

# [Ready to eat:accounting information system](https://assignbuster.com/ready-to-eataccounting-information-system/)

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ACCOUNTING INFORMATION SYSTEM REPORT Executive Summary Rebecca Smith is the owner of a small business concern d “ Ready To Eat” (RTE). RTE is primarily engaged in the business of preparing and distributing packaged meals for its customers. Its customers include the local residents and the visiting tourists of the place. The business is open on all days except for public holidays. Recently, there has been a sudden upsurge in the demand of its products and RTE is facing difficulties to cater to the huge demand. Moreover, lately there has been a new competitor of RTE who is taking away many of its customers. RTE is mainly facing problem in its management which is solely looked after by the owner herself. Hence, Rebecca is thinking of introducing new information systems into its business processes to increase the operational efficiency of RTE. The various impacts of the introduction of information systems have been critically assessed in this study. It has been found that it would be very much helpful for RTE if it implements its decision of introducing the new information systems. It would boost its performance and increase its operational efficiency as well. Table of Contents Table of Contents 3 Introduction 4 Discussion 4 Information Systems 4 Introduction of Information Systems in RTE 4 Porter’s Competitive Forces Model 5 Information Requirements of RTE 5 Use of Computer Networks and Internet 6 Management Challenges affecting Organizational Change 6 Introduction of Information Systems – Security and Ethical Issues 6 Conclusion 6 Works Cited 7 Introduction “ Ready To Eat” (RTE) is a locally operated small business firm owned by Rebecca Smith. It is engaged in the business of preparing and distribution of pre-packed meals for its customers. The owner is thinking to introduce information systems in its business processes to improve the management and performance efficiency of the firm. Various informational needs and the impacts of the introduction of information systems in the firm have been discussed in details in this study. Discussion Information Systems Information systems can be defined as a combination of formal procedures which includes collection of data, processing of these data into information and then distributing them to its users. Information systems in an organization can be subdivided into two broader divisions namely, Management Information Systems (AIS) and Accounting Information Systems (MIS). In order to have an efficient operational system, AIS and MIS functions are often integrated with each other in an organization (Hall 7). Information Systems can prove to be very much advantageous for business entities because all business activities can be accessed centrally. It provides an easy back up facility of the information records. The information can be centrally distributed across the organization. Information systems provide a means of record keeping that can be easily done in business organizations. Tax preparation becomes an easy task with the help of Information Systems. It also makes easier for organizations to identify the traits of the customers. Revenue forecasts, investment analysis, determination of best sources of funds and its utilization, performing audits, all can be made easy through the introduction of information systems in business processes (Stair, Reynolds & Reynolds 31). RTE, being a small business firm, would require implementation of an accounting information system. It would help the organization to increase its operational efficiency through proper tracking of all the financial information related to its business activities. Introduction of Information Systems in RTE RTE is a small business enterprise engaged in the business of preparation and distribution of meals in packaged form to its customers. The packed meals are served mainly to the local residents and tourists who come to visit the place. The business is operated all through the week, except on public holidays. Rebecca Smith owns the firm and has the sole responsibility of managing the firm. Hence the implementation of accounting information systems in RTE would result in efficient management of the business. Information systems would help in providing financial reports of RTE on a daily basis. Moreover it would assist in providing information that could be utilized to measure the performance efficiency and proper monitoring of the decision making procedures of the firm. With the increasing demand of pre-packed meals, RTE can easily cater to such demands by implementing the information systems. It would help to keep a track of information like, the customer preferences, details of the raw materials in use, its pricing information, and creating a proper communication channel with the customers. It would thus facilitate the improvement in decision making process by helping to know the exact requirements of the customers and improving the level of satisfaction for its customers. It would also enable to develop a proper strategic planning process for the firm (Gruben, Gresham & Behara 1). Porter’s Competitive Forces Model Porter’s competitive forces model is a very well known model that is utilized to assess the competitiveness of a firm or industry in the market. The competitive edge of a firm can be enhanced through the development of strategies with the utilization of this framework (Turban 35). In case of RTE, Porter’s Competitive Forces Model Analysis can be utilized to identify the five forces in the following ways: 1. Buyer Power: RTE is facing a medium buyer power from its customers. It is so because the consumers have significant influence on the product but not so much significant influence on the prices of the products. 