What General Managers want are …

- General managers want to find answers to questions:
  - Does using information resources provide a substantial competitive advantage?
  - What tools are available to help shape their strategic use?
  - What are the risks of using information resource to gain strategic advantage?
What advantages might an information resource create?

- A manager might consider the following to understand the type of advantage the information resource might create:
  1. What makes the information resource valuable?
  2. Who appropriates the value created by the information resource? (Revenue issue)
  3. Is the information resource equally distributed across firms?
  4. Is the information resource highly mobile?
  5. How quickly does the information resource depreciate?
  6. When, where and …

Figure 1.7 Managerial Levers

What are the “THREE” variables in the “Managerial Levers” model that are used by decision makers?

What is the objective of the model?

IT governance can be defined as specifying decision rights and accountability framework to encourage desirable behavior in the use of IT and IT resources.

Specifying DRs and accountability framework to encourage desirable behavior in the use IT?
IT governance can be defined as “specifying the decision rights and accountability framework to encourage desirable behavior in using IT.”

Strategic IT Resources

- Resource-based theory (view)
  - emphasis on the internal resources available to the firm, rather than on the external opportunities and threats dictated by industry conditions
  - a firm must continually enhance its resources and capabilities to take advantage of changing conditions.
  - a firm would be expected to develop new resources after its existing resource base has been fully utilized.
  - building new resource positions is important if the firm is to achieve sustained growth.
The Resource-Based View

• The Resource-Based View (RBV) looks at gaining competitive advantage through the use of information resources.
  – Determining whether a firm’s strategy has created **value**.
• Two subsets of information resources have been identified:
  – Those that enable firms to **attain** competitive advantage (rare and valuable resources that are not common place).
  – Those that enable firms to **sustain** competitive advantage over the long-term (resources must be difficult to transfer or relatively immobile).

Typology of IT Resources

• Three types of processes
  _ **inside-out**_
    • IS infrastructure, IS technical skills, IS development, and cost effective IS operations
    • *ability to develop systems and run cost-effective IS operations*
  _ **outside-in**_
    • external relationship management and market responsiveness
    • *ability to work with suppliers and buyers and ability to read the market*
  _ **spanning**_
    • IS-business partnerships and IS planning and change management
    • *ability to manage partnerships with the business units and to plan and undertake change*
• The message posed by RBV is that
  – executives must also concentrate on cultivating resources that help the firm understand and work with its **external stakeholders**
Characteristics of Strategic Resource

- Characteristics of strategic resources are:
  - valuable,
  - rare,
  - non-imitable,
  - non-transferable,
  - non-substitutable,
  - combinable, and
  - exploitable

Which four are the minimal requirements to generate a sustained competitive advantage?

How can Strategic IT Resource sustain Competitive Advantage?

Which four are the minimal requirements to generate a sustained competitive advantage?
Strategic Resource, IT Governance and Knowledge Management – (Part II)

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IT governance can be defined as “specifying the decision rights and accountability framework to encourage desirable behavior in using IT.”
**IT GOVERNANCE?**

- What is IT Governance?
  - IT governance consists of the leadership and organizational structures and processes that ensure that the organization's IT sustains and extends the organization's strategy and objectives.
  - IT Governance describes
    - (a) the distribution of decision-making rights and responsibilities among different stakeholders in the organization, and
    - (b) the rules and procedures for making and monitoring decisions on strategic IT concerns.

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**Why IT Governance Matters?**

- IT governance matters because it influences the benefits received from IT investments.
- Through a combination of practices (such as redesigning business processes and well designed governance mechanisms) and appropriately matched IT investments, top performing enterprises generate superior returns on their IT investments.
IT Governance Model: Components

- IT governance **capability**
  - is the capability to integrate IS/IT effort with business purpose and activity. When this capability improves, the mobilization of strategic resources will improve in the company.
- IT governance **effectiveness**
  - was defined as the effectiveness of making decisions in **five** decision areas (see next slide). When decision-making improves, the mobilization of strategic resources will improve in the company.
- IT governance **efficiency**
  - was defined as the ability to coordinate through the **four** local links of **roles**, **capabilities**, **efficiencies** and **outcomes**. When coordination improves, the mobilization of strategic resources will improve in the company.
Information Management vs. Knowledge Management

- Information management can be described as “delivering the right information to the right people at the right time with the right form.”
- Knowledge management can be illustrated as “getting the right people to have the right conversation at the right time.”
Knowledge Sharing

• Knowledge has long been recognized as a valuable resource for the organizational growth and sustained competitive advantage, especially for organizations competing in uncertain environments.
• Recently, some researchers have argued that knowledge is an organization’s most valuable resource because it represents intangible assets, operational routines, and creative processes that are hard to imitate. However, the effective management of knowledge is fundamental to the organization’s ability to create and sustain competitive advantage.

Knowledge Management

• Knowledge management research has described organizational knowledge flows in terms of the knowledge circulation process, consisting of five components: knowledge creation, accumulation, sharing, utilization and internalization.
• Of these five parts, the knowledge sharing process is the key component for improving a firm’s competitive advantage.