**Solution Manual for Management Information Systems for the Information Age 9th Edition Haag Cummings 007337685X 9780073376851**

**Full link download**

**Test Bank:**

https://testbankpack.com/p/test-bank-for-management-information-systems-for-the-information-age-9th-edition-haag-cummings-007337685x-9780073376851/

**Solution Manual:**

https://testbankpack.com/p/solution-manual-for-management-information-systems-for-the-information-age-9th-edition-haag-cummings-007337685x-9780073376851/

# CHAPTER 2
# MAJOR BUSINESS INITIATIVES: GAINING COMPETITIVE ADVANTAGE WITH IT

**JUMP TO THE SUPPORT YOU WANT**

Lecture Outline
- Modules, Projects, and Data Files
- Slide Reviews

Closing Cases
- Short-Answer Questions
- Assignments and Exercises
- Discussion Questions

Industry & Global Perspectives

Additional Assignments and Exercises

**CONTACT INFORMATION:** Stephen Haag (shaag@du.edu)

**STUDENT LEARNING OUTCOMES**

1. Define supply chain management (SCM) systems and describe their strategic and competitive opportunities.
2. Define customer relationship management (CRM) systems and describe their strategic and competitive opportunities.
3. Explain the significance of enterprise resource planning (ERP) software as the integration of functional software systems.
4. Define social media and describe a few of its many dimensions that make it important in the business world.

**CHAPTER SUMMARY**

This chapter focuses on some of the key "systems" within an organization that can help gain and sustain a competitive advantage. They include supply chain management systems, customer relationship management systems, enterprise resource planning, and social media. The primary sections of this chapter include:

1. Supply Chain Management
2. Customer Relationship Management
3. Enterprise Resource Planning – Bringing IT All Together
4. Social Media

**LECTURE OUTLINE**

**INTRODUCTION (p. 36)**

**SUPPLY CHAIN MANAGEMENT (p. 36)**
1. Strategic and Competitive Opportunities with SCM
2. IT Support for Supply Chain Management

**CUSTOMER RELATIONSHIP MANAGEMENT (p. 40)**
1. Strategic and Competitive Opportunities with CRM
2. IT Support for Customer Relationship Management

**ENTERPRISE RESOURCE PLANNING – BRINGING IT ALL TOGETHER (p. 45)**
1. The Evolution of ERP Systems
2. ERP Functionality
3. ERP Software for Market Size

**SOCIAL MEDIA (p. 51)**
1. Social Networking
2. Social Shopping
3. Social Playing
4. Social "Saving the World"
5. Social Locationing

**END OF CHAPTER (p. 58)**
1. Summary: Student Learning Outcomes Revisited
2. Closing Case Study One
3. Closing Case Study Two
4. Key Terms and Concepts
5. Short-Answer Questions
6. Assignments and Exercises
7. Discussion Questions

Back to Jump List

## MODULES, PROJECTS, AND DATA FILES

### Supporting Modules

**XLM/B The World Wide Web and the Internet** – fast-paced tour of the Web and Internet. The first focus is on learning just enough about the Web to be an effective surfer. Then, explore the technology infrastructure behind the Web that makes it all possible. Finally, conclude with an overview of the options for connecting to the Web and the emerging life of Web 2.0.

### Group Projects

Executive Information System Reporting

Developing an Enterprise Resource Planning System
Evaluating the Next Generation

Building a Scheduling Decision Support System

Assessing the Value of Supply Chain Management

### Electronic Commerce Projects

Consumer information
Demographics

Bureau of Labor and Statistics

Gathering competitive
intelligence Meta data

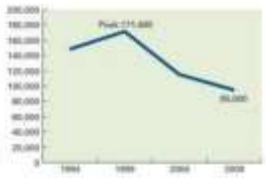
Gold, silver, interest rates, and money
Small Business Administration

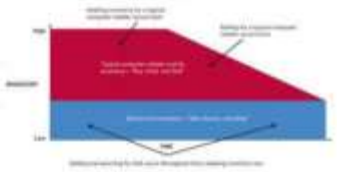
Global statistics and resources

### Data Files

There are no data files associated with this chapter. However, there may be data files associated with the Group Projects you choose.

