IT Strategy and Business Strategy

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# Business Strategy

When talking about strategy you should always start by defining what you are talking about, what the context for the strategy is and who is it for. You cannot just jump into a book about a business from the 80’s and assume the same principles carry over to the modern age. Business has evolved and will keep on evolving, but it’s especially true for our modern age. New types of consumers and new ways of doing business pop up constantly, that is why business strategy must evolve as well.

There are many definitions for business strategy. One of the most common ones are by Alfred Chandler, Michael Porter and Henry Mintzberg.

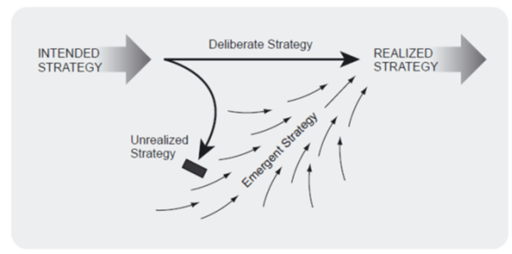
Alfred Chandler was amongst the early contributors when the term Strategic Management and Business Strategy started to be used. Prior to that, strategy as a term was mostly used for politics and war. (Wikipedia 2017, date of retrieval 5.1.2018.)

Chandler defined strategy “as the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals” (1990/1969,13).

Michael Porter said that “developing a competitive strategy is developing a broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals” (1962,13). He later expanded on this in his article “What Is Strategy” saying “Strategy is the creation of a unique and valuable position, involving a different set of activities” (Porter 1996, chapter 2, The origins of strategic positions).

Henry Minzberg however states that “The field of strategic management cannot afford to rely on a single definition of strategy” (1987a, 11). According to him, the word strategy is defined one way, usually as a future plan, and actually used in another way, describing past patterns or consistency in behavior and the successes born from them. The truth however is that neither of these are necessarily dependent on another, an organization can have plans without clear discernible patterns emerging, and they can have patterns that weren’t planned. Patterns are in the eye of the beholder. Can we really trust that the formal plans shown to the public actually constitute the intended strategy? Even if expressed intentions exist, to what extent have they been shared or realized? In a collective like an organization, who is the strategist anyway? (Mintzberg 1987b, 67.)

Mintzberg argues that building a formal strategy in a large complex organization with all it’s meetings and debates is often a resounding failure. That is because strategy making is often thought of as a deliberate process that needs to be contributed to a single person with a strategy in mind. The process is thought to go from thought to act, from formulating to implementing. In reality ideas lead to other ideas until a pattern forms, action has driven thinking until a strategy has emerged. In this way strategy making resembles that of a craftsman. “Strategies can be formed as well as be fomulated. A realized strategy can emerge in response to an evolving situation, or it can be brought about deliberately, through a process of formulation followed by implementation” (Mintzberg 1987b, 67-68.) This line of thought is illustrated in Figure 1.

  
 FIGURE 1. Deliberate and emergent strategies (OpenLearn (date missing), cited 5.1.2018)

It’s clear that strategy cannot be defined in one singular way, that is why Mintzberg has written the concept of the five Ps:

* Strategy as Plan
* Strategy as Pattern
* Strategy as Position
* Strategy as Perspective
* Strategy as Ploy

These concepts are interrelated and explained in great detail in Mintzberg’s article “The Strategy Concept I: Five Ps For Strategy”. (Mintzberg 1987a.)

# IT Strategy

*a detailed plan about the computer systems needed to make an organization effective, their cost, the skills needed to use them, etc.:*

*Business strategy needs to be linked to IT strategy.*(Cambridge Dictionary. Retrieved 5.1.2018.)

Techopedia complements the above writing that an IT Strategic Plan is a document that defines the way that the organization will implement it’s IT infrastructure and portfolio in line with its business objectives. The aim is to provide optimum output and services that support the organizations core mission. It consists of strategic goals and objectives relating to business, current IT infrastructure, human relations capabilities, future requirements, performance and a transition road map. Usually a plan takes several months to complete. The plan has input from both senior IT and business management. The duration of the plan can be anywhere from three to five years. (Retrieved 5.1.2018.)

It is clearly of utmost importance to line up the IT plan so it complements the business plan and overall strategy of the organization. J.C Henderson and N. Venkatraman argue that the inability to realize value from IT investments is, in part, due to the lack of alignment between IT strategy and business strategy. They also argue that IT Strategy should not be focused only on the internal domain of an organization, as a technical support function. Instead it should address external issues of how the organization is positioned in the IT marketplace, an essential part of business.(1993/1999, 472-475.)

Tiffany Pham, David K. Pham and Andrew Pham argue that said misalignment of Business Strategy and IT is unacceptable for multiple reasons, one of the most important being that the organization may fail due to the lack of effectiveness of IT and the IT department. They give these tips on identifying such misalignment:

1. The amount of contribution to organization’s business strategy made by IT is unclear or unknown.
2. Customers or employees complain about the difficulty of using IT
3. Most units or departments within the organization have their own IT team or department
4. IT systems have too much redundancy or overlapping, causing it to be difficult and/or costly to modify a system for a specific unit without impacting everyone else.
5. The enterprise data reporting results in inconsistencies or errors.

Enterprise architecture is one of the tools utilized to bridge the gap between organization’s strategy and its technology capability. (2016, Chapter 4.)

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