

It function with strategy



A discussion of the differing perspectives of corporate strategy and the nature of the roles of IT and IS, preclude a critical discussion on the nature and success of aligning IT and IS strategies with corporate and, with emphasis on business strategy. THE PRESCRIPTIVE APPROACH 1. 1 The prescriptive approach views " long-term benefit more important than short-term sacrifice" (Lynch 2003). At Castle press nine managers were sacked because " it was impossible to discuss strategy with that number" of twelve staff (Bailey and Verity 1996).

Mintzberg[1994] identifies this assumption as false since it is impossible to predict the " long-term good" and there are legal, social and financial and constraints on employee redundancy. 1. 2 The prescriptive approach also considers that the chief executive chooses the final objective and that implementation is a separate and distinctive phase that comes after strategy has been agreed. " We took twenty of our guys away for two days and spent time explaining our key strategies". Then we asked them to work out action plans.

" More involvement came " from people who deliver the strategy" but " their role was not seen as a direct contribution to the debate. "(Castle Press, Bailey and Verity, 1996). " If you take a vague view of your goals, you will be buffered about and may not achieve your objectives" [P. 577]. " Decision making isn't democratic, although the process is such that everyone is listened to"(GSM group, Leen Valley Associates, 1999). Mintzberg views this fact as too simplistic in an organisations that encourage employee participation and a consensual approach however. [Mintzberg, 1994].

Mintzberg(1987) suggested that bottom up proposals result in emergent strategy and top-down objectives and strategies are prescriptive. Bill Gates [Hall, A, 2003] is an iconic figure-head of the Microsoft empire but most of its software product ideas were proposed from below. In figure one, " the most powerful influencer in New Town council is not the chief executive. His role is to act as facilitator" (Bailey and Verity, 1996). Figure 1: Organisation chart of New Town Council (synthesised after Bailey and Verity). 1. 4 With emergent strategy, the decisions made by managers determine the actual strategies pursued.

" Top management team", " influential members" and senior managers were key drivers of strategy at New Town Council. [Bailey and Verity].

Alternatively, the prescriptive approach states that the chief executive has the knowledge and power to make decisions. Yet it is beneficial to have varied input in an organisation where discussions are the norm and ingrained in culture. 1. 5 In turn, revised, implicit objectives can replace those that were previously declared as intended objectives. In other words, objectives can frequently differ from those proclaimed (Ackoff 1986).

[At New Town Council, the top management " Spend a lot of time talking about strategy". but they " leave" with " different interpretations of the" meaning of the strategy. But, " how they go about implementing it" can " vary" greatly (Bailey and Verity, 1996)]. But, this form is negated even further by issues of " very poor communication"(Chief Executive) at New Town Council. 1. 6 The incidence of success of an emergent strategy is affected by the culture of the organisation and the power of the manager

within a framework of communication systems, formal or informal policies, procedure, and processes that enable managers' considerable freedom.

[That is, " power" is linked to " the size of a directorate's budget", (Head of Personnel Services) strong political alliances and their ability to network, to play the " game of influence" [Bailey and Verity, 1996]. Thus, groups can influence strategy and form a unique perspective [Mintzberg. H) on the range of business the company will pursue. But for Charles Lindblom these stakeholders are a key constraint to a successful strategy unless they do not " abdicate responsibility"[Lynch 2003] at the corporate level. NTC Figure 2: Reference to 1. 7 and 1.

Individual participation and bias. Source: Adapted from generic perspectives on strategy: Whittington (1993) 1. 7 Priority objectives chosen also may be due to personal interest and bias (Figure 2 : emerging at new town council)rather than being selected objectively and rationally. [Management " Have not been pulling in the same direction [Central Service Director]. " In the past", management " have not developed a very rational basis of thinking" based on hard evidence"[CEO]. " Compromise" rather than consensus is prevalent (Bailey and Verity 1996).]

Conflicting objectives can make strategy difficult to develop [Lynch 2003] and planning makes the strategists job " clearer and simpler"[Lynch 2003].

THE EMERGENT APPROACH TO INTERRELATED STRATEGIC DEVELOPMENT

AND STRATEGIC IMPLEMENTATION 1. 8 The theory of 'bounded

rationality'[Kaplan and Norton, 1992] also says those managers are

constrained by the number of options they can handle at any one time. It is a

key theory where there is not a central plan. [The council's strategy is spread too thin. Concentration " on two or three goals" might have more impact (Bailey and Verity 1996)]

However, there is a concern that operational details can get confused with strategic policy making and direction [see the balanced scorecard Appendix 2]. 1. 9 Hamel and Prahalad argue that the most successful firms in the world such as Microsoft and Apple Macintosh do not tie themselves down to mission, goals and objectives or the preordained plan. They argue that goals should be in excess of current capabilities that are impossible to articulate. Rather it is achieved by a series of incremental steps that reinforce long-term goals but that cannot be predicted or foreseen at the outset.

