Framing the Business Case for IT Purchases: Do I Use the Executive Sponsor’s Rationale or Do I Use Process Innovation?

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ABSTRACT

This paper discusses the dilemma that upper management has during the cycle of purchase for technology base products. The executive must sort through the executive sponsor’s rationale and attempt to rely upon their unstructured personal assessment. The authors present a methodology that is based upon a plan of reasoning and assessment called “process innovation.” They maintain that the executive decision makers will rely upon this new methodology to improve their judgment by diffusing the overall purchase process with sound reasoning that leads to good judgment.

Keywords: Executive Sponsor, Financial Management Information Systems, Linkage Assumptions, Making a Business Case, Value Assumptions, Values and Beliefs

INTRODUCTION

Executive management will make decisions on the basis of how the business case is presented. This assumption holds a research problem. Upper management makes different decisions when the business case is not focused or diffused when the innovation is complex. The critical issue is not the executive sponsor’s knowledge of the innovation. It is not the diffusion skill he has. But it is his expectation from upper management to diffuse innovation and make sound recommendations. Hence, the proposer/author attempts to manipulate the target audience with, possibly biased, uninformed judgments.

The focus of this paper is not on how executive sponsors conceive and develop their business case. Rather, it is on what the executive sponsor intends to establish within the business case document and how he intends to approach the diffusion and communicate proposed innovation.

An impact of this paper is the rational but careful assessment of reasoning for both corporate executives and gatekeepers who face the challenge to sort and select optimal decision making.

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This paper illustrates the development of critical thinking or “process innovation” in the area of Information Systems, Innovation, and Change, which overlaps with disciplines such as Accounting, Marketing, Entrepreneurship, and other social disciplines. The emphasis is on critical thinking in creating the business case and in measuring successes with a rational assessment process.

The next sections review the purpose, issues, argument, and reasoning structure of a business case. The findings based on empirical research and their discussions follow.

THE BUSINESS CASE

Purpose

A business case document is a means used by the author (executive sponsor) to diffuse their thoughts on the innovation that he or she is presenting. As a rationale for innovation, thoughts can be weak or strong (Paul & Elder, 2002).

The Author-Executive Sponsor

Every message the executive sponsor puts forward to defend their conclusion has the intention of resisting, or even disregarding, the opinions of her or his target audience. As John Stuart Mill (1859/2008, p. 30) has stated: “He who knows only his own side of the case, knows little of that. His reason may be good, and no one may have been able to refute them. But if he is equally unable to refute the reasons on the opposite side; if he does not so much as know what they are, he has no ground for preferring either opinion.”

The business case author should encourage the target audience to look critically at how the problem has been defused and to exclude personal bias. The source does not necessarily give up any beliefs shared with the readers. Indeed, the critical thinking involved in order to address those beliefs may actually reinforce them.

What is the controversy? An act circulating, distributing, or publishing the issue can be expressed right at the beginning of the document (Browne & Keeley, 2009) and as early as the title. This issue normally relates to the executive sponsor, his background, or his position. There can be many issues raised in a business case. But there is only one key issue, which is identified in the author-executive sponsor’s conclusion. However, many times the author-executive sponsor addresses and draws upon personal bias.

PROCESS INNOVATION: REASONING AND ASSESSMENT METHODOLOGY

Action

Two underlying keys for the reason for action (Dancy, 2000) and the normative reason in favor of action (Frankena, 1973) or both sorts (Hutcheson, 1897, p. 404) of reasons are necessary to understand the intentional action. Hence, these two sorts of reasons need to be kept together despite the likely conflicts between them.

There may be more than one reason for action. That is, a technological innovation is accepted or rejected based on usage, value, risk, image, culture, and behavioral patterns (Harcar & Karakaya, 2005; Laukkanen et al., 2007). Every reason for this action has a corresponding reason not to do the action. Yet both sets of reasons may sometimes merely pragmatic justifications based on the circumstances, and seemingly rational behavior may in reality be irrational behavior in disguise (Argyris, 2004; Luhmann, 2006). This is why real (motivating) reason differs from the good (normative) reason.

Argument

The next step is to determine if the message is clear. Browne and Keeley (2009, p. 32) suggest that one comes back to the reasons “again and again” for it is on the strength and quality of the reasons that the conclusion depends. The task is to examine the precise meaning (an invisible element) of both the reasons and the conclusions,
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