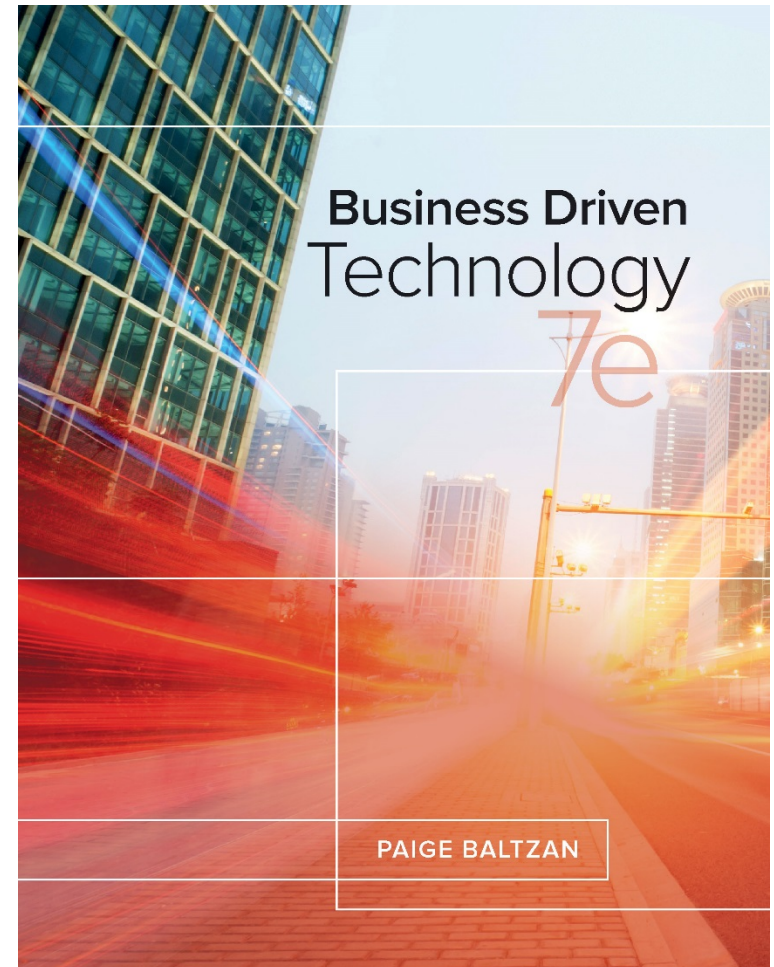


# CHAPTER FOUR

## MEASURING THE SUCCESS OF STRATEGIC INITIATIVES



# LEARNING OUTCOMES

1. Define the primary MIS roles along with their associated responsibilities.
2. Define critical success factors (CSFs) and key performance indicators (KPIs) and explain how managers use them to measure the success of MIS projects.
3. Explain why a business would use metrics to measure the success of strategic initiatives.

# MIS DEPARTMENT

## ROLES AND RESPONSIBILITIES



- **Chief information officer (CIO)** – Oversees all uses of MIS and ensures the strategic alignment of MIS with business goals and objectives
- **Chief knowledge officer (CKO)** - Responsible for collecting, maintaining, and distributing the organization's knowledge
- **Chief privacy officer (CPO)** – Responsible for ensuring the ethical and legal use of information



# MIS DEPARTMENT

## ROLES AND RESPONSIBILITIES

- **Chief security officer (CSO)** –  
Responsible for ensuring the security of MIS systems
- **Chief technology officer (CTO)** –  
Responsible for ensuring the throughput, speed, accuracy, availability, and reliability of information technology
  - **Chief intellectual property officer**
  - **Chief automation officer**
  - **Chief user experience officer**



# MIS DEPARTMENT ROLES AND RESPONSIBILITIES



## **Chief security officer (CSO)**

Responsible for ensuring the security of business systems and developing strategies and safeguards against attacks by hackers and viruses.



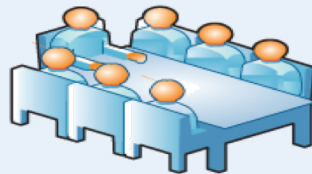
## **Chief knowledge officer (CKO)**

Responsible for collecting, maintaining, and distributing company knowledge.

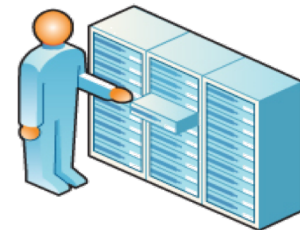


## **Chief information officer (CIO)**

Responsible for (1) overseeing all uses of MIS and (2) ensuring that MIS strategically aligns with business goals and objectives.

