



Figure 3-11
Business Process and
Information Systems for
High-Service Bike Rental

Now, consider the information systems required for these business processes. The student rental business uses a shoe box for its data facility. The only computer/software/data component in its business is the machine provided by its bank for processing credit card transactions.

The high-service business, however, makes extensive use of information systems, as shown in Figure 3-11. It has a sales tracking database that tracks past customer rental activity, and an inventory database that is used to select and up-sell bicycle rentals as well as to control bicycle inventory with a minimum of fuss to its high-end customers.

So the bottom line is this: Organizations analyze their industry and choose a competitive strategy. Given that strategy, they design business processes that span value-generating activities. Those processes determine the scope and requirements of each organization's information systems. Given this background, we will now examine how information systems generate a competitive advantage.

Q7 How Do Information Systems Provide Competitive Advantages?

In your business strategy class, you will study the Porter models in greater detail than we have discussed here. When you do so, you will learn numerous ways that organizations respond to the five competitive forces. For our purposes, we can distill those ways into the list of principles shown in Figure 3-12. Keep in mind that we are applying these principles in the context of the organization's competitive strategy.

Some of these competitive techniques are created via products and services, and some are created via the development of business processes. Consider each.

You can also apply these principles to your personal competitive advantage, as discussed in the Guide on pages 96–97.

Competitive Advantage via Products

The first three principles in Figure 3-12 concern products or services. Organizations gain a competitive advantage by creating *new* products or services, by *enhancing* existing products or services, and by *differentiating* their products and services