IT Strategy Paradigms:

Ways to understand and develop IT strategies in a Coherency Management Context.

What is an IT strategy

I have been able to identify two major approaches to articulate IT strategies.

The first major approach is the typical **MIT Sloan School of Management** approach that support the issues of a some how detached IT strategy from the corporate strategy. The strategy is build upon the assumption that IT is complex, and needed to compete with other organizations on particular issues. IT is a vital component and can't be ignored in the ever changing competitive environment that most enterprises are in.

The notable theoreticians within the paradigm of the **MIT Sloan School of Management** are Erik Brynjofsson, Jeanne Ross and Peter Weill.

I title this approach the separated IT approach.

I have likewise been able to identify an opposing approach. The opposing approach deals with that IT is that dominant that the executives have to include IT in their corporate strategy. IT can't be seen as a unique form of investment since IT is equal to many other forms of technology e.g., machines, cars, boats etc.

There are so far rather few theoreticians who commit openly to this approach to IT strategy, the most notable is properly Chris Potts and Scott Bernard (who indirectly support this approach through his views on *Enterprise Architecture*).

The later approach seems promising since it promotes that the various actors within the enterprise should work along side in a coherent fashion which is in the spirit of Enterprise Architecture.

The two approaches do share some common features e.g., the time frame, the focus on technology and principles needs to be addressed and that IT is a necessity to compete in the modern economy.
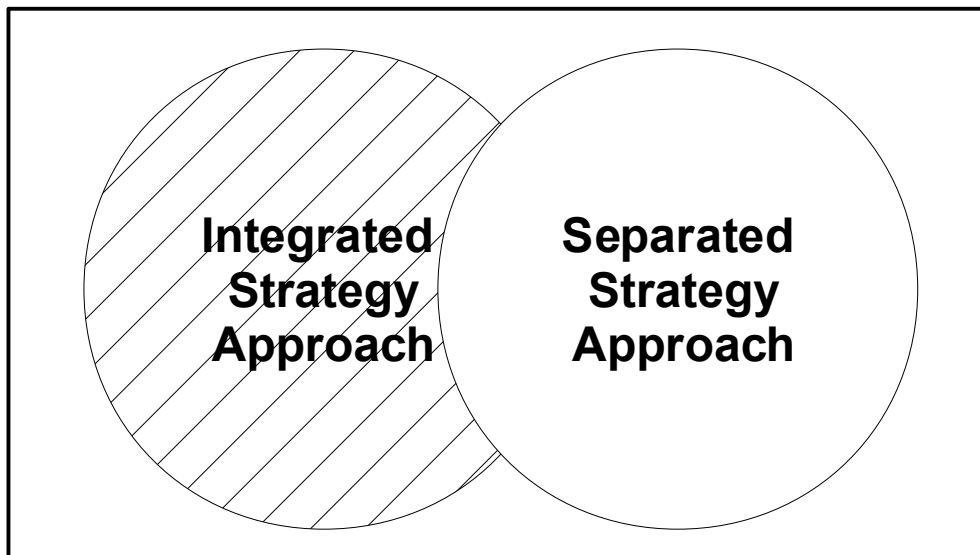
Illustration 1: The Two Approaches.

The Integrated Strategy Approach

The executives have to understand IT when they work with strategy and they have to understand the impact of applying Information Technology to e.g., Information Systems such as ERP systems,

CRM systems or similar. McKeen & Smith (2004) that Information Technology is in nearly all aspects of an enterprise today. That means that the enterprise and the management of the enterprise needs to adjust to the new situation. McKeen & Smith argues that the IT department needs to be proactive to cope with the changes in the industry and the social conditions of the enterprise.

The IT managers don't necessarily understand the future work with the business and it might lead that they develop assumptions that are out of touch with reality. Neither can we expect that IT persons (or for that matter other persons) knows everything or equally good at anything.

What is important in tis particular approach Potts argues that the need for governing the enterprise as a coherent entity and therefore should the enterprise avoid the detached IT department.

Chris Potts works with the assumption that any kind of modern and Western economies have to include IT in some way. Therefore should the executives (or other strategists) include IT in the articulation process of the corporate strategy. Potts argue that the IT department shouldn't be separating from "the business" will lead to that the IT department, and the services the IT department provides the business will be seen as an external entity and therefore can't the IT department have any influence on the corporate strategy.

This leads to the separated strategy approach that have some opposing views on how the enterprise should be dealing with IT in the strategy planning session.

The Separated Strategy Approach

The operating model is what the enterprise should be working with. This particular model maps how the enterprise works. Ross & Weill"s approach is that there are four different generic approaches that the enterprise can make use of (Ross & Weill 2009).

The operating models are then deal with through the needs of the business; but the assumption that Ross & Weill works with is that IT is complex and that executives from the business don't understand how IT works.

Along side McKeen & Smith they claim that IT needs to become a proactive force but yet IT is that complex that it needs to be governed and dealt with by specialists or generalists who have an understanding of how IT works and how the various implementation approaches of IT works.

What The Approaches Share

Both approaches share features from one another e.g., the both approaches defines IT as a complex form of investments that needs to be governed. Likewise does both approaches suggests that the articulation of the strategy isn't enough. The strategy needs to be embodied in the actions of the executives.

Both approaches suggests that IT is a corner stone in how the enterprises do business now a days. Both approaches argues that "the business" and the IT department needs to understand one another to make the necessary decisions to create synergy and through that make the business perform as it had more resources at hand.

Coherency Management

In a context of Coherency Management IT plays a decisive role in the foundation architecture, and

the ideas presented in Ross & Weill (2006 & 2009) and FruITion both appeal to the usage of Enterprise Architecture to combine business and IT to create competitive advantages. The foundation architecture is characterized by the CIO and the IT department is the driver for enabling an Enterprise Architecture program. It is essential for any enterprise that pursues assurance, alignment and agility to establish an understanding of how the enterprise works and then apply the tools to elevate the Enterprise Architecture program to embrace more than just the IT department.

In conclusion an IT strategy should be tightly coupled to the corporate strategy to make any kind of benefit from working and governing IT.

Appendix

McKeen, J.D. & Smith, H.A., 2003. *Making IT Happen: Critical Issues in Managing Information Technology*, John Wiley & Sons.

Potts, C., 2008. *fruITion: Creating the Ultimate Corporate Strategy for Information Technology* illustrated edition., Technics Publications, LLC.

Ross, J.W., Weill, P. & Robertson, D.C., 2006. *Enterprise Architecture as Strategy: Creating a Foundation for Business Execution* illustrated edition., Harvard Business School Press.