Teaching Case
Fitness & Wellness Place Appoints a Chief Information Officer

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ABSTRACT

Fitness and Wellness Place (F&W) is a network of fitness and wellness clubs in Spain and Portugal created in 2009 as a result of a buy-out from a large British operator. In 2009, F&W was operating 15 clubs in Spain and Portugal and by the end of 2011, F&W ran 25 clubs. F&W's rapid growth in the period 2009-11 had become a matter of concern to senior management. The lack of control and the poor performance of core processes were negatively impacting the financial results and the firm's reputation. The F&W's Chief Executive Officer (CEO), Nick Summers considered that it was time to make changes to the operating processes and systems. Accordingly, Nick decided to create a new Chief Information Office (CIO) post in the company and sought an industry outsider with excellent business performance who could put things in order. Students are asked to put themselves into the shoes of the new CIO and deal with a broad range of IS management issues through seven assignments. This teaching case was prepared to support a core course on information systems of a business administration and management degree.

Keywords: Teaching Case, Data management, Business process management (BPM), Software as a service (SAAS), Social networking, Security

1. INTRODUCTION

It was Monday, the 5th of March 2012 and Mike Vidal was gazing out of the train window on his way to his new job at Fitness & Wellness Place (F&W). He had been recruited for the new post of Chief Information Officer (CIO). This was a great opportunity for Mike. Since he graduated in Business Administration, five years ago, Mike had always worked as a consultant at a major management consultancy firm. As the train drew into the station, Mike remembered the words of F&W's CEO when he accepted the job: "Mike, I want you to help us hasten the implementation of the new strategic plan of F&W. You will have to work hard to reorganize the company's information management processes and IT systems."

2. PREPARATION OF MANUSCRIPTS

F&W was a network of fitness and wellness clubs in Spain and Portugal, created in 2009 as a result of a buy-out from a large British operator with over 80 clubs throughout Europe. At the time, F&W was operating 15 clubs in Spain and Portugal. By the end of 2011, F&W was a well-established brand in the Spanish and Portuguese markets with over 100,000 members and 1,100 staff. F&W ran 25 clubs and its revenues peaked to €95 m in 2011 (see Table 1). Each F&W center offered a full range of gym equipment, exercise classes, personal trainers, indoor pools, spa and wellness services including saunas, Jacuzzi, hydrotherapy pools, and relaxation rooms, on-site day care, and a restaurant. F&W's strong brand position placed the company in an excellent position for future growth.

	Spain		
	2009	2010	2011
Gross Revenue	€36,960,000	€44,600,602	€56.776,500
Total Expenses (including taxes, interest, depreciation)	€36,405,600	€43,976,193	€56,038,406
Net Income	€554,400	€624,408	7€38,095
Clubs	10	12	15
Members	40,000	48,144	61,050
Employees	450	528	675

	Portugal		
	2009	2010	2011
Gross Revenue	€18,720,000	€22,576,320	€38,386,500
Total Expenses (including taxes, interest, depreciation)	€18,457,920	€22,282,828	€37,925,862
Net Income	€262,080	€293,492	€460,638
Clubs	5	6	10
Members	20,000	24,120	40,750
Employees	225	264	440

Table 1: F&W performance (numbers rounded)

However, F&W's rapid growth in the period 2009-11 had become a matter of concern to senior management. There was a lack of a control over core processes such as billing and customer analysis at the corporate level. There were repeated billing errors and the quality of customer information was poor. The firm's profits and reputation suffered as a result.

Nick Summers, the CEO of F&W, presented the strategic plan for the next three years (2012-2015) in November 2011. Nick's view was that F&W should become a market leader. He set two key objectives: (1) Growth at a rate of three new clubs per country each year; (2) Boost operating profits by 1% each year over the next 3 years. Summers considered that a change in the company's operating processes and IT systems was needed to achieve those goals. To these ends, Nick decided to create a new CIO post and he personally began searching for a CIO in the industry but was unable to find any suitable candidates. In the end, Nick chose an industry outsider with excellent business performance. This was Mike Vidal.

At that point in time, F&W had three levels of management (see Figure 1): Corporate, Country and Club. These three levels and their corresponding posts were inherited from the previous stage with the British operator. There were three senior management posts at the corporate level: CEO, a General Manager of Business Development, and the new CIO position (Mike). At the country level, there was a management team comprising: a Country Manager (in charge of Sales and Operations), a Financial Manager, a Marketing Manager, an IT Manager, and an HR Manager. Posts at the Club level were: Club Manager, Sales Manager, and Operations Manager. There was a difference between Spain and Portugal regarding reporting. Whereas in Spain the IT manager reported to the Financial Manager, in Portugal the IT Manager reported to the Country Manager.