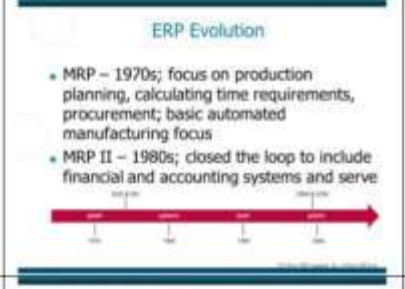
Back to Jump List

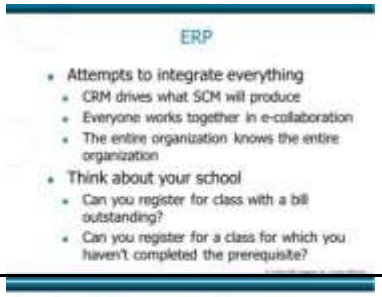
| | | |
|---|---|---|
| SLIDE 2 | STUDENT LEARNING OUTCOMES<br>1. Define supply chain management (SCM) systems and describe their strategic and competitive opportunities.<br>2. Define customer relationship management (CRM) systems and describe their strategic and competitive opportunities. | These are the Student Learning Outcomes for the chapter.<br>Use them as a road map to inform your students of what you will be covering.<br>At the end of the chapter is a summary of each. |
| SLIDE 3 | STUDENT LEARNING OUTCOMES<br>1. Explain the significance of enterprise resource planning (ERP) software as the integration of functional software systems.<br>2. Define social media and describe a few of its many dimensions that make it important in the business world. | These are the Student Learning Outcomes for the chapter.<br>Use them as a road map to inform your students of what you will be covering.<br>At the end of the chapter is a summary of each. |
| SLIDE 4 | DEATH OF A TRAVEL AGENT<br>  | This slide provides the graphic for the opening outrageous industry transformation<br>This one deals with how technology is dramatically changing the travel agent industry |
| SLIDE 5 | DEATH OF A TRAVEL AGENT<br>• The previous slide shows the dramatic impact of technology on the number of travel agents in the U.S.<br>• Because consumers are now "empowered," travel agents have declined from 171,600 (1999) to 95,000 (2009) | This slide provides some discussion for the previous slide |
| SLIDE 6 | Questions<br>1. When you last flew, did you use a travel agent or directly to the Web for tickets?<br>2. What is your preferred travel site? What features do you like?<br>3. Why do airlines support moving reservation systems to the Web? | These are good discussion questions as most of your students will have used a Web system to make their travel arrangements |

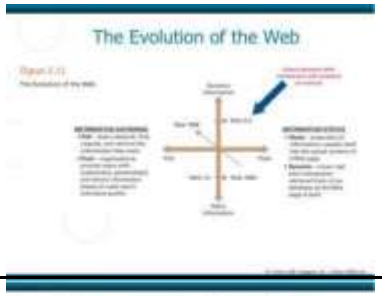
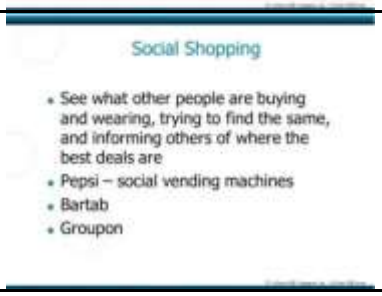
| | | |
|---|---|---|
| SLIDE 7 | CHAPTER ORGANIZATION<br>1. Supply Chain Management<br>• Learning Outcome #1<br>2. Customer Relationship Management<br>• Learning Outcome #2<br>3. Enterprise Resource Planning<br>• Learning Outcome #3<br>4. Social Media<br>• Learning Outcome #4 | This slide presents the organization for the chapter by major section and associated learning outcome |
| SLIDE 8 | SUPPLY CHAIN MANAGEMENT<br>• ***Supply chain management (SCM)*** – tracks inventory and information among business processes and across companies<br>• ***Supply chain management (SCM) system*** – IT system that supports supply chain management<br>• ***Just-in-time (JIT)*** – method for producing or delivering a product or service just at the time the customer wants it | This slide begins the discussion of supply chain management systems (**Student Learning Outcome #1**)<br>It provides the definitions for basic SCM terminology including SCM, SCM system, and just-in-time |
| SLIDE 9 | Dell's Effective SCM Through JIT<br>  | This slide presents Figure 2.1 on page 37<br>It illustrates how Dell's SCM system helps keep inventory low over time and also produces what the customers wants it at the exact time the customer wants it |
| SLIDE 10 | Supply Chain Management<br>• Most supply chains use ***inter-modal transportation***, multiple transportation channels (railway, truck, etc) to move products from origin destination<br>• This creates supply chain complexities | This slide talks about inter-modal transportation, the use of multiple modes of transportation in SCM<br>This adds complexity |
| SLIDE 11 | Opportunities of SCM<br>• Business strategy<br>• Overall cost leadership<br>• Running the organization (RGT) framework<br>• Goal is to squeeze out every penny of cost possible in the supply chain<br>• This will optimize fulfillment, logistics, production, revenue and profit, and cost and price | This slide presents the focuses of SCM The main focus is on<br>o Overall cost leadership<br>o Running the organization (RGT framework) |

