

CHAPTER 5-PLANNING FOR IS

Topics to Cover

Planning for IS (3 hours)

Strategic information system

Tactical information system

Operational information system





Concept of Planning

- Planning is the process of thinking about the activities required to achieve a desired goal.
- It is the first and foremost activity to achieve desired results.
- It involves the creation and maintenance of a plan, such as psychological aspects that require conceptual skills.



Characteristics of Planning

Managerial function: Planning is a first and foremost managerial function ,provides the base for other functions of the management, i.e. organizing, staffing, directing and controlling

Goal oriented: It focuses on defining the goals of the organization, identifying alternative courses of action and deciding the appropriate action plan, which is to be undertaken for reaching the goals.

Pervasive: It is pervasive in the sense that it is present in all the segments and is required at all the levels of the organization.

Continuous Process: Plans are made for a specific term, say for a month, quarter, year and so on.

Intellectual Process: It is a mental exercise at it involves the application of mind, to think, forecast, imagine intelligently and innovate etc.

Futuristic: In the process of planning we take a sneak peek of the future. It encompasses looking into the future, to analyze and predict it so that the organization can face future challenges effectively.

Decision making: Decisions are made regarding the choice of alternative courses of action that can be undertaken to reach the goal.

Importance of Planning

- It helps managers to improve future performance, by establishing objectives and selecting a course of action, for the benefit of the organization.
- It minimizes risk and uncertainty, by looking ahead into the future.
- It facilitates the coordination of activities. Thus, reduces overlapping among activities and eliminates unproductive work.
- It states in advance, what should be done in future, so it provides direction for action.
- It uncovers and identifies future opportunities and threats.
- It sets out standards for controlling. It compares actual performance with the standard performance and efforts are made to correct the same.

Steps involved in Planning

Developing premises is referred to as the second step in the planning process. It is necessary for a manager to make certain assumptions for the future and such assumptions are known as premises.



