

Chapter 1

IT Strategic Planning through CSF Approach in Modern Organizations

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ABSTRACT

Although the purpose of strategic planning is straightforward - to outline where an organization wants to go and how it's going to get there - its nature is complex and dynamic. The, critical success factor (CSF) method, can augment strategic planning efforts by illuminating an organization's present situation and potential future. This chapter explores the value of enhancing typical strategic planning techniques with the CSF method and presents an integrated framework for helping modern organizations to understand the broad range of interrelated elements that influence strategy development for Information Technology (IT). The chapter synthesizes documented theory and research in strategic planning and CSFs. It also provides insights and lessons re the pros and cons of integrated strategic planning framework in the context of IT in modern organizations. Through in-depth literature review and contextual analysis, the chapter incorporates suggestions to modern organizations for IT Strategic Planning with CSF Approach for a holistic and effective strategic planning process.

INTRODUCTION

So many important matters can compete for one's attention when framing strategies especially information technology strategies in this ever changing and dynamic ICT world. This makes it often difficult to see the "wood for the trees". What's more, it can be extremely difficult to get everyone in the team pulling in the same direction and focusing on the true essentials. That's where CSFs can help especially in modern organizations which are becoming more and more complex because of networked economies. CSFs are the essential areas of activity that must be performed well if you are to achieve the mission, objectives or goals. By identifying CSFs, one can create a common point of reference to help in directing and measuring the success of any strategy, project or business. As a common point of reference, CSFs

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help everyone in the team to know exactly what's most important which then helps people perform their own work in the right context and this creates to heave together towards the same overall aims. Thus in simple terms CSFs refer to identifying the things that really matter for success.

The idea of CSFs was first presented by D. Ronald Daniel in the 1960s. It was then built on and popularized a decade later by John F. Rockart, of MIT's Sloan School of Management, and has since been used extensively to help businesses implement their strategies and projects. Inevitably, the CSF concept has evolved, and you may have seen it implemented in different ways. This paper provides a simple definition and approach based on Rockart's original ideas. Rockart defined CSFs as: 'The limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organization'. They are the few key areas where things must go right for the business to flourish. If results in these areas are not adequate, the organization's efforts for the period will be less than desired. They are areas of activity that should receive constant and careful attention from management (Rockart 1979). CSFs are strongly related to the mission and strategic goals of any business or project. Whereas the mission and goals focus on the aims and what is to be achieved, CSFs focus on the most important areas and get to the very heart of both what and how to achieve.

BACKGROUND

Industry executives and analysts often mistakenly talk about strategy as if it were a chess game, but in a game there are just two opponents, each with identical resources, and with luck playing a minimal role. But the real world business and competition is different and certainly it is not a chess game – it is more than that. According to Moschella, D (1999), the real world is much more like a poker game, with multiple players trying to make the best of whatever hand fortune has dealt them. This paper explores the value of enhancing typical strategic planning with the critical success factor (CSF) method. It synthesizes documented theory and research in strategic planning, CSFs and proposes an information framework for enhanced strategic planning. The paper does not advocate or articulate a specific strategic planning approach, though theories are discussed and pointers to published methods are provided. Nor does the paper aim to document the CSF as a method; these are published elsewhere. (Caralli 2004; van der Heijden 1996)

CSF can augment strategic planning efforts by more deeply illuminating an organization's present situation and potential future. Critical success factors represent key performance areas that are essential for an organization to accomplish its mission. In addition, CSFs provide processes that help an organization establish strong ways of thinking, communicating, and making decisions. While future scenario and CSF methods have extensive histories with operational and strategic planning, neither method, on its own, constitutes a strategic planning effort, results in a strategy or strategic plan per se, or even has a direct, explicit interface with strategic planning. However, when used together within a strategic planning process, they noticeably enhance the process and the resulting strategic plan. According to a study by Esteves (2004), the critical success factors (CSF) approach has been established and popularized over the last 30 years by a number of researchers, particularly Rockart (1979). Today, the approach is increasingly used by consultants and IS departments as a means of support to IS strategic planning (Esteves, 2004). Ramaprasad and Williams (1998) underline this position by stating that "there is a great deal of attention devoted to the concept in the IS literature as many argue that the use of CSF can have a major impact on the design, development, and implementation of IS".

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