# Chapter 1

## Introduction to MIS

### Chapter Objectives/Study Questions

1. **Why is Introduction to MIS the most important class in the business school?**
2. **What is MIS?**
3. **How does MIS relate to organizational strategy?**
4. **What five forces determine industry structure?**
5. **What is competitive strategy?**
6. **How does competitive strategy determine value chain structure?**
7. **How does competitive strategy determine business processes and information systems?**

### List of Key Terms

* **Abstract reasoning** – the ability to make and manipulate models; to conceive of something and to structure and manipulate it in an alternative or alternate form.
* <para><link linkend="ch03term02" preference="0"><keyterm preference="0">**Categorical imperative** – the principle that one should behave only in a way that one would want the behavior to be a universal law.
* **Competitive strategy** – the strategy by which an organization differentiates itself from its industry competitors.
* **Experimentation** – making a careful and reasoned analysis of an opportunity, envisioning potential products or solutions or applications of technology (abstract reasoning), developing those ideas that seem to have the most promise, consistent with available resources, and learning from the outcome. </keyterm></link></para>
* **Five forces model** – a model developed by Michael Porter that is used to assess an industry structure. The model identifies five competitive forces that determine profitability: threat of substitutes, threat of new entrants, existing rivals, bargaining power of suppliers, and bargaining power of customers.
* **Linkages** – interactions across value chain activities.
* **Management** **Information** **Systems (MIS)** – the management and use of processes, information systems, and information to help organizations achieve their strategies. </keyterm></link></para>
* **Management (of MIS)** – the creation, monitoring, and adapting of processes, information systems, and information.
* **Primary Activities** – the five activities in the value chain consisting of: inbound logistics, operations/manufacturing, outbound logistics, sales and marketing, and customer service.
* **Substitute** – performs the same or similar function as an industry’s product or service by another means.
* **Support Activities** – the four value chain activities that support the five primary activities. Support activities consist of: Procurement, Technology, Human Resources, and Firm Infrastructure.
* **Systems thinking** – the ability to model the components of a system and to connect the inputs and outputs among those components into a sensible whole, one that explains the phenomenon observed. </keyterm></link></para>
* **Value** – defined by Porter as the amount of money a customer is willing to pay for a resource.
* <para><link linkend="ch03term05" preference="0"><keyterm preference="0">**Value chain** – a network of value-creating activities.</keyterm></link></para></keytermset>

### MIS InClass 1

1. **The following pairs of Web storefronts have industry segments that overlap in some way. Briefly visit each site of each pair:**

[www.sportsauthority.com](http://www.sportsauthority.com) vs. [www.soccer.com](http://www.soccer.com)

[www.target.com](http://www.target.com) vs. [www.sephora.com](http://www.sephora.com)

[www.woot.com](http://www.woot.com) vs. [www.amazon.com](http://www.amazon.com)

[www.petco.com](http://www.petco.com) vs. [www.healthyfoodforpets.com](http://www.healthyfoodforpets.com)

[www.llbean.com](http://www.llbean.com) vs. [www.REI.com](http://www.REI.com)

1. **Select two pairs from the list in item 1. For each pair of companies, answer the following questions:**

Example: [www.woot.com](http://www.woot.com) vs. [www.amazon.com](http://www.amazon.com)

* 1. **How do the companies’ markets/market segments differ?**

The type of consumer that each company targets is slightly different. Amazon appeals to online consumers who are looking for a specific item and want access to a broad selection in a single location. Woot appeals to online customers who are “opportunity shoppers,” or whom might be referred to as “point of purchase” or “end isle” shoppers in a brick and mortar store.

Amazon sells products at all stages of product life, from introduction to discontinuation. Moot mostly sells products that are discontinued at clearance prices. Woot customers are probably more akin to Home Shopping Network customers than they are to Amazon customers – extremely limited selection, limited quantities, limited opportunity time window.

* 1. **How do their competitive pressures differ?**

This is addressed from the perspective of the three competitive forces in Porter’s model.

