Way 4. Set of critical planning objectives

Purpose and evaluation

The aim of this article is to provide a tool for the use of critical planning objectives in the context of information strategy planning. This tool fits in with the "four cycles method" way of IS planning as described by Salmela and Spil [SALM02]. The "set of critical planning objectives" tool was originally designed by Wilco Menge in [SPIL05]. In this article the tool will be evaluated in terms of usability and validity and be revised to enhance its utility. The article will have the same structure as the original, answering the six basic questions of what, why, when, how, where and who.

The existing tool description gives an adequate definition of the set of critical planning objectives. It also provides some ideas on how to implement it – the how question. However, the usability could be enhanced by not focusing exclusively on objectives from the corporate strategy, but also on objectives derived from external sources.
To further improve the usability of the tool, this article will also clarify how it fits within the four cycles method and how it relates to some other tools that are used within this method. Finally, the questions of where to use critical planning objectives and who should do this could be expanded and made more clear. This article will attempt to improve those points by using additional literature.

What is a set of critical planning objectives?

To answer this question, a short summary of the four cycles method mentioned before is in order. It is an IS planning method facilitating the implementation of an IS planning process. The four cycles are:
1. Agreeing on planning objectives and stakeholders
2. Alignment of business objectives and information objectives
3. Analyzing resources and technology infrastructure
4. Authorizing actions

Defining a set of critical planning objectives falls within the first cycle, agreeing on planning objectives and stakeholders. Within this cycle there are three planning tasks:
1. Evaluation of previous planning results
2. Setting the scope of planning and selecting objectives
3. Selecting participants and adjusting the planning approach.

The set of critical planning objectives tool is part of the second task. Salmela and Spil state the following:

"[The set of critical planning objectives] contains a set of information objectives that give direction to the content of the outcomes of this planning process. These can be drawn from branch information (benchmarking), from trends analysis and from corporate strategy." [SALM02]
The tool thus contains a list of strategic objectives that are used in the planning process to formulate the actual outcomes that management wants to realize in the coming year.

Why are critical planning objectives necessary?

In order to give direction to the planning process, there needs to be some 'point of departure' on which further decisions in the process are based. A set of critical planning objectives can provide such a 'point of departure.' By formulating the most important objectives that have to be met by the planning process, managers can use these as a framework to formulate the outcomes they want to realise on the short term. By keeping the critical planning objectives in mind, a list of targeted outcomes can be compiled from the evaluation of previous planning results.

Therefore, defining the critical planning objectives is necessary to provide a link between the first and second planning task of the four cycle model. It enables management to make the most of the evaluation of previous planning results, since it gives direction to the rest of the planning process.

How should critical planning objectives be developed?

There are two ways to approach the development of critical planning objectives: from an internal point of view and from an external point of view. The internal point of view means drawing on objectives from the organizational strategy. Looking outside the organisation, i.e. the external point of view, managers can use benchmarking or trend analysis to formulate planning objectives. These two viewpoints will now be discussed further.

The internal viewpoint

Daft acknowledges two kinds of objectives, or goals, within companies: official objectives and operative objectives [DAFT01]. They both serve an important role. The official objectives can be either a mission statement or a formal definition of the scope and objectives the organisation is trying to achieve. These give the organisation legitimacy and a basis for existence. Operative objectives are derived from these official objectives. They are the more specific, measurable goals that the organisation wants to achieve on the short term.

Keeping the purpose of the tool in mind, it is clear that official objectives should be the first looked at when formulating a set of critical planning objectives. These are overarching, strategic objectives that should be built upon. However, this does not mean that the operative objectives should be entirely disregarded. Depending on the information needs and the direction the organisation wants to go in, some of these can be used as critical planning objectives to 'point' the planning process in a certain direction.

The external viewpoint

Looking outside the organisation can give managers a fresh insight in what they want to achieve. What are the competitors doing? How well is our organisation doing, relative to competitors and to our stated objectives? Benchmarking is a good method to analyse these questions and formulate critical objectives for areas that need to be improved. Ward and Peppard [WARD02] provide an importance-performance matrix which can be used to do this. It is reproduced below in figure 1.
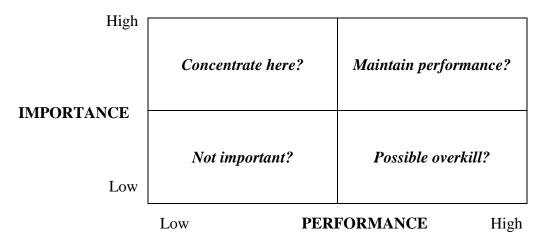
Figure 1 *The importance-performance matrix*

The most important sector of the matrix is the top-left one. Here is where the organisation should focus it efforts in developing new objectives. The bottom two sectors are interesting, because there is room to drop or change existing objectives there. As for the top-right sector, any objectives which fit in there are on the right track, and should not be changed.

When should critical planning objectives be developed?

The fit of the critical planning objectives tool within the four cycles method has been discussed before, it should take place during the second planning task of the first cycle generally.

However, it will not be necessary to adjust all critical planning objectives during each iteration of the cycle. The official objectives or mission statement represent a long term commitment for the organisation. Critical planning objectives derived from these thus need not, and indeed should not change drastically every cycle. Doing so would cause the organisation to lose its orientation. Operative goals on the other hand are more prone to change, and any planning objectives related to these should be carefully assessed every pass of the cycle. Some may have to change, or be dropped completely. There will be some overlap with the first planning task here, evaluation of the previous planning results. This isn't particularly bad, since the first task will be more concerned with the content of the objectives – have they been met – while the second task shall focus on questions of whether they are still realistic or even needed. That way objectives can be reformulated, dropped, or new ones created.

Benchmarking can be time-consuming, as information on competitors' activities is required. Therefore it may not be feasible to run a full benchmark analysis during each iteration. However, with the speed markets change and organisations have to react, it is advisable to at least keep an eye on important changes in the equilibrium. As with the official objectives though, critical planning objectives formulated through benchmarking shouldn't change drastically every cycle. Sometimes a shift may necessitate adjustments, but it is better to stick to a certain course then to take two steps forward, three back, and end up not going anywhere in particular at all!

Where should critical planning objectives be developed?

The formulation of critical planning objectives requires sensitive information about the organisation and a firm understanding of its workings. Therefore, it should be done by managers within the organisation. Only if this consistently fails to lead to a satisfying planning process should the organisation consider bringing in an external consultant, but this is a costly and risky venture for the reasons mentioned above.

Who should develop critical planning objectives?

This depends on the approach the organisation takes to planning. Salmela and Spil point out that it is important to select well-qualified personnel from all levels of the organisation and involve them in the planning process [SALM02].
In order to achieve such involvement, it is possible to approach the planning through Management by objectives (MBO), as described by Daft [DAFT00]. This can be applied within the four cycles method.
In essence, MBO is a planning method where managers and employees set goals on various levels – departmental, personal, etc. and monitor these. It consists of four steps:
1. Set goals
2. Develop action plans
3. Review progress
4. Appraise overall performance

Steps 2 through 4 are also done within the four cycles method. Most important is thus to put the focus on the first step, setting goals. By doing this through the MBO method, agreement between employees and managers can be reach, which creates the strongest commitment to later achieving the formulated goals.

References

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