Chapter 5.4
Enterprise Alignment and the Challenge for Organization Development

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INTRODUCTION

In today's global, hyper-competitive business environment, enterprise alignment is a top concern with senior management. With mergers, global joint ventures, outsourcing/off-shoring, and increased global competition, organizations are struggling with a host of enterprise alignment issues, particularly around information technology (IT) strategy alignment. Well-aligned systems and processes can provide an organization with a powerful source of competitive advantage. According to Gartner Group, the number one concern of business and IT professions world-wide is the alignment of IT and business strategies. Unfortunately, according to Whittle and Myrick (2005), less than 10% of the Global 2000 have well integrated systems that are aligned with the strategy of the business. In addition, according to Worren, Ruddle, and Moore (1999), organization development (OD) efforts are also often misaligned with the strategy of the business. These strategic misalignments are becoming an increasing concern to senior management and are areas of opportunity for OD and IT organizations.

From the early eighties through today, as technology has become an ubiquitous part of the enterprise, there has been a dichotomy between technology centric frameworks for enterprise improvement and business centric frameworks. Unfortunately, to-date, no one framework or school of thought has been successful at bridging the divide between business and technology, whether at the enterprise level, or at the more micro business area- system. Despite the growing dependency of business

on technology, there is a great misalignment between the strategy of the IT organization and the strategy of the overall business. The influence of IT has become pervasive, with technology no longer just supporting key businesses but in many cases driving them.

BACKGROUND

The demands of a knowledge- and information-based economy will continue to keep these efforts at center stage, but a shift is already underway that positions organizations to evolve from being producers of phase-one style projects--which deal with understanding channels and business process optimization--to taking on the role of implementing and deploying complex technologies in support of supply chain management, Web-based distribution, and customer relationship management. An expanded scope of IT activities--due to the extension of IT to the larger world of suppliers, customers, and consultants, and the management of information, documents, and processes--is increasingly part of internal enterprise-wide technical architectures. These new ways of using IT will continue to put stress on already-strained human capital, causing the IT organization to continue partnering or sourcing projects through internal or external specialists.

According to Whittle et al. (2005), through 2006-12, significant phenomenon in IT and business will emerge that will affect IT's influence on business. Technologies of permanent, major, or disruptive influence will emerge to drive new business megatrends. This phenomenon will precipitate leverageable derivative imperatives, in which leading executives will make ongoing investments. By 2007, the taxonomy of these megatrends, and derivative imperatives, will lay permanent, new ground rules in business/IT investment planning and strategy. These megatrends will also dramatically affect OD investment planning and strategy. New thought leaders will

emerge and they will learn how to best interpret and react to these changes for competitive advantage.

By 2012, pervasive connectivity and information utility ubiquity will result in 24x7 supply chain and customer relationship management (CRM) activities for most companies. According to Sledgianowski and Luftman (2005), traditional boundaries between companies will not be as apparent, as enterprises focus on their core competencies and core contributions to a complex web of partnerships, interfaces, and relationships that make up the enterprise value network. Following the keiretsu model, there will still be separate companies, with evolution taking place around external interfaces and relationships. Global business community consolidation could result in an era of "coapetition on steroids." Business community consolidation is defined as the structured networking of companies with complementary customers/products around common themes. Globalization and cultural changes create workforces of temps, part-timers, free agents, contractors, and suppliers. These enhanced response capabilities are matched by lack of corporate culture and institutional knowledge that can result in such environments.

Continuing to focus on aligning workforce management and development to be able to address these challenges is key for OD as the need for versatile knowledge workers continues. This requires companies to become expert human capitalists, proficient in "right sourcing"--that is, finding the right skill level as well as the right numbers of staff, whether from external or internal sources. Indeed, in the information economy, success will depend on being able to leverage the right intellectual and human capital and the degree to which this human capital understands and relates the basic tenants of strategic alignment to their work.

The recognition that people are the drivers for innovation does not automatically result in the higher levels of organizational responsive-

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