* Substitutes
  + Amazon sells a wide range of products for which there are many substitutes.
  + Woot sells an extremely narrow range of products at any given time for which there are substitutes, but the limited availability window somewhat limits customers’ opportunity to search for and compare substitute goods.
* New Entrants
  + Amazon probably has the largest network of suppliers of any online retailer in the world. Although every new entrant into online retail is a potential threat, the threat is minimized by the sheer size of Amazon’s selection and the resulting bargaining power they have with suppliers, as well as the cost of developing an online retail system as comprehensive as Amazon’s. Furthermore, Amazon’s affiliate program allows new entrants to become part of the Amazon affiliate program rather than compete with their own Web site – brilliant.
  + Woot’s online presence would not be difficult or expensive to replicate and new entrants would almost immediately have products and services equivalent to those offered by Woot. New entrants’ threat is high, but it is unlikely that new entrants would be selling the same product during the same availability window – which would mitigate the negative effects somewhat.
* Rivals
  + Both companies have competitive threats from rivals. Customer switching costs are essentially zero. The Internet makes locating and shopping at rivals’ Web sites easy.
  1. **How do their competitive strategies differ?**

Amazon’s competitive strategy is to have hundreds of thousands of products available for sale at very competitive prices, quickly delivered at competitive, even free, shipping rates. Small competitors in particular are given the opportunity to affiliate rather than compete.

Woot’s competitive strategy is to offer an extremely limited inventory, selling (probably discontinued or overstocked items) only one item per day at rock-bottom prices. Customers will have to return to the site each day to determine what is for sale. Different markets are targeted with different Web sites: wine.woot.com; shirts.woot.com; kids.woot.com; etc.

* 1. **How does the “feel” of the content of their Web sites differ?**

Amazon’s content is more complete. Woot does not include much of an opportunity for customer product reviews. Woot may be able to make better use of Twitter and other social networking technologies than can Amazon, due to the rapid change in limited product offerings; although one could argue that Woot is not doing a very good job of it by excluding information, such as product price, from announcements.

* 1. **How does the “feel” of the user interface of their Web sites differ?**

Amazon’s interface is more polished and professional – not surprising given the resources expended on it. Woot’s interface seems a bit haphazard and it almost appears that Woot’s designers are attempting to be a bit counter-culture – but doing so badly.

* 1. **How could either company change its Web site to better accomplish its competitive strategy?**

Woot could improve their site by treating product sale information as something of value only if shared. For example, in the FAQ section, Woot’s management is adamant that the number of items left in inventory will never be posted because it would “spoil the fun,” and that either the Russian mob, or INTERPOL, or the fact that they just don’t feel like it is responsible for Woot not posting prices in their blog posts. Some customers will find this amusing; many, however, will see this as an indicant that Woot is not serious about its business. Information is a free commodity on the World Wide Web; don’t supply it, and customers will turn to other sites for information *and* products.

* 1. **Would the change you recommended in item f necessitate a change in one or more of the companies’ activities? Explain your answer.**

No, it would necessitate the means by which the service value chain, or information value chain (if Woot recognizes there is such a thing) is utilized.

1. **Use your answers from Question 2 to explain the following statement: “The structure of an organization’s information system (here, a Web storefront) is determined by its competitive strategy.” Structure your answer so that you could use it in a job interview to demonstrate your overall knowledge of business planning. Present your team’s answer to the rest of the class.**

Amazon’s competitive strategy to basically be a one-stop ecommerce shop for consumers of non-perishables requires a Web site that is highly complex and one that simplifies the interface as much as possible while still allowing the customer to quickly filter through hundreds of thousands of products to find a desired product or range of products. In such a complex environment, information is important in order to allow the customer to intelligently differentiate between product opportunities. User reviews and detailed and accurate product descriptions and photographs assist customers in making purchase decisions.

Woot’s competitive strategy is to offer an extremely limited product line – a single product per Web site per day (or until it sells out and then another product is offered for sale). This strategy does not required any search capabilities, product categorization, product caparison tools, or for that matter much in the way of site personalization. The limited product offerings and consequently limited content results in a need for Woot to include other content to draw users back to the site, such as cultural surveys, videos, a tongue-in-cheek description of the product that is for sale, a blog, etc.

