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Positioning the IT-CMF: A Capability versus Process Perspective

Abstract

There is a vast array of IT performance-improving frameworks on the market. So why choose the IT-CMF? Well, the first thing to realise is that the IT-CMF is not a replacement for existing frameworks. All good practitioners will tell you, it's about selecting the right framework for the job. In order to understand the IT-CMFs position in the framework landscape, and its real value to the CIO, we must first explore the different roles capability-centric and process-centric frameworks have in terms of supporting organizational performance.

KEYWORDS: IT-CMF, framework comparison, process improvement, market position, Sustainable Competitive Advantage, CIO, process-centric, capability-centric,

Introduction

When introducing organizations, and in particular CIOs, to the IT-CMF the discussion usually gravitates to how this framework relates to the vast array of 'other' frameworks currently on the market. This is an obvious starting point in the 'framework conversation', but the conversation gets quickly side tracked into a discussions about how the IT-CMF drives or impacts process improvement. Through this discussion the focus, and real value, of the IT-CMF can be overlooked and, therefore, this can cause confusion in terms of the real intent of the framework. So, perhaps this paper can refocus the conversation to a slightly different starting point; a point based on why the need for a capability view is required in the first place. However, we will come back to the comparison question later in this briefing.

IT-CMF is a holistic framework focused on driving business value through improved IT capability: this is a grand positioning statement, but also an important one that fundamentally expresses the philosophy behind the reason for IT-CMF's actual existence.

To understand this philosophical position, we need to take a step back and look at the organization as a whole. The economic environment has never been so competitive; the increasing rate in technological advancement, access, and ease of use has seen many 'well known' organizations struggling, and indeed failing to stay competitive and viable. The

structures, sizes, and barriers traditionally at play within markets have dramatically changed. This has caused a lot of organizations to re-evaluate their market position, product and service offering, and competitive landscape. This increasing level of competition sees organizations now facing threats from not only within their historical market spaces, but also from new and emerging markets and regions. The old success factors such as size, specialization, role clarity, control, and product are being replaced by organizations that are instead focused on speed, flexibility, integration, innovation, and the customer. In essence, the things that made you a successful organization in the past are not necessarily the things that will make you a success in the future. So, for those organizations that are determined to succeed in this hyper-competitive and dynamic market the need to better sense and respond to market forces becomes a survival imperative.

Developing Organizational Staying Power

For organizations to remain viable they need to develop and maintain some form of Sustainable Competitive Advantage (SCA). The need to develop an SCA is well understood by most organizations. However, the need for an SCA is not traditionally a discussion point for the CIO, or the IT function. The main discussion points are usually concerned with costs and delivery of service (both of which are still very important). Because of this need to deliver services in a deterministic and

reliable fashion, the focus on process development and management continues to be a key tool in the arsenal of the CIO and the IT function. For this reason many of the frameworks employed by IT managers and practitioners are process-oriented, with the intent to ensure the delivery of products and services in a reliable and controlled way. Ability to design and implement processes is an important capability for any organization. Without good process management, organizations would struggle to deliver their products or services to a high quality in a scalable manner. However, ensuring products and services are continually delivered is no guarantee of maintaining an SCA, as external (and some internal) forces will continually challenge and impact the way things are done.

Developing a Competitive Advantage

Some key concepts that underpin the development of an SCA are:

- Organizations are not identical, but have different capabilities even within the same sectors and market places, and across large organizations capabilities will vary.
- Capabilities can be difficult to obtain or copy from other organizations (capabilities are best developed internally).
- If an organization is to develop an SCA it will do so on the basis of having capabilities that its rivals do not have, or have difficulty in developing (to achieve a competitive advantage, organizations should focus on those capabilities that give a unique ability).

This last concept is where the IT function can play a significant role in helping to develop the competitiveness of the modern organization.