3. F&W's OPERATING MODEL

On Mike's first day at work, Nick suggested he talk to certain managers and other staff to get a better grasp of F&W's operating model and a feel for who was who in the firm. This would help Mike think about how IT and existing processes might support these two strategic business goals. Mike needed to familiarize himself with the company as quickly as possible so he spent the first four days visiting clubs and talking with staff. Extracts from some of his conversations with them are given below.

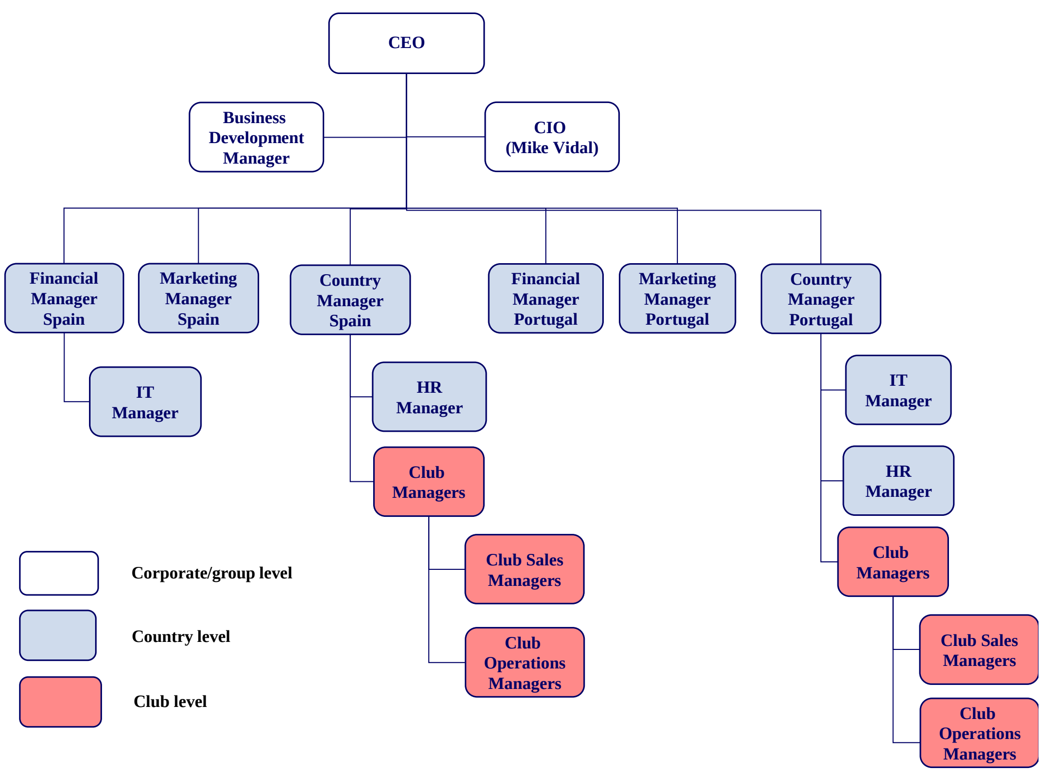

Figure 1: Organizational chart of F&W - management positions

3.1 Interview with Peter van Dalen, F&W's Business Development Manager

Peter had a close professional and personal relationship with Nick. They had worked together for over 10 years. They had the same view of the sector and were closely involved in clubs' daily activities. They visited clubs frequently to get an idea of both what customers and staff liked and disliked. Peter made some comments on the business challenges he faced:

"Today we have 15 clubs in Spain and 10 in Portugal. I am currently working on a couple of deals that we hope to close in the next 4 months. We are talking about two acquisitions of well-established fitness centers, one in Valencia and another in Oporto. Once a deal is struck, we want to make the transfer in no more than 30 days. This involves training staff, changing markings, properly equipping fitness and wellness rooms, and lastly putting in our IT systems to run the club. Of course, this includes the migration of their systems into ours."

Peter also insisted on a new line of business that had great potential: "Several five-star hotels have recently approached and offered us the chance to run their fitness centers. We think it is a wonderful opportunity to capitalize on our know-how in the management of fitness centers. In addition, this line of business enables us to grow without much leverage. We run the business for them — that means that they invest in upgrading their facilities and equipment, and we deploy the working processes and systems. Please help me on this matter. Think about standardizing operations in this line of business and the kind of technological infrastructure and applications needed."

