Competitive Advantages Through

INTEGRATED GOVERNANCE:
A Model to Achieve Benefits Through Coherency Management.

A Literature Review

- **Bernard (2005)** suggests that integrated governance deals with strategic planning, capital planning, workforce planning and security. **Enterprise Architecture is a part of this**.
- The literature review will therefore discuss organization theory (workforce planning), strategic planning (corporate and IT strategy), and Enterprise Architecture and Coherency Management.
- The review has been based on some premises that are fundamental for the further work (see the next slide).

Premises

- The **corporate strategy** is the primary strategy. All other forms of strategy needs to be aligned with it.
- When **executives** are informed on how the enterprise works, then they will act accordingly to that**.**
- Governance is the **embodiment** of strategy. (Plans for the sake of plans means nothing)**.**
- Coherency Management is the **maturing** process of **Enterprise Architecture** to achieve **strategic benefits**.
- Organizations are complex and often misaligned and sub – optimized.
- All organizations have an **architecture**.

Schools of Corporate Strategy

- Mintzberg et al. (2008) has defined 10 strategic schools.
- Three schools of interest in this review:
  - The Design School.
  - The Planning School.
  - The Entrepreneurial School.

The schools that had the biggest influence.

The Design School

- Deliberate process of consensus thought.
- The CEO is the **chief executive** and he should have the ultimate responsibility and control.
- The strategy formation has to be kept **simple** and **informal**.
- The strategy has to be **unique**.
- The design process is completed when the strategy is seen as a **perspective**.
- The strategy has to be kept simple and **explicit**.
- When the strategy is fully formulated (explicit, unique, full blown (coherent), simple and build on the consensus) can the strategy be **implemented**.

The Design School

- It **doesn't** emphasize learning.
- It doesn't take **emergent** strategies into consideration.
- The organization should **change** its **form** when the organization **changes strategy**.
- The formulation process is **detached** from 'the core of the enterprise'.

The Planning School

- Strategy is a result of a **controlled process**. The process is **supported** by **check lists** and **techniques**.
- The CEO has the overall **reponsibility**; however the planning staff is responsible for the implementation.
- The plan has to be fully-blown in order to allocate **attention** to **objectives**, **budgets**, and **operating plans**.

The Planning School

- The actors of the organization are too **detached** to create any form of synergy.
- The planners neglects soft-facts.
- The planners suffers from the **rubber stamp** syndrome.
- Planners creates their own **empires**.

The Entrepreneurial School

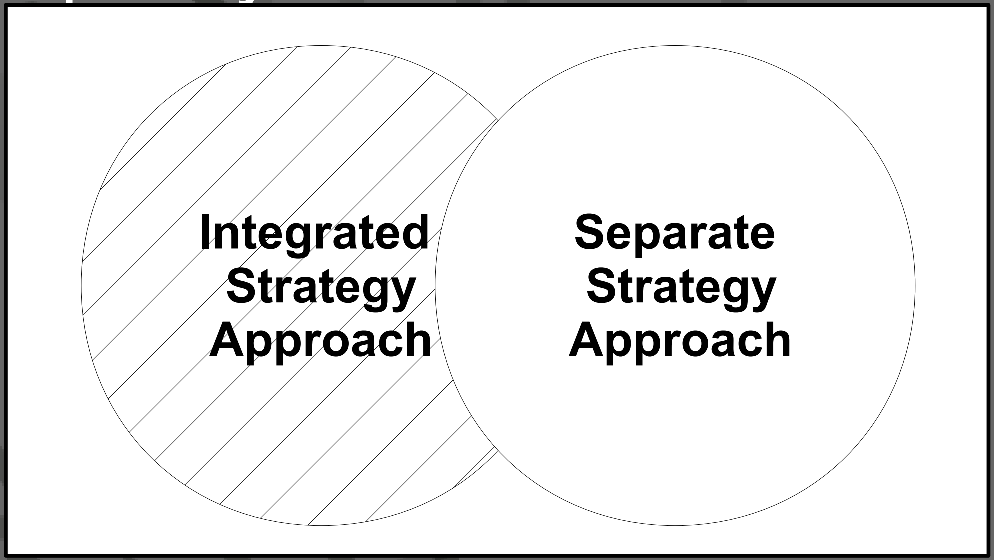
- The CEO works with the strategy **single-mindedly**.
- The CEO is the **embodiment** of the strategy.
- The organization is designed to **execute** the orders and demands stated by the CEO.
- The **strategies** are often organized around **positioning** the enterprise (from a SME point of view).
- The strategy is often designed to handle a **niche approach**.

The Entrepreneurial School

- If the CEO is **hit by a car** (or leaves the organization in another way) then the vision and strategy is **wiped out**.
- A single-minded approach might **not include vital information** (lack of validation).

