

# Planning for the Digital Economy

**Research confirms that annual planning lacks strategic effectiveness, whereas continuous planning provides much needed agility.**

THE DIGITAL TRANSFORMATION IS WELL UNDERWAY. And, understandably, CIOs need clear priorities for successfully guiding their organizations through this evolution. However, plans developed during a typical strategic annual planning process often change before the ink dries, with numerous unplanned projects entering the landscape throughout the year. When coupled with the ongoing evolution, there's no denying the dire need for more agility to respond to market needs while being smart about trade-offs.

## Environmental Assessment

There's significant work ahead as IT leaders strive to become digital enterprises—especially when it comes to planning. In fact, according to a recent IDG Research Services survey, less than half of IT leaders report high levels of effectiveness in any one area when it comes to their IT organizations' strategic planning processes.



For instance, respondents possess the right priorities: the inclusion of business stakeholders during the planning process, the ability to adapt to unforeseen internal demands, and even proactively responding to predicted external business conditions. However, the majority fail to rate their organizations as effective in these important areas—a sizable red flag in today's digital climate.



## Understanding Concerns

The challenges are ever present, according to respondents. Specifically, the vast majority (85 percent) report that their IT organizations deviate from the approved annual plan several times per year to meet internal demands. Meanwhile, these same organizations identify their top challenges to be overcommitted resources, and IT's lack of capacity to meet new demands. Unfortunately, both of these further the perception that IT is limited in its ability to adapt quickly.

“The struggle is real. When faced with new, unplanned demand, it disrupts the organization, causing a lot of pain and additional work just to figure out how to fit new projects in with everything else they are doing within their limited capacity,” says Carina Hatfield, product manager with Planview, a leading provider of resource optimization solutions. “Yet, having access to real-time updated plans sparks the very conversations needed to avoid overcommitting resources. Then, the real value is in determining trade-off decisions, which becomes a natural occurrence when IT engages in continuous communication. I have seen organizations [that] have previously taken weeks to determine if they can take on new work to [being] able to do this in just minutes. Minutes!”

## Taking Action

There is relief for those IT organizations that struggle to effectively plan for and meet the demands within today's constantly evolving environment.

**Embrace a continuous planning model.** By definition, this approach empowers each role within the organization to persistently plan and support the overall portfolio. The result is most often improved adaptability and data-driven decision making. Fortunately, the vast majority of respondents see value in such initiatives to further their IT organizations' strategic planning objectives, and those respondents seem to be ahead of the curve:

❑ Fifty percent rate their organizations as extremely or very effective at adapting to unforeseen demand regardless of the source.

## IT organization's top strategic planning challenges over the next 12 months

	Percent Considering (out of total)		Top Priority (out of those considering)	2nd Top Priority (out of those considering)	3rd Top Priority (out of those considering)
Resources are overcommitted and not enough capacity to meet new demands	66%	#1	65%	21%	14%
Business does not seek/include IT feedback when discussing business priorities and capacity	40%	#2	38%	43%	19%
Business moves forward without IT to address new technology initiatives	39%	#3	30%	35%	35%
IT is measured on and held accountable for annual plan goals without account for new demands	34%		38%	38%	25%
Multiple project delays (on the business side) affect the ability to prioritize	31%		27%	47%	27%

Source: IDG Research Services, October 2015

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— Carina Hatfield  
product manager,  
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□ Sixty percent prioritize improved communication with business units and executives for prioritization and planning.

It's also worth noting that when organizations prioritize improved adaptability to new demands and data-driven business trade-offs, they are significantly less likely (59 percent vs. 80 percent) than others to view resource constraints as a strategic planning challenge. “The reason for this is simple: The more often you plan, the more likely you are to proactively manage the challenges around overcommitting resources and adapting resources to priorities around new and existing demand,” says Hatfield.

**Update plans regularly using actuals.** Project managers need to update their projects continuously using actuals (time sheets, milestone accomplishments, etc.) for traditional projects. When following Agile methodology, every sprint is an evaluation point capable of lending data to the continuous plan. As project managers continually update schedules and financials based on actuals and new demands, a roll-up of real-time in-flight projects provides a holistic view into the organization.

IT can then leverage actuals from execution, which serves as a foundation for project managers. IT should then value replanning rather than metrics against an original plan. “Too many IT organizations have created a governance culture that measures and rewards those who complete a project on time, in scope, and in budget to the original plan,” Hatfield says. “Whereas the governance process should be encouraging using actuals and new information to create realistic updated plans, regardless of which way the needle tips. And, when putting real data into the plan and updating it constantly, you are able to let prioritization drive resource assignments.”

**Empower the PMO.** Properly executed, the project management office (PMO) is “a secret weapon” capable of driving the planning process and providing the feedback loop of execution, and enabling collaboration to adjust throughout the year based on real-time capacity information.

Serving as the heart of a progressive planning organization, the PMO facilitates the ability to evaluate various scenarios and opens the door for better communication—ultimately enabling an adaptable IT organization, explains Hatfield. “An agile organization no longer looks at overcommitted resources and inability to take on unplanned demand as challenges, but rather as the reality of digital transformation that is manageable through continuous planning,” she says.

**Map projects to business outcomes.** Mapping and ranking projects by those business outcomes is a great place to start. In addition, rather than viewing the portfolio as a list of projects, make it a business plan. As such, the highest priorities are above the line, lending confidence that the current portfolio represents a plan that can be delivered within the current resource constraints.

When coupled with consistent planning, mapping fortifies the conversations between IT and business leaders. As a result, evaluating unplanned demand and short-term priorities becomes a by-product of understanding the impacts and trade-offs.

**Bottom line:** As organizations strive to realize the outcomes of digital transformation, evolving the planning process needs to be a priority. And, the ability to embrace and support continuous planning leveraging the right tools, organization and mindset—rather than relying on annually updated spreadsheets—paves the way.

To learn more about continuous planning, visit: [www.planview.com](http://www.planview.com)