3.2 Interview with Jose Saa, Marketing Manager at F&W Portugal

"In the Marketing Department, we carry out three main tasks: promotion, product design and pricing. We are heavy users of on-line channels in our campaigns and we consider this approach has been very successful. Likewise, our products have won several innovation awards. Although we try to design the products in co-ordination with the marketing department in Spain, each country has special features and so products show some differences…"

When asked about product pricing, Jose noted: "In Portugal we have had some problems with pricing and I imagine the same goes for Spain too. We usually set prices for products but quite often we find that a given product is differently priced at each club or even within a club. This happens because although we set the price for each product, the price is adjusted by the salesman at the moment of sale. I do not like this as it damages the brand's reputation but the sales teams take a strong line on this issue. They want to be the ones who make the final decision on the price for a given product and prospect. We have always worked like that. Moreover, our sales prospecting systems allow variable pricing. In fact, when salesmen register a new member and add a product, instead of automatically referring to a price list, the system forces salesmen to fill in data fields to establish the base fee of the new member. What it boils down to is that price is specific for each customer."

"About 6 months ago, we launched a new service called 'TOP member'. It has been very successful — we got 1000 new members in the first month alone. TOP members are allowed to use any club in Portugal and Spain at no additional cost. This service is particularly attractive for people who travel a lot in their work. We promise them that they can find us wherever they go. TOP members use a different card from regular members. TOP members simply show their card at reception but do not go through the usual electronic gates. Reception manually notes the TOP member's card number in an EXCEL file at the entrance. This means headquarters does not have up-to-date information on where TOP members go and when. At the moment, information on TOP members' use of clubs is sent to us only once a month from each club. We then merge all that data to get a full picture of each TOP member - a fiddly task that takes 3 more days of work. It is too time-consuming. We are losing opportunities for improving the service."

3.3 Interview with Marta González, Country Manager at F&W Spain

Marta was appointed Country Manager just three months ago: "I am quite new in this job…but I have some experience as Club Manager in three other clubs in F&W Spain. As a Country Manager, my main concern is to tune the reporting. I receive a daily report through e-mail from each club in an EXCEL file. This report contains information for each club in Spain and gives the actual and the budgeted number of live members, leavers, hours of personal training sessions, sales of articles at the point-of-sale, etc. Then my assistant pre-processes all this information for me and consolidates the EXCEL files from all the clubs into one. This consolidated file is really my main working tool. I use it to see how things are going and to quickly identify deviations. We use an EXCEL sheet for each month… and it is really good because it is very easy to use. However, when I want to analyze and compare data from various months, things get tricky. I have to use several sheets at the same time and that is very limiting. I would like to have a tool that gives me an easy way to analyze information at different levels of aggregation: daily, weekly, monthly, etc. Apart from this report, we have around ten other reports, for instance, debt recovery, gym activity, sales commissions, deferred revenue, service KPI, etc. At headquarters we have one and a half full-time staff collecting the data from multiple internal sources and drawing up these reports. Considering that all the data comes from the systems we have at F&W, I would have expected more automation. By the way, from what I have seen so far, Portugal works the same way as we do in terms of reporting."

3.4 Interview with Larissa Pinto, Club Manager at F&W Portugal

Larissa has over 15 years of experience in the sector and had worked for F&W's two main competitors. She stressed the billing process and the management of debtors: "At clubs we are in charge of billing at the end of the month. It is usually chaotic. The last two days of each month are wholly taken up with billing. Moreover, we have made several mistakes with invoices over the last six months. It seems that some member data is wrong — basic things like bank account numbers, family names and fees. These glitches arise from typing

errors or members changing their bank accounts and failing to tell us. We are cleaning up the data but it takes time and new mistakes appear with each billing cycle. Luckily, we have picked up such mistakes before sending the payment orders to the bank so customers have not noticed them. However, mistakes force us to run the whole billing process again and that slows things down to a crawl. If payment orders arrive later than the last day of the month, it pushes up the default ratio, which in our case around it is around 10%!
Then there is debt management. Debtors are chased up by the finance people at the headquarters in Portugal. However, we have no information on this at the club. Among other things, it means we sometimes provide services to members who are two months in arrears. We see and talk with them every day but we do not know that they owe us money. It would be much better for business if we were made aware of sums owing when members swipe their card in the entry gate. The salesman has a vested interest in making sure everyone pays his dues because they get no sales commissions on members who run up debts within three months of joining the club. ."