| | | |
|---|---|---|
| SLIDE 12 | | This slide broadly talks about the IT support for SCM<br>It also provides additional resources you may want to explore with your class<br>INDUSTRY PERSPECTIVE – Frito Lay Goes Green with Its Supply Chain Management Initiatives (p. 39) |
| SLIDE 13 | | This slide begins the discussion of customer relationship management (**Student Learning Outcome #2**)<br>It also highlights the three focuses of CRM<br>○ Sales force automation<br>○ Customer service and support<br>○ Marketing campaign management and analysis |
| SLIDE 14 | | This slide presents Figure 2.3 on page 40<br>It shows the four focuses of CRM<br>Analytics is now a large part of any business initiative – we'll talk more about this in Chapters 3 and 4<br>It also illustrates multi-channel service delivery – e-mail, phone, Web, fax, and personal interaction as all being necessary for good CRM |
| SLIDE 15 | | This slide talks about sales force automation and its key ingredients<br>Sales force automation is fundamental to the success of any CRM effort |
| SLIDE 16 | | This slide presents Figure 2.4 on page 41<br>This is GM's purchase funnel<br>The focus is on getting repeat customers through effective CRM |

| | | |
|---|---|---|
| SLIDE 17 | | This slide presents the focuses of CRM<br>The main focus is on<br>○ Differentiation and focus<br>○ Growing the organization (RGT framework) |
| SLIDE 18 | | This slide presents the two areas in which IT can support CRM<br>They are through front-office systems and back-office systems |
| SLIDE 19 | | This slide presents Figure 2.5 on page 43<br>It illustrates how front-office systems, back-office systems, a CRM database, and analysis and reporting systems work together |
| SLIDE 20 | | This slide broadly talks about the IT support for CRM<br>It is similar to that of SCM in that specialists companies first pioneered such systems but now those systems are dominated by ERP players<br>It also provides the first introduction to SaaS, a topic we'll frequently allude to throughout the book<br>GLOBAL PERSPECTIVE – American Red Cross and CRM (p. 45) |
| SLIDE 21 | | This slide begins the discussion of ERP systems (**Student Learning Outcome #3**)<br>With this edition of the book, we have moved all ERP material to this chapter. |

| | | |
|---|---|---|
| SLIDE 22 | | This slide presents the importance of ERP systems.<br>Most organizations, of all sizes, now use some form of ERP. |
| SLIDE 23 | | This slide presents Figure 2.7 on page 46<br>It includes the big players in the ERP market |
| SLIDE 24 |  | Slides 24 and 25 present a historical perspective of the evolution of ERP systems.<br>They also present Figure 2.8 on page 47 |
| SLIDE 25 | | Slides 24 and 25 present a historical perspective of the evolution of ERP systems.<br>They also present Figure 2.8 on page 47 |
| SLIDE 26 | | This slide presents Figure 2.9 on page 48<br>It illustrates that ERP encompasses everything – financials, sales and marketing, operations and logistics, and human resources |

