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Why Are We Still Concerned About Alignment?

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Alignment

Basic Premise

In 2007, we all understand ...

- what alignment is ...
- How important alignment is ...
- How alignment is achieved ...

But, do we really?

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Alignment

Top Ten (SIM) Management Concerns*

Year	Rank
2004	1
2003	1
1994	9
1990	7
1986	5
1983	7
1980	-

Over 70% of respondents report an 'alignment maturity' of between 2 and 3 (out of 5).

In Jerry's most recent survey (2005), he has detected an overall slippage (though minor) in reported alignment.**

* Luftman, MISQE, 2005
** Luftman, SIM Academic Workshop, December 2006

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What is Going On?

- Alignment is appropriately recognized as the *fundamental criterion* by which an IS organization is assessed (internally & externally).
- *Achieving* a high degree of alignment is difficult; *sustaining* a high level of alignment is even more difficult.
- Alignment involves a *multivalent, constantly shifting* 'end-target.'

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Alignment

Agenda

- **Reconceptualizing Alignment**
 - Definition
 - Multivalency
 - Dynamics
- **Getting to Alignment**
- **Why Achieving Alignment is Hard**
- **Why Sustaining Alignment is Even Harder**
- **Take Aways**

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Alignment

IT-Enabled Business Capabilities

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graph TD
    TP[Technology Platforms  
• IT processes  
• Knowledge  
• IT assets] --> BC[Business Capabilities  
• Business processes  
• Applications  
• Knowledge  
• Data]
    BC --> BA[Business Actions]
  
```

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Definition

An IS organization is *in alignment* when the firm is able to consistently execute critical, IT-enabled business actions in a competitively-responsive manner.

An IS organization is *out of alignment* when the firm is unable to consistently execute critical, IT-enabled business actions in a competitively-responsive manner.

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Alignment

Business, Enterprise IT & IT Strategies

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Three Modes of Alignment: Support

- Business strategy drives enterprise IT strategy
- Current business strategies and capabilities drive IT priorities, investments and capabilities

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Three Modes of Alignment: Synchronization

- IT enables execution of current business strategy, but also anticipates and shapes future business models.
- IT leadership, thinking and investments is active in seeding new business opportunities

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Three Modes of Alignment: Convergence

- Business strategy is shaped through digitized products, services, processes, and relationships
- Enterprise IT strategy is embedded in the business strategy
- A single leadership team operates across business and IT

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Alignment Mode Determination

- Strategic Role of IT (Automate, Empower, Control, Transform)
 - Industry
 - Firm
- IT savviness
 - Business knowledge of IT
- Business/IS Relationship
 - "Social capital" (collaborative orientation)
- IS Credibility
 - IS knowledge of business
 - Prior track record

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Multivalency and Dynamism

- **Multivalency**
 - An enterprise's SBUs are unlikely to be operating in the same alignment mode
 - An enterprise's SBUs operating in similar alignment modes are likely to be at differing alignment levels
- **Dynamism**
 - Over time, an enterprise's SBUs are likely to recognize the necessity to change alignment mode
 - Over time, events and inertia tend to reduce alignment in SBUs

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Enablers of Alignment

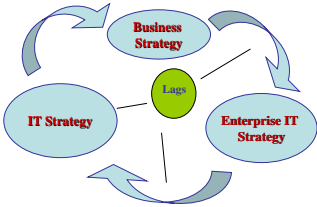
- **Articulated Business Strategies** (Enterprise and SBU), Enterprise IT Strategies (enterprise and SBU), and IT strategies (enterprise and SBU).
- **Opportunities for Information/Knowledge Exchange and for Relationship Building**
 - Thriving, but *appropriate*, informal business/IS networks/relationships at all organizational levels
 - *Appropriately-designed* formal IT-related planning, coordination and control mechanisms
- **Appropriately-Designed Authority Structures & Incentive Structures**

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Why Alignment is Hard

- Mutually determining and reaching consensus on appropriate alignment modes across an enterprise requires regular streams of largely informal interactions.
- Orchestrating these strategies across an enterprise and distinct SBUs involves very complex arrangements of formal/informal planning, coordination and governance structures/processes.



The diagram illustrates the relationship between Business Strategy, IT Strategy, and Enterprise IT Strategy. It features three light blue ovals arranged in a triangle: 'Business Strategy' at the top, 'IT Strategy' at the bottom left, and 'Enterprise IT Strategy' at the bottom right. A central green circle labeled 'Lags' is connected to each of these three ovals by thin lines. Curved arrows indicate a clockwise flow: from Business Strategy to Enterprise IT Strategy, from Enterprise IT Strategy to IT Strategy, and from IT Strategy back to Business Strategy.

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Why Sustaining Alignment is Even Harder

- Competitive forces drive changes in business strategies and/or tactics
- Enterprise and/or SBU and/or IT leadership visions evolve
- People's expectations evolve across the enterprise
- People regularly move in and out of key roles and responsibilities
- New relationships regularly need to be forged
- Existing relationships deteriorate from lack of attention or from dissatisfactory experiences (under-performed obligations, unresolved conflicts, etc.)
- In-place planning, coordination and governance structures/processes are not adjusted in the face of changing conditions.
- In-place authority and incentive structures are not adjusted in the face of changing conditions

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Take-Aways: Achieving Alignment

- Alignment is not an 'objective' phenomenon ... it is perceptual.
 - The key is understanding the nature of needed, or, likely to be needed, IT-enabled business capabilities and positioning oneself to provision these as they are needed.
- Alignment is not a 'one shoe fits all' phenomenon; instead, it plays itself out very differently across an enterprise and across enterprises.
 - The key is to be able to configure an appropriate constellation of relationships, processes and structures.
- Just accept that you'll never be 'in alignment.'
 - The key is knowing where and how far 'out of alignment' you are ... and acting aggressively to reduce the gap

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Take-Aways: Sustaining Alignment

- Recognize the events occurring external to the enterprise, across the enterprise and within the IS organization that are likely to increase alignment gaps
 - The key is to develop capabilities within the IS organization that scan for and interpret these events
- Recognize the critical relationships to be nurtured (at all organizational levels) and understand the health of each relationship
 - The key is to insure that capable incumbents are involved with these relationships and that succession plans exist for these incumbents
 - The key is to establish on-going assessments of in-place planning, coordination and governance processes/structures across the enterprise.