While listening to Larissa, Mike remembered what Marta González told him about reporting. Mike asked Larissa what she thought about it. Larissa said: "We have an EXCEL template that I fill every day with the data that I extract from sales prospecting, membership, control access, and point-of-sale systems… It takes me about an hour a day but there is more. I have to send headquarters in Portugal a weekly summary. That takes another 4 hours. They constantly phone us and ask for data which I do not always have on the system so I have to ask others in the club… for instance the Club Operation Managers, the Sales Manager, or reception staff. Then there is the manual control of TOP members. You can imagine that at peak times, reception is just too busy to note them down. I hope we can simplify and automate all this work… We also have reporting at the club level for instance, to monitor prospects."

3.5 Interview with Sandra Komrowski, Club Sales Manager at F&W Spain

When asked about the daily problems with the sales area at the club, Sandra spoke about the management of prospects and members: "We have one system for the management of prospects called ACT! and another for management of members called Member Track. We spend too much time transferring data from ACT! to Member Track. This transfer task is supposed to require little staff effort because it is automated. We have an import option at Member Track that reads the prospects' data from ACT! and automatically creates the new members at Member Track. However, because some prospects were missed in the past, salesmen prefer to do things manually rather than rely on the import feature. So some salesmen re-type all their new members in Member Track every day. This is very time-consuming. We are under a lot of pressure to recruit new members. The more time that we spend on these tasks, the less time we have for selling. This manual re-typing has also led to input errors that come to light during the billing process. This happens much more often than we would like."

Sandra also expressed her concerns about the lack of automated tools for controlling sales staff, "They have a lot of room for maneuver regarding the final price of products. For instance, when we get a message from the Marketing Department about new products and new prices, we must enter them on our IT systems. I do it myself. It is a task I would not have to perform if Marketing had access to our prospecting and membership systems. I could save myself the bother. As things stand, I cannot ensure that salesmen do not change the price of products at the moment of sale. When they register a new member they assign a price which may be different from the price recommended by Marketing because they can apply discounts. So I spend a lot of time checking the discounts that salesmen give to a new member. The problem is, once a discount has been applied it is hard to change, even when it is a mistake. How can we tell a customer that his or her discount no longer applies? If we do so, we are likely to lose the customer. The end result is that there are as many prices of products as customers have that product. I need a system that automatically limits salesmen capacity to change prices or that at least forces them to get my approval before they set a different price for a prospect. That is, the IT systems should help Sales Managers more in tracking and controlling both prospects and existing members."

3.6 Interview with Diego Martinez, Financial Manager at F&W Spain

"We are in charge of consolidating the financial data from the business in Spain and Portugal. This currently takes us about 4 weeks. We have to slash that time and we need to standardize processes to do so. However, that is impossible unless we all use the same system. Spain uses SAGE and Portugal uses Agresso. We are happy with SAGE. We need to talk with Portugal and convince them to move to SAGE. It is absurd that we use different systems for the same purposes. We should lead this standardization process. This would also help slash IT maintenance costs — something that might interest you. We need to centralize the IT function to achieve synergies and develop new projects while building a strong support team that works closely with each club. The Finance Department also deals with debt recovery because it is the only way to ensure that a single procedure is used by all the clubs. If we don't control this process, we cannot guarantee its effectiveness. I also have my doubts about clubs' incentives to chase up debtors. They only worry about sales — if you catch my drift".

3.7 Interview with Luis Roberto Barroso, IT Manager at F&W Portugal

Luis Roberto described the business applications and databases running in Portugal thus: "All the clubs have the same types of applications. Each club has a server that runs all the business applications: sales prospecting, membership, access control, billing, booking and point-of-sale. Likewise, each club has its own database. So data covering prospects, members, invoices, agendas and trainers are specific to each club and are not shared. The only data that are shared cover products given that Marketing creates new ones and sets prices. However, each club has its own table of products, which is maintained by the Club Manager. Moreover, the same product is assigned different codes at each club and some clubs that have obsolete products in their databases."

Mike then asked Luis Roberto whether the situation in Spain was the same. The answer was: "Yes we all work with the same decentralized client-server model. However, the versions of these business applications are different because it depends on the provider implementing it. You should also be aware that Portugal and Spain do not always follow procedures to the letter. This is reflected in the way they use the systems. For instance, I know that we use different fields in ACT! than Spain, and that our prospecting and membership systems are fully integrated insofar as they share the same table for prospects and members. This means that salesmen in Portugal do not spend time importing from ACT! to Member Track. This was a project that we considered critical and implemented 15 months ago. We had a major incident due to the existing redundancy and corruption of data. Probably in Spain they have not integrated the prospecting and membership systems because they are more disciplined and update data on prospects and members more often."

