CHAPTER 10:
CASELET #6 – STRATEGIC ALIGNMENT

The Board of Directors for a regional telecommunications provider presented its annual guidance (e.g., goals, strategy, funding) to the organization's management team. The primary goal for the upcoming year is to gain market share. The management team (C-level) must develop plans that will support the achievement of the Board's directives, focusing specifically on the initiatives that help the organization reach this goal. Past history has shown IT has been proactively involved (through good Business Relationship Management) in the achievement of previous annual goals. Additionally, IT is considered to be strategic in nature and leverages mature service management processes.

Recently, the Steering Committee, a new group chartered to promote communication and prioritization between the business and IT, has reviewed and accepted several requests for new projects. Reviewing their impact, metrics show a decrease in meeting stakeholder requirements, wasted resources (e.g., release re-routing), poor quality functionality from a usability view as well as a support view (e.g., higher incident rates, lack of information at the service desk and service outages) and frustrated consumers. From a user standpoint, satisfaction scores are at an all-time low.

Upon further review, the business cases for these projects that have been accepted were "bullied" through the process by the project sponsors, taking advantage of the new committee. The projects themselves haven't been bad ideas but they have not directly supported the strategic goals of the organization. In fact, most of the business cases are focused on cost-cutting (can you really argue with saving money??) rather than the Board's directive of market growth. The CIO, recognizing the lack of strategic alignment, has called a management team meeting to discuss the new business cases, the process in which they were accepted, the outcomes of their deployment and the absence of conformance to the Board of Director initiatives.

In preparation of this meeting, what improvement (process, strategy, etc…) initiatives should the CIO consider?

The Five Anchors

Anchor	Discussion
I. Strategic Alignment: IT Services to Business Objectives	
1. What are the business strategy, goals and objectives? *Are there any measures that demonstrate the achievement of the business strategy, goals and objectives?*	• This organization has been given specific guidance to gain market share and focus on initiatives that help reach this goal. Metrics show the portfolio investments are not congruent with the governing body's intent. In fact, projects are more focused on cost-cutting rather than the achievement of market growth. • **COBIT**: EDM2, APO5 • **CMMI-SVC**: STSM; GP 2.10; GP 3.2 • **ITIL**: SS 4.1, 4.2, 4.5; ST 4.6
2. What is the business issue, or activity at risk?	• The main risk is the new Steering Committee. The decisions to fund projects are focusing on cost-cutting rather than market growth. As a result, resources are being applied inappropriately to initiatives that do not support stakeholder needs. Has the Steering Committee been chartered correctly with the appropriate decision authority as well as span of control and delegation authority? • **COBIT**: Organizational Structures enabler • **CMMI-SVC**: GPs 2.3, 2.4, 2.10

Anchor	Discussion
3. Is the ownership to resolve the issue at the appropriate level of authority?	• Yes, the initiative sits with the management team.
II. Security, Compliance and Risk Issues	
1. Has there been a compromise of the information security policy?	• Unknown with the information provided.
2. What are the internal and external compliance or regulatory concerns?	• Unknown with the information provided.
3. What is the cultural appetite for risk?	• The organizational appetite for risk is presumably high (for example, the initiative of market growth). But that initiative was prescribed without any guidance to management regarding risk tolerance. In this case, the Steering Committee, which by definition is a governing body, has failed to govern and truly reduced themselves to a 'management board', which is reflected in the approval of cost-cutting initiatives. Even though they are good initiatives, they are outside the scope of the Board of Directors' guidance. The failure to separate governance from management has caused a management-based reaction resulting in wasted resources and a failure to meet the Board's directives.

Anchor	Discussion
	• **COBIT**: EDM3 • **CMMI-SVC**: RSKM; OPF
III. Value-based Portfolio	
1. Does the current portfolio meet expectations and needs of the stakeholder?	• Obviously not. The increase of market share, although known by all, has not been achieved. Portfolio investments are focused on outcomes that are the complete opposite of the governing body's intent. • **COBIT**: APO5 • **CMMI-SVC**: STSM; GP 2.10 • **ITIL**: SS 4.2
2. What is the value of the affected business activity (VBF)?	• Unknown with the information provided.
3. Does the portfolio have the right mix of resources to deliver business benefit?	• Clearly the resources are available, but the focus is in the wrong areas as per the Board of Directors' initiatives.
IV. Design and Architecture	
1. Will the current architecture effectively resolve the issue? Is it feasible?	• This is truly a management issue rather than a technology solution. The Steering Committee is operating inappropriately and needs to refocus on the Board of Directors' initiatives.
2. Can the current architecture accommodate the issue?	• Based on past performance of IT and their ability to address previous initiatives, the assumption is yes, the architecture will handle the perceived changes.

Anchor	Discussion
3. Do we have the necessary competencies to design the required change(s)?	• Based on past performance of IT and their ability to address previous initiatives, the assumption is yes, the competencies are available and can handle the perceived changes.
V. Planning and Use of Resources	
1. What resources are required to resolve the situation (e.g. people, capital, technical…)?	• Presumed yes, but there is no direct evidence.
2. Can the required resources be acquired?	• Presumed yes, but there is no direct evidence.
3. Is the necessary data and information available, collected and managed to resolve the current situation and prevent future occurrence?	• Presumed yes, but there is no direct evidence.

Improvement Model Application

This is a classic model where the separation of governance and management has been widely misunderstood by management. In this case, management (Steering Committee) has either avoided or ignored governing body guidance (willingly or not) and so is not supporting stakeholder needs by approving initiatives that will ensure benefits.

Solution References:

Primary Solution:

The COBIT Implementation Model is a logical fit for this issue because there are a multitude of pain points and drivers that command attention to this model. These are explicit elements identified within the Implementation Model and are clearly indicated in the case. They include:

- Decrease in meeting stakeholder requirements
- Wasted resources (for example, release re-routing)
- Poor-quality functionality
- Higher incident rates
- A new business strategy/priority.

By using pain points or trigger events as the launching point for the CIO's improvement suggestions, the Board of Directors can clearly see the link between the current state and their desired goals, thus, endorsing the CIO's improvements. This is Step 1 of the Implementation Model. The CIO now has a clear path for developing the business case to launch the improvements.

Through the review of the pain points and drivers, the CIO realized management and governance experienced a disconnect in that the governing direction was ignored in the management practices (the acceptance of cost-cutting initiatives rather than growth). So, Step 2 of the Implementation Model is critical – the organizational mission, vision, goals and objectives must be clearly defined and then assimilated throughout management. The Steering Committee needs to be re-chartered to align with the clarified mission, vision, goals and objectives. The remaining steps of the model are self-explanatory.

Secondary Solution:

Having clarified the strategy in response to pain points, the organization can use specific practices from CMMI-SVC to design and plan improvements. During the execution of projects, risk management, ongoing monitoring, staff development and communication with stakeholders can be improved using PAs for managing risk and institutionalized with generic practices

focussing on authority, resources, training and communication with stakeholders.