Chapter IV

Strategic and Tactical Planning of Outsourcing in MIS

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Abstract

This chapter lays out a set of steps for organizations to traverse in considering and crafting an outsourcing strategy for the firm. Outsourcing in management information systems (MIS) is defined. The chapter proceeds through the steps of strategic and tactical planning, addressing particular issues at each level, and concludes with operational level planning for outsourcing projects. These disciplines prepare an organization to manage and execute a MIS project or ongoing service that will be provided by an outsourcing partner. Lessons learned from good techniques for integrating planning across the firm are included. Planning serves as the introduction to outsourcing selected functions, services, or products. Best practice methods and decision models for outsourcing are crafted from both outsourcing success stories as well as numerous failures, and are covered in subsequent chapters. The chapter includes suggestions for how to address and consider the option of outsourcing MIS projects as part of an overall strategic plan. Project management considerations in this decision are included. Ethical considerations such as humanitarian consequences and theological considerations are addressed.
Strategic Planning in the Organization

This section addresses how organizations approach strategic planning. It concerns the steps and decisions that an organization progresses through while contemplating outsourcing of MIS functions or services which are appropriate and beneficial to the organization’s overall strategy. First, as depicted in Figure 1, defining an organizational strategy that recognizes outsourcing to international or even national or regional external service providers makes sense for overall competitiveness when the firm has a disciplined approach to strategic planning. Strategic or “institutional level” management defines the vision, mission, and goals of the organization. Through the defining characteristics of the firm’s vision identified by executive level planning, lower levels of management are empowered to seek out innovative techniques and projects that can implement the mission of the organization. This vision is concerned with “Where do we want to be?” Second, midlevel and division or department management is involved in crafting the mission and appropriate goals that will carry out that vision of the organization. This tactical or “organizational level” planning activity involves the coordination and exercise of control over core business functions that differentiate the firm from its competitors. Mission planning answers the question “How will we get there?” This level may analyze and approve certain projects because they carry out the mission of the organization.

Finally, for the strategic vision and mission to permeate the very culture of the organization, management involves the operational or “technical level” management and staff in identifying and selecting appropriate projects that will implement the goals of the organization. The operational level is generally concerned with the day-to-day transactions that produce goods, manage business processes, and execute transactions to achieve project objectives. This places them in the unique position of being able to give senior management a “reality check” as to the reasonableness and attainability of the goals. Operational, ground level planning addresses the question, “What must we do?” as well as reports on “How are we doing?”

Figure 1. Three steps to planning in organizations
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