

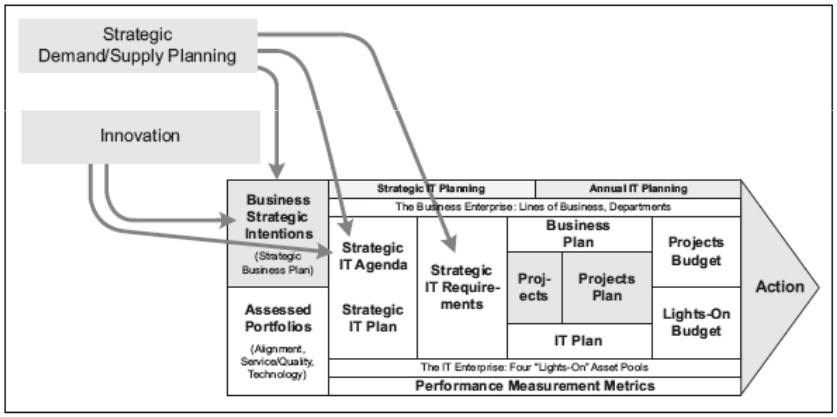
Bab 5. Planning The right Result in IT Strategy

Dr. Ir. Yeffry Handoko Putra, M.T

Prioritization and Alignment

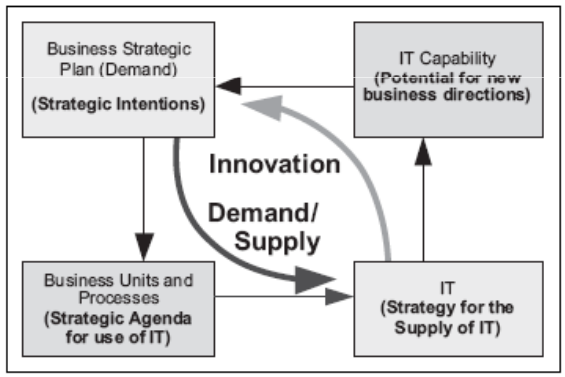
- **How manager can achieve the right result: Controlled IT spending and improved IT Bottom-line impact**
  - By selecting the best projects that have the most potential bottom-line impact
  - by examining the lights-on budget
  - eliminating or replacing poorly performing resources
- **creates realistic IT plans by producing new projects and renewed portfolios**

Two Problem in IT Planning: The differencies and disconected



Two planning relationships between business strategic intentions and IT

EXHIBIT 9.2 Demand/Supply and Innovation Planning Practices



The Business/IT Planning Disconnect

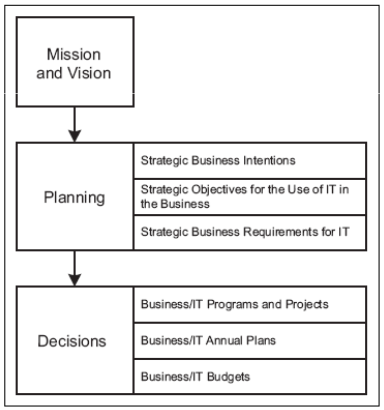
1. IT is not directly engaged in the business planning processes
2. IT and business strategic planning is essentially shelfware
3. IT and business planning are done separately,
4. IT planning itself is highly siloed

Connecting IT and Business Planning

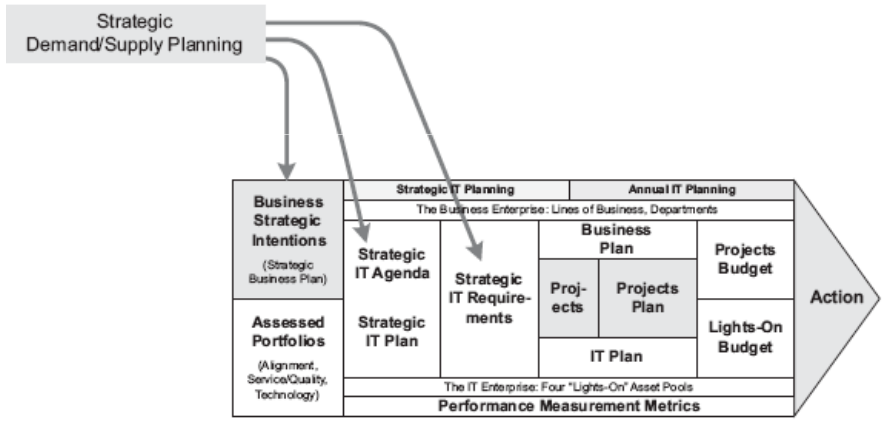
- A clear statemen.
- A basis for prioritizing
- strategic direction for the IT organization
- Clear direction for effectively controlling the IT spend

Connecting Planning to Mission and Right Decisions

EXHIBIT 9.3 Mission to Planning (Strategic Intentions) to Right Decisions



THE STRATEGIC DEMAND/SUPPLY PLANNING PRACTICE



What Does a Strategic Demand/Supply Plan Look Like?

