## Chapter II

# Business Alignment in Agile/Virtual Enterprise Integration

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## ABSTRACT

*The concept of strategic alignment between business strategy and technology is essential for improving competitiveness. The driving force of business is to fully satisfy customer needs with the right products/ services, at the right price, and with the required quality and responsiveness in a global competitive market. In this context, by alignment we mean the actions to be undertaken to gain synergy between business, that is, a market opportunity, and the provision of the required product, with the required specifications, at the required time, with the lowest cost and with the best possible return. In this chapter we focus on a leading organizational model, the Agile/Virtual Enterprise model, characterized by a fast reconfigurability or adaptability face to the dynamically changing market and introduce the concept of a* Market of Resources *as the environment able to assure a permanent alignment of the networked structure with market. We also propose alignment strategies between business opportunities and the creation/reconfiguration of the Agile/Virtual Enterprise that is expected to meet that opportunity.*

# INTRODUCTION

The concept of alignment was initially introduced in the field of Information Systems and Technology. It is widely accepted that the effective use of Information and Communication Technology (ICT) to leverage the skill and knowledge base of the organization can provide competitive advantage in the marketplace (McFarlan, 1984). The model proposed by Galliers (1991, 1993) defends different strategies associated with an organization and the corresponding Information Systems—the information strategy, the implementation strategy, and the human resources strategy—recognizing also the need to manage the organizational change.

The potential benefits to be gained from the effective deployment of ICT obliges organizations to consider the alignment of their ICT and their business (Shams & Wheeler, 2000). In this sense, alignment refers to actions undertaken by management to gain synergy between ICT and the enterprise's information systems, products, markets, and business administration by ensuring that internal policies match external policies in these areas.

Henderson and Venkatraman (1994) propose two definitions of alignment: *traditional linkage*, by "ensuring that Information Systems activities are linked to business requirements," and *strategic alignment*, by "selecting the appropriate alignment perspectives for achieving business objectives." In this chapter, we adopt a perspective based on the second definition.

The driving force of business is to fully satisfy the more and more demanding customers with the right products/services, at the right price, and with the required quality, at the right time, in a global competitive market. At the same time, although the constant stream of innovations in goods and services allows manufacturers and service providers to offer higher quality products, it increases customers' expectations and, thus, requires higher levels of competition. In this context, we define alignment as the actions to be undertaken to gain synergy between the business—that is, the market opportunity (or business opportunity) and the provision of the required product, with the required specifications, at the required time, at the lowest cost, and with the best possible return (financial or other).

We believe that this concept can support the necessity of aligning business (market opportunities) with the enablers of the most recent business models, namely the Agile/Virtual Enterprises (A/V E) model. In particular, we propose alignment strategies between business and the integration of resources in an A/V E to answer to a market opportunity, supported by the environment of a *Market of Resources*.

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