

Chapter 2

Global E-Business and Collaboration

LEARNING TRACK 4: ORGANIZING THE INFORMATION SYSTEMS FUNCTION

There are many types of business firms, and there are many ways in which the IT function is organized within the firm (see Figure 2-17). A very small company will not have a formal information systems group. It might have one employee who is responsible for keeping its networks and applications running, or it might use consultants for these services. Larger companies will have a separate information systems department, which may be organized along several different lines, depending on the nature and interests of the firm.

Sometimes you'll see a decentralized arrangement where each functional area of the business has its own information systems department and management that typically reports to a senior manager or chief information officer. In other words, the marketing department would have its own information systems group as would manufacturing and each of the other business functions. The job of the CIO is to review information technology investments and decisions in the functional areas. The advantage of this approach is that systems are built that directly address the business needs of the functional areas. However, central guidance is weak and the danger is high that many incompatible systems will be built, increasing costs as each group makes its own technology purchases.

In another arrangement, the information systems function operates as a separate department similar to the other functional departments with a large staff, a group of middle managers, and a senior management group that fights for its share of the company's resources. You'll see this approach in many large firms. This central information systems department makes technology decisions for the entire company, which is more likely to produce more compatible systems and more coherent long-term systems development plans.

Very large "Fortune 1,000"-size firms with multiple divisions and product lines might allow each division (such as the Consumer Products Division or the Chemicals and Additives Division) to have its own information systems group. All of these divisional information systems groups report to a high-level central information systems group and CIO. The central IS group establishes corporate-wide standards, centralizes purchasing, and develops long-term plans for evolving the corporate computing platform. This model combines some divisional independence with some centralization.

