Management Decision Making (MDM)

Name

Institution

Course

Date

Executive

The article has analysed management decision making for The Children Bookshop (TCB). As an SME, it faces the challenge of internal management, which affects customers due to lack of the capacity of its traditional business model. Its digital business transformation is not enough, and the article has suggested the use of Cloud-based ERP. This will result in numerous internal changes especially in business operations from manual handling of customers telephone calls and orders to an automated system enabled by technology and digital transformations. This approach will enhance business efficiency, and there is the suggestion to change the business name to New Book Centre as a rebranding approach. However, the possible challenges the business will face in future include business disruptions and increased competition. Recommendations for dealing with these challenges include adoption of in-house ERP, involve employees in change making, apply consultative decision making, and become technology industry leader.

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Introduction and Organizational Context

Small and Medium-sized Enterprises (SMEs)

Small and Medium-sized Enterprises (SMEs) are known for their non-subsidiarity. They are independent firms that employ more than 10 and fewer than 50 employees. Besides, SMEs usually have a threshold of revenues and assets. However, SMEs play crucial roles in economies, where in developing countries they have a greater economic importance compared to their larger enterprises. This is the essence of The Children's Bookshop (TCB)

Overview of The Children's Bookshop (TCB)

The Children's Bookshop (TCB) is an SME that is operated by Jude and Esther. Started from a village in Sussex, its two years' operations have seen it expand in terms of customer acquisition, especially in selling stationeries exclusively for children. TCB has a unique niche of children starting from pre-school to primary school levels. Whereas it started as a brick-and-mortar business, TCB has advanced to the current online presence, although the traditional business model is the major strategy that is used to carry out customer transactions. With its website and supporting technologies, TCBs dependence on traditional business models for its profit-making strategies curtails its maximization of external opportunities.

Two Business Process Models (flexible workers)

A business may adopt a rigid business model when it uses only one model that does not allow it to serve based on customers' convenience. However, adopting a flexible business process model derives a competitive advantage (Michałowska, Danielak & Stankiewicz 2016). This approach is enjoyed by TCB through its communication with customers.

The telephone

TCB, to maximize its access to customers and serve them, adopts the use of the telephone. As a direct marketing strategy, telephone acts as a first point of contact for TCB. Customers can use it while placing orders. At the same time, TCB's staff use it to inform customers of deliveries and other inquiries that are important for customer service.

Face-to-face contact

TCB capitalizes on its traditional business model through communicating with customers face-to-face. This model of communication utilizes physical interactions with customers. This method is essential in enhancing customer experience, especially in service provision, given that it is difficult to standardize services (Kasiri & Mansori 2016). For instance, customer service (CS) uses this method to help customers in locating their required items.

TCB's key business challenges and technological challenges

The key business challenge that TCB faced initially was a surge in the number of customers. This surge was occasioned by TCB adopting an online shopping and delivery business strategy. Partly, TCB's operation in the unique niche, coupled by enhancement of customer convenience caused the surge in the number of customer demands. However, the company lacked the capacity to serve the increasing number of customers. Similarly, TCB faced technological challenges especially after it introduced online shopping and ordering as well as payment through the telephone. Through this business model, TCB faced the challenge of increasing the number of orders and telephone payments. The resultant effect was low capacity from the company's side, leading to mismatching customers' orders, vast delays, delivering to the wrong address, and customers failing to receive their orders at all. The overall business challenge from these problems entail business slowdown due to reduced number of customers making orders.

TCB's digital transformation goals

When it comes to digital transformation, a business may derive numerous goals. The goals towards a digital transformation emanate from both internal and external business environments. As explained by Adamik and Nowicki (2018), digital transformation is essential for a business when it wants to gain a competitive advantage. In essence, TCB's current position of dwindled business requires digital transformation especially after the first attempt to identify the potential. The following are TCB's digital transformation objectives.

i. To make business operations efficient by adopting digital technologies in business operations and lower costs of operation by 15% in the next 2 years

ii. To improve customer experience by enhancing technological communication, ordering and delivery and increase customer base by 25 within 2 years

How and why a set of fully-integrated information systems could benefit the enterprise

For TCB to attain the suggested digital transformation goals, it requires fully-integrated information systems. This can be achieved by combining people, hardware, software, communication devices, data resources, and networks that can process, store, retrieve and transform information (Ismagilova et al. 2017). Through the help of information systems TCB needs to use computers in collecting, processing, storing, analysing and distributing information on a timely basis. The reason for such an approach is to attain efficiency in operations, prevent delays, loss of orders and failure to serve customers promptly.

