Contents

Business/IT-Alignment (BITA)
- What is it?
- Who are the key scholars?
- How to model it?
- How to realize it?
- How to measure it?
- How to use it in your own research?
So what is alignment?

- “The extent to which business strategies were enabled, supported and stimulated by information strategies” (Broadbant & Weill, 1993)
- “If the business plan *links or refers* to the IT plan and vice versa” (Kearns, 1997)
- “A realized IS/IT strategy that is consistent with business needs, a flexible and issue-oriented strategy formulation process, with concurrent processes taking place at different organizational levels” (Ward & Peppard, 2001)
- “Any attempt to increase IT business value must consider the extent to which IT is aligned with the business strategy” (Tallon, Kraemer & Gurbaxani, 2000)
Maturity & Alignment

Resource Based View (Barney, 1991)
- Organizational resources → performance
- Relations remain ‘black box’

Strategic Alignment (Venkatraman et al., 1993)
- Align for competitive advantage
How to realize BITA?


Alignment: What is the best way?
Venkatraman, Henderson & Oldach’s Model of Strategic Alignment

Diagram showing the alignment between business and IT strategies, including:
- Business Strategy
- IT Strategy
- Cross-Dimension Alignments
- Organizational Infrastructure & Processes
- IT Infrastructure & Processes

Key concepts highlighted:
- Strategic Fit
- Functional Integration
4 routes to Strategic Alignment

1. ‘Strategic execution’ (cost center focus)
2. ‘Technology potential’ (technology leadership focus)
3. ‘Competitive potential’ (product leadership focus)
4. ‘Service level’ (customer satisfaction focus)
Scheper’s Extended Strategic Alignment Model

- The business domain contains **more** dimensions than strategy and organizational processes
- BITA is about **multi-dimensional** alignment and adaptation
- A model should contain elements that are **measurable** – as performance indicators
Scheper’s hypothesis

1. Given that the maturity scores of all business dimensions are equally measured ...

2. ... and the ‘multi-dimensional balance’ between business maturities is basically measured by a ‘factor’ called (business/IT) alignment ...

3. ... then it should be expected that organizations with higher alignment scores significantly outperform their competitors and improve their performance over time.
# Defining maturity levels

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<thead>
<tr>
<th>Strategy &amp; Policy</th>
<th>I</th>
<th>II</th>
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<tr>
<td>Ad-hoc oriented</td>
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<td>Process oriented</td>
<td>System oriented</td>
<td>Network oriented</td>
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<td>Monitoring &amp; Control</td>
<td>Cost control</td>
<td>Financial control</td>
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<td>Chain control</td>
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<td>Organization &amp; Processes</td>
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<td>People &amp; Culture</td>
<td>Personnel administration</td>
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<tr>
<td>Information Technology</td>
<td>‘Scattered’</td>
<td>Island automation</td>
<td>Integrated</td>
<td>Network oriented</td>
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Assumptions behind Scheper’s Alignment concept

- All business dimensions have proven, realistic and generic minima and maxima as ends of a reliable 4-level cumulative maturity scale.

- **Alignment** can be indicated at all four levels as a ‘common ground’ for all business dimensions.

- In principle, alignment is more important than the average or sum maturity over all business dimensions.

- The business dimension with the highest maturity score sets the target and ‘should-be’ maturity level for all other business dimensions.
Realizing BITA is not easy

- Business & IT: often really two different worlds
- Management saying “we should align!” does not help much
- Alignment between strategy and operations, between departments and over time
Measuring BITA (in your research)

Friday!
“We have been asked on numerous occasions: ‘Which alignment perspective is the best?’ As researchers and observers of strategic management phenomena, we do not believe that there is one universally-superior mode to formulate and implement strategy. If there were, it would not be strategic as all firms would adopt it.”

(Venkatraman, Henderson & Oldach, 2000, p. 147)
Upcoming activities

- **Assignment:** get a completed survey
  - Deadline Tuesday, October 6

- **Workshop:** Friday, 10-13h, MIN-211
  - Feedback ass. 4: operationalization
  - Discussion & paper questions