

Way 23: identification of core business areas

Introduction

Identification of core business areas is one of the outcomes that will be created while carrying out the third cycle: “Analysing IS resources and IT infrastructure” from the [four cycles method of Salmela & Spil](#). The identification of the core business areas elaborate on earlier analysis of core business processes (outcome 17) with the analysis of the degree to which a competence is significant in terms of access to wider markets, customer significance, and risk of imitation. (Salmela & Spil, 2002)

Based on the analysis in outcome 23 it can be determined in outcomes 24 up to and including 28 what the information systems and future infrastructure needs will be.

Outcome 23 is a logical continuation on outcome 17 and builds upon the analyses from outcome 17 to determine which business areas are suitable for expansion and for creating a competitive advantage. Later in the third cycle this will lead to a portfolio of new IS project plans.

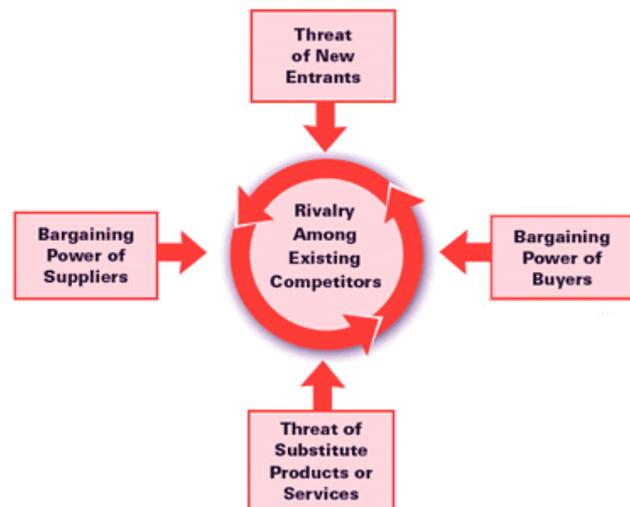
How to use

In order to identify the core business areas a [competitive forces analysis](#) from [Porter](#) can be carried out. [Daft, 283] See figure 1. The different forces have to be filled in to represent the current situation of the company. This will result in a [strategy](#) on which the company can find its competitive edge. Differential, cost leadership and a focus strategy. This analysis might be combined with a [PEST](#) analysis for more results and to guide strategic decision-making.

The Five Forces That Shape Industry Competition

Strategy can be divided in three layers:

[Corporate-level](#), [business-level](#) and [functional-level](#) (see also the figure on the right). [Daft 276] It is off course of utmost importance that top management and information management agree on the results of the business analyses carried out in outcome 23. Ideally the people working on the business-level strategy cooperate with the people working on the information (functional level) strategy to carry out the business analyses so that congruence between the levels is achieved.



from "The Five Competitive Forces That Shape Strategy" by Michael E. Porter, *Harvard Business Review*, January 2008

References:

Daft, R. (2005). *The new are of Management* (7th Edition ed.). Cengage Learning, Inc.

Salmela, H., Spil, T. (2002). *Dynamic and emergent information systems strategy formulation and implementation*. *International Journal of Information Management* 22, pp441-460.