### Using Your Knowledge

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* 1. **One of life’s greatest gifts is to be employed doing work that you love. Reflect for a moment on a job that you would find so exciting that you could hardly wait to get to sleep on Sunday night so you could wake up and go to work on Monday.**

1. **Describe that job. Name the industry, the type of company or organization for whom you’d like to work, the products and services it produces, and your specific job duties.**
2. **Explain what it is about that job that you find so compelling.**
3. **In what ways will the skills of abstract reasoning, systems thinking, collaboration, and experimentation facilitate your success in that job?**
4. **Given your answers to parts a–c, define three to five personal goals for this class. None of these goals should include anything about your GPA. Be as specific as possible. Assume that you are going to evaluate yourself on these goals at the end of the quarter or semester. The more specific you make these goals, the easier it will be to perform the evaluation. Use Figure 1-5 for guidance.**

Responses to parts a through d will depend on the interests and goals of each student. Answers should address all parts of the question and be well supported.

**1-2. </inst><question id="ch03ps11q003"><para>Suppose you decide to start a business that recruits students for summer jobs. You will match available students with available jobs. You need to learn what positions are available and what students are available for filling those positions. In starting your business, you know you will be competing with local newspapers, Craigslist (<ulink url="http://www.craigslist.org">*www.craigslist.org*</ulink>), and your college. You will probably have other local competitors as well.</para>**

**<orderedlist numeration="loweralpha" spacing="normal" inheritnum="ignore" continuation="restarts"><listitem><inst>a. </inst><para>Analyze the structure of this industry according to Porter’s five forces model.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Type** | **Competitive Force** | **Threat** | **Strength Assessment** |
| **Competitive** | **Substitutes** | Local newspapers  (expensive but ubiquitous, also probably online)  Craigslist.org (zero switching costs—for most cities)  College placement office (zero switching costs, possibly limited listings)  Bulletin boards (zero switching costs, not convenient for most employers) | Local newspapers threat: strong  Craigslist.org threat: medium  College placement office threat: medium  Bulletin boards threat: weak |
| **New Entrants** | Barriers to entry: Credibility with employers, access to students | Threat of new entrants: weak |
| **Rivalry** | Customers influenced by price/marketing/ position volume | Rivals threat: strong |
| **Supply Chain Bargaining Power** | **Supplier** | Employers (low switching costs)  Internet Service Provider (Web site – many competitors including free services) | Employers bargaining power: strong, due to many substitutes  ISP bargaining power: weak |
| **Customer** | Students | Student bargaining power: weak |

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**<listitem><inst>b. </inst><para>Given your analysis in part a, recommend a competitive strategy.**

Example:

The vast majority of rivals in this industry build a database of available jobs (the product) as an attractant for students seeking jobs (customers). A reversal of the model may be an effective competitive strategy – build a database of students seeking jobs (the product) as an attractant for employers (the customer). Collect résumés and job interests from as many students as is possible and then sell the database to potential employers, or match students to employer positions and charge a fee if the student is hired. This model also inherently included the opportunity to provide premium services to the students such as a résumé service, priority placement, interview training, and job specific interview information and questions, etc.

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**<listitem><inst>c. </inst><para>Describe the primary value chain activities as they apply to this business.**

* Inbound logistics 1 – once students and employers have had contact with the business, the process by which they are included in the database of students or employers such that student/employer matches can be made. This process will likely take two forms: student/employer self-entered via the Web, and captured by business personnel.
* Operations/manufacturing – matching students based on their résumés and interests to employer opportunities.
* Outbound logistics – notification of student/employer matches to both the students and employers – email, text messaging and Twitter would work, along with the telephone of course. Additionally, the delivery of premium services to students mentioned in the business model is part of outbound logistics.
* Sales and Marketing 1 – process by which students are recruited</para></listitem> to be included in the database. Tools include YouTube, Facebook, LinkedIn, campus bulletin boards, a Web site, email lists, contacts in student organizations, viral marketing, as well as the student newspaper, campus radio and television, and potentially a working relationship with the University/College Placement Center. As a nonprofit, there is an opportunity here that may not exist with for-profit services.
* Sales and Marketing 2 – process by which employer opportunities are identified and employers are recruited to notify the business of available positions for college students. Would likely include telephone calls, personal visits, Web searches, and to a lesser extent, Facebook and LinkedIn.
* Customer service – follow-up with students and employers once matches have been communicated to each. Follow-up regarding the satisfaction of each party once a student is hired and has worked for a while.

