

Way 16: Implications to objectives

In this chapter a tool is described that is part of the second planning cycle in the [Four Cycles method](#) introduced by [Hannu Salmela](#) and [Ton Spil](#) for formulating an [information systems \(IS\) strategy](#). With this tool, the implications of [corporate strategy](#) are translated into IS objectives and requirements.

The main task in the second cycle is to promote strategic thinking, creativity and innovation in the planning process but also to ensure sufficient integration of IS plans with business plans. The emphasis is on identifying future IS projects that provide business value and support both business strategy and business processes.

The second planning cycle comprises three planning tasks:

1. Reviewing existing plans, documents and information sources;
2. Conducting business and technology analyses;
3. Aligning IS plans with business objectives.

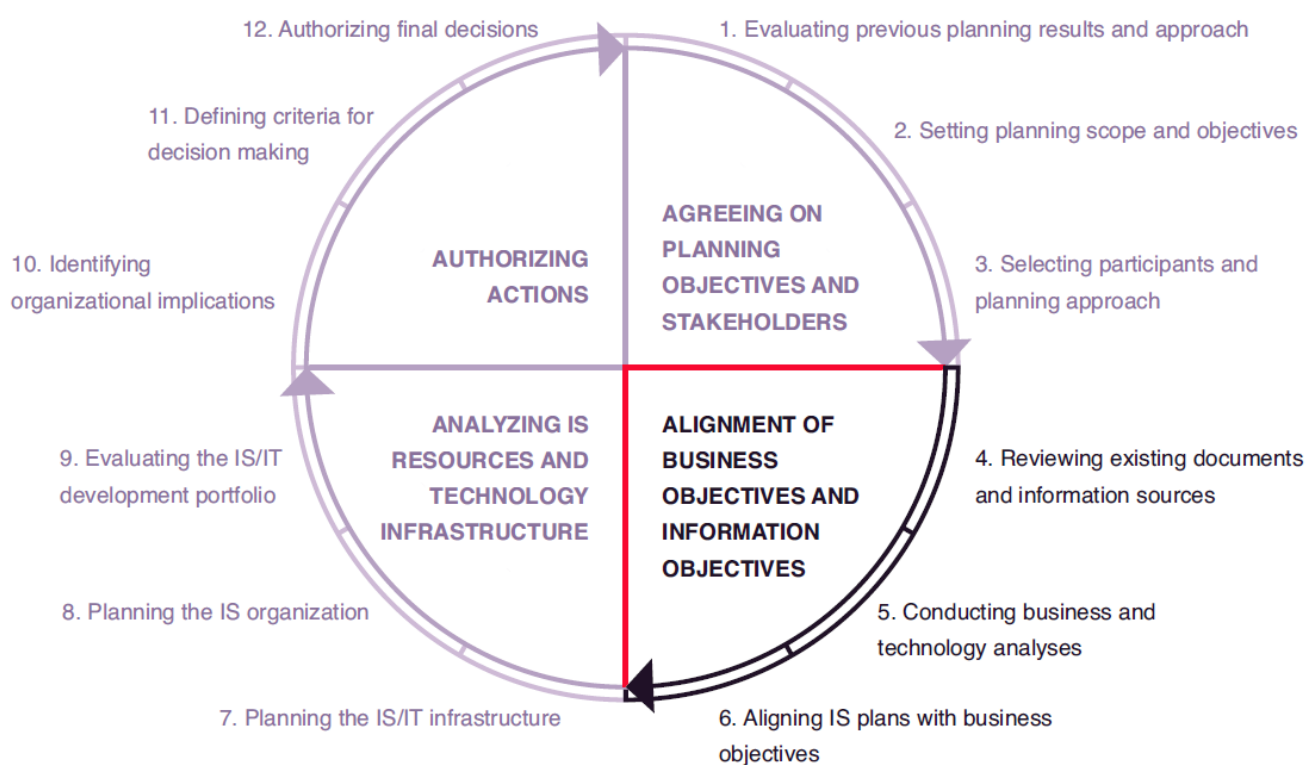


Figure 1. Second Planning Cycle

In essence, the participating managers are asked to re-examine the assumptions about the business needs and technology opportunities used in previous plans. This new information is then used to update IS priorities for the future. Furthermore, Table 1 describes documents that can be developed, updated and/or used within this cycle.

“So how do I use this?”

There has to be a formal tool to link corporate strategy with IS strategy and to translate corporate strategy to implications for IS objectives and requirements. This tool could, for example, have the form of a chart with an input (corporate strategy)/ output (IS objectives) format. To realize such a chart, a lot of common corporate strategies and their impact on IS objectives should be investigated and written down. When using such a chart, you should be aware that everybody can use it. It can guide you, but it will be difficult to use it for creating a competitive advantage. Another more creative way of realizing this tool, would be by involving the corporate and IS

management, making a list of strategic aspects in which IT and IS could play a role and then brainstorm about ways in which these aspects could be translated to IS objectives (black box approach).

Table 1 - Potential outcomes of the second planning cycle

4.	<i>Reviewing existing plans, documents and information sources</i>	
4.1	List of existing useful documents	Past projects have created a large amount of documentation which, if properly documented, can be reused in the planning process including, for example, workflow diagrams and management control models.
4.2	Internal information sources	Sources for information about the current IS/IT perspective in the business, its maturity, business coverage and contribution, skills, resources and the technological infrastructure. Current strategy, objectives, resources, and activities and the culture and values of the business.
4.3	External information sources	Sources for information about technology trends and opportunities and the use made of IS/IT by external bodies. The economic, industrial, and competitive climate in which the organization operates.
5	<i>Conducting business and technology analyses</i>	
5.1	Implications of corporate strategy for IS objectives	Identifies business goals and plans and deduces IS requirements via a formal method for translating them.
5.2	Implications of other business analyses for IS (CSF, SWOT)	Identifies critical processes in the organization (core competencies) to be supported by information systems. Combines and groups the critical success factors with the strengths, weaknesses, opportunities and threats to derive information objectives.
5.3	List of new future acts or events	Indicates for the coming three years how markets and clients can change, what opportunities for data retrieval there will be, which technical progression is suspected, which organizational changes are planned and possible, which new methods are in theory available. What is the budget prognosis for the coming years and which new activities can we develop and which activity we should drop.
5.4	Classification of certainty of acts and events	For each act or event found in outcome 5.3 a certainty and time scope is given to evaluate which act or event needs attention
6	<i>Aligning IS plans with business objectives</i>	
6.1	List of new project ideas with priorities	Lists initial project ideas and opinions of the participants about their priorities costs and risks. For high priority ideas the risks and benefits of the ideas are worked out in detail and according to those results a new priority scheme is made.
6.2	Aligned IS plan and project priorities	Documents the shared vision between senior managers of the organization in which direction information systems should go. Clear priority decisions are made by senior management and information management on which objectives and which ideas priority is given.
6.3	Senior management participation	Describes how senior management will control that the agreed priorities are taken into consideration in the rest of the planning process.