

Executive Leadership and Information Technology: A Fragile Dance

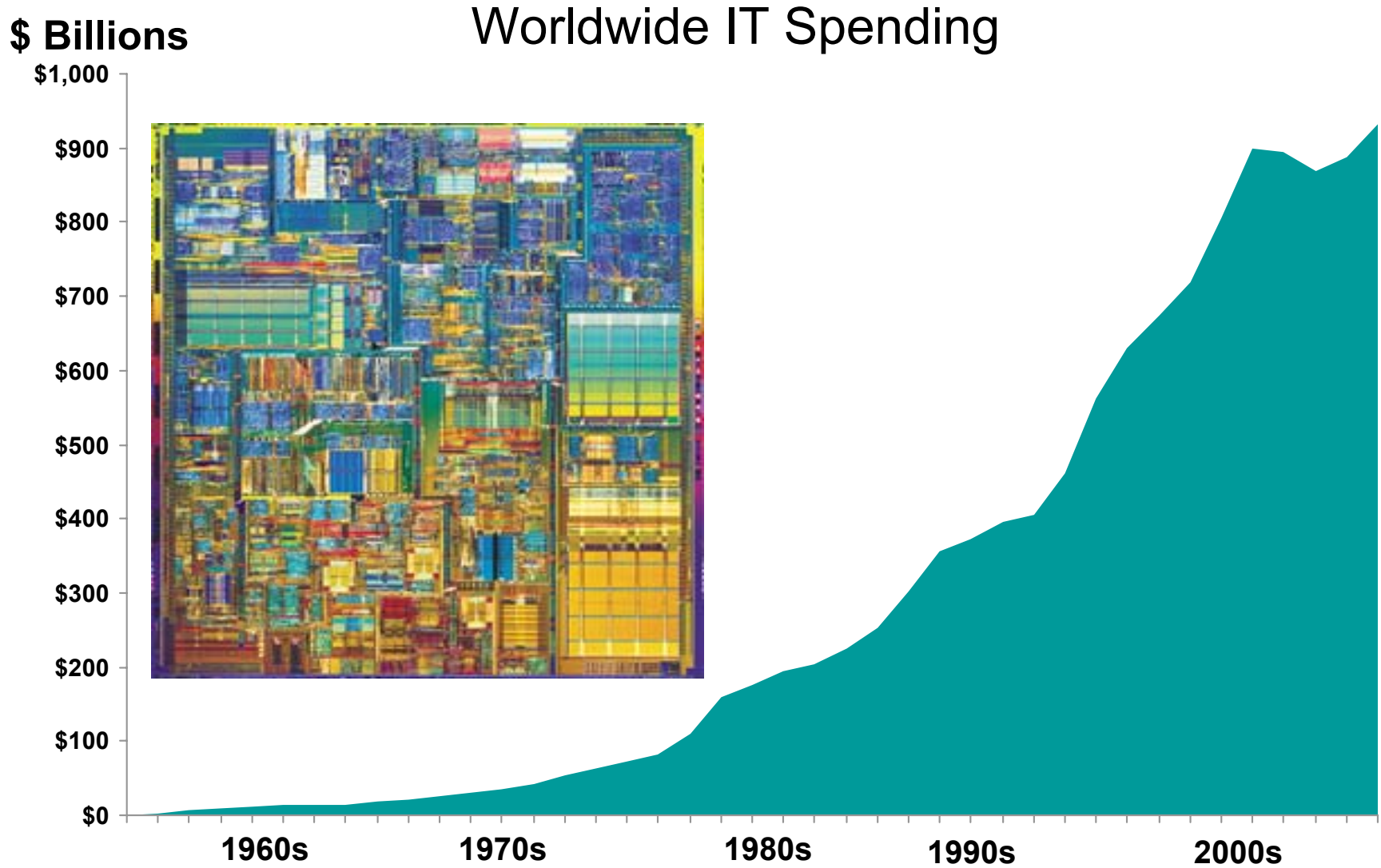
Vijay Gurbaxani

Professor of Information Systems and Computer Science
Associate Dean
Director, Center for Research on IT and Organizations
Industry/University Consortium

Graduate School of Management
University of California, Irvine
E-mail: vgurbaxa@uci.edu

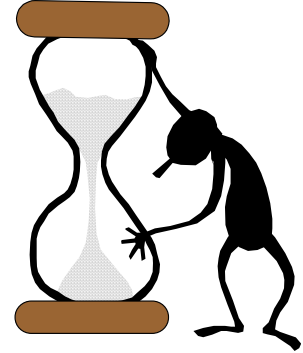
Academy of Management
New Orleans, LA
August 9, 2004

