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V. Sambamurthy
Florida State University

Robert Zmud
Florida State University

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ORGANIZATIONAL COMPETENCIES FOR MANAGING INVESTMENTS IN VISIONARY APPLICATIONS OF INFORMATION TECHNOLOGY

V. Sambamurthy
Robert W. Zmud
College of Business
Florida State University

Abstract

Despite the noted potential of information technology (IT) for enhancing organizational effectiveness (Boynton and Victor 1991; Venkatraman 1991), few firms seem to have achieved consistent success in deploying IT in ways that fundamentally alter industry practices or existing work processes associated with value chain activities and customer interactions (McKenney 1995). Prior IS research has focused attention on the impacts and organizational drivers associated with strategic applications of IT (Sabherwal and King 1995). The main objective of such applications is the seizing of competitive advantage in the marketplace. The focus of this research is upon applications of IT that are broader in organizational scope: while their ultimate goal might be the attainment of market advantages, their immediate focus might be on the enhancement of business competence with respect to managerial decision-making, customer service, manufacturing management, or launching of a variety of value-added products and services. In order to distinguish such strategic applications of IT, we term them as visionary applications of IT. We consider them to be different from strategic applications of IT in two respects: (i) while visionary applications are aimed at the augmentation of business competencies, strategic applications are often targeted on exploiting market or competitive advantage opportunities and (ii) visionary applications are usually driven by the visionary insight of a senior business executive and exhibit an enterprise-wide flavor in their implementation scope, whereas strategic applications often arise in business units and are restricted to a specific market or business in their implementation scope.

The focus of this research is upon understanding how firms manage the process of justifying investments in visionary uses of information technology (IT). Recent publications and observations of industry practice suggest that the mobilizing of organizational attention and investments in visionary applications of IT is a crucial IT management challenge (Hopper 1990; Sambamurthy and Zmud 1992). Existing ideas may be inadequate for understanding how firms manage the justification process for visionary uses of IT. Our research project is motivated by the belief that a subset of organizations have succeeded in dealing with the above investment justification challenges for visionary applications of IT. The goal of our research is to examine the following research question: What competencies underlie an organization's ability to ensure the sustained funding of ideas for visionary applications of IT? Specifically, we will explore the following issues:

- What are the stages of the process by which visionary applications of IT are surfaced, developed, and justified?

- How is the relationship between investments in visionary applications of IT and the "bottom-line" visualized and articulated to mobilize organizational support?

- How are structures, control systems, rewards and incentives, leadership roles, and cultures utilized in the investment justification process for visionary applications of IT?

- How do organizational factors influence the nature of the investment justification process?

Our research methodology involves multiple case studies of eight firms carefully selected for their success in mobilizing visionary uses of IT. At each firm, we employ a variety of data gathering techniques, including short questionnaires, interviews, and gathering of relevant documents. Our information is gathered from senior IS and line executives who are involved with the specific projects aimed at visionary uses of IT and members of the top management team. The data gathering has been completed and we will present the results of our exploratory investigation at the conference. We anticipate that our results will be valuable to both IS researchers

and practitioners. Further, our results should address salient aspects of the conference theme by providing valuable insights about dynamics associated with investments in IT and business process infrastructures.

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