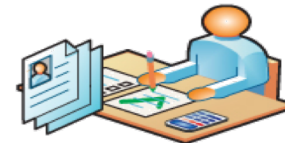


## **MIS Department Roles and Responsibilities**



## **Chief technology officer (CTO)**

Responsible for ensuring the speed, accuracy, availability, and reliability of the MIS.



## **Chief privacy officer (CPO)**

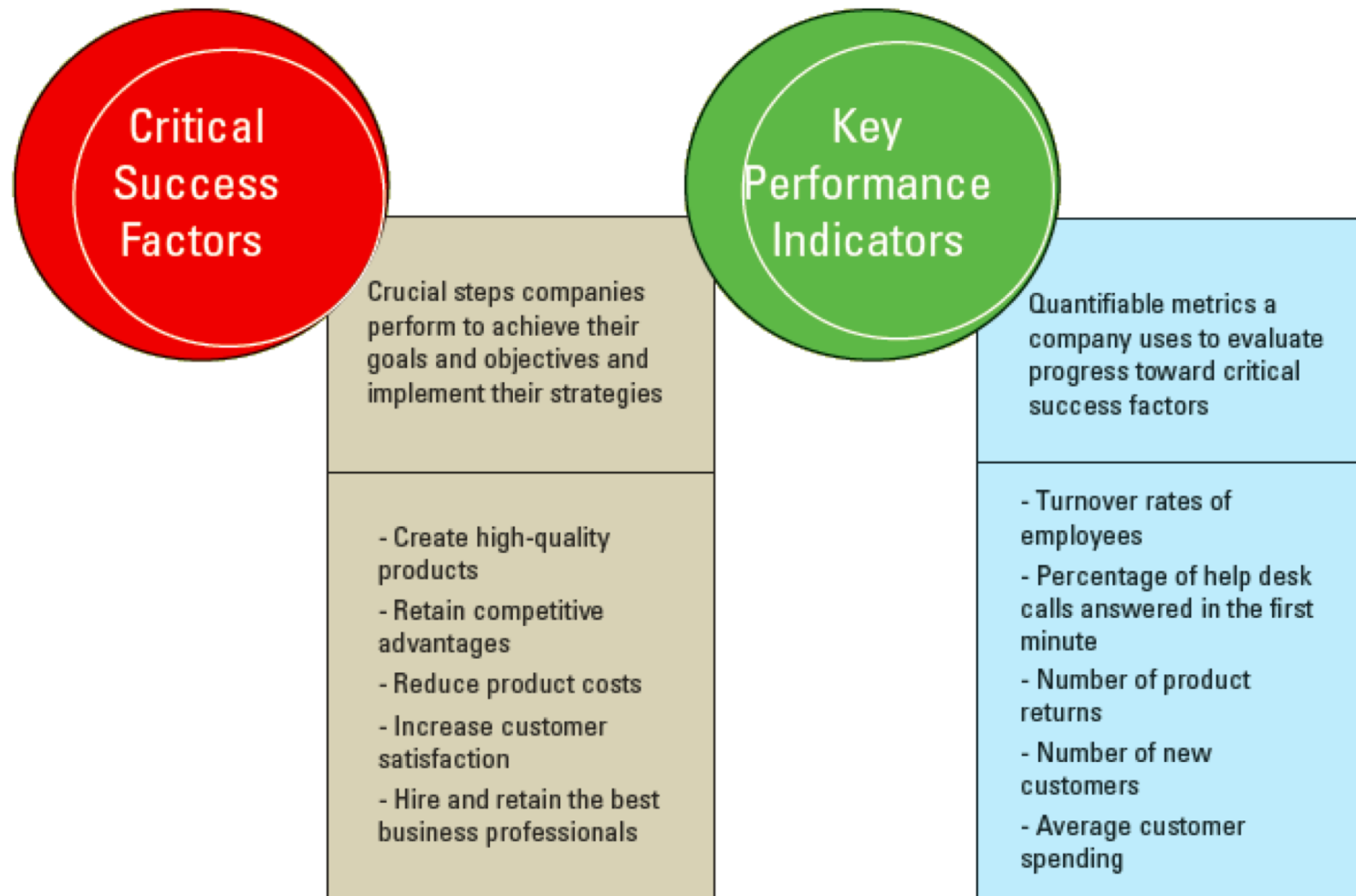
Responsible for ensuring the ethical and legal use of information within a company.

