



# Gaining a Competitive Advantage Through Benefits Management

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## ABSTRACT

To gain competitive advantage, organizations need to have something that the competitors do not have and cannot achieve in the short-term. In the past, organizations invested large amounts of financial resources to the finest equipment to increase competitiveness. Today, the paradigm has changed, and so the quest is more knowledge- and innovation-driven, where the answer relies on the people's capacity to create and modify processes and generate business value. The investments in information systems and technology (IS/IT) have not always generated the business value or the financial revenue that should be expected. Benefits management focuses on how business areas will improve from business changes and provides a framework for identifying, planning, monitoring, evaluating, and actively managing these benefits. In this paper, the authors show how benefits management reinforces firms to identify more clearly the path to obtain the strategic objectives and the related benefits promoting the organizational competitive advantage.

## KEYWORDS

Benefits Management, Competitive Advantage, IS/IT Investments, Porter's Five Forces, Resource Based-View

## INTRODUCTION

"Since at least 1911, scholars have tried to answer the question. Why do some firms persistently outperform others?" (Barney & Arikan, 2001, p.124). In the present, firms must compete in a complex and challenging context that is being transformed by many factors from globalization, frequent and uncertain changes in the growing use of information technologies (DeNisi, Hitt & Jackson, 2003). Ito and Chevalier (2010) based on a Japanese firm's data collected during the years 1994 - 2003 found that the interaction of innovation and export investments is a source of permanent differences in performance among firms.

Every business to survive and thrive in a competitive business environment needs to possess a certain level of strategic capability (Teece, 2014). The type of strategic capability that the company needs at a specific time is determined by the legitimizing forces and the threats/opportunities in

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the future business environment (Ansoff, 1984). The purpose of strategic management focuses on searching for ways to understand the factors which contribute to the sustainable competitive advantage for organizations (Grant, 2018; Hitt, Ireland & Hoskisson, 2017; Porter, 1980, 1985; Rumelt, 1991).

There are many determinants that have an important influence on the ability of companies to achieve a sustained competitive advantage through a positioning facing the cost (Porter, 1980), the ability of product differentiation (Caves & Williamson, 1985; Porter, 1980), the ability of organizations to establish and cooperate on strategic alliances (Kogut, 1988).

It is also mentioned with some frequency the role of systems and information technology (IS/IT) as enhancers of sustained competitive advantage for firms (Barney, 1991; Clemons, 1986, 1991; Clemons & Kimbrough 1986; Clemons & Row, 1987, 1991; Melville et al., 2004).

In the 1990s, some strategic thinkers (Barney, 1991; Grant, 1996a; Wernerfelt, 1984) began to suggest an alternative view of strategy in contrast to Porter's proposals. They argue that the greatest variation in profitability between firms was not between firms in different industries, but between firms in the same industry. This suggests that it is not so much difference in the structural factors within the industry that determines profitability of firms, but what is inside an organization, the resources or assets that allows them to compete. If these resources, competencies and capabilities are valuable, rare, inimitable and non-substitutable they can be used to implement value creating strategies that will provide sustainable competitive advantage (Barney, 1991; Priem & Butler, 2001b; Wernerfelt, 1984). The only purpose of undertaking any business activity is to create value. If undertaking the work destroys value the activity should not be started. The challenges faced by organizations to increase value from there IS/IT investments, the low-level of organizational competencies in exploiting IS/IT was revealed and an underlying cause of the difficulty in dealing with these challenges (Ward & Daniel, 2012). Several studies found no direct relationship between IS/IT investment and productivity at the level of firms, industries, and the economy (Strassmann, 1990). One of the most widely cited quotes by Solow in 1987 is, "we see computers everywhere except in the productivity statistics". This phenomenon is commonly known as the "Productivity Paradox", which states that IS/IT investments do not affect productivity growth.

Willcocks & Lester (1996) reviewed de IS/IT productivity paradox debate and found that an important part of the uncertainty about the IS/IT payoff relates to weaknesses in measurement and evaluation practice. According to Hochstrasser (1993) the productivity is static while the IS/IT expenditures are rising and Thorp (2001) says that the organizations still exhibit "silver bullet thinking" when it comes to IS/IT. They act as if, once determined, the benefits associated with an investment will automatically happen. However, simply identifying and estimating benefits will not necessarily make them happen. For organizations to stay competitive in a dynamic business environment, they must understand how to manage IS/IT strategically.

Managers in the information age face a business environment characterized by change and uncertainty (D'Aveni, 1995). The new competitive landscape emphasizes flexibility and speed in responding to fast-changing environments. One specific strand of thinking, which recognizes that many markets are becoming increasingly turbulent and volatile, has suggested that in such environments competitive advantage is transient, rather than sustainable (Eisenhart & Martin, 2000; Teece et al., 1997). Managers must concentrate on renewing rather than protecting their sources of competitive advantage (Lanzollaa & Markides, 2021). They must be able to combine these resources in new ways to gain additional capabilities, "dynamic capabilities".

## **LITERATURE REVIEW**

### **Competitive Advantage**

One of the questions that have been asked repeatedly both in industry and in the academic literature is: "How the organizations reach a sustainable competitive advantage?" Traditionally, there are two

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