| | | |
|---|---|---|
| SLIDE 27 |  | This slide reinforces the notion that ERP should encompass everything in an organization<br>If everything is tied together, the organization can operate more efficiently and effectively |
| SLIDE 28 | | This slide presents Figure 2.10 on page 50<br>It reinforces the notion that ERP encompasses everything in an organization<br>INDUSTRY PERSPECTIVE – eBay Offers End-to-End Solution for Internet Retailers (p. 51) |
| SLIDE 29 | | This slide represents that there are differing sub-markets of the ERP market<br>These sub-markets are based on size<br>Some ERP vendors specialize in ERP software for a particular sub-market |
| SLIDE 30 | | This slide begins the discussion of social media (**Student Learning Outcome #4**)<br>With this edition of the book, social media has taken a prominent place in the material |
| SLIDE 31 | | Social media applications are based on Web 2.0 technologies<br>This slide provides a formal definition for Web 2.0 technologies<br>You can cover XLM/B for more on Web 2.0 technologies |

| | | |
|---|---|---|
| SLIDE 32 |  | This slide presents Figure 2.11 on page 52<br>It provides a historical development of the Web, from its beginning to Web 2.0 and social media |
| SLIDE 33 | | There are many aspects of social media<br>In this chapter, we cover the five listed on this slide |
| SLIDE 34 | | Social networking is the most well-known aspect of social media<br>Most of your students use Facebook, the most popular social networking site<br>Other goods on are Google+ (a competitor to Facebook) and LinkedIn, a professional version of Facebook |
| SLIDE 35 | | This slide presents Figure 2.12 on page 53<br>It provides usage statistics by social networking site<br>Visit http://gs.statcounter.com/#social_media-ww-monthly-201003-201103, and enter current dates to see the most recent statistics |
| SLIDE 36 |  | This slide begins the discussion of social shopping<br>It seems a lot of people want to be social while shopping |

| | | |
|---|---|---|
| SLIDE 37 | Social Playing<br>• ***MMORPGs (massively multiplayer online role-playing games)*** – thousands or millions of people play and interact in a robust virtual world | This slide starts the discussion of social playing<br>Again, most of your students will be involved in social playing on the Web<br>Mostly males, but many females also |
| SLIDE 38 | Social Playing<br> | This slide presents Figure 2.13 on page 55<br>It includes some screen captures of the more popular MMORPGs |
| SLIDE 39 | Social Playing<br>• World of Warcraft<br>• Largest, 11 million players<br>• Complete quests in a world of monsters, uber-warriors, and mythical creatures<br>• Second Life<br>• Virtual world<br>• Avatar<br>• Linden dollars | This slide introduces World of Warcraft and Second Life<br>They are two of the most popular social playing sites<br>INDUSTRY PERSPECTIVE –I' m o n Fa ceb o o k – Sell Your Products There (p. 57) |
| SLIDE 40 | Social Playing<br>• Zynga<br>• Over 270 million play Zynga games on Facebook<br>• Cityville<br>• Farmville<br>• Mafia Wars<br>• Zynga Poker<br>• Words with Friends | This slide introduces Zynga.<br>It has many, many games.<br>Most people play these games while on Facebook. |
| SLIDE 41 | Social "Saving the World"<br>• Games that support sustainability and triple-bottom-line efforts<br>Thefuntheory.com<br> | This slide introduces socially "saving the world"<br>Saving the world has become popular<br>Many sites support contests for saving the world initiatives |

| | | |
|---|---|---|
| SLIDE 42 | Social "Saving the World"<br>• Pepsi Refresh Project – education, arts and music, communities<br>• Toyota Ideas for Good – use Toyota technology for non-auto uses<br>• Volkswagen Fun Theory – change behavior of people for the good<br>• TOMS One-for-One – buy shoes and have a free pair donated to someone | This slide includes a few of the many sites that support socially saving the world<br>Visit some of these with your students<br>Consider having group projects within some of these |
| SLIDE 43 | Social Locationing<br>• ***Social locationing (location-based services)*** – use of a mobile device and its location to<br>  • Check into locations<br>  • Find friends and their locations<br>  • Receive rewards<br>  • Take advantage of specials based on location | This slide introduces social locationing<br>This is also known as location-based services using GPS |
| SLIDE 44 | Popular Social Locationing Systems<br>• Geoloqi<br>• Facebook Places<br>• SCVNGR<br>• Google Latitude<br>• Foursquare<br>• Gowalla | This slide presents some of the more popular social locationing services<br>Foursquare is the most popular |

