

CSF Approach for IT Strategic Planning

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ABSTRACT

Although the purpose of strategic planning is straightforward - to outline where an organization wants to go and how it's going to get there - its nature is complex and dynamic. Two techniques, the critical success factor (CSF) method and future scenario planning, can augment strategic planning efforts by illuminating an organization's present situation and potential future. This paper explores the value of enhancing typical strategic planning techniques with the CSF method and presents an integrated framework for helping organizations understand the broad range of interrelated elements that influence strategy development for Information Technology (IT). Critical success factors are defined as the handful of key areas where an organization must perform well on a consistent basis to achieve its mission. CSFs can be derived through a document review, analysis of the goals, objectives of key management personnel and interviews with individuals about their specific domain and the barriers they encounter in achieving their goals and objectives. The paper synthesizes documented theory and research in strategic planning and CSFs and provides insights and lessons regarding the value and limitations of the integrated strategic planning framework in the context of IT. Through a method of in-depth literature review and contextual analysis, the paper incorporates suggestions for future work which include: exploring the use of IT in unit-level planning and organizational strategic planning, creating an integrated strategic planning process and connecting CSFs directly to one another in the monitoring stages to support the integrated framework, for an holistic strategic planning process.

Keywords: *Critical Success Factor (CSF), Framework, Information Technology, Organization, Planning, Strategy*

INTRODUCTION

So many important matters can compete for one's attention when framing strategies especially information technology strategies in this ever changing and dynamic ICT world. This makes it often difficult to see the "wood for the trees". What's more, it can be extremely difficult to get everyone in the team pulling

in the same direction and focusing on the true essentials. That's where CSFs can help.

CSFs are the essential areas of activity that must be performed well if you are to achieve the mission, objectives or goals. By identifying CSFs, one can create a common point of reference to help in directing and measuring the success of any strategy, project or business. As a common point of reference, CSFs help every-

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one in the team to know exactly what's most important which then helps people perform their own work in the right context and this creates to heave together towards the same overall aims. Thus in simple terms CSFs refer to identifying the things that really matter for success.

The idea of CSFs was first presented by D. Ronald Daniel in the 1960s. It was then built on and popularized a decade later by John F. Rockart, of MIT's Sloan School of Management, and has since been used extensively to help businesses implement their strategies and projects. Inevitably, the CSF concept has evolved, and you may have seen it implemented in different ways. This paper provides a simple definition and approach based on Rockart's original ideas. Rockart defined CSFs as: 'The limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organization'. They are the few key areas where things must go right for the business to flourish. If results in these areas are not adequate, the organization's efforts for the period will be less than desired. They are areas of activity that should receive constant and careful attention from management (Rockart, 1979). CSFs are strongly related to the mission and strategic goals of any business or project. Whereas the mission and goals focus on the aims and what is to be achieved, CSFs focus on the most important areas and get to the very heart of both what and how to achieve.

BACKGROUND

Industry executives and analysts often mistakenly talk about strategy as if it were a chess game, but in a game there are just two opponents, each with identical resources, and with luck playing a minimal role. But the real world business and competition is different and certainly it is not a chess game – it is more than that. According to Moschella, D (1999), the real world is much more like a poker game, with multiple players trying to make the best of whatever hand fortune has dealt them. This paper explores the value of enhancing typical strategic planning

with the critical success factor (CSF) method. It synthesizes documented theory and research in strategic planning, CSFs and proposes an information framework for enhanced strategic planning. The paper does not advocate or articulate a specific strategic planning approach, though theories are discussed and pointers to published methods are provided. Nor does the paper aim to document the CSF as a method; these are published elsewhere. (Caralli, 2004, van der Heijden, 1996)

The Strategic Planning Landscape

Strategic plans outline an organization's intended approach for achieving its mission. There are many ways to conduct strategic planning, most of which result in a plan or set of plans that articulate organizational goals and a high-level strategy for achieving them. CSFs have extensive histories with operational and strategic planning. The CSF method results in an identified set of organizational critical success factors that represent key performance areas that are essential for the organization to accomplish its mission. Further, scenario planning explores multiple potential futures and generates multiple robust strategies (not complete strategic plans) and a set of early-warning signs that help an organization understand how the future is unfolding. In addition, both CSFs and scenarios provide processes that help an organization establish strong ways of thinking, communicating, and making decisions. Neither method, however, constitutes a strategic planning effort, results in a strategy or strategic plan per se, or has a direct, explicit interface with strategic planning.

Strategic Planning

According to Miyamoto (2009) samurai warrior, 'in strategy it is important to see distant things as if they were close and to take a distanced view of close things'. *Strategic planning* is the process of defining an organization's plans for achieving its mission. An organizational *strategy* is a derived approach to achieving that mission. The product of a strategic planning effort is typically

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