# METRICS: MEASURING SUCCESS

- **Critical success factors (CSFs)** – The crucial steps companies make to perform to achieve their goals and objectives and implement strategies
  - Create high-quality products
  - Retain competitive advantages
  - Reduce product costs
  - Increase customer satisfaction
  - Hire and retain the best professionals



# METRICS: MEASURING SUCCESS



# METRICS: MEASURING SUCCESS

- **Key performance indicators (KPIs)** – The quantifiable metrics a company uses to evaluate progress toward critical success factors
  - Turnover rates of employees
  - Number of product returns
  - Number of new customers
  - Average customer spending





# EFFICIENCY AND EFFECTIVENESS

- ***Efficiency MIS metric*** – measures the performance of the MIS system itself including throughput, speed, and availability
- ***Effectiveness MIS metric*** – measures the impact MIS has on business processes and activities including customer satisfaction, conversion rates, and sell-through increases



# BENCHMARKING

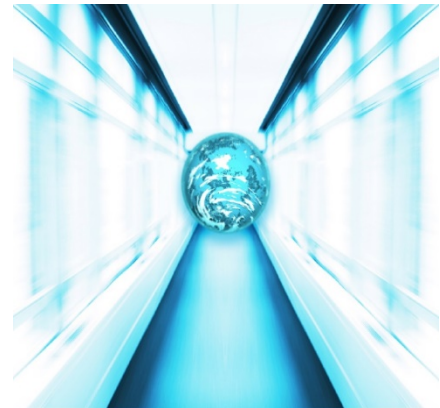
## BASELINING METRICS

- ***Benchmarks*** – baseline values the system seeks to attain
- ***Benchmarking*** – a process of continuously measuring system results, comparing those results to optimal system performance (benchmark values), and identifying steps and procedures to improve system performance



# THE INTERRELATIONSHIPS OF EFFICIENCY AND EFFECTIVENESS MIS METRICS

- Efficiency MIS metrics focus on technology and include:
  - Throughput
  - Transaction speed
  - System availability
  - Information accuracy
  - Web traffic
  - Response time



# THE INTERRELATIONSHIPS OF EFFICIENCY AND EFFECTIVENESS MIS METRICS

- Effectiveness MIS metrics focus on an organization's goals, strategies, and objectives and include:
  - Usability
  - Customer satisfaction
  - Conversion rates
  - Financial

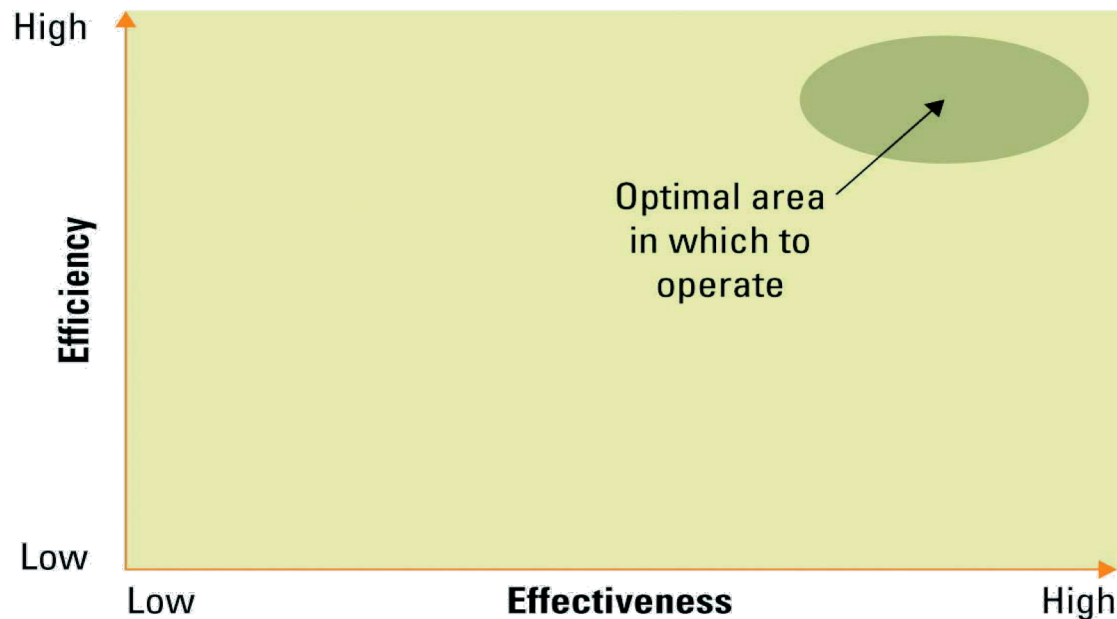


# THE INTERRELATIONSHIPS OF EFFICIENCY AND EFFECTIVENESS MIS METRICS

- Security is an issue for any organization offering products or services over the Internet
- It is inefficient for an organization to implement Internet security, since it slows down processing
  - However, to be effective it must implement Internet security
  - Secure Internet connections must offer encryption and Secure Sockets Layers (SSL denoted by the lock symbol in the lower right corner of a browser)

