Strategic Planning

Strategic Planning

Strategic Planning refers to the process of defining the strategy and resource allocation for the purpose of achieving the objectives for which the strategy is drafted. Strategic Planning is to an organization what an eye is for an Athlete. Usually the legs of an athlete are considered important but it is through his eyes that he envisages his targets and sets direction for the organization. Having said this, we can conclude the visionary strategic planning and balanced resource allocation serves as the backbone for the growth of an organization and CVHP is no exception.

Going through the opinions of IT Direction and CIO, it seems that at CVHP, technology is at the heart of their strategic planning. This is evident from the facts that CIO sits in the Executive Strategic Planning Committee and three out of the five strategic goals for 2010 includes IT/IS in one way or other. However, there are two essential and to an extent related issues. The first is that, as mentioned previously, the budget allocated for IT does not correlate with what they are expected to do. Therefore, the resource allocation process needs to be revisited. (Madnick, 2005) Otherwise, they would not be able to make the most of the window of opportunity available to them through exploiting the technology. Moreover, there is a lack of buy in from the end users of those systems which was hinted in one way or other in their interviews. Thus, it shows that the strategic planning lacks any effective strategy to get the buy in from the employees. This eventually results in low utilization ratio of the systems.

Thus, it is recommended that in the first place the resource allocation for IT must be made proportional to what is expected from the department. Secondly, employees must be taken

into confidence through using various change management techniques to ensure proper implementation and utilization of the systems.

Budgeting Processing

Budgeting process plays a pivotal role in driving the activities of the concerned departments and units. The special care must be taken in this regards at two levels. First of all, it is essential for IT to get a proper share of the budget. Secondly, proper allocation of budget among various priorities should be there. (Rapp, 2002)

Analyzing the responses of the Director IT and the CIO of CVHP, one of the major issues identified in terms of budgeting process is the inappropriate proportion of total operations budget allocated to IT department. According to David McCobb, what IT receives out of total operations budget is mere 0.5 % which is four to eight times lesser than the industry benchmark (2% - 4%).

IT has a number of areas to look after using that meager budget. Those areas include, but not limited to, investment in infrastructure, equipment replacement, investing in new technologies etc. Training for new systems is also carried out by the IT department, but its funding comes from the concerned departments to whom training is imparted. Furthermore, it is also mentioned during the interview that IS/IT is involved in three of the five strategic goals for 2010. It was also quite evident that how much CVHP depends on its IT competency to lead the market.

All this shows that there are very high expectations and consequently higher level of demands from IT. Furthermore, the vision of the Director IT and CIO shows that those targets are achievable. But, there is an apprehension that the budget constraints might impact the capability of CVHP to cash in the opportunity that exists for them in terms of IT development.

Take the example of training. Any investment in new technology is a waste, if the end users are not adequately trained. Each department has got its own objectives. If they are asked to fund the training of their employees for a particular system, they might try to cut few things to save cost that would affect the quality. IT has to look both from present and future in terms of equipments. Having stringent budgeting constraints, there are chances that the future is compromised (foregoing research for viability of any new technology) for the sake of improving the present (keeping the current equipments up to date) or vice versa. In both cases, it would be the organization, as a whole, losing an opportunity. (Parker, 2007)

Thus, it is recommended that proportion of budget allocated to IT should at least be increased to match the industry benchmark, if not to exceed it. If it cannot be done in 'one- go', it should be done gradually. The budget that departments are supposed to use for training should be allocated to IT to ensure that they effectively carry out the training without any irrelevant financial constraint. Moreover, in the short term, IT should be asked to determine beforehand what portion they are going to spend to improve present and what portion would be invested in future.

References

Madnick, S. E. (2005). *Strategic Use of Information Technology*. Toronto: Oxford University Press.

Parker, C. S. (2007). *Management Information Systems: Strategy and Action*. Dubuque, Iowa: Mcgraw-Hill Inc.,Us.

Rapp, W. V. (2002). *Information Technology Strategies: How Leading Firms Use IT to Gain an Advantage*. New York: Oxford University Press, USA.