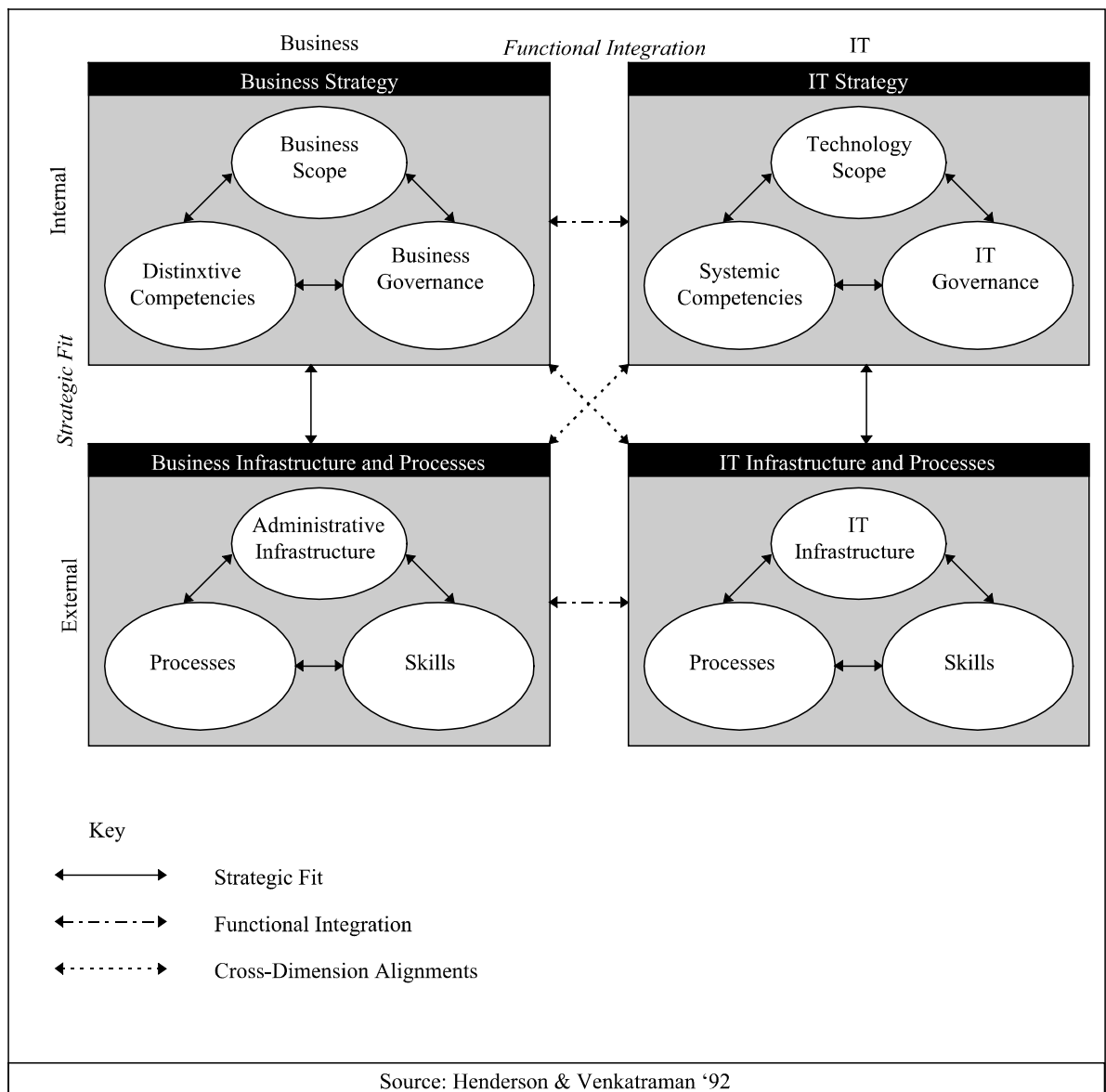


J. Henderson & N. Venkatraman, "Strategic Alignment: A model for organisational transformation through information technology," in T. Kochan & M. Unseem, eds, *Transforming Organisations*, Oxford University Press, NY, 1992.

