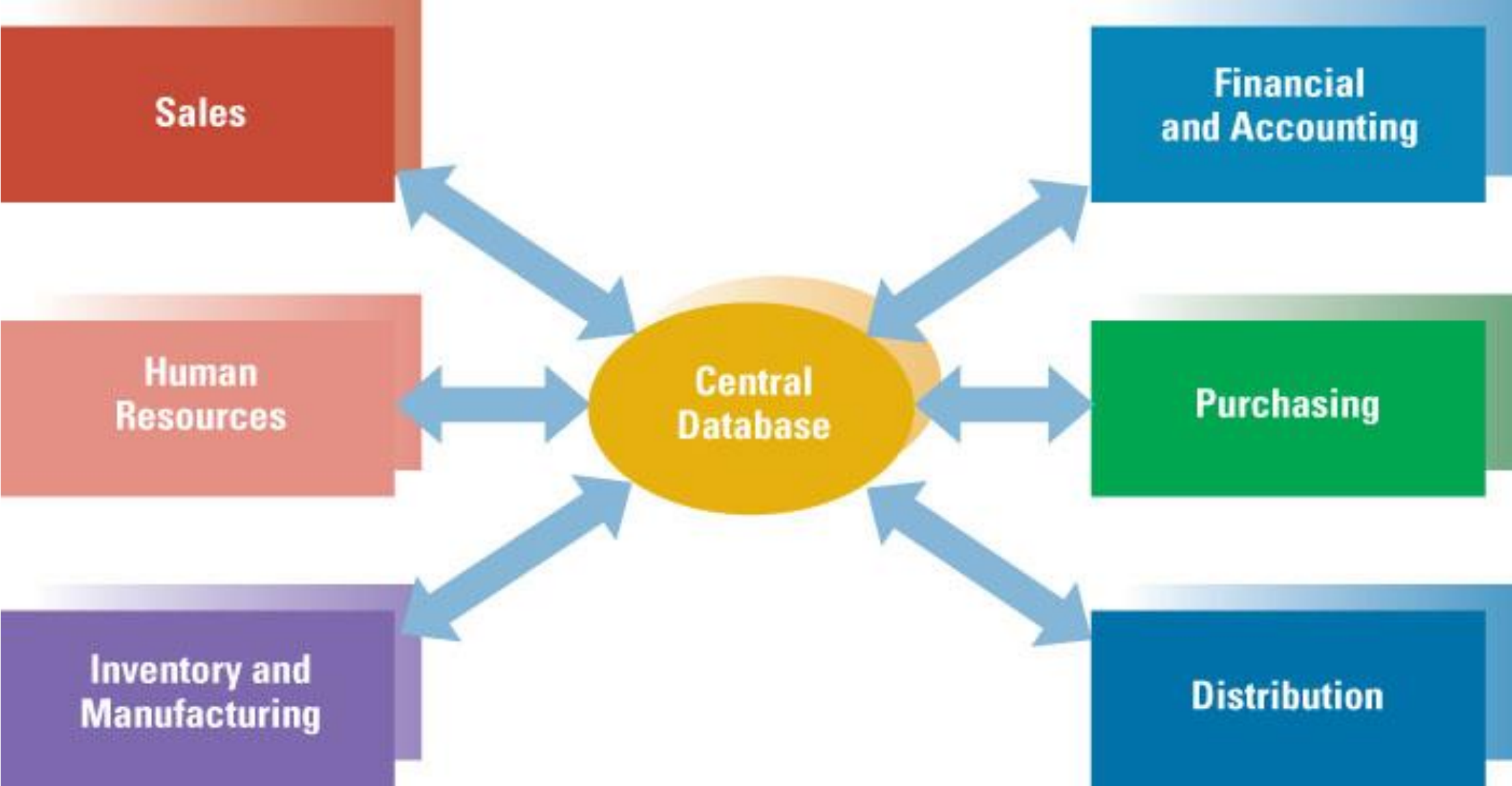
Channel individual expertise to provide creative advice on strategic problems

Person-to-person approach

Develop networks for linking people so that tacit knowledge can be shared

Invest moderately in information technology, with a goal of facilitating conversations and the personal exchange of tacit knowledge

Example of ERP Network



Adding Strategic Value

- Strengthening External Coordination ***with information technology***
 - Uses IT to coordinate with suppliers, customers & partners
 - *Supply Chain Management*
- *Information linkages* are key for coordination
- *Horizontal relationships* coordinate the supply chain to meet customer needs

Customer Relationships

- Strengthening customer relationships are paramount for organizations
 - Apply IT tools to build relationship
- Customer Relationship Management (CRM) systems help customers:
 - Track customer interactions
 - Maintain sales and service records
 - Coordinate sales, marketing and customer service
- Many organizations are applying web technologies to enhance customer relationships: blogs, wikis, social networking

Customer Web Ordering Process

A customer submits an order via the Web and the system suggests the optimum schedule.