2. Supplier Power: Supplier power is weak for RTE because the low switching costs while changing suppliers of its raw materials like fruits, vegetables, etc. The market for these types of products is highly competitive in nature. 3. Threat of New Entrants: The threat of new entrants for RTE is quite high because of low investment required to set up a business like RTE. Another firm can easily come up with innovative ideas and new improved and developed products than RTE. 4. Threat of Substitutes: Threat of substitutes may be high for RTE because substitutes for pre-packed meals are available in plenty in the market and the customers can easily be influenced to go for substituted products. 5. Degree of Rivalry: The degree of rivalry is quite high in case of RTE. It is already facing competition from a newly set up business in the community. Customers do not incur high switching costs while moving from one firm to another related to the business in which RTE is involved. The proper utilization of information systems can help RTE in establishing a competitive edge over its competitors by being pro-active to the changing demands of the customers. Moreover it would help RTE to speed up the delivery process and cater to more orders of pre-packed meals on a timely manner. Information Requirements of RTE RTE requires information regarding the customer preferences. It also requires information regarding the prices of the raw materials like fruits, vegetables etc. RTE also needs to keep a track on the other overhead costs incurred in its operation. Information regarding its inventory is also important. Various business processes that RTE needs to take into consideration for converting them to a computerized system are: Customer order details, delivery details, inventory control systems, accounts receivables and payables, payroll information, raw materials details, prices of different meal packages, calculation of financial figures, competitor profiles Use of Computer Networks and Internet With the help of information systems it would enable to reduce the communication gap between RTE and its customers. Customers would have an easy access to the product varieties available in RTE and can place their orders over internet. Feedback from customers can also be easily obtained from the customers that would enable RTE to improve its products and provide greater satisfaction to its customers. The application of computer networks like intranets, extranets, and internet in business processes is termed as e-business (Gelinas, Dull & Wheeler 4). The use of these computer networks by RTE can serve its need by introducing the facility of online order booking and payment for its customers. Moreover, it can be utilized to make information available for all the employees of RTE, so that there is no time lag in the flow of information and delivery is made on time. Management Challenges affecting Organizational Change Introduction of information system in RTE would require computerization of many business processes which were previously done manually. Hence, it would require an organizational change of RTE. Now, while implementing such changes RTE may face challenges in the form of various resistances to changes offered by the existing employees of RTA. Development of management staff and other employees would become necessary for the implementation of information systems in RTE. Introduction of Information Systems – Security and Ethical Issues Ethical questions are raised through information systems that are applicable for both the societies and individuals. It is so because it creates opportunity for significant changes that may possess a threat to the existing delegation of power, rights, money, obligations, etc (worldcomcs. org 128). With the introduction of information systems in RTE, it can lead to ethical issues like divulgement of private information of customers through internet. Key information of RTE’s strategy can also be available to its competitors with the increasing use of internet. Conclusion Hence, it can be concluded that with the rising demand of pre-packed meals, it is the right time for the implementation of information systems in RTE. Its owner, Rebecca Smith is already facing difficulties managing the business on her own. Moreover, RTE is losing customers to its competitors because of its decreased performance efficiency. Hence, the introduction of information systems will increase the operational efficiency of RTE and help in serving its customers in a better way, thereby helping to retain the existing customers as well. Works Cited Gelinas, Ulric, J., Richard B. Dull and Patrick R. Wheeler. Accounting Information Systems. 9th Ed. USA: Cengage Learning, 2011. Print. Gruben, Kathleen, H., Alicia B. Gresham and Ravi Behara. The Role of Information Systems in Small Business: A Focus on Retailers. 2004. PDF File. . Hall, James, A. Accounting Information Systems. 7th Ed. USA: Cengage Learning., 2010. Print. Stair, Ralph, M., George Reynolds and George W. Reynolds. Principles of Information Systems. 9th Ed. USA: Cengage Learning, 2009. Print. Turban, Efraim, et al. Information Technology for Management. 6th Ed. USA: John Wiley & Sons, 2008. Print. Worldcomcs. Ethical and Social Issues in Information Systems. n. d. PDF File. < http://www. worldcomcs. org/attachments/article/52/Ethical\_Computing. pdf>.