Inputs

1. The business's strategic intentions
2. Portfolios and their strategic management
3. Performance management and measurement

Outputs

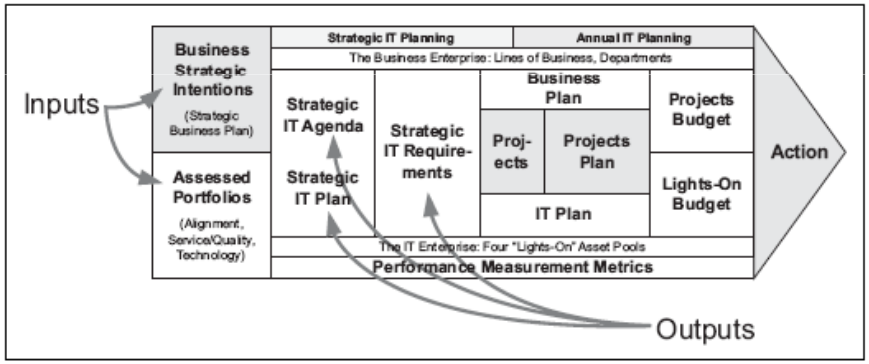
1. A business strategic agenda for the use of technology
2. An IT (organizational) strategic plan
3. Strategic IT requirements—the programs and projects needed to meet the business strategic agenda

Connections between the Plan and the processes that will implement it

1. Direct connection to the business and IT processes for developing projects
2. Direct connection to the business and IT annual planning
3. Direct connection to the company's and IT annual budgets

What Does a Strategic Demand/Supply Plan Look Like? (Cont)

EXHIBIT 9.5 Planning Inputs and Outputs in the Value Chain



What Role Does Enterprise Architecture Play?

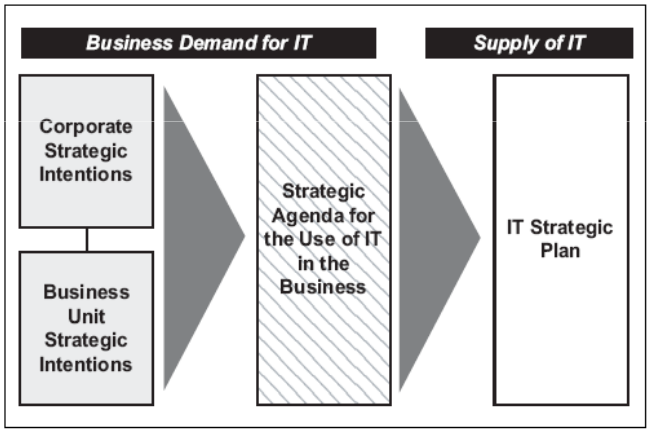
- Enterprise Architecture (EA) is a major part of IT strategic planning
- EA is a major player in constructing and reviewing business projects
- EA as driver of the management processes

Business Strategic Intentions

- Defined as the basic driver for Prioritization and Alignment

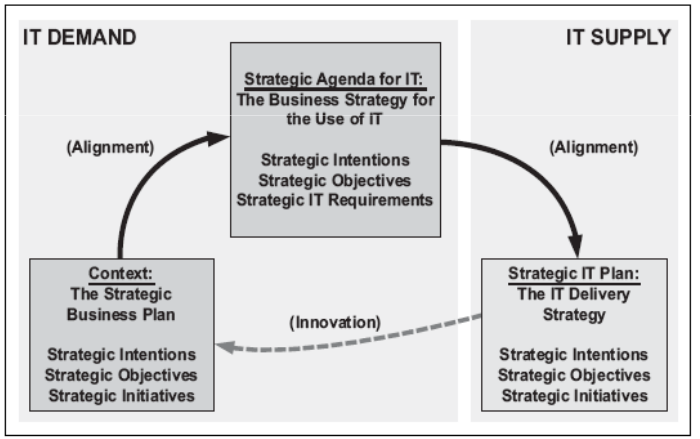
The Strategic Agenda for the Use of IT

EXHIBIT 9.6 Elements of Demand/Supply Strategic Plan



Strategic Demand/Supply Plan

EXHIBIT 9.7 Strategic IT Demand/Supply Plan



Strategic Plan Table of Contents

Context: **The Strategic Business Plan**	1. Strategic Intentions 2. Strategic Objectives 3. Strategic Initiatives
Strategic Agenda for IT: The Business Strategy for the Use of IT	4. Strategic Intentions for the *use* of IT 5. Strategic Objectives for the *use* of IT 6. Strategic IT Initiatives (for the *use* of IT in the business)
Strategic IT Plan: The IT Delivery Strategy	7. Strategic Intentions for Applications, Infrastructure, Services, Management 8. Strategic Objectives 9. Strategic Initiatives for the *delivery* of IT to the business

