Planning Techniques

Why is Planning so Difficult?

- Business Goals and Systems Plans Need to Align
  - Strategic systems plans need to align with business goals and support those objectives
  - Some believe = "too sensitive" = PROBLEMS
  - Fortunately = trend for CIOs to be part of senior management
- Technologies Are Rapidly Changing
  - How can you plan when information technologies are changing so rapidly
    - Continuous planning?
    - Old days of planning at 'start of year' = gone
    - Advanced technology groups

Why is Planning so Difficult?

- Companies Need Portfolios Rather Than Projects
  - Evaluation on more than their individual merit
    - How they fit into other projects and how they balance the portfolio of projects
- Infrastructure Development is Difficult to Fund
  - Despite everyone "knowing infrastructure development is crucial", it is extremely difficult to get funding just to develop or improve infrastructure
  - Often done under the auspices of a large application project
    - Challenge = develop improved applications and improve infrastructure over time
- Responsibility Needs to be Joint
  - Business planning, not just a technology issue
- Other planning issues
  - Top-down Vs. bottom-up; radical change Vs. continuous
  - Planning culture

The Changing World of Planning

- Internet etc. = 'introduced' speed into the business environment and transformed how people think about time, how much time they have to plan, react to competitors etc.

Traditional Strategy Making
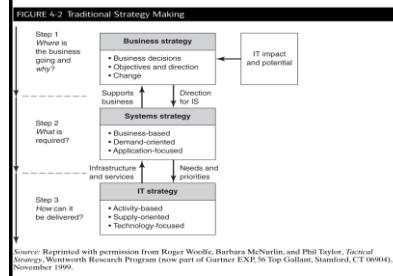## vs
Sense-and-Respond Approach

STEPS: Traditional Strategy Making

1. Business executives created a strategic business plan that described where the business wanted to go.
2. From that plan, IS executives created an IS strategic plan to describe how IT would support that business plan
3. An IT implementation plan was created to describe exactly how the IS strategic plan would be implemented

Example: Traditional Strategy Making

1. Improve customer response and support to warranty claims in the next two years
2. Introduce a complete web-based customer relationship management application
3. Source out funding from company president's social fund for the purchase of hardware from leading supplier and for the in-house development of the application and other related materials

Traditional Strategy Making

FIGURE 4-2 Traditional Strategy Making

Source: Reprinted with permission from Roger Woolfe, Barbara McNurlin, and Phil Taylor, *Tactical Strategy*, Wentworth Research Program (now part of Gartner EXP, 56 Top Gallant, Stamford, CT 06904), November 1999.

Planning Assumptions : Before

1. The future can be predicted.
2. Time is available to progress through this three-part sequence.
3. IS supports and follows business.
4. Top management knows best, because they have the broadest view of the firm.
5. The company can be viewed as an army

Reality : Today

1. The future CANNOT be predicted.
2. Time is NOT available for the sequence.
3. IS does NOT just support the business anymore
4. Top management may NOT know best
5. The organization is NOT like an Army

Sense-and-Respond Approach

- **"Let strategies unfold rather than plan them."**
  - Sensing a new opportunity or possibility and quickly responding by testing it via an experiment.
  - Traditional strategy making is risky because if top management predictions are wrong, it could be disastrous

MINI Case: Microsoft

- Bill Gates announced that they'll focus on the Internet, security and web-services.
- Relied on *Sense-and-respond* approach in creating their Internet strategy.

Mini Case: Microsoft

- Moved into variety of technologies:
  - Internet Explorer, web browser
  - Slate, web-only magazine
  - Xbox Live, Xbox and the multiplayer broadband gaming service
  - .NET platform, web services
  - Bing.com, search engine
  - Zune, portable media player
  - MSNBC, television station
  - Tablet PCs

Mini Case: Microsoft

- Microsoft has been sensing and responding to the moves in several industries.

- The strategies have not always come from the top management.

Mini Case: Microsoft

- **Channel 9:** features video channels, discussions, podcasts and screen casts including interviews with Microsoft developers about their products.
  - Promote conversation between users and Microsoft developers, can be source of strategy.

Mini Case: Microsoft

Since 2004, Microsoft's Channel 9 has been broadcasting from inside the company's offices and lab to give developers get a sense of where the Microsoft platform is headed.

Sense-and-Respond Approach

"Formulate strategy closest to the action"
- Stay in close contact with the marketplace
- Employees closest to the future should become prime strategizes
  - They take all the Internet, cellphones, etc for granted – wear them like clothing

Sense-and-Respond Approach

"is a robust replacement of the legacy managerial paradigm that is a fundamentally different framework of purpose, strategy, structure and governance that systematically leverages adaptive individuals, technologies and infrastructures to produce and scale adaptive organizational behaviour"

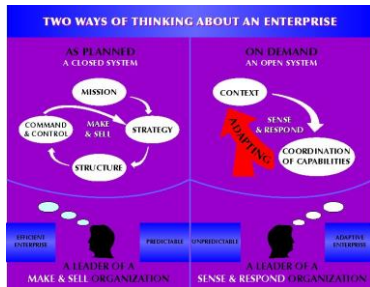- *Definition lifted from http://www.senseandrespond.com/?page_id=7*

TWO WAYS OF THINKING ABOUT AN ENTERPRISE

Image lifted from http://www.senseandrespond.com/?page_id=7

Ways on how to Sense-and-Respond

"Guide Strategy Making with a Strategic Envelope"

- Corporate strategies being tested in parallel could lead to anarchy without a central mechanism (see next diagram)
- This mechanism is a ***strategic envelope***
- Job of top management

Ways on how to Sense-and-Respond

"Guide Strategy Making with a Strategic Envelope"

- Rather than devise strategies, they define its context by setting parameters for the experiments (the strategic envelope) and then continually manage that context
- May perform management work by defining territories
  - i.e. similar to what Microsoft did!
- Hold *strategic conversations*

WAYS ON HOW TO SENSE-AND-RESPOND

"**Be at the table**"

Realities:
- IS executives have not always been involved in business strategizing
- IS function needs to be strategy oriented, not tactical and operational
- To become strategy-oriented, CIO must :
  1. Make their departments credible
  2. Outsource most operational work to release remaining staff to help business partners strategize

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Ways on how to Sense-and-Respond

"**Test the future**"

- To get a running start, IS department need to test potential futures before the business is ready for them
- Mechanisms for tests
  - provide funding for experiments
  - work with research organizations
  - Have an emerging technology group

Ways on how to Sense-and-Respond

"Put the infrastructure in Place"

- Most critical IT decision – infrastructure decisions
- Recommended that IT experiments include those that test painful infrastructure issues

Sense-and-Respond Approach

Old-era strategy:
- One big choice; long commitment

Time

New-era strategy:
- Many small choices, short commitments

Time