5.1 Information System Planning

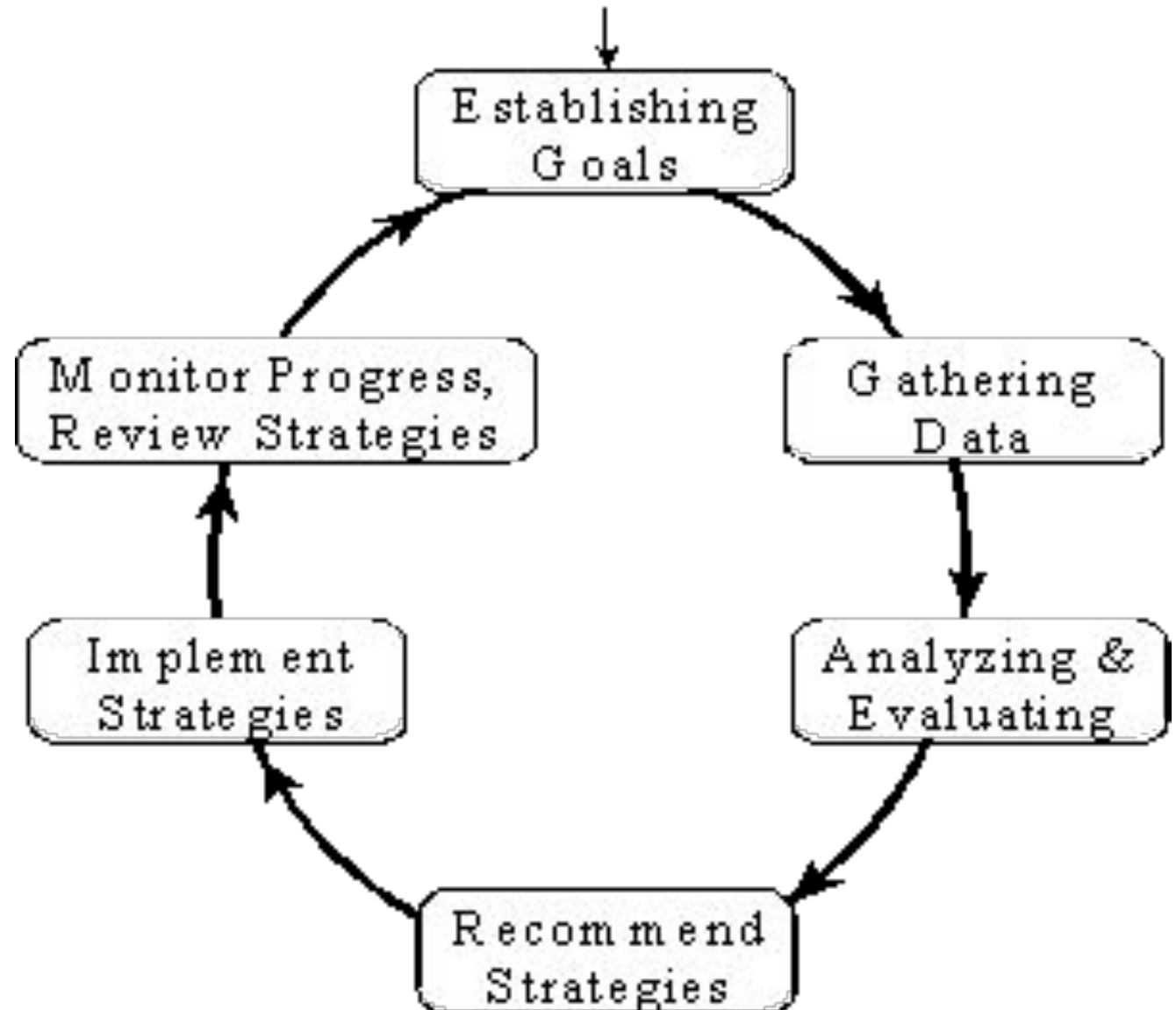
- Business planning – the process of identifying the firm's goals, objectives, and priorities + developing action plans for accomplishing them.

□ Information system planning is a formal process that develops plan for developing and managing information systems that will support goals of an organization.

Information System plan includes:

- Activities planner believes will help achieve goals.
- Program for monitoring real-world progress.
- Means for implementing changes in the plan.

Fig 1: Information System Planning



Principles Of Planning

1. **Principle of objective:** Planning should have a purpose and made in order.
2. **Planning Of Continuity:** Planning is a continuous process.
3. **Planning Of Flexibility:** Planning should be made flexible so that changes can be done easily.
4. **Planning Of Accuracy:** Planning should be done in an accurate way. It should be free from error.
5. **Planning Of Simplicity:** Planning should be simple to understand and simply implement in the real life situation.
6. **Planning Of Efficiency:** Planning should be done in such a manner that maximum results can be obtained from minimum cost and efforts.
7. **Planning Of Forecasting:** Planning should be done keeping in mind about the future.
8. **Planning Of Innovation:** There should be space for innovation in planning as innovation will help in making new products, methods etc.

WHY PLAN?

- To obtain resources
- To align Information System with the business
- To identify needed applications
- To establish goal, schedule, and milestone in order to track progress
- To provide an opportunity for communication with top management and user management