40 Years of IT



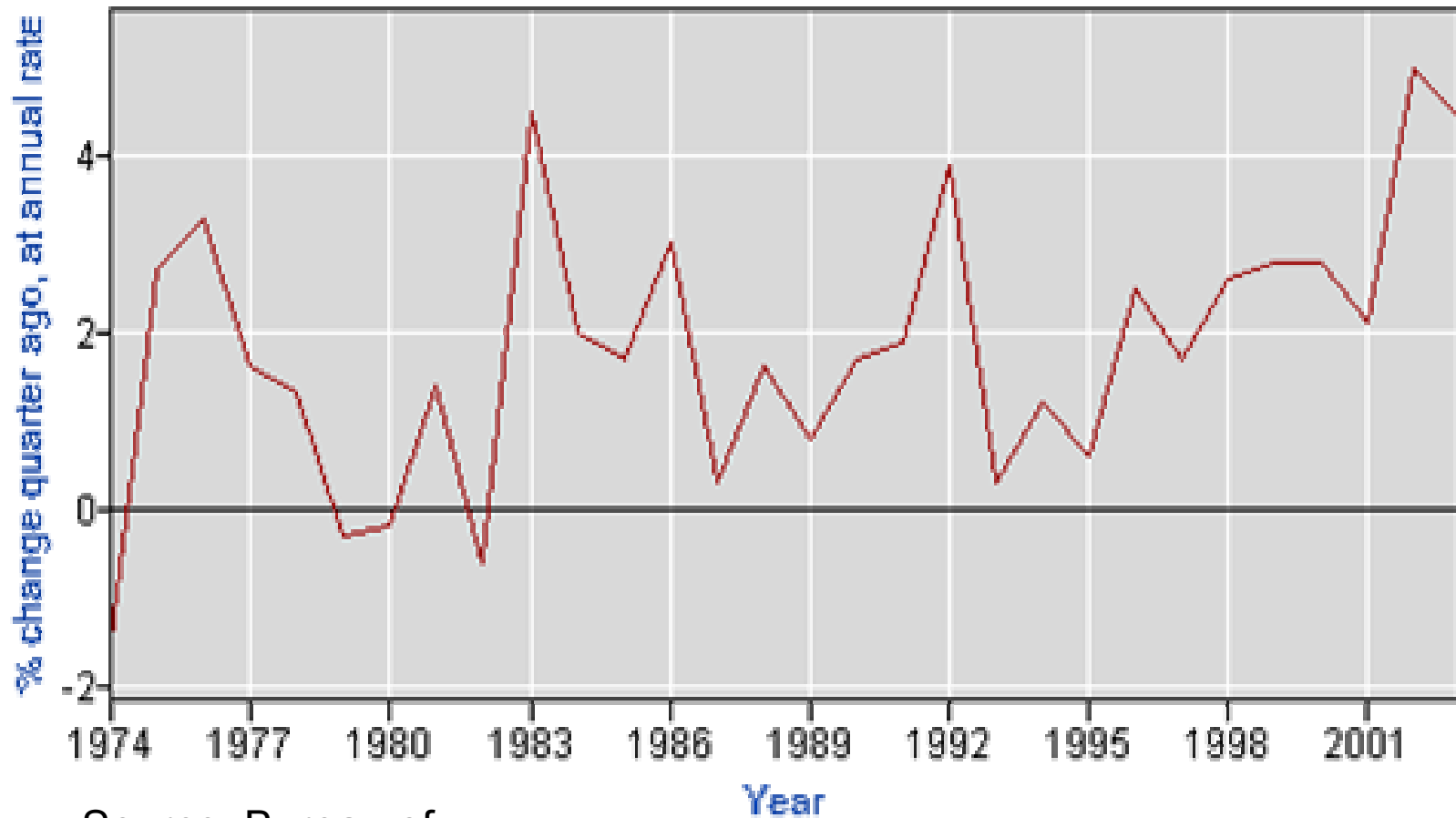
Source: IDC Directions 2004 Conference

The New Economy: Fact or Fiction?