Luis Roberto complained about the constant changes Marketing made to the business, which he saw as hindering him in planning and managing F&W's IT systems. For instance, the 'TOP member service' was decided on and launched in just two days — "I had no time to make the required changes to the membership, control access systems and billing systems. I had to prioritize billing. So we finally had to design a manual process for such members at reception. This kind of high-handedness by Marketing overwhelms my team and I don't know how to put a stop to it. I realize Marketing boosts business revenue but they must also understand that their ideas are not simply 'plug and play' for us."

At the end of the conversation Luis Roberto drew Mike's attention to the website: "By the way, I forgot. We have also a big issue with the website. We don't have any control over it. The marketing people do. We initially had some input but then they decided to outsource the portal because they said that we were not agile enough in developing new services and that we were very expensive. So they hired a developer and contracted a service provider to host the website. That approach has caused problems for the business. First, the website suffered several denial-of-service attacks and hacking. When that happened, the Marketing Department called us because the provider did not act swiftly enough. However, we can't do much about it. We did not negotiate the deal with providers nor did we design and develop the website. I am sure that the code would not pass a security audit. Worse still, the website server holds a database with information on products and members, so we have a legal issue too. On the other hand, the Marketing people often announce the new services first on the website and then send a message to clubs. Clubs must register those new products in the ACT! and Member Track systems. As you can imagine, it is not uncommon for salesmen to be unaware of new products that have just been put on the web site. It is embarrassing for them when customers ask about a product that the club has not been told about. In some clubs, I have seen salesmen browsing the website every day to see if there are any new products. When there are, they call the Marketing department for more information and register those products in ACT! and Member Track. So salesmen have effectively created their own parallel procedure for registering products! I would like you to help me with these two issues. Please convince Marketing that the vulnerabilities and inconsistencies of the current web site management model are hurting our business."

After the interview with Luis Roberto, Mike wrote down the list of business software applications at F&W (see Table 2):

Business application for club management	**Name of application**
Sales prospecting	Sage ACT! and SDA sales manager (for the analysis of sales actions carried out in ACT!)
Membership management	Member Track
Billing	Member Track
Control Access	Member Track
Point-of-sale	FirmPOS
Booking	Managed by trainers through Outlook and EXCEL and later noted in Member Track when the session ends.
Reporting (at clubs and headquarters)	EXCEL
Finance (at headquarters)	ERP Financial Management from Sage (Spain) and Agresso (Portugal)

Table 2: Business applications at F&W

4. NEXT STEPS

It was Friday the ninth of March 2012 and Mike Vidal had spent his first four days at F&W going around and talking with staff — something that had given him a full picture of the company. Mike knew that F&W's decentralized operating model had worked well for the firm in the past but had become an obstacle to the new strategic plan. He was also keenly aware of the key role information systems should play in implementing the plan. The challenge that lay ahead for the coming months was an exciting one.

5. ASSIGNMENTS

This section presents the seven assignments covering the case. To work on these assignments, students are asked to put themselves in the shoes of Mike Vidal, F&W's CIO.

1st Assignment: CEO brief on opportunities for improvement

After Mike Vidal's first four days at F&W, the CEO asks Mike (you) to prepare a report analyzing two of F&W's most mission-critical areas: (1) prospecting and membership; (2) billing and debtor management. In particular, you have to analyze the current state of these two applications, their problems and the scope for improvement and your recommendations.

2nd Assignment: Members Really Matters at F&W

The CEO and F&W's Marketing Managers want to launch the project "Members Really Matter", whose aim is to provide a 360° view of F&W's members which will ultimately help boost customer satisfaction and the firm's operating margins. Taking into account the current level of data fragmentation and redundancy at F&W, it is clear that this project means making changes to the current software applications in general and to the way data are organized in particular. There are debates among F&W managers as to whether they should: (a) continue with the current organization of data (that is, with each club having its own database of products, members, prospects, salesmen, fees, etc.) or (b) build a sole database for each country, or (c) build a sole corporate database, or (d) come up with a mix of these scenarios. Discussion of the subject has made it clear to everyone that choices regarding data redundancy, fragmentation and integration will deeply affect the way F&W performs sales, billing and marketing functions. Taking into account the current organization of data for each software application at F&W (see columns 1, 2 and 3 of the table 3), make a choice for a new organization of the data (either by club, country or corporation). Provide arguments for your choice and describe the organizational changes that would be required. Your arguments must take into account: (1) the project's two main goals (to boost members' satisfaction and the firm's operating margins); (2) the potential changes in the organizational structure that your proposal entails (the fewer changes needed, the better).