Approaches to Planning

□ Top-down Planning

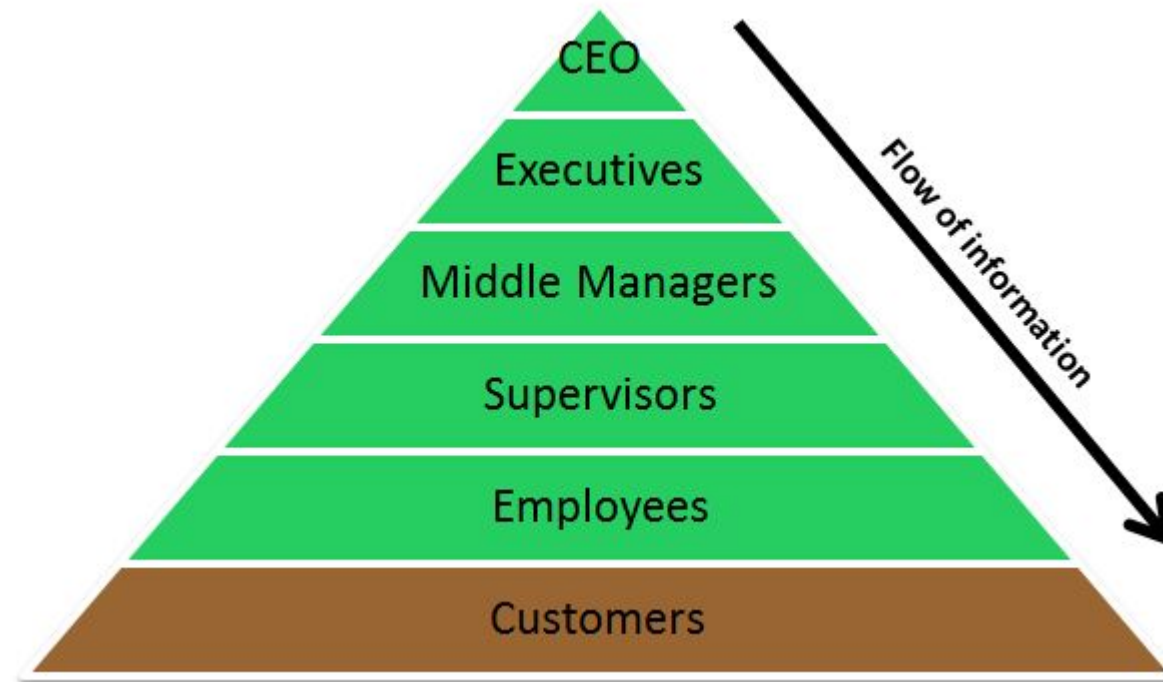
Focuses on organizational goals first, then on the needs of business units .

In top-down planning, the first global (framework) objectives are defined and ways of achieving them are determined.

They are gradually moved to the lower levels of the organizational hierarchy to be developed and specified. This is a divergent approach.

Example:

The organization's management provides a framework plan with company goals, for example, based on the expected market development and growth targets, which is broken down into subplans and specified in detail in the subordinate levels of planning.