An employee reviews the schedule and downloads it into the database. At the scheduled time, software downloads the order to production machinery.



Employees load rolls of paper into the machines, which transform the rolls into corrugated sheets to meet the customer's exact specifications.

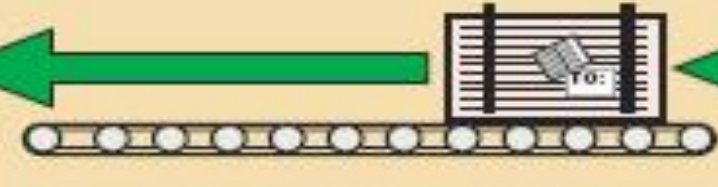


That was fast!



The truck driver arrives at the loading dock, logs onto the network to see which trailer to take, and delivers the customer's order the next morning.

A wireless PC directs the forklift driver to take the order to the appropriate trailer.



The package is taken by conveyor belt to shipping, which scans the bar code and adds the correct shipping label.

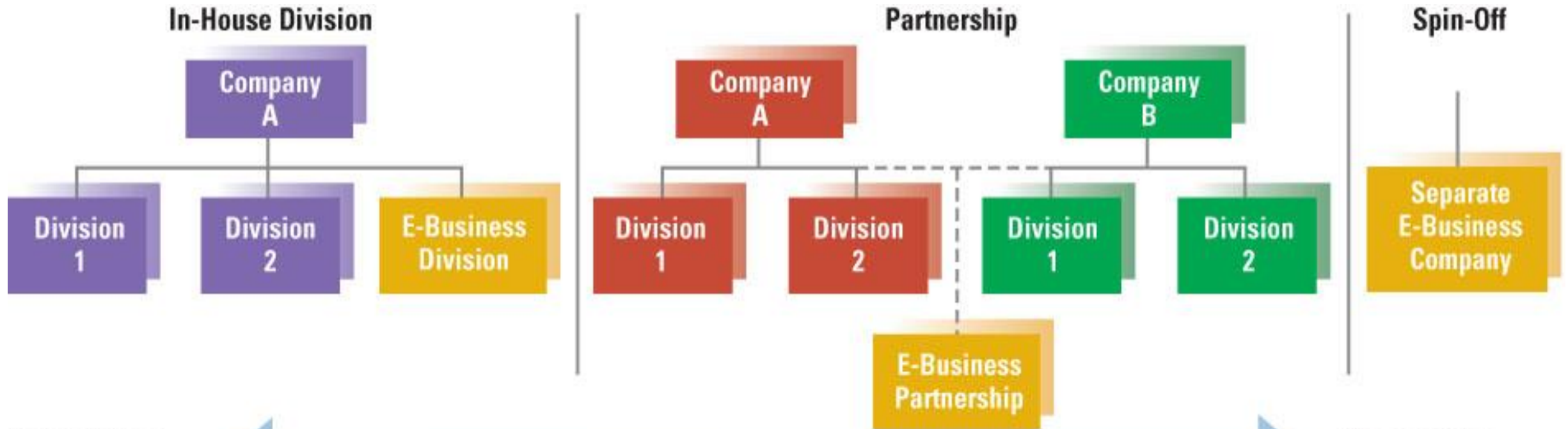
Employees wrap the finished sheets and affix a bar code printed automatically by the system.



E-Business Organization Design

- E-business is any business that takes place over a computer network
- Many organizations have Internet operations
- Managers may choose from different E-business strategies:
 - In-house Division
 - Spin-Off
 - Strategic Partnership

E-business Strategies



Integration Benefits

- *Broad recognition*
- *Purchasing leverage*
- *Shared information*
- *Distribution efficiencies*

Separation Benefits

- *Focus*
- *Flexibility*
- *Responsiveness*
- *Entrepreneurial culture*

IT Impact on Organization Design

- ✓ Smaller Organizations
- ✓ Decentralized Organizational Structures
- ✓ Improved Horizontal Coordination
- ✓ Improved Inter-organizational Relationships
- ✓ Enhanced Network Structures

Key Characteristics of Traditional vs. Emerging Inter-organizational Relationships

Traditional Interorganizational Relationships

Emerging Interorganizational Relationships

Suppliers

Arm's-length relationship

Use of telephone, mail for ordering, invoicing, payments

Interactive, electronic relationship

Electronic ordering, invoicing, payments

Customers

Limited communication with manufacturer

Mix of phone response, mail, hard copy information

Direct access to manufacturer, real-time information exchange

Electronic access to product information, consumer ratings, customer service data

Summary

- ✓ Successful organizations leverage technology
- ✓ Technology aids in better decision-making
- ✓ Organizations must employ controls to measure performance
- ✓ Technology is adding strategic value internally and externally
- ✓ Technology is impacting the design of organizations

