

EFFECTIVE STRATEGIC PLANNING IN MODERN INFORMATION AGE ORGANIZATIONS

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Abstract: *The field of strategic management has offered a variety of frameworks and concepts during last period of time, many with the declared aim of “taking business and its management seriously.” Strategic planning can help an organization to build its sustained competitive advantage in the face of an uncertain marketplace, but requires new ways of thinking in order to create feasible alternatives.*

This article examines how the Chief Information Officer (CIO) can use strategy and planning as an enabler to meet the mission of an organization. The analysis focuses on some common problems that occur in strategic planning. Managers need to identify these potential issues, so that they can recognize and deal with them if they arise in their own strategic planning. A systems approach is taken which presents planning as an open inclusive process that seeks to produce flexible systems capable of growth and adaptation to meet changing needs and missions.

Keywords: Strategic planning, Mission, Vision, Strategic plan

1. Introduction

When we discuss about strategic planning, we should clearly understand if it is different from normal planning and if so, what make strategic planning different from day-to-day planning. Obviously we plan to be prepared for some expected or unknown event. In the climate of near constant change we are experiencing, organizations have to continue to deliver their missions, thus it's essential to consider the effect of that change on their future direction.

In this paper we will cover some of the different perspectives that exist on strategic planning and we will consider the drivers that are forcing us to plan and finally consider what constitutes strategic planning in information resources management. The challenge for any organization is to manage change and not to be managed by it.

2. Strategic Planning

So what is strategic planning and what does it offers to an organization? Planning takes place at many levels, from the day-to-day planning that ensures the delivery of short term goals/activities, to the long term planning that affects the structure and future direction of an organization. Strategic planning is concerned with high-level issues that often relate to an organization's existence and usually takes a long-term view.

One of the most suitable definitions states that strategic planning is “... a specialized planning method for organizations based on the three core elements of a clearly defined mission statement, acknowledgement of basic values that must be expressed in its actions and a vision of desired future outcomes” [1].

The documented result of the strategic planning process is the strategic plan.

The strategic plan is a guide to achieving the mission of the organization. It is a great

communication tool and a way of informing what the organization intends to do and how it intends to achieve its Vision. The strategic plan is also a mechanism for connecting planning programs and initiatives with the organization budget.

Based on an analysis of the facts from many organizations, we can identify some indicators that reveal the strategic planning process is imperfect and the strategic planning is malfunctioning or not serving its basic purposes:

- The process of producing the strategic plan means to put more effort into the publication of the document than into the development of the content;
- Planning is withheld to a small group of planners (not all the senior leadership is involved);
- The process of producing the strategic plan take place somewhere outside the organization, separated from the normal work process;
- The existence of internal memos which dictate that the vision statement will be completed today, by a specific time in the afternoon;
- The strategic plan is not easily accessible / available to be read;
- Few persons from the organization ever read the strategic plan and even more, the senior leadership is not expecting the employees to read it.

Those indicators show whether an organization is really conducting strategic planning with a view to improving how they meet their mission, or whether they are just following a legislative requirement and do not understand the true purposes of strategic planning.

A poor planning become a mean in itself, rather than a mean to an end. More effort appears to go into producing the plan as a finished publication than in the development of the content. As a result the strategic plan is often ignored and is ineffective in helping the organization adapt to major changes in the future [2].

To conclude, strategic planning is not just a programming function, where the chronological component of the plan or its publication itself becomes the most important product. What should distinguish between good and poor strategic planning is the thinking involved in the development of the plan and not the programming. The focus needs to be on strategic thinking not strategic programming. We should properly consider and plan for the unknown and unexpected that we may face in the future, rather than planning for the easy and expected things.

To be effective, the strategic plan must be read and understood at many levels throughout the organization. Everyone should recognize their role in supporting and delivering the requirements of the plan. Similarly, everyone should recognize that the plan is relevant to the mission and purpose of the organization.

The process by which good strategic plans are produced should be different. For example, leadership has the responsibility to ensure the plan is developed, but good strategic planning does not assume that only the leadership has the right answer; some of the ideas from lower levels of the organization may well be exactly what is required. In the same time, we have to consider that organizations that are currently profitable will have a hard time convincing senior management (and less likely employees) that a change in how people behave is necessary or worth the organizational pain [3].

The future of the organizations and what they will become in 5 years does not yet exist, we have to create it. Our actions and decisions (both individual and collective) will create the future. This is the nature of strategic planning - organizations must plan for the unknown. We can react to the unknown or we can shape the unknown, but only effective strategic planning can make the difference between shaping and having to react. Regardless the perspective one adopts, the fundamental purpose of planning is to integrate organizational efforts in achieving a common goal [4].

In today's world, we need a change in the way in which we think. If we assume the future is predictable then our planning becomes linear and internally focused. If we assume the future is unknown and we are planning in a time of uncertainty, we have to acknowledge the existence of risks and the fact that old ways of working may not be adequate.