Ø Bottom-up Planning

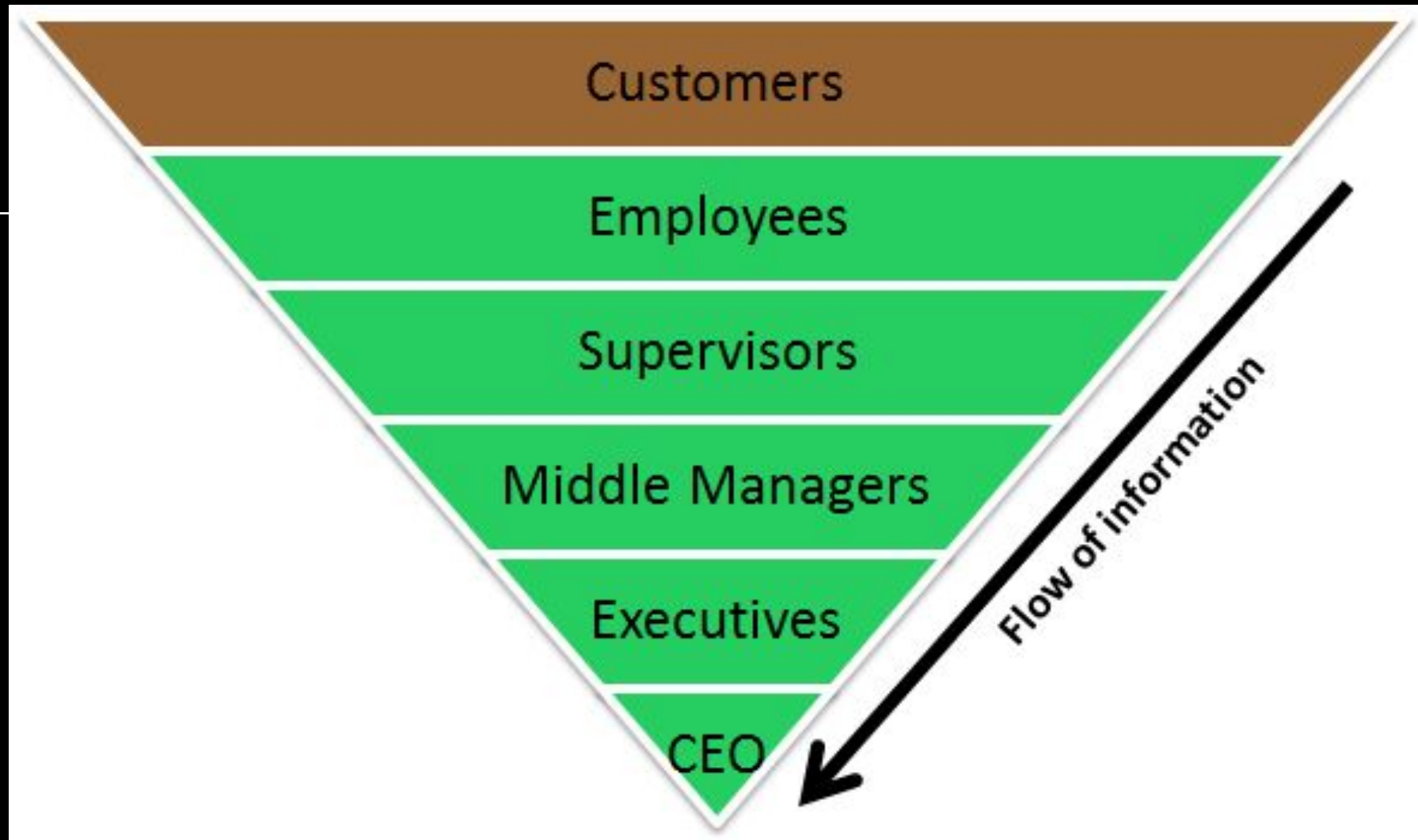
Focuses on needs of business units first, then on organizational goals

With the bottom-up planning method, relatively narrow goals are initially set at the lower levels of the organizational hierarchy.

They are then gradually integrated into the framework of the global goals and strategy at higher levels. It is therefore a convergent approach.

Example

Bottom-up planning focuses on specific products or services of a company in a particular region and is based on sales forecast data and other information such as production capacity, department specific costs, and a subjective assessment of market trends by the planner.



Top down or bottom up planning?

Top down planning

- Decisions taken at the top
- Lower level managers have little input
- Plans are passed down the line for implementation
- Planers are able to focus on strategic issues but can be divorced from the detail

Bottom up planning

- Involves all levels of managers and others
- Ensures all are involved and all issues considered
- Functional managers able to suggest and evaluate plans
- A danger of having too narrow a perspective without seeing the “big picture”

Information System Planning Process

- Establish a mission statement
- Assess the environment
- Set goals and objectives
- Derive strategies and policies
- Develop long-, medium-, and short-range plans implement plans and monitor results

ESTABLISH A MISSION STATEMENT

-describes the needs your company was created to fulfill.

ASSESS THE ENVIRONMENT

-monitor changes in its internal and external environment such as Competitors, Legal/Ethical Factors, Economic/Political Issues, Technology, Social Trends and to adjust its activities accordingly.

Goals and Objectives

Set goals – what do you want to achieve?

Set objectives – what are your specific, measurable targets?

□ Derive Strategies and Policies

-Strategy is a plan of action while the policy is a principle of action.

