Chapter 2

Strategic Market and Customer Driven IS/IT Planning Model

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ABSTRACT

The importance and issue of strategic business and IT alignment to achieve organization performance, a multifarious IS/IT frameworks, continues to perplex. It is contended that an internal focused IS/IT approach might not meet the needs of its both internal and external customers. This paper proposes a market based push-pull framework to ensure that the push strategy of the organization in what it wants to offer and at a price that it intends to offer is matched with the pull strategy of the market in what it wants to buy and at a price it is willing to pay. Once the market pull and firm push strategy is identified, the alignment of the IT would be based the push-pull effect of the business requirement to serve and satisfy not only the internal customers’ needs but also the external customers’ needs and requirements through the organization’s value proposition. The IT as a key enabler would be the main enabling mechanism to create and deliver on the value as proposed to the customers. This would define the measurable outcomes of the organization performance in creating and delivering the customer value as proposed based on the push-pull effect of the organization.

INTRODUCTION

In the present day dynamic and intense competition, service oriented architecture and lean manufacturing has taken off as an important platform to reposition the organization. As evidenced by a McKinsey survey of CIO agenda for 2007 a trend of migration towards service oriented architectures and lean manufacturing which embraces a global standard for interactions with both internal and external partners (Akella et al., 2006) was identified. These interactions of the inter and intra partnerships were also defined by Viswanathan’s (2006) white paper that recommended the need of a move towards a single plan that is truly cross-functional with a multi-dimensional process that includes

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all elements of demand, supply and financial analysis in relation to the business planned goals and strategies with technology as the enabler of matching the market and the firm interactions. The multi-dimensional processes interlinking all internal and external players’ emphasis on inter-disciplinary internal players of marketing, sales, finance and operations to manage the processes and increased collaborations with customers and support them with the right metrics is an imperative. LaValle and Scheld’s (2004), “2005 CRM Done Right Executive Decision Maker” research and IBM’s advocacy in the customer focused enterprise (Hefferman & LaValle, 2006) discussing these interplays and inter linkages in support of the above is evidenced by:

- Decision makers’ emphasis on delivering on promises and improving the customer experience with 30% agreeing that ensuring promises and improving total customer experience are top concerns.
- Most companies having shortcomings in understanding their customer experience with 26% being superficial and 53% having generalized understanding.
- Marketplace leaders seeing real returns with 79% of consumers committing to a deeper product or service relationship with a brand after a satisfying experience due to the focus on the customers. 74% of the customer experiences are in the tactile/operational aspects that emphasized on the physical qualities of the interactions like consistency, availability or convenience. Only 17% focused on the emotive aspects that are more intangible and subjective like trustworthiness, genuine or emphatic actions.

In a Special Issue on “Impact of Information Systems on Market Structure and Function: Developing and Testing Theories”, Clemons, Kauffman, and Dewan (2008), reflected on the motivation to innovate, look for new and interesting ways to inform managerial decision making in various contexts. The leverage of new uses of technology has challenged some of the fundamentals and beliefs of the management scientists and business professionals which are reshaping the market space. The trend of information technology in playing a key role in the creation and exploitation of opportunities for innovative competitive strategy (Clemons, Kauffman, & Weber, 2009) is to bring together and narrow the gap and the buyer-seller relationship. Basically, market space is about the extent to which products are customized to meet the needs and desires of a firm’s customers (Clemons, 2008; Mithas et al., 2007; Weber, 2008). In an interview with Erik Brynjolfsson of MIT (Hopkins, 2010), he noted that technology advances are not just innovations in itself but also a process enabler for innovations. The real power is in the combination of the new innovation processes of measurement, experimentation, sharing and replications in a sequence, and the use of analytics brings about faster cycle time, productivity and higher metabolism for information processing.

The focus on the interplays of the internal and external players and inter linkages to meet the customers’ requirements defined the trend of the firm leaning heavily towards customer focus (Hefferman & LaValle, 2006; LaValle & Scheld, 2004), customer orientation (Kohli & Jaworski, 1990; Deshpandé & Webster, 1998; Narver & Slater, 1990; Deshpandé et al., 1993). The key issue is whether the traditional approach to IS/IT development and deployment (Lederer & Gardiner, 1992; Lederer & Salmena, 1996; Rogerson & Fidler, 1994; Gliedman & Brown, 2004; Burn, 1991; Martin, 1989; Premkumar & King, 1994; Lau & Pun, 2000) as discussed in the literature is still a valid approach.

Akella et al. (2006) and Viswanathan (2006) noted that interactions of internal and external partners are cross-functional with a multi-dimensional
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