Research and Feasibility Study

Notions of technological and digital transformation

Business organizations give technological and digital transformations an emphasis because of the role they play. The two help business to improve performance by enhancing market reach, customer acquisition, and internal efficiency. Therefore as one of the aspects for competitive advantage, one of the ways that businesses achieve technological and digital transformation is re-engineering. Ideally, businesses face the challenges of the most applicable technologies to adopt. At the same time, technological and digital disruptions render innovations obsolete after a short time, yet it is expensive to purchase, install and maintain such systems (Skog et al. 2018). Businesses opt for re-engineering based on two advantages. Firstly, it helps to customize new technology upon existing ones. Secondly, it helps to update and make significant technology changes to resonate with the technological trends in the external markets.

Given that business organizations intensify in technological and digital transformations, the essence of the information age is making companies leverage technology even further. Big data analytics has been used by companies like Google to find significant information about market trends and consumer preferences among other things. Such innovations have been enabled by digitization. As a conversion of data and processes, digitization capitalizes on acquiring, storing, and analysing soft data, with the ability to digitize technology to gain the ability for digital technology to collect data, establish trends and help in predicting the future,

thus making businesses to make informed business decisions. Inclusion of information systems, the contemporary network of hardware and software form the tools that organizations and people can use to collect, filter, process, and create, as well as distribute data.

In line with business organizations adopting technology and digital transformations, organizational strategy cannot be ignored. A transformation in organizational strategy is essential in achieving an alignment that forms the basis through which organizations eventually transform. Organizational strategy carries along the need for transformations as far as human resources are concerned (Ren & Jackson 2020). Such entails the ability of an organization to have its employees acquire the knowledge and skills of using the new technology. As such, enterprise resource planning comes in handy to consolidate gathering and organizing business data by the use of integrated software suite.

Different types of ERP software (strengths and weaknesses)

A company like TCB suffers incapacitation due to lack of enterprise resource planning (ERP) in its system. It thus negates the effort of trying to transform to the digital connotations, when resources of the company have not been rationalized to create effective information flow among its functional areas. In this regard, where TCB integrates ERP, it will help to integrate the business data and processes into a single system, which generally combines software, hardware, and process documentation. The following are the different types of ERP software the TCB can adopt.

Integrated ERP software NetSuite ERP – This type of ERP offers a scalable interface. It is equipped with all the systems that a business requires such as human resource management, financial management, and inventory management among other areas (Data 2020). Among its advantages include its capability to automate a wide range of front and back office processes to achieve a streamline in operations and simplify them as much as possible. Besides, it has the ability to give the user robust reporting tools, which provide actionable insights into the organization's performance. However, it is relatively expensive to acquire and maintain.

An example of the ERP software derives a lot of characteristics that organizations should consider before making the decision on which to adopt. For instance, adopting a bespoke software has the characteristic of being custom-built. It thus can be applied to address specific requirements of an organization, as they are always commissioned to a third-party

software in-house. Wagaw (2017) explains that companies prefer the bespoke software to commercial off-the-shelf one due to latter's customizability. Besides, Mousavidin and Silva (2017) explain that off-the-shelf software has difficulty in configuations, as well as issues with malleability and interpretive flexibility.

Model of how the ERPs can be implemented to cause organizational transformation

Implementing ERPs in an organization to attain organizational transformation is a critical area. According to Nandi and Kumar (2016), ERP implementation is not just supposed to focus on attaining competitive advantage. Rather, it should go beyond this and attain efficiency and sustainability for an organization at present and into the future. Therefore, the suggested model for implementing ERPs to cause organizational transformation is Lewin's three-stage model of change. This model provides an unfreeze-move-refreeze approach (Hussain et al. 2018).

Unfreeze - Through the unfreeze part, an organization has to dismantle the existing business model through providing the rationale for change. A minor level of anxiety has to be created about not changing. This can entail letting the employees and other stakeholders understand that the reason TCB receives a reduced number of customers is due to inefficiency in the current model. Afterward, there is a need to create a psychological sense of change that will enable concerned people to become less change resistant. For instance they should be informed that the new ERP will make their work easier.

Move – At this point, the change process involves providing the information that suggests the proposed changes. At the stage where the intended change is executed, the intended organizational behaviour is introduced, by making people learn about the new ERP software, simulate application, and familiarize with its functionalities. The process of change in thoughts, feeling, and behaviour will come from the process of gaining the skills required in using the new ERP.

