

THE ORGANIZATIONAL COMPETENCES MODEL: A CONTRIBUTION FOR BUSINESS-IT ALIGNMENT

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Abstract: Business-IT alignment has consistently ranked in the top five IT management concerns for almost a decade now. Despite a considerable research since the 90s, business-IT alignment still remains a challenge even more in turbulent organizational environments requiring business strategy to be more frequently examined and changed. We need effective ways to achieve and sustain alignment between the information systems and technology strategy and the business strategy so organizations become more flexible and agile. Enterprise architecture may be one of those effective ways particularly when developed under a business process management approach. Looking into a consulting practice that has adopted such approach, this research highlights the role of one particular model, the organizational competences model, in the clarification of the strategy and in the development of the enterprise architecture for a wine regulatory commission, the organization that was used as a case study.

Keywords: Business-IT Alignment, Enterprise Architecture, Business Process Management, Organizational Competences Model

Introduction

Even if the recession organizations are currently going through may change top IT management priorities, there are still some of them that never left the top 10 and have been there for almost a decade now. That is the case of IT and business alignment (Luftman and Ben-Zvi, 2010). Despite considerable research on the issue over the years (Henderson and Venkatraman, 1993, Burn, 1996, Sabherwal and Chan, 2001 Analyzers, and Defenders, Denford and Chan, 2007, Luftman and Brier, 1999), achieving and sustaining IT and business alignment in an effective way remains a challenge.

In the process of integrating and aligning organizational elements, an architectural tool may play an important role (Martin and Gregor, 2002). Using organizational alignment, information availability, resource portfolio optimization and resource complementarity as enablers, a tool such as an Enterprise Architecture may lead to outcomes contributing directly to organizational performance.

Many architectural frameworks have already been compared regarding their description, creation and potential contribution for business-IT alignment (Vasconcelos et al., 2005). However, as important as the framework, it is the way we develop it and use it on a regular basis for decision making.

We need something that cannot be cumbersome since a continuous and dynamic process is required to keep a common understanding of the business nowadays. More and more in a turbulent organizational environment, organizations need to synchronize the information systems and technology infrastructure with a strategy that may be changing or required to change (Prahalad and Krishnan, 2002).

Emerging approaches under the realm of business process management are suggesting different ways of managing the business (Indulska et al., 2006). This work will be reporting the examination of a practice that has evolved through many years of consulting and has been getting recently the attention of some researchers in academia.

This practice under examination starts with the development of an Organizational Competences Model as a first step to get to business-IT alignment, a step that takes usually three days getting together top and middle managers (Coelho, 2005b).

In the following section we will be looking into what matters for the creation of an Organizational Competences Model while providing an example of one developed for a Wine Regulatory Commission. In section three, we draw some conclusions and present some further work in the last section.

Creating a Model of Organizational Competences

The creation of an organizational competences model takes place in the first phases of mLearn, a consulting practice composed of the following nine stages (Coelho, 2005a):

1. Clarification of business strategy;
2. Definition of business processes architecture;
3. Modeling of elementary processes;
4. Diagnosis of activities;
5. Planning and monitoring of a continuous improvement model implementation;
6. Planning of information systems;
7. Monitoring of computer applications;
8. Management of Human Resources;
9. Quality and risk benchmarks.

In the first stage, clarification of business strategy, MLearn starts by building on consensus around the mission and the vision for the organization requiring the joint participation of top and middle managers to develop several models:

- A Motivation Model regarding the organization's motivations and to what/whom they work;
- A Stakeholders Model regarding the entities that in some way influence or are influenced by the organization;
- An Organizational Competences Model regarding the organizational skills supported by macro processes;
- An Improvement Continuous Model regarding the improvement actions for each organizational objective.

While building consensus, the modeling process asks for the definition of structuring objectives for each motivation and indicators for each structuring objective. For each structuring objective, an operational motivation is defined, and for each operational motivation, an operational objective and an indicator are described.

Since motivations and stakeholders are related through structuring objectives and stakeholders and organizational competences through operational objectives, this allows for concerns to be found for each operational objective. A list of concerns is related to each motivation and so to improvement actions. Therefore, an Improvement Continuous Model serves management at strategic, tactical and operational levels.

Coelho (Coelho, 2005a) proposes a set of guidelines for the development of an organizational competences model:

- Departments or specific people should not be considered during the exercise;
- Organizational competences boundaries should match control points defined for the organization and be associated with states of business objects;
- Each organizational competence should correspond to a cost center of the organization;
- Organizational competences should be named using an infinitive verb and a noun related to the stimuli that trigger them.

The whole method is supported by MooD, a tool that provides the visibility, storage, and linking of all the data collected in the modeling process.

Striving for making available a tool to achieve and keep business-IT alignment in a continuous process (Luftman and Brier, 1999), MLearn provides an effective way of getting to a unique vision through an organizational competences model (Coelho, 2005a).

An organizational competence can be defined as “the services that the organization will be able to provide to respond to a stimulus, according to a business strategy” (Coelho, 2005a). To deliver the required added-value according to the business objectives, macro-processes organize the resources for an appropriate answer of the organizational competence to a stimulus.

An organizational competence can be developed under three management perspectives:

- From a strategic perspective, it is linked to value chains and services delivery according to the business strategy;
- From an operational process perspective, it represents a set of tasks designed to respond to an event;
- From a technological perspective, it translates the assigned tasks to the computer in terms of a workflow.

When crossing the organizational competences model with the organization’s chart, we get who is responsible for each activity. Moreover, since operational processes are linked to the strategic ones in the model, when making changes business-IT alignment is easier to check.