Software application	Data used by the software application	Current data organization
Prospecting	*Prospects, Salesman, Products, Product fees/prices*	Club
Membership	*Members, Products, Product fees/prices, Salesman*	Club & Corporate (for Top Members)
Marketing	*Products, Product fees/prices, Campaign, Promotion*	Club & Country (for campaigns and product fees/prices)
Billing & Debt Management	*Members, Products, Product Fees/Prices, Invoice, Debtors*	Club & Country (for debtors)
Point-of-sale	*Articles, Prices, Stock, Members*	Club

Table 3: Organization of data

3rd Assignment: Modeling F&W's business processes

One of your immediate goals at F&W is to standardize the way the gyms are run (i.e. business processes) and then invest in software that automates these processes. This has led the CIO to collect information on two prospect and member management procedures (first contact with prospect, and billing). The objective of this assignment is to model these two processes using BPMN (Business Process Modeling Notation).

The information needed to carry out this exercise has been provided by the IT Manager for Spain and the director of one of the Spanish clubs. In particular, the IT Manager gives you the following data model (using idef1x notation) on which both processes operate (see Figure 2).

A brief description of the entities of the data model follows: The *Prospect* entity stores potential F&W members. When someone initially approaches F&W for information, the system automatically catalogues the person as a new prospect. Salesmen assign a likelihood of a prospect becoming a member (status attribute). The *Status* entity stores these statuses. F&W staff data are stored in the *Salesperson* entity. Every time a prospect contacts F&W, a salesperson records this in the *Contact* entity. The *Member* entity records those prospects who have decided to become F&W members. Each member is assigned to only one club (the one where the member signs up). Clubs are stored in the *Club* entity. Note that each club can have a different rate, although it is the same for all members of that club.

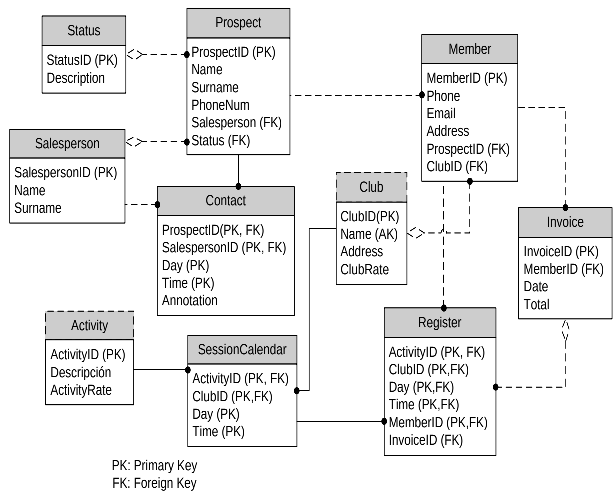

Figure 2: Data model

Each member, in addition to enjoying club facilities (gym, pool, sauna, etc.) may sign up for various extra activities (yoga, spinning, Pilates, etc.). These activities, which are recorded in the *Activity* entity, incur additional fees over and above the basic membership rate. These fees are charged depending on the activity and the number of sessions attended. Any activity can be taken at different clubs and different activities can be taken at one club. A *Session Calendar* entity has been created to reflect this rule, which will record the sessions of an activity taken in a club. A member may sign up for any of these sessions, which are stored in the *Register* entity. Finally, the *Invoice* entity records monthly invoices for each member.

In your interview with the Club Manager, you have discovered how the following two processes operate: (1) first contact with prospect (by telephone); (2) billing. Note: You can assume that the primary keys of all non-associative entities are automatically created by the system (in other words, you do not have to assign a value) when you create a new record.

1. First contact with prospect (by telephone)

A person calling F&W is attended by a salesman, who answers any questions the prospect may have about the services offered by F&W. Just before ending the call, the caller should be stored in the system as a prospect and the contact should also be recorded. The salesman asks for the caller's name, surname and phone number, and enters the data into the system. With this data, the system first of all verifies that no one is already registered as a prospect either with this name plus the surname or with the same phone number. The system will notify the salesman if the person has already been registered as a prospect. If there is already an entry, the system ends the process. If the entry is a new one, the person is signed up as a prospect. The salesman then types in his code (SalespersonID) and the status of the prospect and the system stores this in the database. The telephone call (not the process) will end at this point. Then the system creates the contact. To do this, the salesman types in the date and time and makes the appropriate entries (field description) covering the call. The system stores this data in the database and the process ends.

