EXPLORING THE PARALLEL UNIVERSE

“Right now alignment is the big deal. We’re seeing a sea change in the economy that is spurring renewed emphasis on profitable growth and the re-emergence of technology as a valuable contributor to business strategy and the performance of business operations.

But IT organisations can’t catch the wave if executives can’t define the role of technology in the business and agree on the role they want CIOs to play.”

Ann Senn, Deloitte Consulting LLP, Global IT Strategy Leader

For decades, the perennial struggle to assimilate solid, identifiable business priorities into IT-related organisational management decisions has been grappled with by many top level executives, who have been left stumped and frustrated in their efforts to successfully resolve the greatest mystery of integrating the two parallel universes – of business and technology.

A GALAXY OF DIFFERENCES

The problem with integrating business and technology lies within the “Black Hole”, or the widely-coined “Great Divide” – the gap in expectations which exists between IT and executive suites. Alignment has proven difficult because of conflicting opinions among corporate executives about the role IT should play in the business. For example, an IT professional will view a new IT investment as a critical capability, and the business should invest in it for operational and competitive advantages, as well as to grow revenue and profits. However, for the other end of the spectrum, the
business perspective will deem that same IT investment a business risk. The organisation should only invest in basic capabilities required to support business operations and record transactions, and focus on operating these capabilities at minimal costs.

A recent 2010 State of the CIO survey revealed that although the recent recession has deepened businesses’ understanding of and commitment to business beyond IT, aligning IT initiatives with business goals continues to be at the top of business concerns.¹

How then, do you get them on the same page?

THE STRATEGY: LOOK TO THE STARS

To get both on the same page, the business and IT departments will have to reach a common consensus to achieve the same goals and objectives, which represent the executive requirements, which subsequently frames the project scope and expectations. The business side understands enough about IT to respect technology, as well as the IT role as a business enabler which drives business success. Although most IT departments are kept busy enough with just maintaining existing processes, or a messy range of disparate array of point solutions amongst other unsustainable infrastructure, there is also an equal number of successful IT departments which are distinguished by their ability to include business objectives in their IT investment proposals, covering business costs and risks towards enabling an agile, global enterprise. Winning companies have IT and business departments closely aligned. They overcome language barriers, develop a common perspective, and share similar goals and objectives.

There are three different dimensions to Business-IT Alignment.² The first refers to Strategy – the extent by which IT and business strategies are aligned. Secondly, it can also mean Structure – how an organisation’s IT capabilities are structured to align with business structures and needs. The third crucial element to complete the Business-IT alignment equation will be the alignment of relationships between business units and IT capabilities.

IT’S NOT ROCKET SCIENCE

A recent study offered seven steps to align business and IT successfully³:

1. Optimize returns from existing and new infrastructure
2. Accurately forecast demand and costs
3. Develop cost-cutting strategies for high-cost services
4. Invoice units based on usage
5. Monitor and track resource consumption
6. Develop an activity-based cost model
7. Develop a service catalog

Source: http://resources.idgenterprise.com/original/AST-0025319_Running_IT_as_a_Business_105043_0211.pdf

¹ 2010 State of the CIO: today’s focus for IT departments – business opportunities, Kim S. Nash, 17 Dec 2009
² Business-IT Alignment – the relationship dimension, Vaughan Merlyn, 26 April 2010
³ Running IT as a business, Kate Morton, 2011
http://resources.idgenterprise.com/original/AST-0025319_Running_IT_as_a_Business_105043_0211.pdf
Other proposed best practices based on executive insights from CIO Perspectives Forum\(^5\) and a ZDNet community\(^6\) include:

**Define what IT does by focusing on competitive advantage, ongoing operations, managing risk and reducing cost** Have your IT leaders spend time with business leaders to become well-rounded and increase credibility.

**Report IT costs with reference to business solutions** Project prioritisation and approval informs whether IT helps fulfil cost or business objectives.

**Articulate results** Deliver on deadline, measure the results and market the role that IT had in making the changes or enhancements happen.

**Develop healthy working relationships** with your business units and executive office. Gain their respect and demonstrate your commitment to their success.

**Focus on strategic alignment** Use balanced scorecards which include metrics such as: financial, customer, quality and employee to ensure that your IT strategy is aligned with your business one.

Today, IT is no longer seen as a technology supplier. Businesses are also seeking the added strategic capabilities as well as the value it adds to the organisation. The traditional divorced relationship between the business and IT factions – where both were able to thrive independently even with disparate values and priorities – has evolved. Gone are the days where “all boats will ride along with the tide”. Along with the most recent global recession of 2008, this ship has sunk. Not only has the importance of Business-IT alignment been further into prominence; it is now imperative for businesses to focus on “accelerating the drive to use IT in building and maintaining an understanding of the commercial and customer side of the business”\(^7\). With ever-evolving advancements in technology and the constant strive towards greater productivity and business efficiencies, it is critical for businesses to unify both factions and underline the importance of “aligning IT to business”, “manage IT based on business priorities”, and “monitor IT infrastructure performance from a business perspective” in order for the organisation to move forward as one. And unless you embrace this holistic approach towards strategic execution for your business, any planned organisational initiatives, whether business- or IT-led – will most certainly be doomed to failure.

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\(^4\) Running IT as a business, Kate Morton, 2011  
http://resources.idgenterprise.com/original/AST-0025319_Running_IT_as_a_Business_105043_0211.pdf  
\(^5\) Connecting points: Takeaways from CIO executive Council Workshops, The CIO Executive Council, 15 Dec 2009  
http://www.cio.com/article/510949/Connecting_Points_Takeaways_from_CIO_Executive_Council_Workshops  
\(^6\) Does Business-IT alignment really exist, or just a figment of consultants’ imaginations?, Joe McKendrick, 18 June 2010  
http://www.zdnet.com/blog/service-oriented/does-business-it-alignment-really-exist-or-just-a-figment-of-consultants-imaginations/5022  
\(^7\) Alignment 2010, Maryfran Johnson, 17 Dec 2009  
http://www.cio.com/article/511242/Alignment_2010
KEY SUMMARY

Many top level executives have grappled with Business–IT Alignment for decades as they struggle to assimilate solid, identifiable business priorities into IT-related organisational management decisions.

The main problem with integrating business and technology lies within the gap in expectations which exists between IT and executive suites.

Alignment has proven difficult because of conflicting opinions among corporate executives about the role IT should play in the business.

Businesses have a deep understanding of, and their commitment to business beyond IT.

Aligning IT initiatives with business goals continues to be one of the top business challenges.

There are three different dimensions to Business–IT Alignment: strategy, structure and relationships.

More businesses are seeking added strategic capabilities as well as the value IT adds to their organisations.