Creating the Strategic Demand/Supply Plan

EXHIBIT 9.9 Example of a Strategic Business Plan

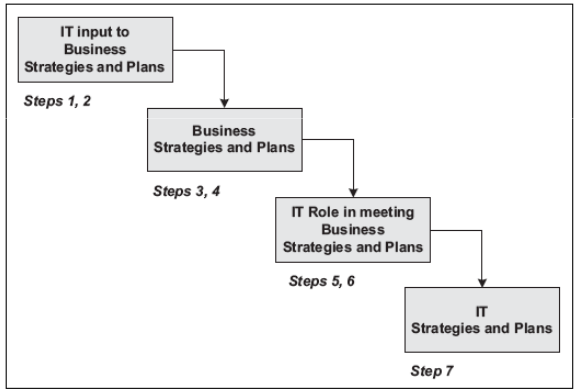
Strategic Plan Level	Example Description	Example for a Company
Strategic Intention	Example of one of six strategic intentions for the company.	Maximize Marketing Effectiveness—Be the best we can be in our industry.
Strategic Objectives	Example of two out of several strategic objectives for the company. These two relate specifically to the example strategic intention.	Establish and improve customer communications programs. Ensure that customer service is the best in the industry.
Strategic Initiatives	Example of two out of several for each company unit. These two relate specifically to the example strategic intention and the two strategic objectives.	Marketing Department: A new marketing program for dealers and distributors. Distribution Department: A revised call-center organization to maximize time and quality responses to customers.

Strategic Intentions to IT Strategic Plan

	Demand		Supply
	Business Strategic Context	**Strategic Plan for the Use of IT**	**Strategic Plan for the Supply of IT**
Strategic Intention	Maximize marketing effectiveness—be the best we can be.	Every marketing and sales person has immediate access to complete customer information.	Establish the infrastructure and staff support to enable an effective, efficient, and complete data warehouse.
Strategic Objectives	Establish and improve customer communication programs. Ensure that customer service is the best in the industry.	Collect and maintain complete information about every customer interaction.	Implement a phased approach to a customer data warehouse.
Strategic Initiatives	Marketing—a new marketing program for dealers and distributors. Distribution—revised call-center organization to maximize time and quality responses to customers.	Establish business processes and organization support for a customer information system, leading to customer relationship management.	Work with Beta Group to identify best approach to a data warehouse. Purchase CRM data package.

The Strategic Demand/Supply Planning Process Overview

EXHIBIT 9.11 Step-by-Step Planning Process

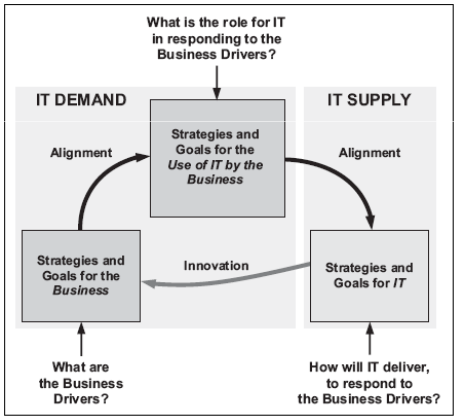


Management Issues in Strategic Demand/supply Planning

1. **IT resources have a direct and important impact on achieving the company's strategic intentions.**
2. **IT resources are most effectively allocated to meet the company's strategic needs.**

Process Description

EXHIBIT 9.12 The Fundamental Planning Drivers



Question

1. *What are the business drivers?*
2. *What is the role for IT in responding to the business drivers?*
3. *How will IT deliver, to respond to the business drivers?*

EXHIBIT 9.13 Step-by-Step Planning Process

General Process	Step	Primary Purpose
Provide IT Strategic Input into Business Strategies and Plans	Step 1	Identify business mission and key management team objectives.
	Step 2	Visioning and innovation: Awareness of IT potential for contributing to new and existing business strategy.
Identify Business Strategies and Plans	Step 3	Establish or identify business strategic intentions at a company level.
	Step 4	Establish or identify, for each key business organization, strategic objectives, and initiatives.
Establish IT Role in Meeting Business Strategies and Plans	Step 5	Define the Strategic Agenda for the use of IT; identify strategic intentions for the use of IT in the company.
	Step 6	Define the Strategic Objectives and Initiatives for the use of IT in each key business organization.
Prepare IT Strategies and Plans	Step 7	Define the Strategic IT Plan for the IT organization; define the strategic intentions, objectives, and initiatives for the delivery of IT.

