



Chapter XI

Harmonizing IT and Business Strategies

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ABSTRACT

This chapter proposes that all business strategies should be harmonized into a single strategy, rather than attempt to align IT strategy with business strategy. It focuses on two hypotheses: firstly, that IT strategy is not widely aligned with business strategy; and secondly, that IT is still thought of as “something different” in businesses. The chapter proposes that rather than attempt to align IT strategy with business strategy, the strategies should be harmonized into a single strategy. The chapter attempts to use lessons from geese to outline the process of strategic development.

INTRODUCTION

The alignment of business strategy with IT strategy has been a concern of CIOs (Berkman, 2000; Conarty, 1998; Croteau & Bergeron, 2001; Crowley, 2001) CEOs (Mesoy, 1999), academic researchers (Henderson & Venkatraman, 1999; Reich & Benbasat, 2000; Tallon & Kraemer, 2000) and research companies (Broadbent, 2000; Croteau & Bergeron, 2001; Meta Group, 2001) since the age of vacuum tubes. In surveys (Mesoy, 1999) of IT management (CIO) concerns, alignment has consistently been rated as a major issue of concern. A Cutter study in 2000 (Crowley), reported that business-IT alignment was “the number one problem facing IT.”

Many authors (Burgelman et al., 2001; Croteau & Bergeron, 2001; Hartman et al., 2000; Reich & Benbasat, 2000) 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.

In a recent study by Crowley (2001) of 253 large IT organizations, 52 percent of organizations claimed to have a 'good to excellent alignment between e-business and IT strategies.' Crowley (2001) admits the results are contrary to how business-IT alignment is usually rated, and speculates that the reason may be that non-IT departments sponsored 76 percent of e-projects.

Burgelman et al. (2001) state, "Technological issues only occasionally are included explicitly in typical corporate strategy reviews, and only rarely are they among the regular inputs to corporate planning and development." Gates (1999) wrote, "It is impossible to align IT strategy with business strategy if the CIO is out of the business loop."

Many managers have poor knowledge and poor attitudes towards IT, they assume the IT staff have the knowledge, and allow the IT staff to decide on the organizations needs. Management's attitude towards IT and IT strategy need to be changed (Cosgrove Ware, 2001). A 'model of attitude change' described by Nash et al. (2001) lists five steps to effect an attitude change.

- Attention and awareness. Managers are subjected to advertising, publications and word of mouth about IT.
- Comprehension and Knowledge. Managers are taught about IT and its uses.
- Yielding, managers actually try out the IT.
- Use of IT, management actually uses the IT.
- Reinvention, where IT is improved or its use is varied for maximum benefit.

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

Some (Bocij et al., 1999), view IT strategy and business strategy as two distinct strategies, with IT strategy either supporting or influencing business strategy. Other authors such as (Puksza, 1999), stress that IT strategy must be completely and seamlessly integrated with business strategy at all organizational levels.

IT and Business strategies should not be aligned, but should in fact be one harmonious strategy. Alignment is defined by Dictionary.com as an "Arrangement or position in a straight line or in parallel lines." Harmonizing is defined by Dictionary.com as "A pleasing combination of elements in a whole or being as one." IT and business strategies have to be as one. IT strategy has to lose its distinctness; in this way it will gain prominence and exert greater influence (Puksza, 1999) within organizations. Each organization should have a single harmonized strategy.

This chapter examines why IT planning should be in harmony, not merely aligned with business strategy. The analogy of flying, and lessons from geese is used to enhance the ideas presented.

"As each goose flaps its wings, it creates an 'uplift' for the birds that follow. By flying in a 'V' formation, the whole flock adds a 71 percent greater flying range than if each bird flew alone" (Clark, 2000). The lesson we can learn from this is that "People who share a common direction and sense of community can get where they are going quicker and easier because they are traveling on the thrust of each other" (Clark, 2000).

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