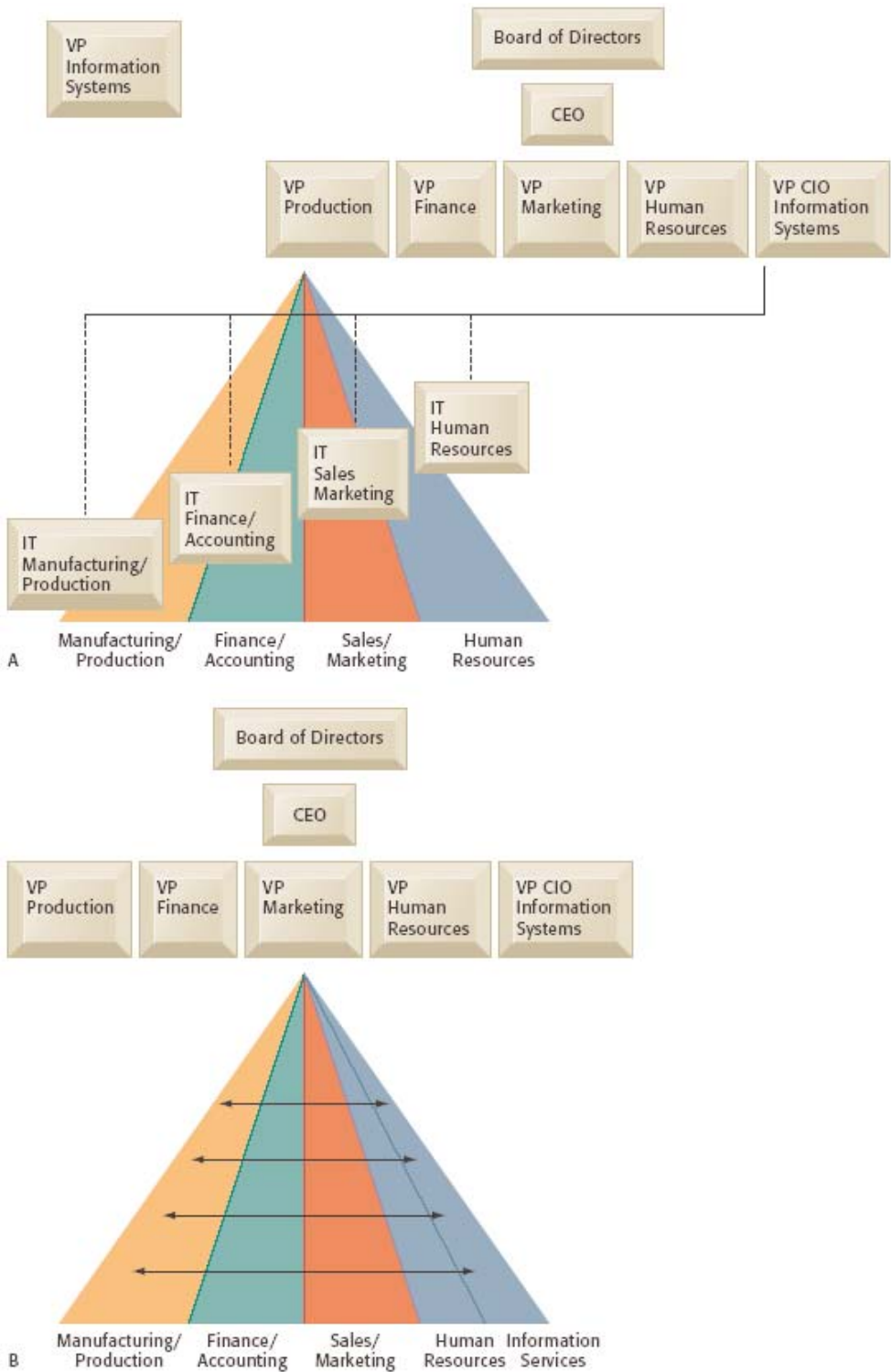
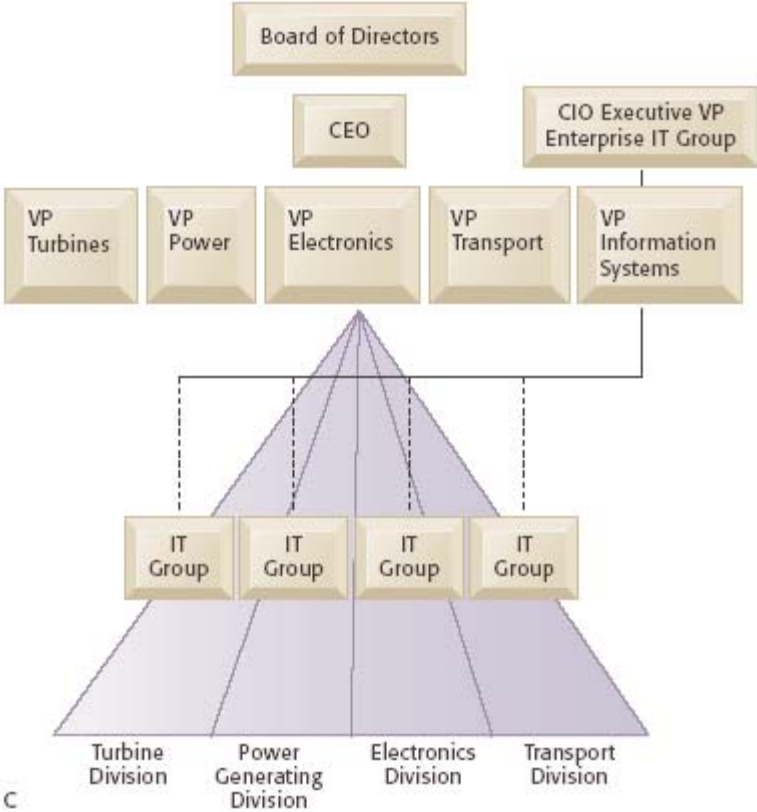


Figure 1
 Organization of the Information Systems Function
 There are alternative ways of organizing the information systems function within the business: within each functional area (A), as a separate department under central control (B), or represented in each division of a large multidivisional company but under centralized control (C).

Figure 1 (continued)



C