The system that couldn’t deliver

Business

Three years ago, Diana Sullivan, was recruited by Lenox from a major competitor to work as Its Chief Information Officer. Sullivan, a 20-year veteran Information systems executive, knew going Into this job that computers had never been one of Leno’s strengths. James Bennett, Leno’s Chief Executive Officer told Sullivan that they simply need a tool that would help their agents provide fast and reliable information needed to close a sale. After years of hard work, Sullivan thought she had done her job well by delivering

Lifesavers on time and on budget.

Lifesavers is a sophisticated computer-aided system that enabled Leno’s 10, 000-plus agents to do everything from establishing a prospect’s financial profile, to selecting the most appropriate products from the company’s myriad policies and generating all the paperwork needed to close a sale. Lifesavers, however, wasn’t boosting sales productively as much as management had expected. Two of Leno’s competitors had launched similar systems and are already running ahead of them.

Sullivan Boss, Chief Financial Officer Clay Fontana seems to e blaming Sullivan for the problem. Bennett appeared to correspond with Fontana. They believe that since Lifesavers is Sullivan “ system” then she should be accountable not only for its creation and implementation but for realizing the business goals that goes with it as well.

Yet Sullivan believes that had already taken what the necessary steps to bring the company up to speed. STATEMENT OF THE Problem can information technology projects help Lenox achieve its business goals?

Objectless. To describe the company’s attitude towards information technology. To determine how Lenox can achieve radical performance Improvements through the use of Information technologyTHEORETlCAL FRAMEWORK” Decisions on Investments In IT are both critical and contentious. With a thorough understanding of a company’s strategic context, managers can Identify business and IT maxims that can help determine the IT infrastructure capabilities necessary to achieve their business goals. “ Management by Maximizes framework is made up of four components.

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Considering Strategic Context. “ To clarify infrastructure requirements, companies also need to understand the current strategies and strategic intents of each business unit, the synergies between units and the firm’s experiences and beliefs in the value of leveraging those synergies. “ 2. Articulating Business Maxims.

Business Maxims capture the essence of a firm’s future direction. It is grouped Into six categories: cost focus; value differentiation as perceived by customers; flexibility and agility; growth; human resources; and management orientation.

It Is therefore Important for managers to prioritize the relative importance of maxims to ensure that the most equines and IT executives can work together to identify IT maxims. 3. Identifying IT Maxims. “ IT Maxims describe how a firm needs to connect, share, and structure information and deploy IT across the firm”.

It is grouped into five categories: expectations for IT investments in the firm; data access and use; hardware and software resources; communications capabilities and services; and architecture standards approach. 4.

Clarifying a Firm’s View of IT Infrastructure. IT Infrastructure has four views: none, utility, dependent and enabling. Firms take on one view. There is no one best view but rather one is more appropriate for a particular firm, according to its strategic context and business and IT Maxims.

A firm’s view of infrastructure should change together with it’s strategic context and business maxims. A. None View. It is when a firm decides to do without IT economies among its businesses. It does not invest in IT infrastructures at the “ fireside” level. B.

Utility View.

IT infrastructure is viewed as a way to reduce costs through economies of scale and sharing. C. Dependent View. IT infrastructure is viewed as a response to specific strategies. D.

Enabling View. IT infrastructure is viewed as a core competence that provides competitive advantage. Firms with this view are industry leaders in terms of infrastructure investment levels and provide extensive infrastructure services in a highly centralized way. CASE Analysis’s Insurance Company admits that computers were never their strength and with the way they are going, it will never be.

Bringing in new technologies, updating key applications and the reorganizing and streamlining of the information services organization should never be seen as a cure all to the problems plaguing the organization.

An information services overhaul is not a feel-good pill. New technologies should be met with fresh attitudes and ideas. Information Services is Just one of Leno's many problems. In fact, it is not one of its biggest problems when Lifesavers became operational. It is that its top people, its Chief Financial Officer and Chief Executive Officer have no idea about the concepts of product strategy and increased productivity.

The way the Chief Executive Officer and the CUFF understand increased productivity is how Lifesavers translates into increased sales. Lifesavers' effect on Leno's productivity is that it cut the processing of all the necessary paperwork from four weeks minimum too matter of hours. If that's not an increased in productivity, I do not know what is. Lifesavers should be assessed on its own merits and not on comparisons to competitor systems. Lifesavers was received positively by Leno's hang of using the Lifesavers system given time.

It is Just that Leno's agents have a deeper learning curve – having a handicap of technological incompetence.

Ease of use is relative – Lenox insurance company should take the steeper learning curve into consideration. The completion of the Lifesavers project in itself was a success and credit should be given to Sullivan. The project was made operational on time and in budget. It is hard to argue with these facts. It is given that Lenox Insurance Company has more product offerings than its competition so Leno’s Lifesavers project should be expected to be more complicated and therefore will take more time to cover all of its services.

The Lenox Insurance case resonates with the parable of the mustard seed.

As it is now, the proverbial mustard seed, the Lifesavers system cannot be brought into fruition with Lenox Insurance Company’s initial technological shock. But it should not lose hope. Lenox Insurance Company can still cultivate its lad to be fertile, given time. Using the management by Maxim Framework, Lenox does have a clear strategic context – improve productivity and help the sales force close on more new policies using information services. But it did not have a clear articulation of its business IT maxims.

For one, Lenox confuses the goal of increased sales with Lifesavers’ effect of increased productivity.

Starting from a technological handicap relative to competition, Leno’s investment in Lifesavers was a big leap enough. It is time for them to get back to the drawing board and reassess their business strategies that need to be saved from the quicksand of confusion. The clear articulation of an agreed position in a form that executives understand and act on is sorely lacking in Lenox. Because of this, accountability is muddled and could lead as it is to Leno’s case to endless and pointless finger minting.

To this end, Sullivan is partly to blame, she should have discussed her role in clear detail with Leno’s top executives.

She could have been spared of all the accusations being thrown at her.