## CLOSING CASES

### CLOSING CASE STUDY ONE (p. 59)

### COCA-COLA IS EVERYTHING: SCM, CRM, ERP, SOCIAL MEDIA, YOU NAME IT

In this case study, your students will explore how Coca-Cola uses technology to supports its business operations and initiatives. As with most large organizations, Coca-Cola uses all types of types, including all the ones presented in this chapter.

### QUESTIONS

1. Why is standardization so important in supply chain management? Coke is developing its own set of software services for bottlers to use. Do you think Coke charges the bottlers for these software services? Why or why not?

   **DISCUSSION**

   SCM crosses many organizations in a typical supply chain.

   All organizations must "speak the same language" through standardization; otherwise their IT systems cannot be integrated.

   Coke probably does charge for the software services through its bottling/franchising contract.

2. How is My Coke Rewards an example of a switching cost? How can a switching cost not have a monetary penalty associated with it?

   **DISCUSSION**

   It is a switching cost because it is something that endears customers to Coke, and thus makes it difficult for them (almost on an emotional level) to switch to another soft drink.

   Anything that makes people reluctant to switch can be a switching cost.

3. What sort of business intelligence could Coke gather from its My Coke Rewards Web site. How could it use this information for customer relationship management activities?

   **DISCUSSION**

   A lot of business intelligence, some of examples are:

   Things (race car driving, etc) liked by people according to drink category – diet, caffeine free, etc.

   Correlation between magazine preferences and music preferences.

   Your students can combine any two things mentioned in that part of the case study and come up with some reasonable form of business intelligence.

4. Visit Coca-Cola's Facebook page. Can you buy coke products there? What social media tools are present that allow you to communicate with Coca-Cola?

   **DISCUSSION**
   There are many including blogs
   You'll need to visit Coke's Facebook page for the most up-to-date answer.

5. Now, visit Pepsi's Facebook page. Compare and contrast it to Coca-Cola's Facebook page. Which have more eye appeal? Which seems to have more activity? Why do you think this is true?

   **DISCUSSION**
   Answers here will vary greatly
   All answers are correct

**CLOSING CASE STUDY TWO (p. 60)**

**THE BUSINESS OF SOCIAL MEDIA AND MAKING THE ROI CASE**

Regardless of the initiative, a business must determine how to receive the appropriate return on its investment. This case study covers some ROI perspectives for social media.

**QUESTIONS**

1. Let's suppose your current annual sales are $1 million. You implement a social media strategy and begin generating $200,000 in revenue through your Facebook page. At the end of the year, your sales are still $1 million. Was your social media strategy successful? Why or why not?

   **DISCUSSION**

   Some people would say that the social media strategy was not successful because no new revenue was generated.

   That's only partially true.

   The social media strategy may have helped ensure that customers didn't go elsewhere.

2. Every social media strategy costs money to implement, and we listed a few of those in this case study. Create a more comprehensive list of social media strategy costs. Briefly describe each cost and identify it as either a fixed cost or a variable cost.

   **DISCUSSION**

   Many costs here.

   Social media graphic designers – fixed costs

   Advertising costs on social media sites – fixed costs

   Search engine optimization – fixed costs

   Again, many more

3. Suppose you have a successful business with a well-liked product. One day something goes wrong and you ship 100,000 defective products. Almost the entirety of your customer based is disgruntled. What social media strategy would you employ? Why? Would you be better off just "sticking your head in the sand?"

