Why Are We Still Concerned About Alignment?

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Basic Premise

In 2007, we all understand …
– what alignment is …
– How important alignment is …
– How alignment is achieved …

But, do we really?

Top Ten (SIM) Management Concerns*

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<th>Year</th>
<th>Rank</th>
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<tr>
<td>2000</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

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.’

Agenda

• Reconceptualizing Alignment
  – Definition
  – Multivalency
  – Dynamics

• Getting to Alignment

• Why Achieving Alignment is Hard

• Why Sustaining Alignment is Even Harder

• Take Aways

IT-Enabled Business Capabilities

Business Platform
• Business processes
• Applications
• Knowledge
• Data

Technology Platform
• IT processes
• Knowledge
• IT assets

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.

**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 savviness
  - 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
- New relationships regularly need to be forged
- Existing relationships deteriorate from lack of attention or from unsatisfactory experiences (under-performed obligations, unresolved conflicts, etc.)
- In-place planning, coordination and governance structures/processes 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 assure 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.