These key concepts underlie what has become known as the *resource-based view*, or *capabilities view* of strategy. Recognizing this link between competitiveness and capability, organizations are working hard to identify their key – and hopefully unique – capabilities that can be developed. As technology is now pervasive across organizations it is logical to view IT influenced and influencing capabilities as being a significant factor in defining the competitive nature of the organization. Also, by identifying those capabilities that an organization excels at, or has a unique ability in, versus those capabilities that it is good or weak at, can help move strategic discussions concerning outsourcing / off-shoring away from decisions centred on cost management, to decisions centred on building competitive advantage.

Using Technology to develop a Competitive Sustainable Advantage

As technology is playing more and more of an influencing role in all aspects of an organization's ability to plan, design, implement, and manage core processes and operations, understanding and developing IT based capabilities is becoming more vital. These IT influenced and influencing capabilities cannot be ignored. The potential to shape the organizations ability to respond in a timely and flexible nature in-itself can give the organization a competitive edge. Because of this the IT function can no longer be seen as a support function as there now exists a real and tangible opportunity to affect the way in which the organization senses and responds to changes in market forces and conditions.

As mentioned the importance of good process management cannot be denied. However, processes in themselves are not able to assess their relevance to changing competitive environmental conditions. Because of this processes may be instrumental in developing or delivering a product or service in a competitive manner. However, if the organization needs to change or modify its position in the market, its ability to do so will be dependent on its capabilities, and the rate and manner in which it responds will be dependent on the maturity of those capabilities. This realisation, in terms of how capabilities directly influence an organization's competitive position, is at the heart of the research and development initiative behind the IT-CMF.

IT-CMF and Other IT-Centric Frameworks

Restarting the discussion we postponed at the beginning of this briefing, concerning how IT-CMF compares to other frameworks, the positioning should now be clearer. Comparing IT-CMF with other process-centric frameworks is like comparing a screwdriver with binoculars; both are tools, but for quite different tasks. Process-centric and capability-centric frameworks are designed for very different purposes:

- Process-centric frameworks are focused on developing an ability to produce a desired, repeatable output to a predetermined quality and quantity.
- Capability-centric frameworks are designed to understand what organizational abilities can, and should, be developed to support and build a unique and sustainable competitive advantage.

Process-centric frameworks are very much focused on systemizing internal activities, whereas capability-centric frameworks are focused on developing the ability to

effectively respond to (as yet undefined) external challenges.

This is not to say that one framework is superior to another – this is definitely not the case. However, just as for any good tool, for frameworks to be effective they need to be applied in the correct way. Understanding processes, and how to refine and optimize them, is important if the organization is to meet the needs and expectations of its stakeholders. However, if the organization is to understand and develop its ability to sense and respond to environmental changes then it must also understand and be able to develop its capabilities.

For many CIOs, this changing perspective from a *process view* to a *capabilities view* is a new way of thinking. Thinking about capabilities means thinking for the future, but not simply in terms of budget management and technology adoption and deployment. The discussion is no longer simply about how cost can be taken out of the ICT budget, but how technology can shape the way we, as an organization (not just the IT function), can develop capabilities that will keep us ahead of the competition.

Concluding Remarks

How can IT not only support the organization, but also drive value added performance in a way that continues to sense and adjust to the strategic objectives of the organization? This is a key strategic question for CIOs; the answer to which will shape the way CIOs view their changing role within the modern, technology-driven organization.

So, if you are a CIO who is working in a market space that is unaffected by market forces, your organization has a monopoly on the market, you have total control of your customers and suppliers, and your product or service is unlikely to ever change – then you can probably continue to operate without understanding your capabilities. However, if you and/or your organization do not tick all these boxes then adopting a capability-centric view of your organization is, without doubt, an imperative for future survival that you cannot afford to ignore.

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About IVI

The Innovation Value Institute (IVI) is a multi-disciplinary research and education establishment co-founded by the National University of Ireland Maynooth and Intel Corporation. IVI develops frameworks to assist IT and business executives to manage IT for Business Value and to deliver IT-enabled business innovation. IVI is supported by a global consortium of like-minded peers drawn from a community of public and private sector organizations, academia, analysts, professional associations, independent software vendors, and professional services organizations.

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