   **DISCUSSION**

   Good set of questions

   The right answer is an aggressive, proactive strategy Admit your mistakes

   Go over the top and offer your disgruntled customers even more value

   Good strategy no matter what the problem

4. In the case study, we listed five steps to success. Identify two others and briefly describe them.

**DISCUSSION**

Again, many good answers here

Know your target market (e.g., find their social media hangouts)

Know your business before social media, so you can appropriately measure the effect of your social media efforts

Create a social media culture within your organizations – you must have employee social media buy-in before you can effectively deploy customer-facing social media

Back to Jump List

**SHORT-ANSWER QUESTIONS (p. 62)**

1. Why is the traditional buy-hold-sell inventory model an expensive and potentially risky one? **ANSWER:** The traditional inventory model requires that (1) you create inventory without a known demand, (2) you keep a lot of inventory throughout the supply chain, and (3) you sell off obsolete inventory at a very low price.

2. What is the role of a supply chain management (SCM) system?

   **ANSWER:** The role of a ***supply chain management (SCM) system*** is to support supply chain management activities by automating the tracking of inventory and information among business processes and across companies.

3. How does SCM fit into Porter's three generic strategies?

   **ANSWER:** SCM is most commonly associated with the overall cost leadership generic strategy.

4. What are the typical functions in a CRM system?

   **ANSWER:** The typical functions in a CRM system include sales force automation, customer service and support, marketing campaign management and analysis, and analytics.

5. How does CRM fit into the RGT framework?

   **ANSWER:** CRM is most commonly associated with growing the organization in the RGT framework.

6. What is the difference between front office and back office systems?

   **ANSWER:** A ***front office system*** is the primary interface to a customer and a sales channel, while a ***back office system*** is used to fulfill and support customer orders.

7. What is an enterprise resource planning (ERP) system?

   **ANSWER:** An ***ERP system*** is a collection of integrated software for business management, accounting, finance, HR, project and inventory management, supply chain, customer relationship management, e-collaboration, etc.

8. What is software-as-a-service? What are its advantages?

   **ANSWER:** ***Software-as-a-service (SaaS)*** is a delivery model for software in which you pay for the software on a pay-per-use basis instead of buying the software outright. SaaS reduces fixed costs and takes advantages of the intellectual capital contained in other organizations.

9. What is the relationship between social media and Web 2.0?

   **ANSWER:** Social media and its capabilities are based on the many Web 2.0 technologies.

10. What are massively multiplayer online role-playing games (MMORPGs)?

**ANSWER:** ***MMORPGs*** are games in which thousands or perhaps millions of people play and interact in a robust virtual world.

11. What are some popular social locationing systems?

**ANSWER:** Some popular social locationing systems include Geoloqi, Facebook Places, SCVNGR, Google Latitude, Foursquare, and Gowalla.

Back to Jump List

## ASSIGNMENTS & EXERCISES (p. 62)

1. **WAL-MART'S SCM SYSTEM** Wal-Mart is famous for its low prices, and you may have experienced its low prices first-hand. At least, you have probably seen its motto, "Always Low Prices – Always." One of the biggest reasons Wal-Mart is able to sell at prices lower than almost everyone else is that it has a superefficient supply chain. Its IT-enabled supply chain management system is the envy of the industry because it drives excess time and unnecessary costs out of the supply chain. So, because Wal-Mart can buy low, it sells low. As a matter of fact, if your company wants to sell items to Wal-Mart for it to sell in its stores, you will have to do business with it electronically. If your company can't do that, Wal-Mart won't buy anything from you. Log on to Wal-Mart's Web site (www.walmart.com), search for supplier information, and find out what Wal-Mart's requirements are for its suppliers to do business with it electronically. Prepare a brief summary of its requirements for presentation in class.

   **DISCUSSION**

   Wal-mart's supplier requirements can be found at http://www.walmartstores.com/Suppliers/248.aspx.

   Most notably, Wal-mart requires the use of RFID technology for tracking inventory. This is a good time to cover RFID. We cover it thoroughly in Chapter 9.

2. **REAL WORLD APPLICATIONS** In the chapter we mentioned that many CRM installations have been less than successful. On the other hand, there are many satisfied users of CRM applications. Log on to the Internet and find at least three examples of companies that are getting real business benefits from their CRM systems. Prepare a report on the results they are getting and the ways they achieved them. One place to start your search is at www.searchcrm.com. Another good source is the Web sites of CRM application software vendors Siebel and Salesforce.com (www.siebel.com and www.salesforce.com). At least one of your examples must be from a site other than the three mentioned.