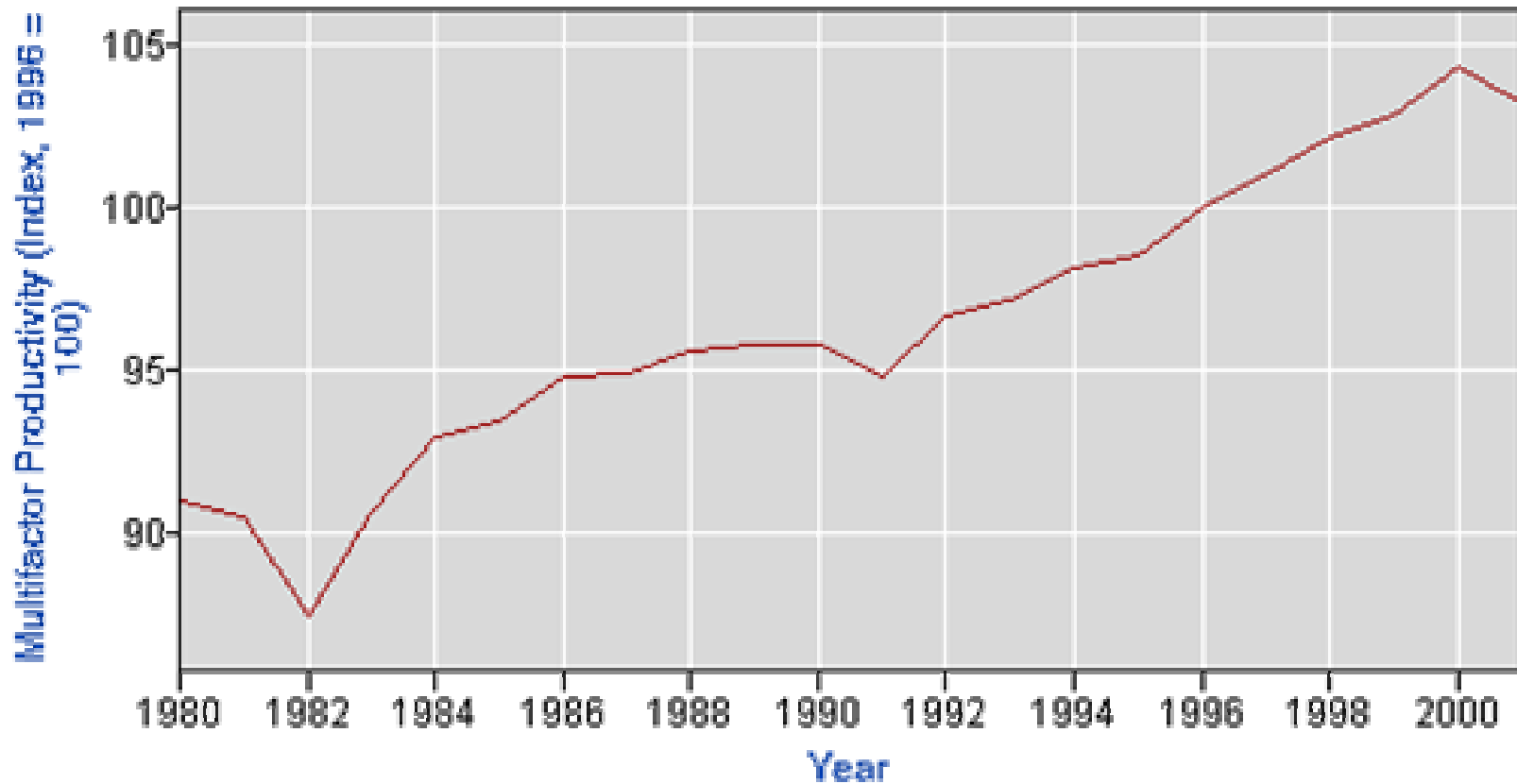
Is the move to an IT-intensive networked economy a fundamental change derived from structural changes in business processes and accompanied by a permanent improvement in the prospects for economic growth, or is it a temporary phenomenon, enabled by the business cycle?

Labor Productivity Growth (Non-farm business)



Source: Bureau of
Economic Analysis

Multifactor Productivity Growth (Non-farm business)



Source: Bureau of
Economic Analysis



Competing With I/T: Strategy AND Structure

- Competing via strategy
 - Product leadership (Charles Schwab)
 - Operational excellence (Federal Express)
 - Customer intimacy (Land's End)

- Competing via structure
 - Horizontal alliances (Star Alliance)
 - Value added partnerships (Amazon.com)
 - Networked organization (Cisco)

Emerging Organizational Alternatives



- Successful enterprises will increasingly structure as value-added partnerships among specialists
- These enterprises must retain the agility of small companies, while also accruing the benefits of scale
- These enterprises must be flexible to facilitate the entry of new partners that bring new value, and the exit of current partners who no longer create value

Do companies have the skills and capabilities to manage the extended enterprise?



The IT Outsourcing Market is Evolving

- On-demand services
- Utility computing
- Business process outsourcing
- Off-shore solution providers
- Focus on domain expertise (process, industry)

The IT outsourcing value proposition is becoming more compelling and diverse; companies are seeking a service delivery model that maximizes the value they derive

What Does All This Mean?



- Continuing IT innovation will continue to provide opportunities for firms to raise productivity
- Back to the basics – understand and leverage the role of IT in key business processes
- Investments in IT capital must be complemented with corresponding investments in organizational capital
- Scarce resource is not IT, but management in information-rich and technological environments