Henderson & Venkatraman reviewing literature on the potential of IT to influence competitive advantage found a lacking in literature of systematic frameworks to conceptualise the logic, scope, and patterns of organisational transformation that depend on IT. In response, they proposed the IT Alignment with propositions and management implications.



The IT Alignment model, is a good framework for comparing, analysing the IT department goals, objectives and activities to the goals, objectives and activities of the firm. Features of the model highlighted by the authors are: (1) IT strategy as distinct from IT infrastructure and processes; and (2) the concept of strategic alignment as distinct from bivariate fit (relationships involving two domains) and cross-domain alignment as a central element of organisational transformation.

## ***Business Strategy***

If we view organisational transformation from a 'voluntaristic' as opposed to 'deterministic' perspective, then business strategy is a central concept. However, the concept of strategy is overarching and covers a broad terrain with multiple meanings, definitions, and conceptualisations. Nevertheless, most discussions deal with three central questions:

1. business scope: choices pertaining to product-market offerings
2. distinctive competencies: those attributes of strategy (eg. pricing, quality, value-added service, superior distribution channel) that contribute to a distinctive comparative advantage over other competitors.
3. business governance: choices of structural mechanisms to organise the business operations (eg. strategic alliances, joint ventures, and licensing) that recognises the continuum between markets and hierarchy.

## ***Organisational infrastructure and processes***

1. administrative infrastructure: including organisational structure, roles, and reporting relationships
2. processes: the articulation of work flows and the associated information flows for carrying out key activities
3. skills: the capabilities of the individuals to execute the key tasks that support a business strategy.

## ***Information technology strategy***

The concept of IT strategy is relatively new and hence open to differing definitions and assumptions. By drawing an analogy to business strategy, we conceptualise IT strategy in terms of three dimensions:

1. information technology scope: the types and range of IT systems and capabilities (eg. electronic imaging systems, local and wide-area networks, expert systems, robotics) potentially available to the organisation.
2. systemic competencies: those distinctive attributes of IT competencies (eg. higher system reliability, interconnectivity, flexibility) that contribute positively to the creation of new business strategies or better support existing business strategy; and
3. IT governance: choices of structural mechanisms (eg. joint ventures, long-term contracts, equity partnerships, joint R&D) to obtain the required IT capabilities, involving issues such as deployment of proprietary versus common networks as well as strategic choices pertaining to the development of partnerships to exploit IT capabilities and services, including outsourcing.

## ***Information technology infrastructure and processes***

Analogous to organisation infrastructure and processes, this domain is defined in terms of three dimensions:

1. architecture: choices pertaining to applications, data, and technology configurations.
2. processes: the work processes central to the operations of the IT infrastructure, including processes for systems development and maintenance as well as monitoring and control systems.

3. skills: choices pertaining to the knowledge and capabilities to effectively manage the IT infrastructure within the organisation.

Considering the general lack of consensus on what constitutes IT strategy, a feature of the model is its distinction between business and IT strategy by separating the firm's external alignment (positioning the firm in the external product-market space) and internal alignment (design of organisational structure, processes, and systems). IT strategy is separated from internal management of the information systems for the same reasons that functional level strategies are becoming more prominent such as (1) strategic marketing management, recognising the exploitation of sources of marketing advantages at the business strategy level; (2) strategic human resource management, highlighting the explicit consideration of human resource profiles and capabilities in the formulation and implementation of strategies; and (3) notions of manufacturing as a competitive weapon, illustrating the potential sources of advantages that lie within the production and manufacturing function.

The proposed strategic alignment model is more than the articulation of the underlying axes, the four domains, and their constituent dimensions. It derives its value from the different types of relationships among the four domains; bivariate fit, cross-domain alignment, and strategic alignment. The bivariate fit is the simplest relationship linking two domains either horizontally or vertically.