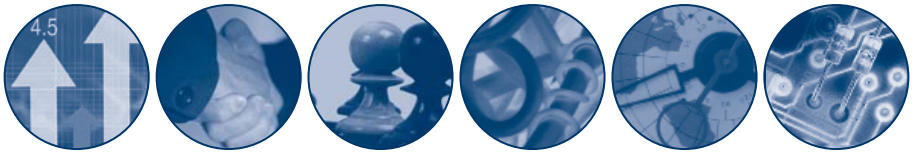

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Update

The Five Flavors of Alignment

by Steve Andriole, Senior Consultant, Cutter Consortium

There are lots of ways to think about alignment. Over the years, I've basically abandoned the term, but since it continues to persist in the literature (and I assume in the minds and hearts of technology professionals and business executives), perhaps we should continue to give it some due.

One of the problems I have with the term is that it seems too vague and inclusive. What is alignment? Rather than debate the definitions out there, let's look at five alternative alignment flavors:

1. Strategic alignment
2. Infrastructure alignment
3. Operational alignment
4. Innovation alignment
5. People alignment

Each of these is very different, and each creates different expectations. They are discussed here because we all need to recognize the differences among the flavors and to ask ourselves how to service each one.

STRATEGIC ALIGNMENT

Strategic alignment is what most of us think about when we hear the term "alignment." The key here for practitioners is to ensure that technology investments are consistent with strategic objectives. For example, if a company decides that e-business will become a much more important part of the business, then it needs to ensure that its e-business infrastructure is secure, scalable, and cost-effective. Chances are that such a company needs to invest in its e-business transaction processing capability if its strategy is calling for more e-business. That in turn suggests that the decision to invest additional dollars in e-business has been made at the strategic level; therefore, what remains is to ensure that the technology platform that supports e-business can grow with the business. This is a classic alignment test: if the company balks at the technology investments necessary to support its strategic objectives, then it will fail one of the most basic alignment tests. Other examples include the desire to do more cross- and up-selling; the need to integrate customer databases; the desire to acquire companies; the need for a standardized applications architecture and integration methodology; the strategic need to reduce cost; and the technology requirement to reduce variation, optimize sourcing, and measure performance.

Strategic alignment is a great concept, but I suspect that there's often a disconnect between what corporate strategists want and what the technology professionals in the company are actually doing. The recommendation to improve

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strategic alignment is for strategic planning to require input from technology professionals, or, put more bluntly, strategic planning cannot proceed without technology approval. Without such tight coupling, there will be gaps, and just when a company wants to execute its strategy, it may find that its technology infrastructure and applications portfolio will not support the strategy.

INFRASTRUCTURE ALIGNMENT

Infrastructure alignment is about efficiency. Every company wants the best performance for as little cost as possible. But there's obviously more to infrastructure alignment. Reliability and security are hugely important to all users: look what happens when e-mail crashes! Like strategic alignment, infrastructure alignment assumes information company plans, but it also assumes that companies will be relieved of fears about their ability to compute and communicate. Perfect alignment here is that everything works behind the curtain, that performance is consistently cost-effective.

Infrastructure alignment also assumes sourcing best practices. Since many infrastructure services have become commoditized, there's increased pressure to organize the acquisition, deployment, and support of infrastructure technology with the right mix of internal and external service providers. Alignment assumes the importance of vendor management, performance metrics, and delivery-based service-level agreements (SLAs).

Companies that want additional infrastructure alignment invest in infrastructure control systems like COBIT (Control Objectives for Information and related Technology) and ITIL (IT Infrastructure Library). The COBIT framework — according to the Information Systems Audit and Control Association (ISACA) — is:

> An IT governance framework and supporting toolset that allows managers to bridge the gap between control requirements, technical issues and business risks. COBIT enables clear policy development and good practice for IT control throughout organizations. COBIT emphasizes regulatory compliance, helps organizations to increase the value attained from IT, enables alignment and simplifies implementation of the COBIT framework.[1]

According to ITIL and ITSM World, ITIL:

> Consists of 6 sets: Service Support; Service Delivery; Planning to Implement Service Management; ICT Infrastructure Management; Applications Management; The Business Perspective. Within these a variable number of very specific disciplines are described.[2]

These control systems can help improve infrastructure alignment — but they also require significant investment and the governance to make them work.