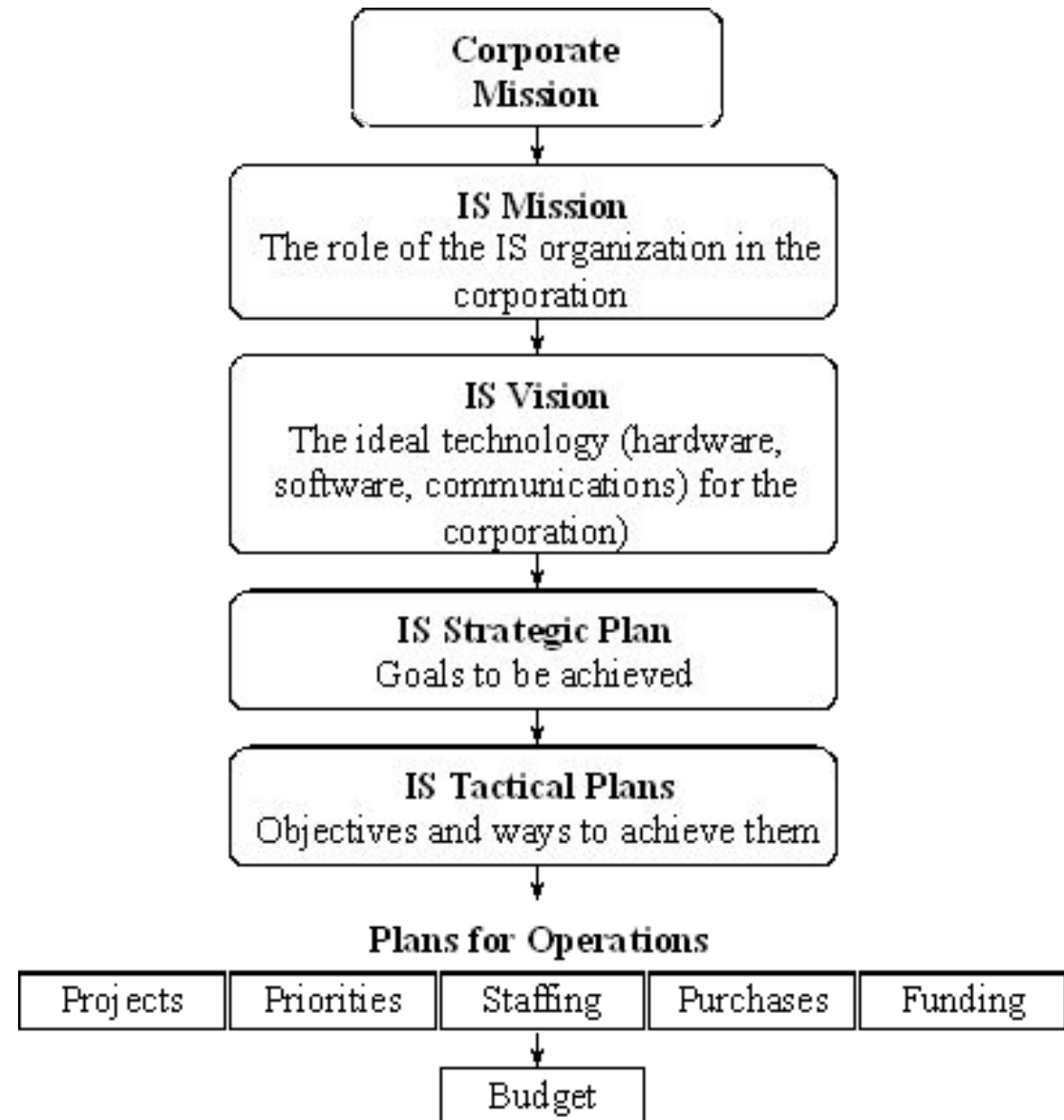
□ Develop Long-Range, Medium-Range, and Short-range Plans

- Short-Range – the next year, the next budget period; developing and operating current systems
- Medium-Range – committing to development efforts for applications that will take more than one year to complete; meeting management's current information needs, projected into the future for as many years as needed to complete them. This is what most organizations call "Long-Range Planning."
- Long-Range planning – preparing for management's future information needs. These are not application specific; they are investments in infrastructure ; it is creating an information architecture.

