



## COMPUTERWORLD IT Management

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# IT and Business: Stayin' Aligned

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**May 16, 2005** (Computerworld) I just returned from a conference for CIOs, where one of the main topics was the elusive quest for IT-business alignment. It is not, of course, a new challenge. Good CIOs have long been chasing business leaders, trying to forge better working relationships.

The goal of IT-businesses alignment is to help the organization reach its goals by improving the outcome of IT initiatives. A poorly aligned IT organization is one that's unable to respond to the needs of the business (which change all the time, by the way).

Therefore, well-intentioned IT leaders are forced to try to divine the business strategy -- which is often missing or poorly articulated -- and do what it takes to get in step. Given the dynamic nature of business, this is difficult at best.

I don't mean to be negative about IT-business alignment. It's a worthy goal. In fact, it's really the only way to approach your job, unless you're content with the role of keeper of infrastructure.

But to see why it's so difficult to achieve, let's look at alignment as it pertains to ERP applications. During the height of ERP implementations, IT organizations and business units sat shoulder to shoulder to build systems that would be well matched to their companies' business processes. Even if those ERP teams succeeded (and the likelihood was probably equal to that of winning a coin toss), today those companies are lamenting that their ERP systems have become too rigid and inflexible. The result? IT (the organization) appears to be out of alignment in a big way because of IT (the technology).

ERP is probably one of the most dramatic and challenging examples of the problem

with the quest for alignment between the business and the IT organization. It illustrates the main point CIOs have to recognize: Alignment is a moving target, not a permanent condition. Moreover, the likelihood of achieving it is slim at best unless the CIO understands certain things. Here are a few of them:

- **Infrastructure, while essential, adds little value to the business and isn't a big opportunity for IT-business alignment.** It's certainly important to have an efficient and reliable infrastructure that supports business initiatives. But when many IT leaders spend 80% of their budgets and almost 100% of their time on these activities, there's no energy left to pursue real alignment.

- **Functionality that doesn't differentiate your organization shouldn't be developed.** A key part of IT-business alignment is for the business to be able to use IT to achieve its goals. The business can't do that if IT is off rewriting a general ledger or building a better call center system. Don't overdevelop applications. If it's merely a routine process, such as payroll or order management, use off-the-shelf systems, and get it



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One conference attendee I talked to developed an application spec that included more than 2,000 function points. It was going to cost over a million dollars and take more than a year to develop. The person's company took a hard look at the actual functionality of the system and realized that only a small part was unique and differentiating. With that understanding, it was able to reduce the scope of the project to about 400 function points.

Consequently, the company cut the price tag to about \$400,000 and reduced development time to four months. That left more time and resources for activities that were more aligned with the business goals.

- **One key to alignment is technological flexibility.** Implement the most flexible and adaptable technology possible so that your technology can change with your business.

- **Alignment can be achieved only when the business leaders recognize and accept their role.** So many organizations complain that the business units don't accept ownership for IT or that they abdicate responsibility for IT assets to the CIO. Business leaders wouldn't acquire a piece of physical real estate and then walk away from it. They must understand that it's not OK to walk away from IT.

- **Alignment is mostly about trust, credibility and respect.** Only IT leaders who inspire those kinds of feelings in the business leaders ever achieve alignment -- and keep it.

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