Schools of IT Strategy

- Integrated Strategy Approach.
  - IT is a part of all the operations in the enterprise, and can't stand alone in a single strategy.
- Separate Strategy Approach.
  - IT is vital; but due to complexity it needs to be managed separately.



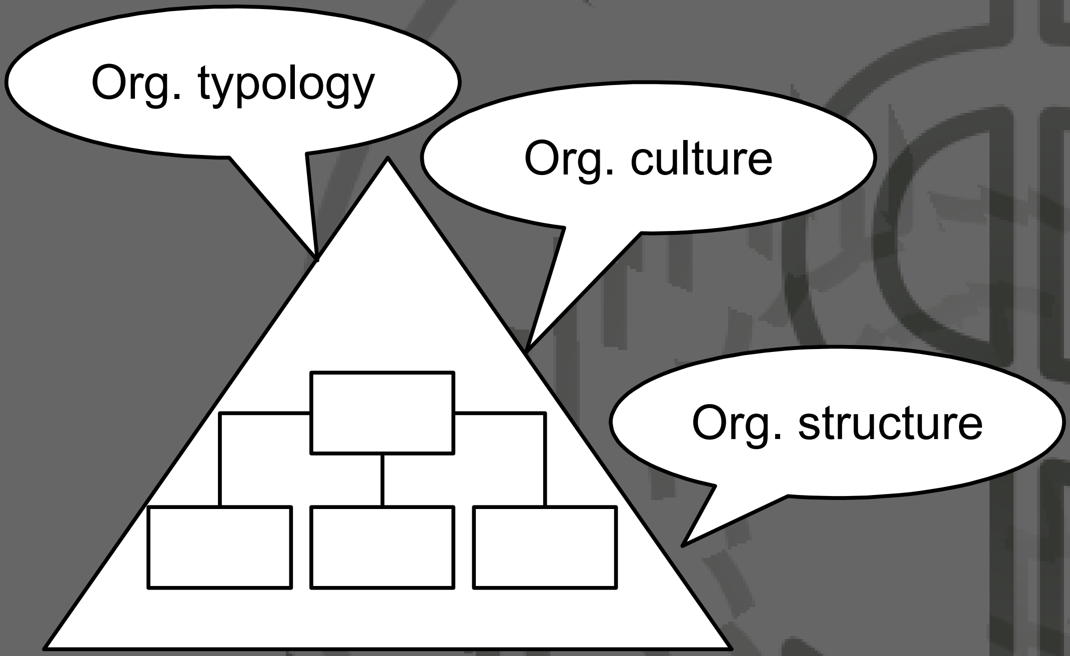
IT Governance (Embodiment of Strategy)

- McKeen & Smith (2004) argues that **IT** is in **everything** (budgets, aspects etc.). Assets needs to be governed
- Ross & Weill (2004) argues that there are **six forms** of governance:
  - Feudal.
  - **Federal**.
  - **Duopoly**.
  - Business Monarchy.
  - IT Monarchy
  - Anarchy.
- Of the six forms of governance Ross & Weill argues that Federalism and Duopoly is the best choice due to **collaboration** and **input**.

A Criticism of IT strategy & Governance

- Carr (2004)
  - **Follow Don't Lead**, **Innovate when risk is low**, and **Spend less**.
  - IT rarely (if ever) leads to **sustainable** competitive advantages.
  - **Investements** usually **benefits** the **customers**, and not the business.
  - 'Schumpeterian competition'.
- Porter (1998)
  - Operational efficiency isn't strategy.

The Organization



Organization Matters!

- The culture is viewed as a mechanism for protection.
- The structure is viewed as how the allocation of responsibility, and accountability is allocated.
- The typology is a stereotype of how a particular organization might act (like a compass for navigation).

The Organization (Culture)

- Culture can be an enabler and a disabler (barrier).
  - Organization culture is usually **conservative** (protectionist); however there can be **multiple** cultures **within** one **organization**.
  - Sub-cultures are created through: **Age**, **Gender**, **Education** and **Ethnic relations**.
  - Cultures are usually fragmented; and loosely coupled (and therefore can't **Kurt Lewin**'s theory be applied without modifications).
    - Kotter's Change Theory is based on Lewin's theory on change.
    - Orton & **Weick** argues that elements of an organization can be **loosely coupled**. Loosely coupled organizations can't be changed through an approach that is designed for tightly coupled organizations.

Organization (Structure)

- Hamel (2007) argues that the classical management approach based on Taylorism is outdated.
  - Hierarchies, Control of employees,View of employees etc.
- Management needs to be upgraded from be controlling to facilitating (**Management** 2.0).

Organization (Typology)

- Organizations have to change from '**totalitarian**', '**command economies**' to 'innovation *democracies*'
- In this sense organizations needs to facilitate adhocracies instead of 'mechanistic' organizational structures e.g., the Machine Bureaucracy (classical Taylorist organizational typology).
- Social networks instead of controlling hierarchies.