Planning Horizon

Long Range	Medium Range	Short Range
1 to 10 years	6 to 18 months	1 to 10 weeks
Strategic	Aggregate Planning	Tactical/Operational
<p>What is our business?</p> <p>Capital investments (new factories, new machines, etc.)</p>	<p>Production schedule for a product group</p> <ul style="list-style-type: none"> ◆ Production level ◆ Labour force level ◆ Inventory level <p><i>(Production capacity fixed)</i></p>	<p>Production schedule for specific products, detailed scheduling.</p>

Steps of Information Systems Planning



Types of IS Planning

Strategic IS Planning

- IS strategic plan details what is to be achieved
- Strategic plans are designed with the entire organization in mind and begin with an organization's mission.
- Essentially, strategic plans look ahead to where the organization wants to be in three, five, even ten years.

Strategic plans, provided by top-level managers, serve as the framework for lower-level planning.

Strategic Planning Cycle



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Strategic Information System

- □ Strategic Information System is a system that helps companies alter their business strategy.
- It is used to accelerate the reaction time to environmental changes and aid the company in achieving a competitive advantage over its competitors.
- □ They help in producing low cost quality products.
- □ The strategic role of IS involves using IT to develop products, services, and capabilities that give company major advantages over the competitive forces it faces in the global marketplace.

Strategic information system

They are those systems where information services resources are applied to strategic business opportunities.

- They mechanize operations for better efficiency, control, and effectiveness.

Typical Strategic-Level Job Titles

- ☐ Top-level Managers
- ☐ CEOs or Presidents
- ☐ General Manager
- ☐ Corporate Boards
- ☐ Steering Committee
- ☐ Board of Directors

Tactical IS Planning

- IS tactical plan describes how goals will be met and by when
- Tactical IS plan performed by middle managers responsible for acquisition and allocation of resources for projects according to tactical plans, set out for one or two years.
- Tactical IS planning evaluates current and projected information needs of the organization, prioritizes IS development projects, and develops allocation plans for financial and technology resources.

