Strategic Best Practice - Importance of Formulation and Implementation

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Introduction

This paper presents initial best practice into the relationship between strategy formulation and initiative implementation. This paper should be read in conjunction with ‘Strategic Information Systems Knowledge – Systems Development and Implementation’.

Discussion

The existing relationship between strategy formulation and systems development is illustrated in Figure 1.

![Figure 1: Relationship between Strategy Formulation and Implementation](image)

On the left-hand side of the diagram is the explicit focus on business and Information Systems Technology (IST) strategic issues in the organisational context. Clearly the formulation of any IST/business strategy will impact on the systems development activities needed to deliver the final solution. This influence is evident in the work of Brumec (2001) where the design of the business model always proceeds the design of the IST model. Furthermore, there is significant acknowledgement of the impact/influence that systems development activities can have on the formulation of the strategic agenda. For instance, as Ward and Peppard (2002) argue, the reality of IST strategy implementation is not as simple as first understood in the early debates. Delivery of intent is not necessarily guaranteed, so the plans may need revising and refocusing to incorporate updated needs, demand priorities, the infrastructure lag and mechanisms for monitoring internal/external and business/IST aspects. Importantly the success of a strategic initiative rests in the implementation of the strategic intentions. And in fact, it is the implementation of the strategy which is the most challenging aspect of strategic development and implementation (Beaver, 2003)

Further, IST projects have particular uncertainties that affect their development, including: that design and development frequently takes place in an environment that is technologically dynamic; new problem solving methods are being developed as technology appears on the marketplace; planning and implementation have to embrace a large variety of technical, social and economic factors that may lead to political behaviour caused by the project; and that firms are constantly seeking solutions and solutions are seeking firms (Mumford and Pettigrew, 1975). Also systems development has become more incremental in nature and incorporates varying releases throughout the development lifecycle (Ambler, 2001). Ambler argued that too much planning would be too restrictive to achieve an effective systems implementation, as detailed plans cannot be developed at the beginning simply because we do not know the full architecture and scope of the project until it starts to unfold. Therefore, only high-level plans can be adopted throughout the systems development lifecycle. Taking stock of these observations, it is evident that systems development is having an impact on the strategic agenda within organisations, for example:

“Companies are radically changing their information technology strategies by purchasing pre-packaged software instead of developing IT systems in-house.” Holland and Light (1999: 30)
And:

“ERP systems are now the most common IST strategy for all organizations” Holland and Light (1999: 35)

Although the relationship between IST and systems development is acknowledged in the IST domain, the strategic practice presents a more complex relationship between formulation and implementation of IST initiatives. In the general business strategy literature there is a strong acknowledgement of the relationships between formulation and implementation (see for example Pettigrew, 1988; Mintzberg, 1987; Quinn, 1980; Whittington, 1996 and Dewit and Meyer, 1994). However this level of insight is not reflected in the IST domain. The complexities of strategic practice acknowledges the importance of ‘initiative portfolios’ on the development and implementation of strategic agendas/initiatives.

In terms of the strategy formulation and implementation, the concept of the initiative portfolio is neglected in the orthodox literature as systems development activities are viewed as one discrete entity. Although Jeffrey and Leliveld (2004) discussed the importance of initiative portfolios, their focus is on initiative synchronisation, controlling expenditure, being disciplined about investment and aligning the portfolio with the IST strategy. However, strategic practice illustrates that systems development is not one discrete entity but in any one organisation there are a series of unfolding initiatives which comprise the portfolio. Each one of these initiatives has the potential to impact on each other and ultimately impact on the overall strategic agenda. These impacts can be caused by delays, scope management or technical uncertainty for example, ultimately affecting the unfolding strategic development of the organisation.

Furthermore, in terms of resource consumption, the unfolding portfolio of initiatives can have a major impact on the strategic agility of an organisation. Clearly, in practice, organisations only have finite resources available to commit to the development of strategic initiatives (their strategic capacity). In strategic practice, the level of resource availability is determined during annual strategic reviews. With resource constraints set, priorities had to be made about what initiatives is to be developed. This ultimately means that some initiatives will not be developed and therefore certain strategic options will be lost. Additionally, new strategic priorities can be generated throughout the year, which means that other resources may require re-directing from the unfolding portfolio of initiatives – again reducing strategic options.

Finally, and critically, any particular initiative has an extended impact on resource availability (and therefore on strategic choices) that goes beyond the discrete initiative initiation and implementation phase. In fact, initiative resource consumption continues even after an initiative is implemented. This consumption is in the form of IST support and maintenance costs. Even though the actual systems development activities consume a discrete amount of resources, this consumption continues long after an initiative is implemented – as illustrated in Figure 2.

![Figure 2: Resource Consumption of Unfolding Initiatives](image-url)
In any one organisation, many initiatives are devised and developed annually...and is extremely complex, as each one requires direction, resources, technical assessment etc so that the strategic intent can be fulfilled (even if an initiative is outsourced). As the initiatives unfold and are completed they no longer consume the development and implementation resources but move onto consume the IST maintenance and support resources, which ultimately reduces the resources available for other strategic initiatives to be initiated. Importantly, as Eriksen and Mikkelsen (1996) argued, the ‘strategy space’ of the organisation becomes limited through resource accumulation. Future choices can be constrained by previous decisions made about IST resources, in that:

“Major irreversible choices about the time path of resource accumulation are usually made infrequently. Whenever such choices are made, the subsequent scope of the firm’s strategy space is limited. Such choices function as meta-level decisions that lock the firm into a particular path from which deviation may become increasingly difficult to accomplish, should such change of direction become necessary.” Eriksen and Mikkelsen (1996, p. 57)
References


Quinn, J., 1980, Strategies for Change: Logical Incrementalism, Irwin Inc, USA.