Refreeze – After attaining the required change, implementation of a new evaluation system is carried out. This entails implementation of new ERP functional areas, new forms of communication and relationships. After making sure that the change becomes permanent, refreezing helps to attain a permanent required change.

TCBs organizational needs (SWOT)

TCB has various strengths, weaknesses, opportunities, and threats in its internal and external environments that have made it to be where it is currently. The analysis of these environments and their relationships, based on the SWOT framework is essential in identifying TCB's organizational needs. The table below shows TCB's SWOT.

Strengths · TCB has competitive employees · It has a huge customer-base · It operates in a unique niche with less competition	**Weaknesses** · The current business model is infective · TCB's operations has flaws · Poor customer relationship management
Opportunities · TCB can leverage technology to intensify customer service. · The market is not yet saturated	**Threats** · May lose customers to competitors · Customer inconvenience will affect the company's reputation

Recommended ERP software

TCB has to use open-source TCB software. The suggested software is *Cloud-based ERP software* – This is software as a service (SaaS) model of ERP software that is available through the Cloud (Chen, Wang & Wang 2019). A SaaS ERP is advantageous because, unlike the traditional ERP systems, they are less costly, and less complex. This advantage derives from the fact that the SaaS ERP products carry out outsourcing or most, if not all of the IT burden, thus lowering costs of maintenance. Besides, they make automatic upgrades, which are easy to implement and deploy. However, it is prone to cyber-attacks and companies adopting them must invest in cyber security measures. The reason for the use of the cloud-based ERP software is due to the low level of experience of the company's employees.

The cloud-based ERP is easy and simplified to suit a low level of employee experience and technological knowhow. Secondly, given that TCB is a small company, the use of the cloud-based ERP is advantageous as it is less costly in terms of acquisition and maintenance. For instance, unlike the in-house ERP software that requires expensive maintenance, the cloud-based ERP software upgrades itself regularly without the requirement to actively pay for it.

Evaluation within Case

Methodological framework to ERP implementation

Avon Gear Company is a manufacturer of precision machined components. It manufactures high precision, helical, spur, and high contact ratio gears, housings, pulleys, and covers. Within the company's years of operations, it had realized that the cost of production was always high. It thus implemented an ERP software that integrated information across its entire business (Bloomberg 2020). The following are the methodological framework regarding how Avon Gear Company implemented the cloud ERP.

i. ERP specification – manufacturing cloud ERP

ii. Track and record production activities

iii. Inventory management

iv. Plat floor data gathering - *receiving, shipping, status changes*

v. Generation of in-depth information for more costing analysis

vi. Outcome – improved inventory accuracy

This example from Avon Gear Company provides important insights through which TCB can derive its implementation. Whereas Avon applies manufacturing Cloud ERP, TCB has to apply internal operations and customer-based ERP as follows;

i. Sales tracking – this will be essential in managing all the sales-related activities in an organized and planned manner

ii. CRM call centre scheduling – this will enable TCB to follow up and allot requests, control staff operations, and classify customer orders.

iii. CSR strategy – this will classify customers into various segmentations through a hierarchical classification of customers in terms of sales, purchase and state of mind.

iv. Mobile CRM with SMS and call services – this aims at making communication simple, efficient and fast. It will also contain features like CRM emailing tools, automatic SMS-sending option, call-directing option, and mass mailing system.

v. CRM contacts manager database – this will enable TCB to manage contacts efficiently. Some of the features will include;

    a. Flexible customer price list

    b. Customer contact management

    c. Customers centralized management system

    d. Complex customer relationship module.

Revised Business Process Model of TCB

The revised business process model for TCB shifts from its previous traditional business model to a digital business model. This means that the manual entry of customer orders, manual recording of telephones and payment through the smart card after making the telephone calls have to end. What follows is a digital business process where every operation is automated. For instance, customers will make inquiries through the company's upgraded website. Customers will key in their payment details and physical address. The ERP system will automatically create inventories for customers and only provide information to the store that contains all the details of the customer. The figure below shows the new business model compared to the old.

