

Editor's Comment

Strategic Planning for IS: The State of Practice and Research

The currently popular notion of strategic planning for information systems (SPIS) had its roots in the late 1960s [10]. In 1975, I described a process for "strategic systems planning," [3] that provided an operational process for developing IS strategy on the basis of business strategy. Approaches to SPIS were further developed and illustrated [4, 5, 11] until, in 1978, IBM adopted the key notion of "developing IS strategy on the basis of business strategy" by incorporating a basic description from my paper [5] into the manual describing their well-known Business Systems Planning (BSP) process [2].

Since then, the practical applications of SPIS have grown explosively to the point where, at a recent presentation I gave to about 50 key IS executives of large corporations, virtually all claimed that their firms were performing significant SPIS activities. As well, a recent SIM-sponsored Delphi study identified SPIS as the most important IS issue of the 80's [1].

When an important notion is so widely adopted so rapidly it is useful to step back and attempt to identify the desirable directions for further growth.

My personal experience in a variety of firms suggests that while widely adopted, SPIS is practiced in a variety of different ways. McLean and Soden's [11] illustrations of what many companies considered to be SPIS in 1977 demonstrated *levels* of sophistication, many of which did not qualify as being "true" SPIS, even by *then-current* definitions of the term.

I believe that a similarly wide range of applications of SPIS still exists today, despite the fact that the *number* of SPIS applications is far greater than it was then, and the average level of sophistication of these applications is undoubtedly much higher.

At the highest level of sophistication is the sort of SPIS process that meets three criteria:

- (1) It explicitly incorporates processes for relating IS strategy to the existing business strategy of the enterprise in the operational sense, such that a *significant change in business strategy would require a significant change in IS strategy*.
- (2) It also explicitly incorporates processes for assessing the existing and planned IS resources of the organization with the objective of identifying potentially useful changes in business strategy, tactics, or processes that they may support [6, 8].
- (3) It incorporates the notion of information and IS as a strategic resource or competitive weapon, and explicitly involves processes for the identification of opportunities for the use of the information resource in this fashion [6, 7].

These criteria are suggestive of one of the current needs in the SPIS field — the need for *evaluation* of the processes that are being used for SPIS. Like many popular, even faddish areas there is the danger that SPIS will continue to develop without a recognition of the declining-marginal-return phenomenon that characterizes the benefits that accrue from most management activities.

These SPIS evaluations can take either of two general forms:

- (1) Evaluations performed within the individual firm to comprehensively identify the costs and benefits that are associated with its SPIS activity.
- (2) Evaluations conducted across firms by identifying various levels of SPIS activity and relating them to profitability or some other measure of *business effectiveness*.

Clearly, the first of these evaluative approaches should be diagnostic so that alterations can be made to the firm's SPIS process if they are indicated. Some work has begun in this area [9], and it should be carried on further by practitioners and consultants.

The second variety of SPIS evaluation is more the province of academic researchers. Again, some initial studies of this variety have been conducted [12, 13].

However, much remains to be done if SPIS is, in the long run, to be more than a bright and shining comet that soon passes from view. The history of modern management tools is replete with such activities — e.g., PERT — and the current, rather sorry state of strategic business planning suggests that if planning is “overdone” the negative reaction that can occur when this is recognized can be so traumatic that many beneficial and worthwhile elements of planning become stigmatized by those elements that have been oversold.

Thus, both practitioners and academics need to devote themselves to study and research in the evaluation of SPIS. There are, in my judgment, important issues and challenges for both groups if SPIS is to become a legitimate and significant component of the portfolio of IS management.

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