   **DISCUSSION**

   Answers to this assignment will also vary greatly.

   At every CRM software site, your students should be able to find customer success stories.

   Other places include InformationWeek (www.informationweek.com) and CIO (www.cio.com).

3. **ERP FOR THE SMALL BUSINESS** Most major ERP vendors have been focusing on selling multi-million dollar installations of their software to very large organizations. That is shifting in focus somewhat as ERP vendors realize that the small-to-medium-size business market is probably just as large. Search the Internet for ERP vendors that focus on small-to-medium size businesses. Also, search for open-source ERP software. Prepare a short report for class presentation and offer the vendors that you found and their Web site addresses.

**DISCUSSION**

Your students will be able to find hundreds of ERP vendors that focus on the small to medium-sized business market.

If they look ahead to Chapter 7, they'll find many of these companies listed.

They should definitely come across Microsoft, which focuses a great deal of efforts in this arena with its Great Plains ERP software.

Open-source ERP software is really not a reality yet, although you can find some open-source ERP packages. We cannot attest to their quality.

4. **SET UP A BLOG** Connect to any of the many sites that offer blog services and create a blog. The content doesn't really matter; simply go through the steps to create a blog. Which blog site did you choose to use and why? What is the registration process? How can you advertise your blog to other people? Why must blogs be constantly updated with new content?

**DISCUSSION**

Answers here will vary greatly according to the chosen blog site.
Blogs supposedly have up-to-date content.

If you don't constantly update a blog, people will stop returning to it.

5. **START LOCATIONING WITH FOURSQUARE** Sign for the services of the social locationing service Foursquare. (After completing this assignment, you can delete your account immediately.) Do some playing around to learn the features of the system, check in at a few places, and wander around (virtually). What deals of specials did you find near your location? What is the concept of a Mayor? What privileges do Mayors have? How can you add friends? Do you have to upload a photo? What's your overall view… is social locationing good or bad?

**DISCUSSION**

Answers here will vary greatly.

You should have students share their experiences, especially those students who actively use a social locationing service.

Back to Jump List

## DISCUSSION QUESTIONS (p. 60)

1. Do you think your school would benefit from installing a customer relationship management (CRM) system? How might it benefit you as a student? How could it benefit your school?

   **DISCUSSION**

   Schools can definitely benefit from CRM systems.

   Benefits include: knowing from where most students come, assessing optimal class times (according to when most students take classes), understanding the order in which students usually take classes, determining the most difficult classes, and so on.

   Students benefit because the school gains knowledge. For example, if a school can determine the most difficult classes, it can set up tutoring labs and student mentors to help reduce the difficulty.

2. In the Run-Grow-Transform (RGT) framework, the third component is that of transformation, or enabling your organization to operate in entirely new ways. Of the three major business IT applications we discussed in this chapter (supply chain management, customer relationship management, and social media), which one(s) do you believe most support organizational transformation? Justify your answer.

   **DISCUSSION**

   This is another great question for class discussion.

   In general, social media is the most supportive of transformation because it supports entirely new ways of performing business activities such as advertising, getting customer feedback, and so on.

3. In the text, we noted that it is extremely difficult to measure the success of a CRM system prior to its implementation and use. Why do you believe this to be so? What can organizations do to develop measures of success in advance of implementing a CRM system?

   **DISCUSSION**

   Many CRM installations focus on providing the customer with a “better” experience and determining how many customers will return because of a “better” experience is very difficult to measure.

   Organizations do try to measure the success of a CRM system prior to its implementation by measuring the number of customers leaving and sales lost because of the lack of a good experience.

4. In 10 years, will Facebook still be so popular and so dominant? What competitors might overtake it? What are substitute products to social networking sites like Facebook?

**DISCUSSION**

Good questions with no right or wrong answers.

Social networking sites in countries like India and China may soon be bigger than Facebook.