The strategy can be described as evolving, dynamic and incremental. It is also possible for individuals to participate in the strategy (Figure 2). There are limits to the effectiveness of a strategy decision making by managers. The inexperienced strategic skills and capabilities of managers are tested to impossible extremes in the quest to choose the " optimum" set of strategies. Objectives tend to be ambiguous so measurement against preset objectives is unrealistic in the complexity of modern organisations and environments.

SUMMARY

For some, emergent approaches cope better in a " hostile and volatile environment"[New Town Council], where a plan would not have strategic fit with the culture and power systems within an organisation. Yet, for others planning means having a vision of the long term to which it is simpler for management to refer. Finally, it can be said that there is three-way

handshake between the prescriptive, emergent and incremental approaches. Organisations are not static and may change their strategy due to external and internal competing forces.

So, there are many shades of strategy that an organisation can drive, with a view in most cases, to focus on the rate of change over time. Role of Information Systems And Information Technology

ROLE OF INFORMATION TECHNOLOGY AND SYSTEMS 2. 3 In the 1980 and mid 1990's information technology or systems can be a support activity[in the value chain (Porter 1985) even though it is see as integrated by Porter in later years (as in figure 3). [A wireless network supports mobile point of sales systems and product scanning devices in HMV (Cushing, 2003).

[GSM has no internet developments although it has sent two people on an Internet training course. It has been slow to progress. But Barry, CEO " has received 850, 000 from the department for trade and industry. GSM expects not only to have a website but be engaged in e-commerce (Leen Valley, 1999) Primary activity Support activity Figure 3 : Value chain on failure in linkages mean a need for IT and IS. Some support functions of the value chain exist because of poor linkages with other part of the organisations. Their existence a result of failure in another part of the organisation [Ward P. 262]

Information Technology and information systems can be used as a strategic weapon and key operational activity. It can be used to change the management and organisational structure [see figure 4: level 2-3]. The " global networked business model has enable Cisco to quadruple in size" in

three years, and save \$ 375 million in expenses (Ernst and Young, 1997).

Yet, at the same time the role needs to suit a diversity of styles and rates of change throughout the organisation. The use of it as a strategic weapon is dependent on the degree of infusion in the organisation (figure 4).

Network integration requires partner and supplier loyalty. Cisco is the spider in the centre of the value web. Network integration locks in customers and locks out competitors. Figure 4: Source: IT induced business reconfiguration [Venkantraman, 1991] 2. 2 Information systems can offer superior efficiency in functions without human involvement, such as electronic data exchange offer application-to-application data exchange (figure 4: level 2). GSM interrogates Ford's parts requirements every day and decides what it will ship that evening and what will be made each day.

Its trucking system arrives at the Breacon plant and the Ford requirements are loaded. It is all done through EDI without human involvement (Leen Valley Associates, 1999, Johnson and Scholes). Critically the role has shifted " land" service to on-line self-service to reduce costs. 2. 4 Modern inter-networked information systems offer person to application or person-to-person inter-activity (see figure 5). They have a positive effect on low costs and rapidly extend the number of relationships internally and externally to the business model. Figure 5: Interactive model of systems related to Cisco.

" The most revolutionary component of Cisco's model is its Internetworking Product Centre (IPC). " Unlike EDI where users have only one -way communication capability", " Cisco's ordering and supporting applications provide a highly interactive method of order entry for customers and

partners (suppliers)"(Ernst and Young, 1997). Information technology can provide invaluable linkages within value chains seen in figure 6(Porter 1995, Lynch 2003). It can meet the dynamic needs of customers through a coherent mix of activities that are unique or distinctly different from that of the competitors.

Many to many relationship of partnership and commitment to shared processes and systems. Source adaption: Hammer and Champy 1996. 2. 5 Information technology can be used to compete. Cost leadership [Porter 1995] can be exploited by information technology, by setting up communication architecture of technology that cuts maintenance, and retailing costs. Intellectual property isn't safeguarded with GSM believing innovation is what is vital not patents or other forms of protection [Leen Valley Associates, 1999).

Adock et al.(1993) refute the suggestion that competitive advantage may be obtained from information technology. It is used rather to enable competitive informations systems(see figure 7). It offers short-term competitive advantage only. The sustainability in the short term demonstrates how expensive switching costs for competitors rise as one company leads by continual innovation. But, in the long term the impact of IT in on continuously improving structure and working conditions. This eventually leads to whole industry change such as the change to automatic teller machines used by banks.