

Strategic Alignment Maturity between IT-Business and Global Benchmarking

Rajkumar Kempaiah
College of Mount Saint Vincent
6301 Riverdale Avenue, Bronx, New York 10471
Rajkumar.kempaiah@mountsaintvincent.edu

Abstract

Since 2003, Alignment of IT with Business is ranked among the top 3 in the list of IT management concerns/issues according to the survey conducted by Society of Information Management (SIM) in 2014. In the last 12 years IT and Business alignment has been ranked 8 times as the top management concern. With changes in technology the pressure for IT departments to show its value to the business continues to intensify. Strategic alignment maturity focuses on examining both how IT is aligned (e.g., integrated, in harmony, converged, linked, fused, synthesized) with the business, and how the business should or could be aligned with IT (Luftman & Kempaiah 2007, 2009). The degree of alignment depends on addressing the alignment maturity components (e.g., communications, partnership, IT metrics, human resources, governance, and technology scope) (Kempaiah 2013).

As technology evolves, finding effective ways of linking IT and the business seems to grow in importance as business strategies become more dynamic. Recent research on strategic alignment maturity assessment benchmarking (Kempaiah 2013) suggests that, while IT and business alignment has been improving of late, there are still challenges that remain and will be discussed in this article.

Achieving strategic alignment requires IT executives to have sufficient understanding of business knowledge of their operations and business executives to have sufficient understanding of technical knowledge of IT solutions that are being implemented in their companies. As companies deploy the use of technology to gain strategic business advantage, alignment is increasingly becoming more important. Often, executives look for one magical component that will enhance the alignment; in reality executives need to address all the components of Luftman's model to achieve strategic alignment.

The survey developed by Luftman was used to collect the data from the IT and business executives from 55 companies. 300 responses were received. The results are analyzed and benchmarked against Luftman's data from 240 global 1,000 organizations. Analyzing the responses has provided lot of insights about the alignment maturity from service companies, manufacturing companies and financial companies.

This article will leverage the concepts of Luftman's strategic alignment maturity model to assess whether IT enables or inhibits companies' performance with respect to business transformation.

Major findings include:

1. Most companies are still at Level 2 or Level 3 on a scale of 1-5.
2. There are significant differences in the perception Strategic Alignment Maturity between IT and business executives among all the three sectors for which data was collected and analyzed.
3. Strategic Maturity Alignment of service companies are higher than financial and manufacturing companies and also higher than the benchmarked global companies.

Luftman, J. and Kempaiah, R. (2007). An Update on Business-IT Alignment: "A Line" Has Been Drawn, MIS Quarterly Executive 6(3): 165-175.

Luftman, J. and Kempaiah, R. (2009). Key Issues for IT Executives, MIS Quarterly Executive Vol 8 No.3, September 2009

Kempaiah, R. (2013). Strategic Alignment Maturity: Analysis of Indian Software Companies and Global Benchmarking – ABR conference in New Orleans, LA USA March 13-15, 2013.

Luftman's Maturity Model