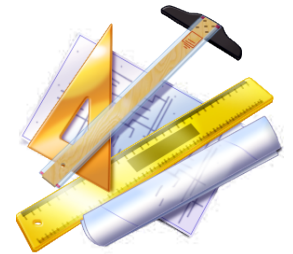
# THE INTERRELATIONSHIPS OF EFFICIENCY AND EFFECTIVENESS MIS METRICS

- Interrelationships between efficiency and effectiveness



# METRICS FOR STRATEGIC INITIATIVES

- Metrics for measuring and managing strategic initiatives include:
  - Website metrics
  - Supply chain management (SCM) metrics
  - Customer relationship management (CRM) metrics
  - Business process reengineering (BPR) metrics
  - Enterprise resource planning (ERP) metrics



# WEBSITE METRICS

- Website metrics include:
  - Abandoned registrations
  - Abandoned shopping cards
  - Click-through
  - Conversion rate
  - Cost-per-thousand
  - Page exposures
  - Total hits
  - Unique visitors





# SUPPLY CHAIN MANAGEMENT METRICS

- Back order
- Customer order promised cycle time
- Customer order actual cycle time
- Inventory replenishment cycle time
- Inventory turns (inventory turnover)

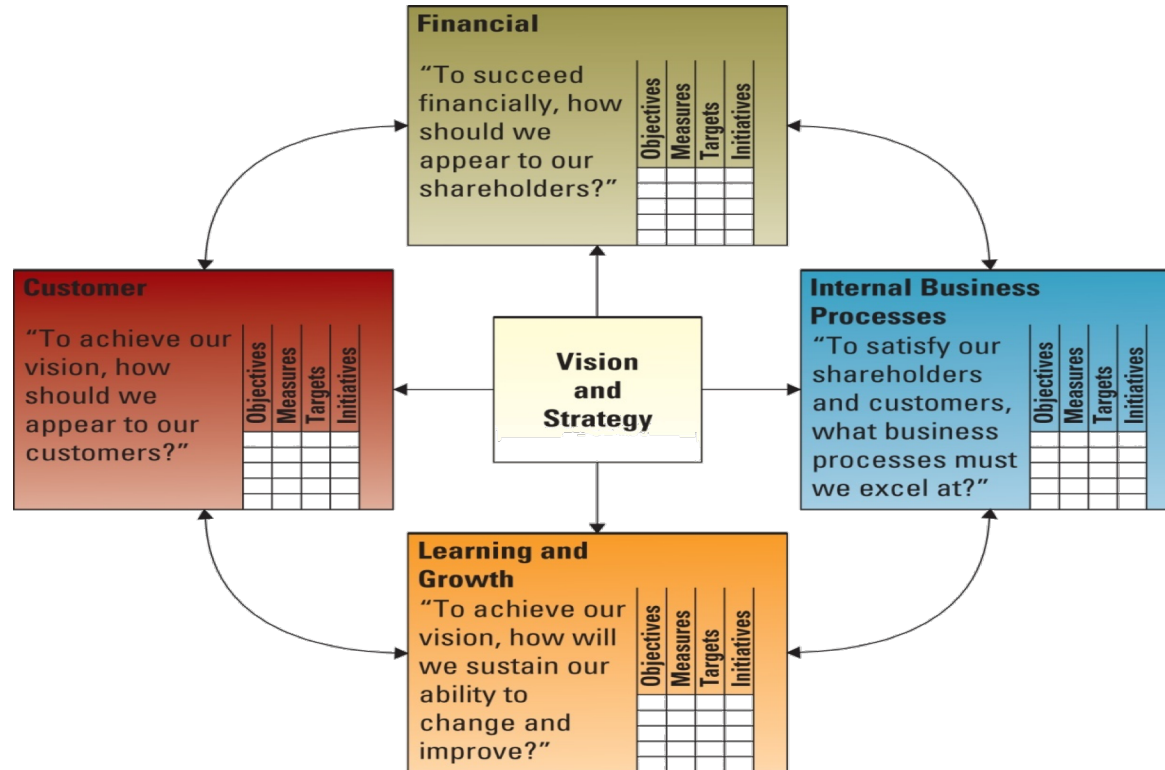


# CUSTOMER RELATIONSHIP MANAGEMENT METRICS

- Customer relationship management metrics measure user satisfaction and interaction and include
  - Sales metrics
  - Service metrics
  - Marketing metrics



# BPR AND ERP METRICS



- The balanced scorecard enables organizations to measure and manage strategic initiatives

# LEARNING OUTCOME REVIEW

- Now that you have finished the chapter please review the learning outcomes in your text