OPERATIONAL ALIGNMENT

Operational alignment is about flexibility, adaptation, and agility. While the applications, communications, and data architectures are reasonably well defined in well-governed organizations, there needs to be enough flexibility in the deployment of these capabilities to enable businesses to make the necessary changes to their products and services in order to stay competitive. Operational alignment is less about strategy and the anticipated need for consistency among next-generation products and services and the technology necessary to develop, deliver, and service them, than it is about servicing existing products and services. Words like "tweaking" should come to mind when thinking about operational alignment: when lines of business need to adjust their products or services, change their reporting requirements, or alter their marketing materials, they need their applications, databases, and communications to change with them. While this does not mean that they will frequently require whole new applications and databases, it does mean that applications and databases can yield the right things at the right time.

Like all the alignment flavors, operational alignment also assumes a partnership between technology and the business, a partnership that encourages open communications, cooperation, and teamwork to deliver the best solutions as quickly as possible. Where infrastructure alignment focuses more on reliability and cost-effectiveness, operational alignment focuses more on flexibility and agility.

INNOVATION ALIGNMENT

Innovation alignment is tough to achieve. It exists in companies that have an innovation culture — and not all companies do (in spite of lip service to the contrary). Perhaps the easiest opportunity for innovation alignment occurs within the relatively well-defined area of R&D, an area that most companies define as important to their futures. For example, technology support for corporate R&D might focus on R&D processes, tools to enhance the R&D process, tools that contribute to innovation, and metrics to measure success/failure. There are also opportunities to exploit some new information technologies in the R&D process, such as online contests to "solve" complicated research and development.

Innovation alignment also requires the integration of strategic and operational alignment where new ideas are strategically viable and operationally feasible. This kind

[1] See ISACA Web site (www.isaca.org/Template.cfm?Section=COBIT6&Template=/TaggedPage/TaggedPageDisplay.cfm&TPLID=55&ContentID=7981).

[2] See ITIL and ITSM Web site (www.itil-itsm-world.com/what.htm).

of integrative thinking is hard to achieve but, when successful, can literally change the face of a company. Good example? Apple struggled mightily until it developed the iPod. How did it innovate? The iPod had to be strategic and operational. There are other examples: Procter & Gamble innovates continuously. Rohm and Haas does the same thing. US automobile manufacturers, however, seem to have problems innovating. The alignment challenge here is to identify the innovation capacity of the company and then focus resources accordingly. Tools for concept development, prototyping, and testing are among the resources that can accelerate innovation.

PEOPLE ALIGNMENT

People alignment is a critical ingredient to all the alignment flavors. We need people to execute the alignment agenda. But which people? With what kinds of skills?

Each alignment flavor requires a different set of skills and competencies. In fact, the flavors are so different that the necessary skills and competencies generally cannot be found in the same people. This has huge implications for companies seeking alignment. If you look at the five flavors, it's easy to see how the skills and competencies required for each differ so dramatically. Strategic alignment requirements a top-down, holistic view of the business coupled by a purposeful view of technology (that is, how technology enables broad business agendas not just specific transactions). Infrastructure alignment is about the details of architectures, cost-effectiveness, reliability, and security. And operational alignment requires skills in the delivery and support areas as well as in the areas of flexibility and agility. Innovation alignment requires a great many creative skills as well as the ability to detach from day-to-day infrastructure and operational activities. People alignment requires us to examine the skills of all the professionals responsible for alignment, assess the gaps, and fill them with the right people at the right time doing the right things.

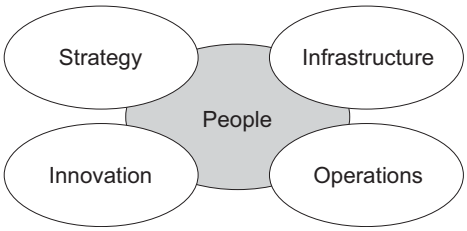

Figure 1 — The five alignment flavors.

Many alignment agendas fail simply because companies don't have the right people doing the right things. One of the toughest challenges is to assess the skills in your company with reference to the first four flavors of alignment and then make the tough decisions about the mix of professionals in the company. Companies serious about alignment must make the tough decisions: how many can actually do this?

ALIGNMENT NIRVANA

Obviously achieving total alignment is difficult. When we think about alignment and read testimonials to alignment success, we're usually reading about one or two alignment flavors — not the whole process. Alignment Nirvana is elusive because of the diverse skills necessary to achieve it; perhaps the best way to achieve it is to first recognize the differences among alignment goals and processes, and then pursue alignment as though it were five interconnected projects. The key — as always — is people. Without the right people pursuing these alignment objectives, not much progress will be made (see Figure 1).

Alignment can obviously help companies achieve results, but in order to take full advantage of aligned opportunities, we should recognize the different alignment flavors and organize accordingly.

ABOUT THE AUTHOR

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