Result

- **to produce an actionable strategic plan for IT**
- **consisting of a statement of business strategic requirements (demand)**
- **IT strategic response (supply).**

Critical Success Factors: Right Decisions/Right Results Principles in Strategic Demand/Supply Planning

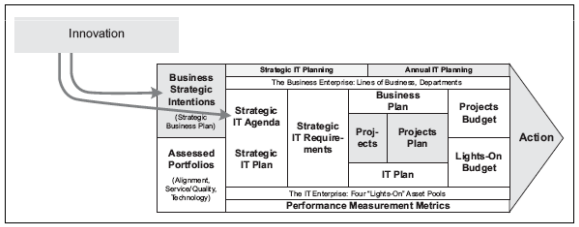
- ***Actionable Strategic Intentions***
- ***Actions Tied to Strategy.***
- ***Common Understanding of Strategic Intentions***
- ***Value-Based Resource Allocation***
- ***Portfolio-Based Resource Management=***
- ***Business Outcomes***
- ***Responsive to Change***
- ***Role-Based Culture Management.***

Goals and Practice Principles

Goals	Practice Principles
Actionable, Commonly Understood Strategic Intentions	1. Actionable Strategic Intentions
	2. Actions Tied to Strategy
	3. Common Understanding of Strategic Intentions
The Right Business Results from IT	4. Business-Focused Outcomes
	5. Value-Based Resource Allocation
Management Culture and Consensus View	6. Role-Based Culture Management
Portfolios and Portfolio Management	7. Value/Portfolio-Based Resource Management
The Right Actions and Results	8. Responsive to Change

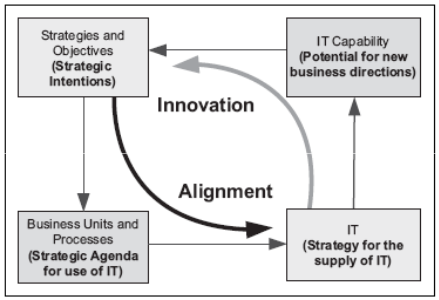
THE INNOVATION PLANNING PRACTICE

EXHIBIT 9.15 Innovation Planning in the Value Chain



Alignment/Innovation Planning Practices

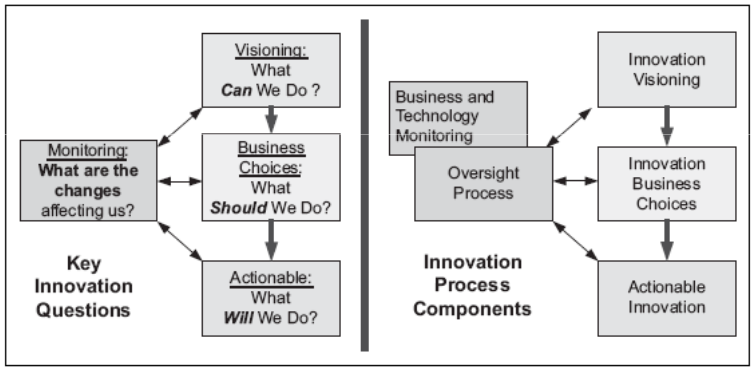
- ***Alignment Culture***
- ***Innovation Culture***
  - *Creativity*
  - *Implementation*



Cultural Aspects of Innovation

Norms that promote creativity	*Norms that promote implementation*
Support for risk-taking and change • Rewards and recognition for innovation • Positive attitude and role models for change by management • People are expected to challenge the status quo	Effective group functioning • Teamwork is emphasized • People share common goals • Information is shared openly
Tolerance of mistakes • Mistakes are accepted as a normal part of the job • People are given the freedom to make changes • "It's better to be safe than sorry" is not an accepted practice	Speed of action • Decisions are made quickly • Flexibility and adaptability are emphasized • Sufficient autonomy is given to insure implementation

Innovation Question



Innovation Questions (Cont)

- *What are the key management issues that the practice area addresses?*
- *Is IT participating as an innovation "partner"? Does IT's management culture actively support IT-enabled innovation?*
- *Can IT's role in business innovation be managed and improved?*
- *How are the management issues addressed by the frameworks and processes thatdefine the practice?*

Critical Success Factors: Right Decisions/Right Results Principles in Innovation Planning

- *Actionable Strategic Intentions*
- *Actions Tied to Strategy.*
- *Common Understanding of Strategic Intentions*
- *Value-Based Resource Allocation*
- *Portfolio-Based Resource Management.*
- *Business Outcomes.*
- *Responsive to Change*
- *Role-Based Culture Management*