Important factor in IS Tactical Planning

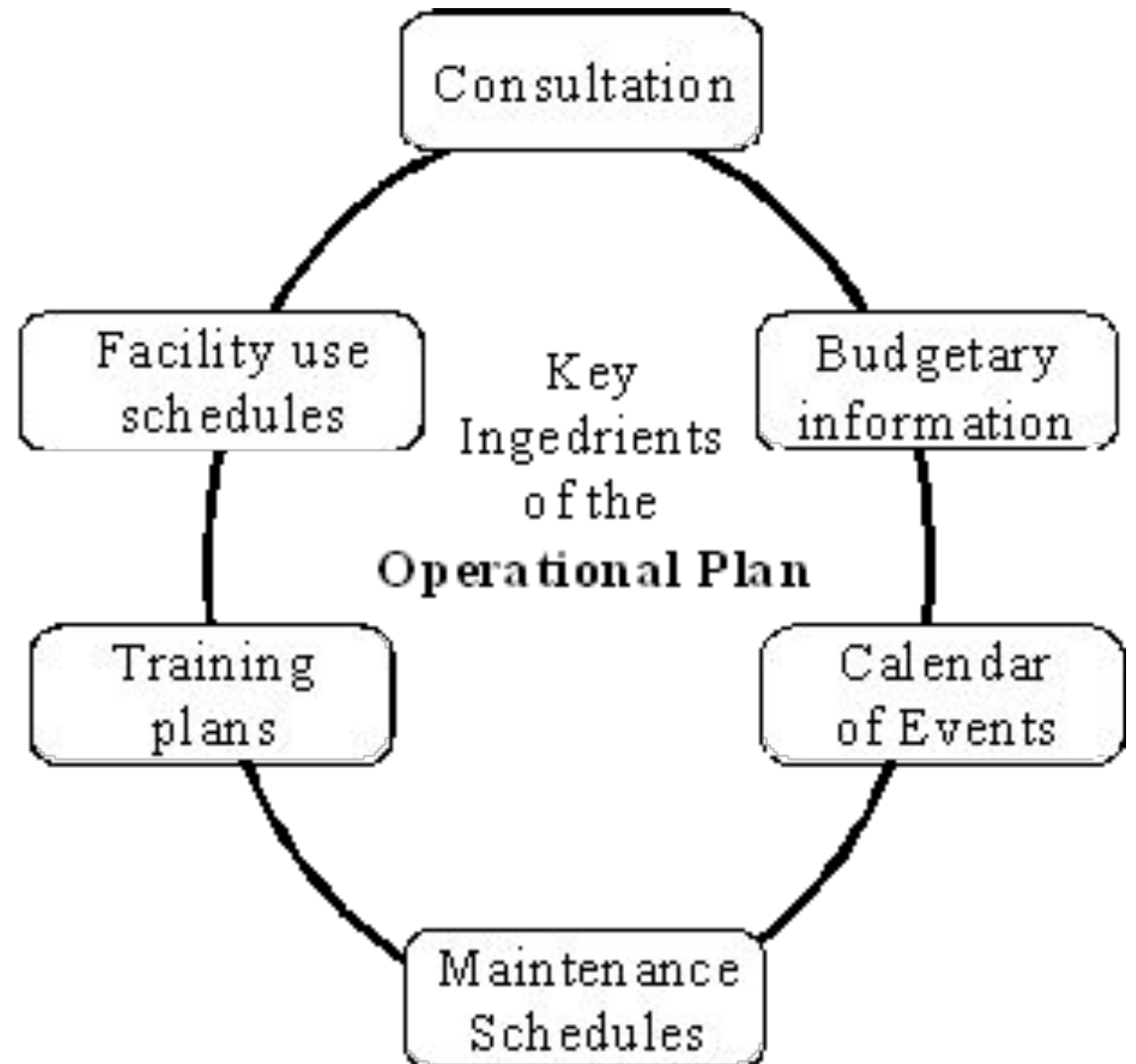
- Flexibility
- Compatibility
- Connectivity
- Scalability
- Total Cost of Ownership

Tactical-Level Job Titles

- ☐ Advertising manager
- ☐ Personnel manager
- ☐ Creative director
- ☐ Manager of information systems
- ☐ Communications director
- ☐ Chief Financial Officer

Operational IS Planning

- Operational Plan prepared by a component of an organization that clearly defines actions it will take to support the strategic objectives and plans of upper management.
- Operational IS planning develops plans such as annual operating budgets and individual IS project plans.
- Operations IS Planning performed by supervisors of smaller work units concerned with planning and control of short-term (typically, a week or six months) budgets and schedules.



5.4 Three Levels of Planning

Type of Plan	Created By	Scope	Includes	Level of Detail
Strategic Plan	Top Management	Entire organization	Mission of the company future goals and ambitions	Very broad and general
Tactical Plan	Mid-level Management	Single area of the business as a whole (e.g. a division of the company)	Specific actions to support or work towards the Strategic Plan	Specific actions and ideas, but not very detailed
Operational Plan	Low-level Management	A unit within a single area of the business (e.g. a department within a division)	Specific plans for low level and day-to-day activities and processes that will support and enable the Tactical Plan	Extremely detailed (who, what, where and when)

Case Study Link

<https://www.smestrategy.net/blog/case-study-importance-of-strategic-planning-for-business-growth>

<https://www.coursebb.com/2017/08/07/ford-use-strategic-tactical-planning-launch-ford-fusion/>