2. Billing

At the end of the month, each club uses a software application to automatically start the billing process for each of its members. Each member is billed for two items (1) the base rate membership for the home club; (2) any extra activities taken during that month (at any of the F&W clubs). Since this billing process is carried out at each club, there are currently 25 billing processes. One should note that although all clubs operate on the same data model, each has its own database that is physically located on each club's server. This means that there are as many 'invoice' tables as there are clubs, and hence the information has the same format but is not shared. For example, each club has its 'register' table, which stores information on usage club facilities. This usage may correspond both to members who signed up at that club and to members of other clubs who have taken an activity at the club in question. This affects the billing process, given that different databases have to be cross referenced for data.

The process is as follows. The system generates a new entry for each club member in the 'invoice' table with the member and the date (the internal system date). The system will then consult its database for the sessions attended by the member during that month (whether at this or another club) in order to generate the final bill. The system will record the activity as billed (using the 'invoice' field in the 'register' table).

At this point, the billing process will read its members' usage data at other clubs. This information is in an EXCEL file, generated manually from the information that a given club receives from other clubs. This EXCEL file can be treated as another table called 'External Activity Log' (which is not reflected in the data model). The information contained in this 'External Activity Log' is: MemberID, ActivityID, ClubID where the session has been taken, Date, and Time. The billing process will search through this table for the member's usage for the bill being generated and will calculate the amount corresponding to usage at other clubs.

Then the system will calculate the total amount to be invoiced (amount of usage in the club itself plus usage in other clubs plus the club's base rate), store it in the database, print out the bill and send it to members by post and e-mail. The data contained in the printed bill includes: member's personal details (name, surname(s) and address), the base price associated with the member's regular club, the list of sessions consumed (activity, date and time), the price of each session and the total amount.

4th Assignment: Preliminary recommendations for a new CRM system

After reading Mike's report "Problems and opportunities for improvement of two of the applications: prospecting and membership, and billing and debtor management", the CEO thinks that it is time to upgrade the existing front-office systems (i.e. access control, prospecting, membership, post-of-sale, booking, billing, marketing) in Spain and Portugal. With this transformation project, the CEO expects to achieve the following two business objectives: (1) to standardize the business operations to permit business growth; (2) to improve the operating margins by integrating the information processes covering prospects and members. In a week, Mike (you) will attend the monthly Executive Committee meeting and the CEO has asked him to make recommendations for this project. Prepare a report for the Executive Committee to answer the following question: Should F&W go for a traditional off-the-shelf (on premises) or a SaaS (Software-as-a-Service) enterprise system?

5th Assignment: Customization of a CRM system for the management of prospects and members at F&W

After reading your report "Preliminary recommendations for a new CRM system" and having discussed it with other executives at F&W, the CEO thinks it is time to implement a CRM system. The idea would be to replace the ACT! and Member Track applications currently running at the F&W's clubs by a single application. The CEO considers that the best choice is a cloud-based customer relationship management solution (also called software-as-a-service). A cloud-based solution would slash the time to launch the project by speeding up the going live, minimizing the initial investment and ensuring standardization of clubs' working practices.

After a quick search of cloud-based solutions in the market, Mike identified five candidates: Salesforce (salesforce.com), Microsoft Dynamics CRM (crm.dynamics.com), ZohoCRM (zohocrm.com), Sage CRM (sagecrm.com) and Open CRM (opencrm.co.uk). After a first analysis Mike's choice is ZohoCRM because he thinks it is the one that best fits F&W's needs. For the Executive Committee meeting next week, the CEO asks Mike to prepare a more detailed gap analysis in order to see whether zohoCRM fits F&W's business needs and to identify what must be done to address shortcomings. In the gap analysis, you must take into account of the following functional requirements:

1) For each new prospect and/or member you must store the following information: forename, surname(s), salutation (Mr., Mrs., Miss., Dr., Prof.), marital status, address, postal code, city, country, work phone number, home phone number, mobile phone number, e-mail, first contact channel (phone, e-mail, facebook, twitter,…), status of the prospect (e.g. first contact, lost, stand-by , 'hot'), registration date, conversion date (that is to say,

the member's joining date) and other custom fields (e.g. Do you wish to receive the free monthly newsletter?).