**<listitem><inst>d. </inst><para>Describe a business process for recruiting students.**

Students are a major source of potential employees, but the manner in which they can be recruited – in fact, their preferred means of recruitment – is constantly evolving with their use of social technologies. A business such as this is expected to have a well-formed and informative Web site where students can learn about and sing up for the business and its services. While the Web site is generally not the first point of contact, other recruiting activities are focused on directing interested students to the Web site.

Initial student awareness of the business is most likely to come from Facebook, LinkedIn, YouTube, email, etc. Student organizations could be asked to become affiliates of the business and to distribute information.

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**<listitem><inst>e. </inst><para>Describe information systems that could be used to support the business process in part d.**

The information system required for this business would include several components:

* A Web site with information about the business for both students and employers. It would include interactive forms by which students and employers could enter their information into the database.
* </para></listitem>An email system that is used in the sales and marketing, inbound logistics, outbound logistics, and customer service value chains.
* IntIIInitially, a formalized and integrated system for utilizing Facebook, Twitter, email, etc. would not be necessary, but may be cost effective as the business grows.
* A decision would need to be made to either purchase an in-house accounting system or to outsource that function.

**<listitem><inst>f. </inst><para>Explain how the process you described in part d and the system you described in part e reflect your competitive strategy.**

The system reflects the need to recruit both students and employers and uses different technologies targeted to each. The competitive strategy to focus as much or more on students than on employment opportunities is reflected in the use of Facebook, Twitter, LinkedIn, YouTube, etc.

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**<general-problem id="ch03ps11gen004" label="4" maxpoints="1"><inst>1-3. </inst><question id="ch03ps11q004"><para>Consider the two different bike rental companies in <link linkend="fg03\_00700" preference="0">Figure 1-14<xref linkend="fg03\_00700" label="3-7"><inst>1-9</inst></xref></link>. Think about the bikes that they rent. Clearly, the student bikes will be just about anything that can be ridden out of the shop. The bikes for the business executives, however, must be new, shiny, clean, and in tip-top shape.</para>**

**<orderedlist numeration="loweralpha" spacing="normal" inheritnum="ignore" continuation="restarts"><listitem><inst>a. </inst><para>Compare and contrast the operations value chains of these two businesses as they pertain to the management of bicycles.**

The two operations value chains are very similar, yet the differences can be traced back to the differing competitive models and different target markets. The low-cost business utilizes minimal information and no automation to track sales and collections, plus no customer relationship management and probably limited product selection. The high-service business uses customer-tracking and past sales information (CRM to some extent) to enhance the customer experience and to aid in product inventory, selection, and collection.

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**<listitem><inst>b. </inst><para>Describe a business process for maintaining bicycles for both businesses.**

Low-cost: Clerk does a visual check of the bike upon return and puts it back in inventory.

High-cost: Scan the bike’s inventory tag upon return and probably have a bicycle mechanic check it over before putting it back in inventory.

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**<listitem><inst>c. </inst><para>Describe a business process for acquiring bicycles for both businesses.**

1. </para></listitem>CullDeDeteddddDDDetermine which bicycles currently in inventory must be replaced and make a list.
2. Send the list to several vendors for bids.
3. Collect bids and determine which vendor will supply new bicycles.
4. Purchase new bicycles.
5. Take delivery of new bicycles and cull inventory.

**<listitem><inst>d. </inst><para>Describe a business process for disposing of bicycles for both businesses.**

1. Examine bicycles culled from inventory to identify those that are resalable and those that are not.
2. Sell non-resalable bicycles for scrap after removing any serviceable parts.
3. Sell resalable bicycles via Craigslist, Ebay, the newspaper, or some other outlet, or trade-in on new bicycles.

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**<listitem><inst>e. </inst><para>What roles do you see for information systems in your answers to the earlier questions? The information systems can be those you develop within your company or they can be those developed by others, such as Craigslist.**

1. Low-cost: Low-tech information system to control inventory, rentals, returns and collections.
2. High-cost: An integrated CRM and point-of-sale system that itself is integrated with the resort’s billing system.
3. Both: Craigslist, Ebay, or a similar system to sell culled inventory.
4. Twitter or text messaging could be effectively used by either business to notify potential customers of rental availability and to notify customers when bicycles are soon due to be returned.</para></listitem></orderedlist></question></general-problem>

