UNIVERSITY OF **MARYLAND**
University College

Learning Resource

Business Strategy

This section presents a high-level overview of the strategic planning process for business. All companies want to formulate technology solutions that effectively support the business and its objectives. To do so, the company must first understand its business model, the fundamentals of its business type (manufacturing, finance, service, etc.), and its strategy. Only once the company has understood these, should it begin to focus on its systems. Information systems are only tools that are used to support a business; therefore, if the tools are not aligned with business requirements, then its resources (time, money, and people) may be wasted, triggering an undesirable outcome.

Many businesses establish an overall mission or vision statement—Why are we in business? Following is a list of companies with their mission statements:

Amazon—"to be earth's most customer-centric company, to build a place where people can come to find and discover anything they might want to buy online." (Amazon Jobs, 2018)

Marriott—"to be the world's favorite travel company" (Marriott Investor Relations).

Google—"to organize the world's information and make it universally accessible and useful" (Google.com, 2018).

As you can see, these mission and vision statements are very broad and overarching; however, to achieve these, organizations need more specifics with actionable areas to accomplish to help support the mission/vision. In order to define the goals and objectives, first organizations scan the environment looking at several factors, such as competition, business environment, customers, employees, and location. This analysis helps identify threats and opportunities. A frequent tool used in business is SWOT Analysis: identifying Strengths, Weaknesses, Opportunities and Threats. The section *Does IT Matter?* also looks at further methods to analyze the competitive environment.

This analysis can result in organizations defining business goals and objectives and the specific actions needed to be successful. When these objectives are defined, opportunities can be identified to use information technology to help reach those objectives.

It's important that technology support the business objectives rather than drive the objectives. For example, looking back at Amazon's mission statement, specific goals and objectives would need to be defined (e.g., How can customer-centric be increased?). One approach is customizing the user experience so customers feel valued and that Amazon really "knows" them. A strategic goal might be to maximize the customer's experience through personalization of the online shopping experience. With technology, information regarding customers' browsing and shopping habits can be stored and retrieved when a customer returns to the Amazon site, prompting with messages such as "Hello John—Recommended Links for You" or "John—Buy it Again," followed by a list of recent purchases John has made. The benefits of the information technology can be increased sales and increased customer loyalty, which give Amazon a competitive advantage in the online retail arena.

This information would then be documented for everyone in the company to understand and be able to do their part to support the business strategy. For example, Amazon might document as follows:

Mission/Vision: Our vision is to be earth's most customer-centric company, to build a place where people can come to find and discover anything they might want to buy online.

Business Strategy (derived from the Mission/Vision): to be earth's most customer-centric company, to build a place where people can come to find and discover anything they might want to buy online.

- Technology Support: A robust online shopping system would accommodate millions of customers and products and focus on the individual customer's searches and buying habits.

- Competitive Advantage: Availability of millions of products would increase sales, and a focus on the customer would increase customer loyalty.

Strategic Goal 1: Increase customer-centricity by maximizing the customer's experience through personalization of the online shopping experience.

Objective: Provide customer with at least five other items they might be interested in based on previous purchases by the end of the first quarter.

Technology Support: The system would store each customer's purchases and retrieve that information when the customer returns to the Amazon site, and present a message such as "Hello, John – Recommended for you" with icons of several items related to his recent purchases.

Strategic Goal 2: Increase the number of items available.

Objective: Add 10% more items to the inventory.

Technology Support: The system would provide the ability to store and retrieve items for display to customers.

To achieve success, an organization should translate its high-level mission into specific objectives so it can align its technology support to those objectives. The alignment can provide clear direction and enable all levels of the organization to work towards maximizing their investments in information technology.

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