5. Do you think ERP software is available through the software-as-a-service (SaaS) model? Do some research and find out? What were the results of your research? If ERP is available through SaaS, who are the leading providers in this space? Who benefits more from SaaS-delivered ERP, small businesses or large businesses? Justify your answer.

**DISCUSSION**

ERP software is definitely available via SaaS.

All ERP vendors offer their software via SaaS.

All businesses, of any size, benefit from SaaS-delivered ERP software.

Back to Jump List

## INDUSTRY & GLOBAL PERSPECTIVES

### INDUSTRY PERSPECTIVE – Frito Lay Goes Green with Its Supply Chain Management Initiatives (p. 39)

Going "green" is very popular.

This details Frito Lay's efforts in its SCM to go green.

Fully-electric vehicles are the future for land transportation. Return to Slide #12

### GLOBAL PERSPECTIVE - American Red Cross and CRM (p. 45)

CRM isn't solely limited to "customers."

In the case of the Red Cross, it can be used to manage volunteers.

It can also be used to manage information regarding people who receive Red Cross support.

Return to Slide #20

### INDUSTRY PERSPECTIVE – eBay Offers End-to-End Solution for Internet Retailers (p. 49)

Internet retailers need ERP support, just like any other business.

In that arena, there are two "different" ERP players

They include Amazon and eBay, both of which offer ERP solutions for retailers who use their site to sell goods and services.

Return to Slide #28

### INDUSTRY PERSPECTIVE – I'm on Faceb oo k – Sell Your Products There (p. 57)

Many people are hooked on social networking.

So much so that they don't want to leave Facebook to visit retailer sites.

So, retailers are setting up shop in Facebook.

Location, location, location – go where your customers are.

Return to Slide #39

Back to Jump List

## ADDITIONAL ASSIGNMENTS AND EXERCISES

### UNDERSTANDING SUPPLY CHAIN MANAGEMENT IN YOUR BUSINESS STRATEGY

Note: Use this in the supply chain management section

It's now time for you to consider supply chain management (SCM) and SCM systems within the context of business strategy. Prior to answering the following questions, pick any organization you wish and prepare a one-page summary of who it is, it's primary customers, and how it attempts to differentiate itself in the market. You are free to choose any organization that provides products to its customers. That is, stay away from organizations that primarily provide services such as financial service firms, insurance firms, and the like. Good candidate organizations may include Microsoft, Coca-Cola, Nordstrom, Wal-Mart, and the like.

1. **Above-the-line versus below-the-line:** In what ways could your organization use its supply chain management system to support above-the-line initiatives? In what ways could your organization use its supply chain management system to support below-the-line initiatives?
2. **Porter's Five Forces Model:** In what ways could your organization use its supply chain management system to (1) reduce buyer power as a supplier, (2) reduce supplier power as a buyer, (3) reduce the threat of substitute products or services, and (4) reduce the threat of new entrants?
3. **Value Chain:** Within your organization, would supply chain management be seen as a support value process or a primary value process? Please justify your answer.

## UNDERSTANDING CUSTOMER RELATIONSHIP MANAGEMENT IN YOUR BUSINESS STRATEGY

Note: Use this in the customer relationship management section

It's once again time for you to use business strategy to evaluate a major business initiative, customer relationship management. For this project, we would like for you to consider that you are in a family with your spouse and two children. With the same bank, you have a home mortgage, two car loans, you're building up a retirement account, and you're putting away money for the college education of both your children.

First, we would like for you to list every piece of information that the bank probably tracks about you, including when you withdraw money from an ATM, the ages of your family members, when you bought your home, you and your spouse's annual salaries… basically anything and everything the bank would know about you and your family. All of this information should be tracked by a CRM system within your bank.

For the following scenarios, write a short description of what actions the bank could take using the information in its CRM system.

1. You and your spouse decide to have another child.
2. You lose your job.
3. One of your parents is stricken with a severe and long-term illness and has no medical insurance, leaving you to pay the bill.
4. You consistently incur transaction fees for using an ATM not in your bank's ATM network.
5. You have your identity stolen.
6. You decide to build on to your home.

As you envision what your bank might do, ask yourself if you would consider any of those actions to be an invasion of your privacy.

Back to Jump List