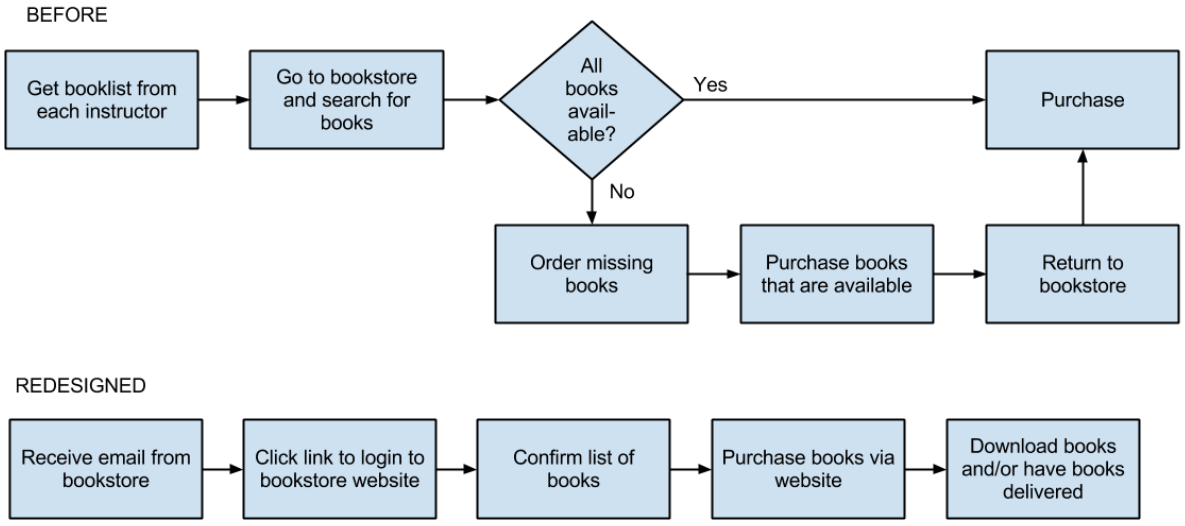

Figure 1: Business Process Model.

Suggested name

Having changed the business process model of TCB after the introduction of the Cloud ERP, there is a need for rebranding. According to Wiradarya and Fahmi (2020), rebranding, when it entails change of business name, it changes perceptions of customers. The aim of changing the business name is to communicate the newness of the business to existing customers, especially those who have been inconvenienced by the previous statuses of services. Therefore, the proposed name is;

New Book Centre

Changes that have taken place

Over time, a business undergoes many changes. Such changes are reactionary to internal or external business environmental factors (Trisakhon et al. 2018). For TCB, the following are the changes that have taken place. The highlighted ones are the changes caused directly by the effect of COVID-19.

i. Moved from traditional to digital business

ii. Number of customers increased

iii. Number of customers reduced

iv. Enhanced its online presence

v. Revenues reduced

vi. Some employees laid off

vii. Its market share reduced

viii. Increased marketability especially for secondary and tertiary level customers

ix. Changes in the company's leadership

x. Changes in the company suppliers

Opportunities and threats

Given that TCB, The New Book Centre has undergone a lot of transformations. These transformations give its opportunities into the future. However, there are likely threats. The table below summarizes the opportunities and threats.

Opportunities	Threats
Expansion into regional and international markets	Online books business may render physical books business obsolete
Leverage on technology will give the company the required competitive advantage	Technological disruption is likely to make investment in technology costly

Recommendations and Conclusion

TCB has undergone business transformation from the traditional model to now a digital model. This digital model will help TCB to enhance its efficiency in serving customers, as well as enter additional niches such as secondary and tertiary customers. However, one of the observable challenges TCB may face in future is disruption to the business. For instance,

TCB will require extensive customization to its current business model to make the ERP fit. Given that the suggested ERP is Cloud-based, it might not fit or align with future changes in the business. Besides, even upon extensive customization, the process of unfreezing, changing, and refreezing may be feasible but the likelihood of employees resisting change is high. TCB is also faced with increased maintenance costs. Amidst all these challenges, the following are the recommendations for TCB.

- Adopt in-house ERP in future – whereas it is relatively expensive, an in-house ERP model is easy to align with the business goals, achieve the required customization and still attain the required outcome (Abd Elmonem et al. 2016).

- Involve employees in change management – When employees are involved in change management, they will suggest or be consulted regarding the required changes. This will prevent possibilities of employees' resistance to change (Hussain et al. 2018).

- Consultative decision making – Change management is complex and it requires input of all major stakeholders. Therefore, an effective leadership is essential in having effective consultations before making change decisions.

- Become technology market leader – Other companies are likely to compete with TCB when they become first adopters of new technology. TCB has to invest in its research and development department to become technology leader in the industry.

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