**1-<general-problem id="ch03ps11gen005" label="5" maxpoints="1"><inst>4. </inst><question id="ch03ps11q005"><para>Samantha Green owns and operates Twigs Tree Trimming Service. Samantha graduated from the forestry program of a nearby university and worked for a large landscape design firm performing tree trimming and removal. After several years of experience, she bought her own truck, stump grinder, and other equipment and opened her own business in St. Louis, Missouri. </para><para>Although many of her jobs are one-time operations to remove a tree or stump, others are recurring, such as trimming a tree or groups of trees every year or every other year. When business is slow, she calls former clients to remind them of her services and of the need to trim their trees on a regular basis.  
</para><para>Samantha has never heard of Michael Porter or any of his theories. She operates her business “by the seat of her pants.”</para>**

**<orderedlist numeration="loweralpha" spacing="normal" inheritnum="ignore" continuation="restarts"><listitem><inst>a. </inst><para>Explain how an analysis of the five competitive forces could help Samantha.**

An analysis of Porter’s five competitive forces would help Samantha understand the competitive nature of the tree trimming industry in St. Louis and help her to formulate a competitive strategy that could help maximize the profitability of her business.

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**<listitem><inst>b. </inst><para>Do you think Samantha has a competitive strategy? What competitive strategy would seem to make sense for her?**

Samantha does not have a competitive strategy. She is basically operating in survival mode. Samantha should consider a focused-differentiation strategy. Better trimming, faster service, and she should sell periodic service where she trims landscape plants on a schedule for clients such that every trimming does not require a separate sale.**Saman**

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**<listitem><inst>c. </inst><para>How would knowledge of her competitive strategy help her sales and marketing efforts?**

Samantha might recognize that she is not in the tree and landscape trimming business; rather, she is in the service business. A lot of competitors can trim trees and landscape plants, and homeowners and businesses can do it themselves, so superior skill and impeccable service (possibly regularly scheduled) may be differentiators.

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**<listitem><inst>d. </inst><para>Describe, in general terms, the kind of information system that she needs to support sales and marketing efforts.</para></listitem></orderedlist></question></general-problem>**

She needs an information system that will, at a minimum, accomplish the following:

* Tie sales to a scheduling system (potentially with GPS capabilities) to minimize travel time and maximize service time per day.
* Schedule recurring sales and assist in contacting customers prior to regularly scheduled service to verify contracted services.
* Handle billing and accounts receivable.

### Collaboration Exercise 1

**<instruction><para>Collaborate with a group of fellow students to answer the following questions. For this exercise do not meet face to face. Your task will be easier if you coordinate your work with SharePoint, Office 365, Google Docs with Google+, or equivalent collaboration tools. (See Chapter 9 for a discussion of collaboration tools and processes.) Your answers should reflect the thinking of the entire group, not just that of one or two individuals. </para></instruction>**

**<general-problem id="ch01ps06gen001" label="1" maxpoints="1"><inst>1. </inst><question id="ch01ps06q001"><para>Abstract reasoning.</para>**

**<orderedlist numeration="loweralpha" spacing="normal" inheritnum="ignore" continuation="restarts"><listitem><inst>a. </inst><para>Define <emphasis>*abstract reasoning,*</emphasis> and explain why it is an important skill for business professionals.**

Abstract reasoning is the ability to formulate and manipulate models. It is a vital skill for business professionals because the formulation and manipulation of models is a primary means by which new ideas are vetted and initial experiments can be conducted without having to expend physical resources.

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**<listitem><inst>b. </inst><para>Explain how a list of items in inventory and their quantity on hand is an abstraction of a physical inventory.**

The list of inventory items and the quantity on hand of each item in inventory is an abstraction of a physical inventory (or an abstract model of inventory) because it is not the physical inventory itself, yet it accurately represents inventory in a model that, given knowledge of what inventory items match the item descriptions (the descriptions themselves representing an abstraction), a person reading the inventory list and QOH figures will have an accurate understanding of what the physical inventory actually is.**The TheThe**

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**<listitem><inst>c. </inst><para>Give three other examples of abstractions commonly used in business.**

* An accounting system is an abstraction of the actual financial status of the business.
* A customer list is an abstraction of a business’ actual customers.
* A technical drawing of a product is an abstraction of the actual product that is manufactured.TAn AnAn AAAAAAAA

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**<listitem><inst>d. </inst><para>Explain how Jennifer failed to demonstrate effective abstract reasoning skills.**

She was unable to create a mental abstract model of the Flextime that may have allowed her to better understand how the business works and to generate and experiment with alternative models that might improve the business.

