



Make ***Excellence*** . . .
. . . a ***Habit.***

7 Habits of IT Excellence

- ◆ ***Build*** Trust
- ◆ ***Create*** a Proactive Culture
- ◆ ***Understand*** the Company's Business
- ◆ ***Align*** with the Company's Goals and Objectives
- ◆ ***Lead*** People – Manage Things
- ◆ ***Adapt*** to Change
- ◆ ***Embrace*** a Passion for Learning & Improvement

Much has been written, but much less resolved, about this perennial top five IT issue reported by Gartner, Meta, Forrester, CSC, CIO Magazine, academia and others. By the way, IT business alignment (ITBA) is not just an IT issue, it is a business issue. Alignment is needed across all organizations in a business. Every business wants to be successful as defined internally, and by its competitors, the market, its owners and its customers. Highly successful companies can trace their success to being - first, very effective, and second, adequately efficient - "*doing the right things - right*". The better the alignment between organizations, the more *effective* their execution, and successful their results. While the importance of alignment is undeniable, adequate attainment has been elusive.

So why hasn't this issue been resolved or relegated below the top twenty CIO issues? Four reasons:

1. ITBA has not been well defined in many organizations, therefore, expectations are not set correctly and results are difficult to measure.
2. ITBA is a dynamic, *people* process that must resolve conflicts and adapt to priority changes. Often the processes have not been developed to resolve these issues in a consistent and repeatable manner.
3. Many times the company's business units and departments are not well aligned, so ITBA is difficult or impossible. Rather ITBA relies on the "squeaky wheel concept" and/or politics.
4. While ITBA is a perennial top five CIO issue, according to a 2006 Accenture survey of CEO's, ITBA was not a top ten issue for CEOs. So is IT's effort in this area the real issue?

We will explore ITBA in a series of white papers:

Part I: What is IT business alignment, what it is not?

Part II: How can organizations establish IT business alignment.

Part I – What is IT Business Alignment, What It is NOT

We start the 'Search for the Holy Grail' – ITBA with other organizations.

One of the historical, critical issues in improving or achieving ITBA within a business is the lack of a specific, measurable, achievable, and realistic definition. In general the definition of alignment has been ignored, vague, too general and/or contradictory. For example:

- Luftman et al in *"Transforming the Enterprise: The alignment of business and information technology strategies," IBM Systems Journal* vol.32, nr.1, 1993, define alignment as: **"... extent which IS strategy supports, and is supported by, the business strategy"**.
- Reich and Benbasat in *"Factors that influence the social dimension of alignment between business and information technology objectives"*, Working Paper, 1998 defines it as **"... degree that IT's mission, objectives and plans support and are supported by the business's mission, objectives and plans"**.
- Henderson and Thomas in *"Aligning Business and Information Technology Domains: Strategic Planning in Hospitals," Hospital and Health Services Administration* vol.37, nr.1, 1992, says **"... alignment is more than linking IT and business strategy (...) fitting technology, structures, processes, and skills to match this integration is also critical for success"**.
- Smaczny in *"Is an Alignment between Business and IT the Appropriate Paradigm to Manage IT in Today's Organization?"*, Management Decision, 39 (10), 2001, says **"... IT alignment is more like fusion... IT strategy and business strategy are intertwined and should be developed at the same time..."**

These definitions are lacking and primarily address the "what components need alignment" of a good definition. They are very general in nature, difficult to measure and in some cases contradict each other. None take into account how dynamic **"changes" and "priorities"** in strategy, objectives or plans can be. Nor do they address **"conflicts" and "competition"** in *and* between people, objectives, plans and priorities. And finally they do not address finite, limited IT and business resources.

IT business alignment is NOT:

- a real two-way street. Of course IT requires support from and collaboration with other business units, departments, etc, but IT will **primarily** align with the business's mission, strategies, plans, etc., not vice versa. This applies to all business units and departments.
- the "fitting" of technology, structures, processes, etc. This refers to *how* IT delivers its solutions and services - how it executes. IT can be poorly aligned to other organizations and have excellent delivery of its projects and services - "do the wrong things – right". And, of course, the opposite is true.
- ever perfect because of the business's need to react and change to industry, market and competitive issues. Nor is it perfect because of limited IT and business resources. ITBA happens in *degrees* rather than being a state of alignment or not.

So what is ITBA? Let's start by looking at the definition of "align":

align (ə līn')

transitive verb

1. to bring into a straight line; adjust by line
2. to bring parts or components into proper coordination
3. to bring into agreement, close cooperation, etc.

The first concept evident is *components* covered by most definitions. Alignment between components, however, is not the most important concept. Three key concepts are evident in this definition – *agreement, cooperation, and coordination*. These are things that people do. It is imperative that business and IT executives and leaders own ITBA.

Let's summarize. A good definition needs:

1. to be specific, measurable, achievable, and realistic
2. to answer "what" components are aligned
3. to answer "who" must reach and own an alignment
4. to recognize the agreement is based on current priorities, strategy, tactics and plans that can change
5. to recognize limitations in resources
6. not to include IT execution criteria

With these in mind the definition could be:

IT business alignment (ī t - biz' nəs - ə līn' ment)

nouns

1. the cooperation and coordination between executives/leaders in business units, departments, etc, and executives/leaders in *IT Solutions Development organizations* to periodically determine/resolve business priorities and reach **agreements** as to which *mix of projects* to undertake that best supports business strategies/model, tactics and annual plans/objectives for a defined IT budget and resource level.
2. the cooperation and coordination between executives/leaders in business units, departments, etc, and executives/leaders in *IT Services Delivery organizations* to periodically determine/resolve business priorities and reach **agreements** as to the appropriate *service levels* to provide that best supports business strategies/model, tactics and annual plans/objectives for a defined IT budget and resource level.

How does these definitions compare to our key concepts?

1. to be specific, measurable, achievable, and realistic – *meets all*
2. to answer "what" components are aligned – *strategies/model, tactics and annual plans/objectives*
3. to answer "who" must reach an alignment agreement – *business and IT executives and leaders*
4. to recognize the agreement is based on current priorities that can change – *periodically (determined by each company)*
5. to recognize limitations in resources – *defined IT budget and resources*
6. not to include IT execution criteria – *meets*

Now that we have a workable definition, in Part II we will discuss how to enable, organize and develop a consistent, repeatable process to achieve IT business alignment.

After three decades of experience with 'Big 8' consulting firms and CIO of Fortune 500 and high growth, mid-cap companies, Ross excels at delivering outstanding information technology (IT) value to the Business while building *excellence* in IT organizations - running all aspects of IT like a business. He has industry expertise in several areas including oil and gas, high-tech, telecommunications, consumer products, logistics and airlines. Besides for leading all aspects of IT - strategy, finance, people, solutions and services - Ross also led many, critical IT and business transformation initiatives – all successful. While CIO and Executive Planning Committee Member at Southwest Airlines, the company grew over 15% annually and was consistently one of Fortune's Most Admired Companies, and a Fortune and Computerworld Top Companies/IT Organizations to Work For in America. Southwest and IT also won several CIO Magazine 100 Awards for Supply Chain and Customer Initiatives. He is currently the Founder and CEO of the Palomino Consulting Group, www.palominoconsultinggroup.com .

