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Often, being third is best

By: ComputerWorld Canada (31 Dec 2003)

Years ago while attending a conference, I was transfixed by what one of the speakers said, that "the early bird gets the worm, but it's the second mouse that gets the cheese."

The context of this statement is irrelevant but it is a valid allegory for corporate IT strategies. While one can take this expression to mean a couple of different things, I've always taken it to mean that while you might be first, you're either left eating worms or worse getting yourself killed (or in this case, put out of business).

During the IT boom of the late nineties, many companies simply wanted to be early birds. And now the world of IT is littered with scores of organizations that tried to push the envelope a little too far in the quest of being there first. Many surviving organizations are now sitting back and saying, "we didn't go down that road, and we're here today eating the cheese, weren't we smart." The problem with this approach is there is more to life than worms and cheese.

This begs the question, if number one gets worms and number two gets cheese, what does number three get? While many may be quick to say nothing, I'll say the smart number three gets everything, and that includes the champagne and caviar.

So what's your IT strategy? Are you an early bird, the second mouse or something else? As the IT sector emerges from the bust we've been experiencing this is an important question. We have to ask ourselves if our IT strategy is in-line with corporate goals and if the two are not the same, how do we reconcile them?

Why is this important? In the simplest terms, we don't want a repeat of the boom and bust we've just experienced, it's not good for anyone. So let's look at this constructively. Being the early bird means you face a higher-than-average cost of implementation, higher support costs, especially if you are building the technology yourself, and a high risk of failure; there is no proof this technology will work for you. The rewards, if it works, are generally great. Everyone remembers who crossed the finish line

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first.



On the other hand, the second mouse takes the middle road. They usually face a lower cost of implementation by buying the technology after the initial price drops, lower support costs, and have almost eliminated the risk of failure because they they've seen successful and unsuccessful implementations.

But being number three comes with its own rewards and perils. While the cost of implementation is low, buying once all hype is over and costs have been reduced, as are support costs, the potential for failure is almost zero since it's all been done. All they risk is whether or not they can support the old technology i.e. does it cost more to support the old then to support newer technology?

To firmly grasp the concept let take a look at the North American auto industry. At one time Chrysler was losing millions of dollars. It was the first on the market with the minivan almost 20 years ago. This was a huge innovation and success. It still sells more minivans then anyone else, so in this case the early bird truly got a big fat juicy worm. What were the consequences if it had failed? Chrysler was already knocking on the bankruptcy door, so perhaps it had nothing to lose.

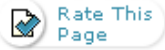
Now let's go back even further and remember the Ford Edsel. Was this an innovative new car or just a designer gone mad? Either way, history shows us that Ford was the first mouse. Other manufacturers learned from Ford's product and marketing mistake and have tried ever since to avoid another Edsel. Unlike Chrysler, the Ford's risk didn't pay off.

To truly understand the benefits of being number three, think of car racing. For each race they award points for more then just top three finishers, yet only number one through three get to stand on the podium. They keep a running total of all races for the season and give the biggest reward to the overall season winner. It's unlikely that someone who always finishes number 10 will win the overall title. However, would you want to be the driver who gets into one race, spends all of his or her budget for one shot to win the race and then crashes and doesn't get to race anymore?

With this in mind, re-examine your IT strategy and see if it's in-line with the companies risk aversions. Don't forward IT strategies to the CIO or CFO that go against the company's general business strategy. It might be great being first at the finish line, but your long term employment requires the company be there not just for one race, but for all them. While I enjoy being number one just like everyone else, there are times I've learned that it may be better sit back and be number two or possibly number three when it comes to getting all things in life and winning the overall championship.

K'necht is regular speaker at Internet conferences and president of K'nechtology Inc., a technology strategy, search engine optimization and Web development company. He can be reached

through his Web site, <http://www.knechtology.com>.



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