Wine Regulatory Commission Case Study

The Wine Regulatory Commission (WRC) is an inter-professional organization that represents the interests of professions involved in the production and trade of wine and defense of regional and national heritage preserving a designation of origin.

At WRC, an organizational competences model was developed six years ago. Macro processes became organized and connected according to a top management strategy that was clarified. Exercises regarding the mission and vision, motivations, and stakeholder’s identification took place while developing an organizational competences model. The model has been used and upgraded since then.

Four motivations have been uncovered; legal awareness, clients and markets concerns, financial truthfulness and society responsiveness. Several stakeholders had to be considered: Clients, Ministry of Agriculture, Wine Institute, Taxation and Customs, Consumers, National Association for Wine Denominations to name a few important ones.

Figure 1 presents the organizational competences model for WRC: the core competences in the inner ellipse and the support ones in the outer ellipse.

In the development process of the organizational competences model:

- Top management adherence was evident and the organizational culture was formally identified;
- Business and IT managers got a better understanding of each others on two perspectives, performance and behavioral;
- Accountability for all hierarchy was set up for mapping the organizational chart with the organizational competences model;
- Synergies were found to better manage human resources.

Since WRC has been using its organizational competences model, a better management of person competences has been reported showing a crucial contribution from the model to the human resources management.

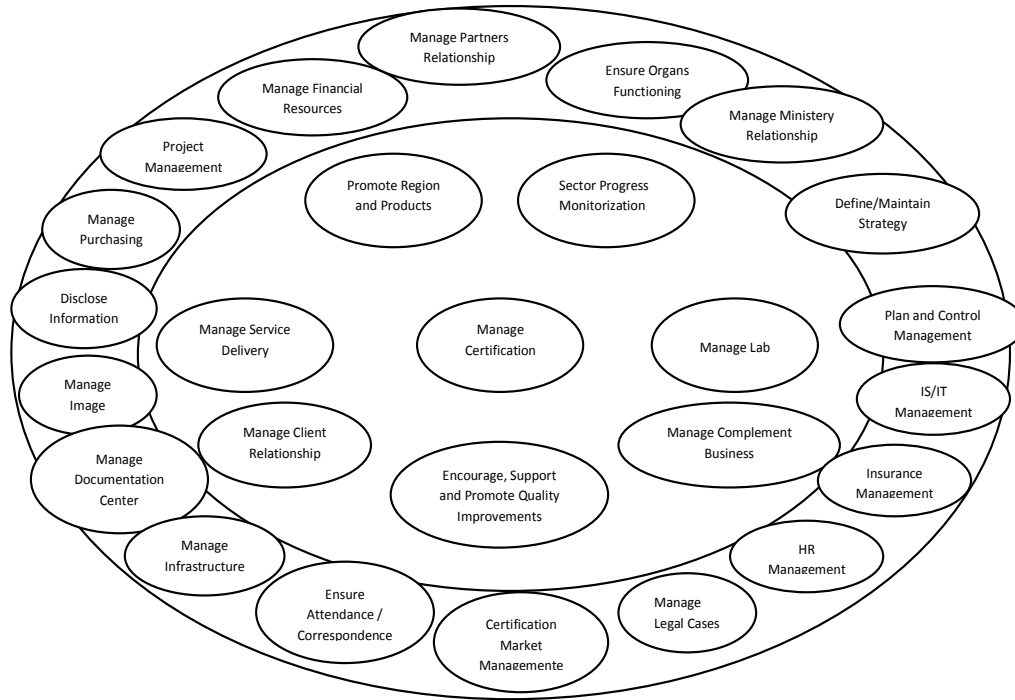


Figure 1: WRC's Organizational Competences Model

Results

From the analysis of the case study, some evidences can be highlighted:

- Top and middle management involvement is crucial to develop an organizational competences model in fast and accurate ways;
- Mission, vision, structured objectives and improvement measures call for the involvement of everyone with responsibility in the business strategy;
- Crossing the organizational chart with the organizational competences model, while validating the macro-processes, leads to a better individual accountability in business processes;
- Discussing organizational competences raises the awareness of what really matters in the organization while getting it documented for everyone's access.

Although methods and techniques as well as the expertise of consultants and IT professionals are important for the success of the approach under study, top and middle management involvement is crucial to get a wide consensus and thus success.

During the development of the organizational competences model, it is essential:

- To define all concepts as well as relevant comments made during the organizational competences model development;
- To register all the interrelations of the organizational competences to make easy the future information architecture management;

- To promote an organizational culture that calls for contribution of everyone to improve the organizational competences;
- To prioritize all the improvement measures;
- To take note of all the training needs.

Conclusions

Many different ways of looking into business-IT strategic alignment have been put forward since the well-known Strategic Alignment Model (Henderson and Venkatraman, 1993). However, achieving and sustaining business-IT alignment still remains a challenge after so many years of research.

Practices having processes as the cornerstone may provide instruments to face the challenge in less costly, timely and effective ways. The development of an organizational competences model fosters organizational internal communication and helps building the required consensus to successfully execute a strategy without wasting resources. Departing from a strategy clarification that takes into consideration the mission, vision and stakeholders' motivations as well as human resources knowledge and competences, the development of an organizational competences model requires a complete involvement from top and middle management. That involvement can and should be asked but always in the most parsimonious way.

Further Work

Although we have looked into the development of the organizational competences model, we must not forget that it takes place in relation to other models under a set of guidelines to get to the enterprise architecture. We still have to evaluate the value-added of those models to the enterprise architecture and how effective is this later instrument in achieving and keeping business-IT strategic alignment.

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