Why Are We Still Concerned About Alignment?

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In 2007, we all understand …

– what alignment is …
– How important alignment is …
– How alignment is achieved …

But, do we really?
Alignment

Top Ten (SIM) Management Concerns*

<table>
<thead>
<tr>
<th>Year</th>
<th>Rank</th>
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<tr>
<td>2004</td>
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<td>7</td>
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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
Alignment

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.’
Alignment

Agenda

- Reconceptualizing Alignment
  - Definition
  - Multivalency
  - Dynamics

- Getting to Alignment

- Why Achieving Alignment is Hard

- Why Sustaining Alignment is Even Harder

- Take Aways
Alignment

IT-Enabled Business Capabilities

Business Platform
- Business processes
- Applications
- Knowledge
- Data

IT Capabilities

Technology Platforms
- IT processes
- Knowledge
- IT assets

Business Capabilities

Business Actions
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.
Alignment

Business, Enterprise IT & IT Strategies

Enablement of Business Capabilities via IT

New Investments in Business Capabilities

Lags

New Investments in IT Capabilities

Business Strategy

IT Strategy

Enterprise IT Strategy
Three Modes of Alignment: Support

- Business strategy drives enterprise IT strategy
- Current business strategies and capabilities drive IT priorities, investments and capabilities
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.
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
Alignment Mode Determination

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

**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
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
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.
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
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
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.