Enterprise Architecture

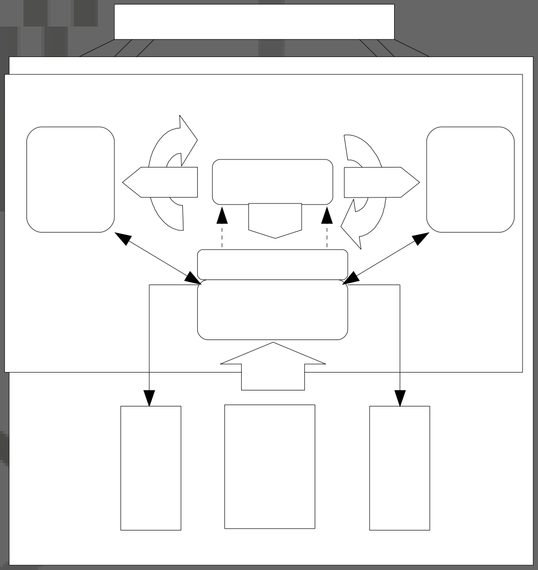
- *Enterprise Architecture* is the sum of **Strategy**, **Business** and **Technology (Bernard 2005).**
- *Enterprise Architecture* is both a form of documentation and a form of management.
- All enterprises have an architecture; however not all enterprises have formalized their architecture.

Coherency Management

- Taking charge of the Enterprise Architecture based on a holistic view of the organization; not just IT. CM can enable alignment, agility and assurance.
- Three levels of maturation. 1) **Foundation** Architecture, 2) **Extended** Architecture and 3) **Embedded** Architecture.
- EA should move away from the CIO / CTO to the **COO** and **CEO**.
- Over time different forms of **Architects** will emerge.

Coherency Management Framework

- **CoMOF** (v.1.) is based on the basic assumption that one repository is suitable.
- Most organizations are complex and it is **assumable** that they need **more than one repository**.

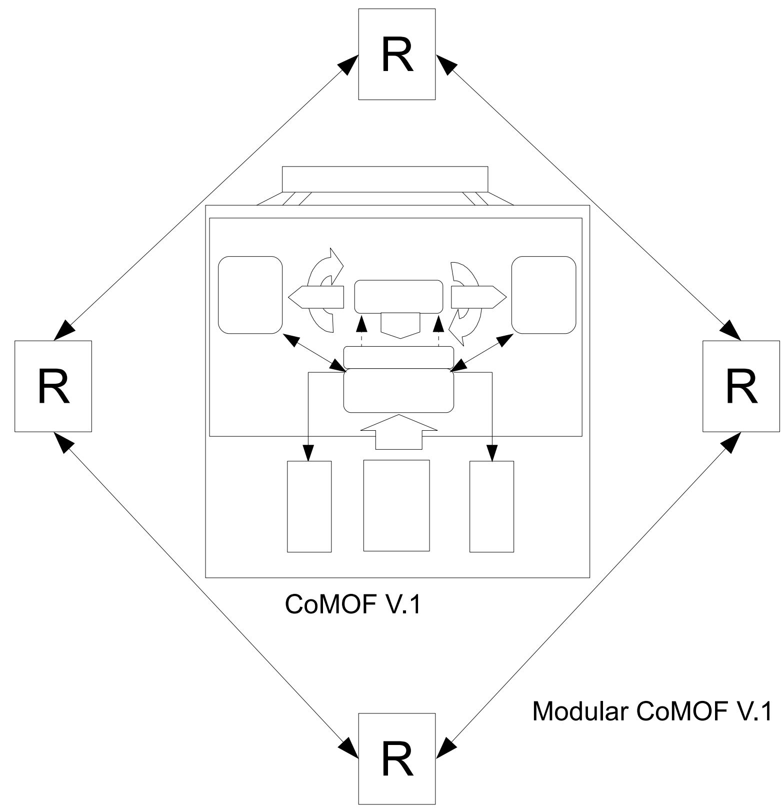


CoMoF V.1

Coherency Management

Modular CoMOF:
R = Repository.

The enterprise has to apply as many repositories as it finds suitable to uncover and later maturing the enterprise.



Adapted from Sjoelin (2010)

Reflections (1)

- The various strategic schools has their advantages and disadvantages.
  - The Design School.
    (*Explicit and simple planning*)
  - The Planning School.
    (*Professionals who use methodical analysis of strategy*)
  - The Entrepreneur School (*Management Enforcement and Intuition*).
- Can they be combined?

Reflections (2)

- Enforcing government of IT through investment planning, **abolishing** the CIO and **replacing** it with the **CIIO**.
- Abolish separatist thoughts between the IT department and the Business.

Reflections (3)

- The organizational change management approach based on Lewin needs to be modified e.g., through social networks theory and innovation theory e.g., Rogers.

Comments

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