

One Organization, One Strategy

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INTRODUCTION

Most organizations have multiple levels of strategic plans (de Kluver & Pearce, 2006), one of which is the Information Technology (IT) strategic plan. The alignment of an organization's business strategy with its IT strategy has been a concern of CIOs (Benson & Standing, 2008; Croteau & Bergeron, 2001; Johnston, Muganda, & Theys, 2007; Luftman Kempaiah, & Nash, 2006), CEOs (Armstrong, Chamberlain, Moore, & Hart, 2002; O'Brien & Marakas, 2006), academic researchers (Henderson & Venkatraman, 1999; Kangas, 2003; Pearlson & Saunders, 2004; Reich & Benbasat, 2000), and research companies (Broadbent, 2000; Croteau & Bergeron, 2001; Meta Group, 2001) since the age of vacuum tubes. The Society for Information Management (SIM) studies reveal that 'IT and Business Alignment' was the number one management concern in 2003, 2004 and 2005, and has been one of the top 10 concerns since 1983 (Luftman et al., 2006).

IT and business strategies should not be separate or aligned; organizations should simply have one business strategy: one organization, one strategy.

BACKGROUND

Organizations need to recognize changing business climates, fluctuating resources, and the need to expand or grow (Bocij, Chaffey, Greasley, & Hickie, 2006). Organizations that plan, and then move in the right direction at the right time, survive. "Strategic planning enables a company to focus on what is important" (Benson & Standing, 2008, p. 207). All factors including IT must be considered and taken into account holistically to create value (de Kluver & Pearce, 2006).

Key tasks of most managers within an organization are to acquire, develop, and allocate the organization's resources, and to develop and exploit the organization's capacity for innovation (Burgelman, Maidique, & Wheelwright, 2001). The acquisition, development, allocation, and exploitation of IT should be part of any business strategy. Many new products/services and ideas like e-commerce and BPR have been based on IT (Benson & Standing, 2008).

IT can contribute to the overall performance of the organization in many ways, including making/saving money, quality improvements, productivity gains, and providing new services/functions (McKeen & Smith, 2004). Strategic,

management, operational, and functional support benefits can and do arise from the IT contribution (Ward & Daniel, 2006). It is unlikely that these contributions and possible innovations will occur by chance; they need to be planned.

O'Brien and Marakas (2007, p. 42) state that IT is more than a support for business, and that IT is "no longer an afterthought in forming business strategy." Linear planning is useless; organizations must plan holistically (Hartman, Sifonis, & Kador, 2000) or harmoniously in order to survive. Organizations should have a single strategic plan.

WHERE, WHY, WHAT, HOW?

Strategy is about creating options; strategic thinking focuses on taking different approaches, on choosing different sets of activities, on choosing a unique competitive position (de Kluver & Pearce, 2006). Strategy is about choice, change and conclusions, where to do business (location and industry), why (reasons), what to do/offer, what not to do/offer, and how to do it.

Where should an organization do business, locally, nationally, or internationally, and in which industries? Organizations should be thinking in terms of where it makes good business sense, where the organization will survive.

A vision stating the goals of the organization (provides broad future focus) and which provides guidance and motivation needs to be developed (de Kluver & Pearce, 2006) and communicated to all staff.

A business strategy needs to be defined which includes all the capabilities (forces/tools/resources) of an organization, so that approved plans may be executed as effectively as possible (Henderson & Venkatraman, 1999). Strategy articulates ways in which opportunities can be exploited using the organization's capabilities and resources (Burgelman et al., 2001). Strategy without capabilities is meaningless (Burgelman et al., 2001), and excluding the IT capability from the organization's strategy renders the strategy less effective at best. Similarly, having capabilities without strategy makes them aimless (Burgelman et al., 2001). The IT strategy and capability must therefore be an integral part of the overall strategy, or IT will become an aimless capability of the organization or at best will be run according to the CIO's aims. Managing the IT resource is a basic business function (Burgelman et al., 2001), which should be the responsibility of all managers within an organization.