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**<listitem><inst>e. </inst><para>Can people increase their abstract reasoning skills? If so, how? If not, why not?**

Abstract reasoning is highly correlated with IQ, which is highly dependent on auditory and visual skills. To some extent, abstract reasoning ability is innately defined, yet it is generally accepted that abstract reasoning, and consequently IQ, can be improved with practice. Word puzzles and number puzzles such as Sudoku are often cited as examples of exercises that improve intelligence and abstract reasoning. [Www.increasebrainpower.com](http://Www.increasebrainpower.com) lists more than a dozen ways to increase intelligence, from creatine supplementation to exercise to writing. (Writing is a form of abstraction as well.)

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**<general-problem id="ch01ps06gen002" label="2" maxpoints="1"><inst>2. </inst><question id="ch01ps06q002"><para>Systems thinking.</para>**

**<orderedlist numeration="loweralpha" spacing="normal" inheritnum="ignore" continuation="restarts"><listitem><inst>a. </inst><para>Define <emphasis>*systems thinking,*</emphasis> and explain why it is an important skill for business professionals.**

Systems thinking, simply defined, is the understanding that every component in a system has an effect on other components in a system and that every system has effects on other systems. Systems thinking is important for business professionals because business processes are part of a business system. If you change an activity in a process, or a component in a system, it is vital to understand how the change will affect other components, activities, and the system as a whole.

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**<listitem><inst>b. </inst><para>Explain how you would use systems thinking to explain why Moore’s Law caused a farmer to dig up a field of pulpwood trees. Name each of the elements in the system, and explain their relationships to each other.**

Moore’s Law states that the number of transistors that can be placed in a square inch on an integrated chip will double every 18 months. This exponential doubling of computing power every 18 months has held true, more or less. The result is a computing industry that has also grown exponentially. Integrated circuits lead to the development of microcomputers. By as early as 1990, almost every office worker’s desk sported a microcomputer and every microcomputer was connected to a printer.

Millions of microcomputers connected to printers means that much more paper is used for printing documents. More printing paper means an increased demand for pulpwood to make paper, which would mean an increase in the price of pulpwood. The increased price of pulpwood would mean that the margin associated with clearing a field of pulpwood increased to the point where the farmer could justify clearing the field for agricultural use.

At a very high level, the elements in the system include the microcomputer industry, the business community as a whole, the paper industry, and a farmer with a field of pulpwood trees.

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**<listitem><inst>c. </inst><para>Give three other examples of the use of system thinking with regard to consequences of Moore’s Law.**

1. The manifestation of Moore’s Law made fighting fires and searching for survivors at ground zero safer after the World Trade Center towers fell on 09/11/2001.
2. The manifestation of Moore’s Law resulted in an exponential increase in the number of network administrators.
3. The manifestation of Moore’s Law helped gold traders make billions of dollars.

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**<listitem><inst>d. </inst><para>Explain how Jennifer failed to demonstrate effective systems-thinking skills.**

Jennifer failed to demonstrate effective systems thinking a couple of times. First, when she failed to consider the business activity that occurred after her workday, she didn’t realize the night manager is an important part of the system. Second, she was unable to produce a diagram of the client life cycle.

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**<listitem><inst>e. </inst><para>Can people improve their system-thinking skills? If so, how? If not, why not?**

Systems thinking requires the creation of a mental model of systems – i.e., abstract reasoning. If abstract reasoning can be improved, systems thinking can be improved. By learning more about systems, as well as value chains and business processes and their interrelatedness, systems thinking can be improved. Basically, with practice, systems thinking can be improved.**SystSsssss**

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**<general-problem id="ch01ps06gen003" label="3" maxpoints="1"><inst>3. </inst><question id="ch01ps06q003"><para>Collaboration.</para>**

**<orderedlist numeration="loweralpha" spacing="normal" inheritnum="ignore" continuation="restarts"><listitem><inst>a. </inst><para>Define <emphasis>*collaboration,*</emphasis> and explain why it is an important skill for business professionals.**

Collaboration is working with others toward a common objective in a critical yet constructive manner.

