Chapter I
Enterprise Reconfiguration Dynamics and Business Alignment

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ABSTRACT

The phenomenon of the enterprise organizational reconfiguration and its dynamics as a business alignment enabler is discussed. Business alignment means the enterprise's actions undertaken to gain synergy between the business; that is, the market opportunity and the provision of the required, or innovative, product, with the required, or designed, specifications at the required, or proper, time, with the lowest cost and best possible return (financial or other). The enterprise's organization "fast reconfiguration," either as a proactive or as a reactive action, or "fast adaptation" or "flexibility" (as a "reactive" action), is seen as the main enabler of business alignment and the main requirement for achieving competitiveness. The need to keep a close alignment with the dynamic market environment in permanent change implies the high dynamics of the organizations' organization, or organizational structure, reconfiguration. The first part of the text presents enterprise's requirements for competitiveness and business alignment, while the second part discusses the phenomenon of the enterprise reconfigurability as the business alignment enabler. In the third part, an analysis of some organizational and management approaches, from the reconfigurability point of view, is presented. The text ends with a conclusion and references.

INTRODUCTION

Global competition has dramatically increased throughout the last two decades. A number of factors made it happen. We refer two of these—if not the most important, then surely among the most important: (1) the great developments in information and communication technologies (ICT) that provide unprecedented easy-to-reach immediacy and the ability to communicate in real time at any point in the world (of course, we think of the Internet), as well as unprecedented efficiency in design, management, information and decision making processes; and (2) the global geopolitical changes—that is, the business, social, and political environment changes that, from the business point of view, provided a global free market and a controversial process of "globalization." The "globalization," or business "global" processes, experience has been known for a long time; in the past few decades, however, the volume of international trade has risen dramatically. Increasingly, managers in industries ranging from telecommunications, pharmaceuticals and apparel to retailing, copiers and automobiles are looking abroad for resources and sales, even as they daily face overseas businesses entering their own markets (Prahalad & Doz, 1987). Today, the number of worldwide products and services is continuing to grow, together with the growing number of global enterprises and global brands (this happens for manufacturing as well as the service sector). Major global manufacturers and suppliers internationalize to give fast response at the best price to the products required by the market, or to explore the window of the market opportunity. Most current products integrate components originating from different parts in the world, while manufacturers (Original Equipment Manufacturers, or OEM) specialize in designing, assembling and marketing, and manage a network of suppliers.

From the other side, the customer has become the third most important business driving force. The driving force of today's business is to fully satisfy customers, each time more demanding, each time more global, with products each time more customized to their individual needs, at the right time, at the right price and with the required quality. At the same time, although the constant stream of innovations in goods and services allows manufacturers and service providers to offer higher quality products, it increases customers' expectations, and thus requires higher levels of competition.

In other words, the global competition has strengthened the significance of a company's ability to introduce new products, whether while responding to increasingly dynamic markets with customers' rapidly changing needs; handling demands to shorten the time required to design, develop and manufacture, as well as to reduce cost and increase quality; or to act proactively to explore the "window" of opportunity.

As mentioned in the Iacocca Institute report "21st Century Manufacturing Enterprise Strategy" (Nagel & Dove, 1992), the main trends of the actual economical context are: (1) meet the rapidly changing needs of the marketplace; (2) shift quickly between product models or between product lines; in order to (3) respond in real time to customer demands.

In this context, the enterprise's actions undertaken to gain synergy between the business, that is, the market opportunity and the provision of the required, or innovative, product, with the required, or designed, specifications at the required, or proper, time, with the lowest cost and best possible return (financial or other), are called business alignment. To fulfil this objective, additionally, the strategic alignment between any business policy or strategy and any kind of technology is essential. In their quest for an "ideal" business alignment, in the dynamically changing market where business and product life cycles and time to market tend to shorten, enterprises are implementing a wide variety of

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