Organizations create a strategy to anticipate change beyond the control of the organization, so changes within the organization (such as to business processes and organizational structure) can be initiated and controlled (Ivancevich & Matteson, 1999). A number of forces must fit together in a balanced way in order for an organization to function effectively. The framework developed by Scott Morton (1991) illustrates the interrelationship between strategy and four other forces, namely business processes, organizational structure, people, and IT. External environments (socioeconomic and technological) influence the organization. Changes in any one or more of these forces upsets the equilibrium of the organization (Turban, McLean, & Wetherbe, 2004); a change in any one force may require changes in some or all of the forces. Essentially, Scott Morton's framework implies that strategy should be developed in a holistic fashion, taking all forces into consideration. So IT (and business processes, organizational structure, people, and their roles) should not be merely aligned with the overall strategy or be there to support the overall strategy, they each contribute and form an essential part of one organizational strategy.

Organizations need to define exactly where they are going, why they wish to go there, what resources they will use to get there, and how they will utilize the resources to get there. Management needs to ensure that all stakeholders are aware of the plan.

IT STRATEGY

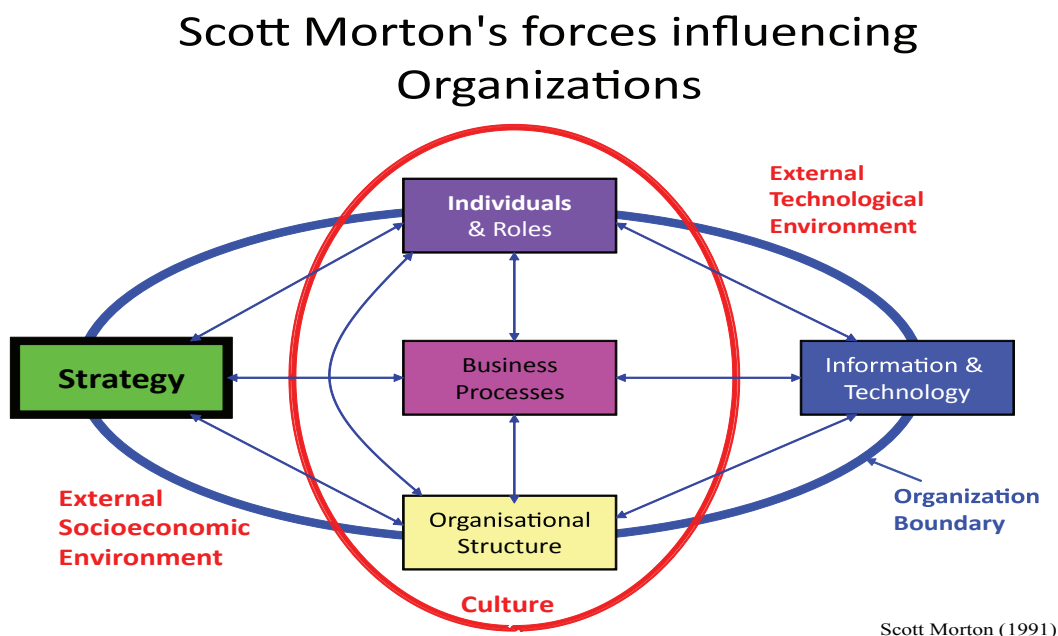
Several authors (Boddy, Boonstra, & Kennedy, 2005; Bocij et al., 2006; Burgelman et al., 2001; Croteau & Bergeron, 2001; McKeen & Smith, 2003; Reich & Benbasat, 2000; Ward & Daniel, 2006) agree that it is important to align IT strategy with the organization's business strategy. Although the importance of strategic alignment of IT is acknowledged and widely accepted, it remains an issue within many organizations (Armstrong et al., 2002; McKeen & Smith, 2003).

Gates (1999) wrote: "It is impossible to align IT strategy with business strategy if the CIO is out of the business loop." Lucas (2005) wrote that in many organizations the CIO is "kept in the dark about corporate strategy."

The lack of IT alignment with business can result in late market entry, lost market opportunities, or an unsustainable market advantage (Conarty, 1998) or business failure (Bocij et al., 2006).

Some authors (Benson & Standing, 2008; Bocij et al., 2006; Ward & Daniel, 2006) view IT strategy and business strategy as two distinct strategies, with IT strategy either supporting or influencing business strategy. Ward and Peppard (2002) suggested guidelines to align business and IT strategies. Huber, Piercy, and McKeown (2008) state that the different strategic views within an organization need to be interlinked. Pukszta (1999) stressed that IT strategy must

Figure 1



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