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**<listitem><inst>b. </inst><para>Explain how you are using collaboration to answer these questions. Describe what is working with regards to your group’s process and what is not working.**

This will vary from student to student. There is no correct answer and the only incorrect answer is, “I did not collaborate to answer these questions.”

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**<listitem><inst>c. </inst><para>Is the work product of your team better than the product any one of you could have produced separately? If not, your collaboration is ineffective. If that is the case, explain why.**

Here again, there is probably no incorrect answer.

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**<listitem><inst>d. </inst><para>Does the fact that you cannot meet face to face hamper your ability to collaborate? If so, how?**

This will depend on the student. Some students will find it advantageous, some will not.

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**<listitem><inst>e. </inst><para>Explain how Jennifer failed to demonstrate effective collaboration skills.**

JejjjjjjJennifer failed to work with her colleagues, for the most part, at all. She failed to seek advice, to vet her ideas with her colleagues, to ask for clarification of job assignments, to brainstorm, etc. She basically failed to be what her employer would define as a colleague, let alone a collaborator.

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**<listitem><inst>f. </inst><para>Can people increase their collaboration skills? If so, how? If not, why not?**

Yes, they can. Through practice, training, introspection, education, etc.

Some students may respond that this is not possible, and perhaps for some personalities, it is not. But for the majority, collaboration skills can be improved.</para></listitem></orderedlist></question></general-problem>

**<general-problem id="ch01ps06gen004" label="4" maxpoints="1"><inst>4. </inst><question id="ch01ps06q004"><para>Experimentation.</para>**

**<orderedlist numeration="loweralpha" spacing="normal" inheritnum="ignore" continuation="restarts"><listitem><inst>a. </inst><para>Define <emphasis>*experimentation,*</emphasis> and explain why it is an important skill for business professionals.**

Experimentation is making a careful and reasoned analysis of an opportunity, envisioning potential products, solutions, or applications of technology, and then developing those ideas that seem to have the most promise within the resources you have available. Inherent in experimentation is learning from the results.

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**<listitem><inst>b. </inst><para>Explain several creative ways you could use experimentation to answer this question.**

**</para></listitem>**Answers to this question will be widely varied and hopefully creative. Once again, there are no wrong answers, but only answers that are poorly conceived.

Example answers may include:

* Write a definition of “experimentation” and then start a threaded discussion on a site like [www.freeforums.org](http://www.freeforums.org).
* Use Twitter to tweet a definition to friends and contacts, and then gather feedback.
* **exaExE**Post a definition on Facebook and gather further information from those who post replies on your wall.

In each case, gathered feedback would result in modifications to the definition, posting the new definition, and gathering more feedback – basically, an iterative process of improvement.

**<listitem><inst>c. </inst><para>How does the fear of failure influence your willingness to engage in any of the ideas you identified in part b?**

This will be a very individualized answer, possibly different for every student. There is no wrong answer. Some may say, “I have no fear of failure.” That may be true, but some may be paralyzed by it. The important thing is that students do a sincere introspection regarding their own level of fear of failure and consider the degree to which that may limit their life/career.

**</para></listitem>**

**<listitem><inst>d. </inst><para>Explain how Jennifer failed to demonstrate effective experimentation skills.**

Jennifer clearly indicated that she is “just not comfortable with that” when told by Kelly that the organization develops “ideas and then kicks them around with each other.” That is a form of collaborative experimentation. She also failed to develop any of her own ideas, choosing instead to work on ideas from Kelly.

**</para></listitem>**

**<listitem><inst>e. </inst><para>Can people increase their willingness to take risks? If so, how? If not, why not?**

Fear of failure is actually the fear of the consequences of failure. Yes, people can increase their willingness to take risks, but they must know they are in an environment where taking risks and failing does not carry negative consequences.

Jennifer was apparently in such an environment but was still unwilling to take risks and experiment. It is also possible that she truly didn’t understand the nature of the work environment and the reward structure.