It is widely accepted the fact that how we think governs how we act. Regarding the planning aspect, if we think on "short term" we will (in most cases) inevitably plan only in the "short-term". Similarly, if we think in a narrow mindset, then we will only be able to plan in a similar manner.

3. Strategic Planning and Information Resources Management (IRM)

Every organization should connect their investment in Information Technology with improved program effectiveness and service delivery. The development of a Strategic Plan assist the organizations to focus on results and performance, linking budgets, planning and performance targets, and contributes to the recognition of information systems' role in delivering improved performance.

From an Information Resources Management perspective, the strategic plan is a mechanism that allows the Chief Information Officer (CIO) to connect the strategic objectives of the organization to programs and initiatives that involve information systems. Establishing this connection serves to make senior leadership aware of how information systems contribute to the mission and vision of the organization. The characteristics of an organization's key decision-makers influence strategy and subsequent organizational performance [5].

Strategic Planning is not just required by legislation, it is also a good business practice. Only by adequate planning can organizations be prepared for the future, particularly the ones that experience or anticipate greater changes. Organizations need to display the following characteristics:

- Accountability;
- Alignment;
- Awareness;
- Adaptability.

Planning as Accountability

In this specific context, planning as accountability means the organization intends to provide and can demonstrate value for money. Best practices worldwide show that a successful organization will always include in its strategic plan at least the following elements:

- A comprehensive mission and vision statements;
- General goals and objectives for major activities and operations;
- Strategies to achieve these goals and objectives;
- The relationship between the long-term goals and objectives and the annual performance goals;
- Key external factors (beyond internal organizational control) that could influence the accomplishment of the goals and objectives;
- Realistic performance measurements;
- A description of how program evaluations will be used to revise the strategic goals.

Planning as Alignment

In this specific context, planning as alignment is interpreted in the light of all organization's components is working together to achieve the mission and strategic planning promotes / provides:

- An integrated structure;
- Autonomous (but coordinated) actions through out the organization;
- Organizational cohesiveness through a shared sense of direction, intent and purpose;
- Shared values, beliefs and assumptions;
- Concentration of effort;
- Flexibility for responding to a changing environment.

Planning as Awareness

In this specific context, planning as awareness means an organization understands the environment and customers it is serving. Its strategic planning process contributes to an increasing visibility of responsive intent to the customer, reduces the information overload and indicates creative ability to adapt to change.

Planning as Adaptability

In this specific context, planning as alignment means an organization can be responsive in a world of constant change.

4. Common Issues in Strategic Planning

The strategic plan needs to address high-level issues and include a long-term view. Above all it is concerned with achieving organization's mission and adapting to what the organization and stakeholders decided it needs to become. In other words, the Strategic Plan addresses where the organization must go or what it must become, why it needs to change, and how it gets there, all while achieving its mission.

In order for a suitable planning process to be put in place several issues need to be addressed. The most common concern is the way we plan. The common understanding of planning is best expressed through the following questions:

- Where is the organization going?
- Why is it going there?
- How will it get there?
- How will we know that the organization is getting there?

The synthesis and result of the above questions is expressed by three basic organizational concepts: Mission, Vision and Plan. The Mission specifies "what the organization does, its very purpose", the Vision express "what the organization intends to be in the future, where it is going", while the Plan explains "how to get to the Vision, while achieving the Mission".

The development process for the vision is a tricky one. Thinking about how do organizations develop and then achieve their vision takes us back to an issue raised before, that of "strategic thinking" rather than "strategic planning". The process of understanding where an organization needs to go is far more valuable than the process of planning. After all if the destination is incorrect, then no amount of planning will get you to where you should be.

The mission statement and vision statement create a suitable framework for the planning process to be put in place. One common mistake is to establish a too ambitious vision for the organization. The reality of strategic planning tells us that the vision should be challenging but must be at least theoretically attainable. The vision is therefore a "TO-BE" state which differs significantly from the present "AS-IS" state.

Setting the vision is therefore very important, leadership must be open to ideas and aware of the uncertainty and change that faces the organization.

Because visions can be very powerful motivators (consider only the challenge “This nation should commit itself to achieving the goal, before the decade is out, of landing a man of the moon and returning him safely to Earth” [6]), we must however, be very careful not to simply create a slogan. Therefore, there is a strong requirement to visualize the vision - what would it mean to the organization if we achieved it.

The strategic plan must recognize why the organization is going in a specific direction. Reasons include pressure from customers and stakeholders, changes in technology and work practices or an existing failure to achieve the organization’s mission.

A common issue regarding the strategic plan is the tendency to consider it finalized (as an activity) in the moment when its documented format is issued. The point here is the plan without a subsequent action is wasted effort and it is just “shelf ware”.

If you are going to achieve your vision, the organization must undertake course of action that derives from the strategic plan. However “... sometimes strategies must be left as broad visions, not precisely articulated, to adapt to a changing environment” [7], so in other words occasionally being too specific on the approaches derived from the strategic plan is a mistake.

The figure below shows a diagram that clearly represents the Strategic Management Process Model.

