

# MANAGEMENT

## STRATEGIC ALIGNMENT MODEL

The Strategic Alignment Model of Venkatraman, Henderson and Oldach is a framework to align the Business and IT Strategy. Venkatram and others argued that the difficulty to realize value from IT investments is firstly due to the lack of alignment between business strategy and IT strategy of the organizations that are making the investment, and secondly by the lack of a dynamic administrative process to ensure continuous alignment between business and IT domains.



### They describe 4 dominant alignment perspectives towards the analytic alignment of Business and IT:

- Strategy Execution:** This perspective views the business strategy as the driver of both organization design choices and the logic of IT infrastructure. Here, the top management formulates the strategy; IT Management is only strategy implementer.
- Technology Potential:** This perspective also views the business strategy as the driver. However, it involves the formulation of IT strategy to support the chosen business strategy and the corresponding specification of the required IT infrastructure & processes. The role of IT manager is to design and implement the system following the vision.

- Competitive Potential:** This perspective allows the modification of business strategy via emerging IT capabilities. The top management articulates how the emerging IT competencies as well as changing governance patterns would impact business strategy. Role of IT manager is to act as catalyst.
- Service Level:** The focus here is on building a world-class IT organization within an organization. The role of the business strategy is indirect here. The top management decides how scarce resources are to be allocated while the role of IT manager is one of business leadership, with specific tasks of ensuring that the internal business succeed within the operating guidelines from the organization.

#### Use:

The model helps firms in identifying appropriate perspectives to realize value from IT investments.