**</para></listitem></orderedlist></question></general-problem>**

**<general-problem id="ch01ps06gen005" label="5" maxpoints="1"><inst>5. </inst><question id="ch01ps06q005"><para>Job security.</para>**

**<orderedlist numeration="loweralpha" spacing="normal" inheritnum="ignore" continuation="restarts"><listitem><inst>a. </inst><para>State the text’s definition of <emphasis>*job security*</emphasis>.**

Job security is “a marketable skill and the courage to use it.” In today’s environment of rapid technological change and zero data and information costs, strong nonroutine cognitive skills are vital in creating the value that will create job security.

**</para></listitem>**

**<listitem><inst>b. </inst><para>Evaluate the text’s definition of job security. Is it effective? If you think not, offer a better definition of job security.**

There is no correct answer to this question, although disagreement with the text’s definition must be followed with a well-written definition that is broken down into well-defined and well-defended components.

**</para></listitem>**

**<listitem><inst>c. </inst><para>As a team, do you agree that improving your skills on the four dimensions in Collaboration Exercise 1 will increase your job security?**

The answer to this question must be yes.

**</para></listitem>**

**<listitem><inst>d. </inst><para>Do you think technical skills (accounting proficiency, financial analysis proficiency, etc.) provide job security? Why or why not. Do you think you would have answered this question differently in 1980? Why or why not?</para></listitem></orderedlist></question></general-problem></problemset>**

As defined in the text, these skills are classified as routine skills – skills that can be performed by any adequately trained person. While routine skills add value, the value is finite and stable. The opportunity for skills such as these to create new value is extremely limited.

In 1980, the answer to this question would have been different, but the relative values of routine and nonroutine skills were not different. Nonroutine skills that create new value have always been considered of higher value than routine skills. However, in 1980, outsourcing of routine skills was not as common, so job security for routine skills was far better.

### Case Study 1

#### Singing Valley

1. **Analyze Singing Valley’s strategy and its problem. At the minimum, include the following in your response:**
   1. **An analysis of the five forces of the Singing Valley market. Make and justify any necessary assumptions about its market.**

|  |  |  |
| --- | --- | --- |
| **Force** | **Example** | **Strength of Force** |
| Threat of Substitutes | Cruise ship | Medium |
| Threat of New Entrants | New resort | Weak |
| Existing Rivals | Other resorts | Strong |
| Bargaining Power of Suppliers | Restaurant suppliers | Weak |
| Bargaining Power of Consumers | Resort clientele | Strong |

Assumptions: Clients want to go on a vacation and do not care where they go to do so. Other resorts that cater to Singing Valley’s market have not made a similar marketing blunder. Consumers’ bargaining power is based on their ability to go to a different resort.

* 1. **A statement of Singing Valley’s competitive strategy.**Singing Valley’s competitive strategy is focused differentiation. Singing Valley prides itself on being able to provide its clients with the most luxurious of accommodations, exceptional service, and delicious cuisine.
  2. **A statement of the problem.**Singing Valley needs to increase revenue without increasing room rates.
  3. **Develop two innovative ideas for solving the Singing Valley problem. For each idea, provide:**
* **A brief description of the idea.**
* **A process diagram (like Figure 1-15) of the idea. Figure 1-15 was produced using Microsoft Visio; if you have access to that product, you’ll save time and have a better result if you also use it.**
* **A description of the information system needed to implement the idea.**Student answers will vary. Responses should address all parts of the question and be well supported.

1. **Explain how each of the four nonroutine skills—abstract reasoning, systems thinking, collaboration, and experimentation— can be used by an employee at Singing Valley to develop solutions for Singing Valley’s problem.**Abstract reasoning could be used by an employee to develop several business plan models that would be designed to increase customer revenue. Systems thinking could be used by an employee to analyze the inputs and outputs or a process. Instead of applying a one-size-fits-all approach to the email campaign, Singing Valley could work to provide better customer interest data to the email campaign, avoiding embarrassing situations like the hiking invitation. This could be accomplished by reviewing previous up-sales histories. Collaboration could be used by employees at Singing Valley to provide feedback on different proposed solutions. Collaboration may have saved the ill-fated email marketing campaign if somebody would have raised a question about the accuracy of the targeting information. Ability to experiment could be used to try multiple approaches to solve the problem. Instead of sending one big email blast to every client in the sales database, Singing Valley could systematically try proposed solutions on subsets of the clientele. Based on feedback from clients, Singing Valley could decide if it is worth rolling the solution out to the rest of the customer base.