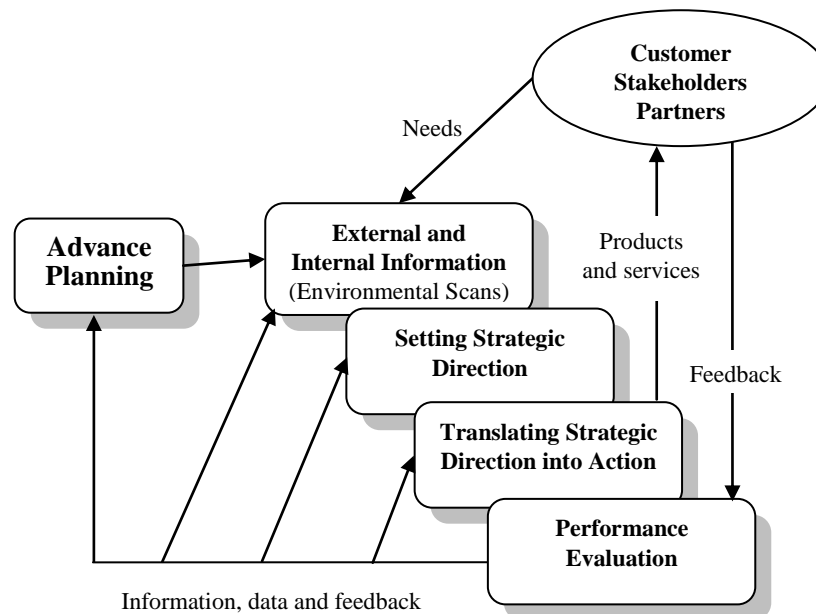


Figure 1: The Strategic Management Process Model [8].

The diagram shows many of the influences in the strategic management process. Although the strategic plan should be revised and published at least annually, strategic planning is not done only once a year, but it is an on-going process. Obviously the vision and mission won’t normally change over a number of years, but both the strategic objectives and goals may change, often as a result of an assessment of how well the organization is moving towards its vision.

Having set a strategic direction, the next process is to translate that into action. Often an organization will establish a small number of strategic objectives, broad “goals” for the organization to achieve.

These strategic objectives are achieved through focused programs and initiatives. Many of these programs will depend upon information systems - thus re-establish the connection between strategic objectives and information system programs.

To successfully implement the strategic objectives, an organization must have the capability to execute the strategy. By capabilities we refer to the individual, process and organizational tools, skills and knowledge required to successfully implement change [9].

Managers need to recognize and deal with some common potential problems in the implementation of strategic planning, as follows:

- **Lack of commitment** - A common concern in strategic planning is the potential lack of commitment from the leadership of the organization. Top management bodies are often unwilling to support a system of strategic planning, because they consider it decentralizes authority and power. Therefore, the design of strategic planning process should be done having in mind the necessity of an increasing top management commitment;
- **Organizational politics** - A major problem is represented by the individual agenda of planners and managers, which have their own interests, beliefs and biases. Planning is supposed to be objective and personal biases should not influence the process;
- **Organizational climate** - A successful strategic planning process also requires a favourable climate within the organization regarding the concept itself. Briefly speaking, if the organizational culture does not support strategic planning, then there is little chance of it being properly used;
- **Resistance to change** - The necessity of carefully introducing the strategic planning process into the organization cannot be overstressed. It always implies new (or different) ways of doing things and people may reject it simply because it is not a familiar concept.

In some cases, the strategic planning model was followed exactly and the mission statement was revised and refined multiple times, the SWOT analysis was completed and we finally create a list of goals with deadlines. The task was accomplished, but there is only one problem: it doesn't work. And when or if it does, it doesn't work nearly as well as it needs to work to have the improvements that are necessary to stay ahead of your competitors.

In this case, several issues prevent us from an easy-to-follow implementation activity of the strategic plan:

- There are no strategies inside the strategic plan - The plan is completely lacking of any defined / real strategies; without the strategy, the chances of using your resources to create the results you want are based mostly on luck. Even if results are achieved, they are obtained with a much greater level of effort than was necessary;
- There is no list of obstacles for each strategy and no contingency plans for each obstacle - The end result will be that it will take us longer to accomplish our goals, because we'll need to regroup as we encounter each obstacle;
- There is no clear structure or implementation deadlines - The global project leader for the initiative is not defined, it is unclear to whom and when will give status reports and so are the milestones.

5. Conclusion

The theoretical and practical importance of developing and applying strategic planning to sustain a organization's competitive advantage in complex and volatile external environments has promoted this issue to the forefront of the research agendas of many scientists. So, the strategic planning capability is recently receiving much more attention, focused on the organization's ability to renew its resources in line with changes in its environment.

The turbulent and changing nature of the environment suggests that the strategic management process could not be static and still considered to be valuable. It must be continually evolving and developing, otherwise organizations may only be able to be competitive on short term. To have a persistent advantage, organizations must plan for the future and consequently continue to upgrade their resources to create new strategic growth alternatives.

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