2) Each prospect and member will be assigned to a salesman (the owner). A prospect and/or member will always have only one owner at any given time. The new application must be able to track changes in the salesman serving a prospect or a member. This feature would help ensure F&W's salesmen follow company guidelines.
3) The new application must store the history of correspondence with prospects and members (e-mails, letters, etc.).
4) A warning message should be generated for prospects with the same surname and date of birth to stop accidental entry of duplicate contacts.
5) It should be possible to define groups of prospects and/or members by different criteria. This can be used to link prospects or members of the same family or company. A prospect and/or member may belong to any number of groups.
6) It should be possible to reassign the salesman for a group of prospects.
7) It should be possible to look up prospects and members by any of the data fields and to perform more complex queries such as enquiry 'date greater than x'.
8) The system should have a calendar function so that a salesman can see appointments for the day/week selected, including pop-up reminders and the ability to print activities per day.
9) It should be possible for salesmen to schedule activities (for example scheduling a visit, making a phone call, writing an e-mail or a letter to a prospect and/or member) in the calendar.
10) It should be possible to generate reports for the scheduled activities for a given prospect and/or member.
11) It should be possible to generate reports on the salesmen's activity.
12) The new application should treat prospects and members the same way. That is, the data about prospects and members should be captured by the same user interface and data re-typing should be minimized (this refers to the conversion from prospect to member). The conversion from a prospect to a member should be straightforward and involve as little re-entry of data as possible.
13) It should be possible to generate a report on new prospects by salesman and period.
14) It should be possible to generate a report on changes in the status of prospects by salesman and period.
15) It should be possible to generate a report of new members by salesman and period.
16) It should be easy to import prospects and members from the existing systems at F&W: ACT! and Member Track.

Write a report for the Executive Committee that contains the following:

1) Indicate the ZohoCRM tabs/modules that you will use for prospects and members.
2) Indicate the degree of compliance for each functional requirement (0% indicates that the requirement is not supported by ZohoCRM, 50% indicates that ZohoCRM does not support the requirement by default but that changes can be made to ZohoCRM to support it, and 100% indicates that ZohoCRM fully supports it). Likewise, provide a justification for the degree of compliance that you indicate for each requirement (for instance, if the requirement is supported, indicate which menu options should be used, or if it is partially supported, indicate what is supported and what could be done to fully support it).

6th Assignment: F&W teams up with social media

Nick Summers, F&W's CEO, has just arrived from the annual congress of IHRSA (International Health, Racquet & Sports Club Association). There, he has seen some interesting experiences from competitors with social network (or media) – facebook, twitter, etc. –. He tells Mike. "Look, I need to understand the implications of teaming up with social media". He adds "Prepare a report about how F&W could use the social media to be more customer-oriented, and present it at the monthly Executive Committee meeting. Keep in mind the two strategic goals for the next three years." In particular, your report is supposed to address the following questions:

1) How could F&W use social network/media tools in interaction with customers?
2) What type of benefits could F&W expect from the use of social media?
3) Who should lead this initiative within F&W? Should F&W create additional structures to manage this initiative?
4) How should these social media tools integrate with existing IT systems at F&W (consider the IT systems as consisting of processes, data, technologies)?

7th Assignment: Using Dropbox at Fitness & Wellness

After three months in the company, Mike Vidal feels that he has things under control. He has been able to put the firm's IT in order, grasp the company's operations and foster the use of innovative social media tools in interaction with members. Now he faces a new challenge. On his last visit to one of the clubs in Barcelona, he discovered that salesmen were using Dropbox to share presentations, internal memos, and EXCEL files containing members' data. He could only wonder what data protection laws were being broken in the process. What would happen if confidential corporate data such as F&W's financial statements or members' personal addresses, phones and even bank account numbers were to leak out? Given that he was new to the company, he asked IT managers and other executives in the two countries what mechanisms there were to safeguard data. He was stunned to discover there were none.

On the one hand, he knew that cloud file-sharing (for example, Dropbox, Onedrive, GoogleDrive) was becoming commoner with each passing day. On the other hand, he is seriously concerned about possible privacy and security incidents such as theft of customers' information or even the legal consequences of unlawful disclosure of their data. He needs to propose initiatives to ensure data security and privacy and get the CEO's approval for implementing such arrangements. What measures would you propose and why? Which F&W staff should be involved in a team implementation of such measures?

AUTHOR BIOGRAPHY

Joan Rodon is an Associate Professor of Management Information Systems at ESADE Business School, Universitat Ramon Llull, Spain. He has published articles in journals including *European Journal of Information Systems, Journal of Information Technology, Information Systems Journal, Decision Support Systems, Communications of the ACM, and International Journal of Production Economics*, and presented his research as major conferences including *International Conference on Information Systems, European Journal on Information Systems, and Academy of Management Proceedings*. Joan has taught in the areas of system analysis and design, management information systems, strategy & technology, and digital platforms.

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