TIPS FOR SUCCESSFUL STRATEGIC PLAN IMPLEMENTATION

(An Organizational Development Approach)

by
LANCE DECKER
COPYRIGHT © 2014

INTRODUCTION

Strategic plans are born with the greatest hopes and finest aspirations of their creators, and with all the possibilities of a new day. Yet senior managers constantly complain that their strategic plans fail to perform as promised... lying on the shelf collecting dust.

The greatest threat to the health, life and vitality of the organization's strategic plan is not poor quality data analysis, faulty long-term objectives, or even lack of formal adoption. Strategic plans do not die from abuse...they die from neglect!

The cause of strategic plan failure is the organization's unwillingness to link the new strategic plan to old, established and trusted management systems. In order to avoid such failures, the successful strategic plan must place heavy emphasis on four key strategic implementation systems.

- Monitoring and Evaluation
- Resource Allocation
- Scanning and Plan Update
- Performance Measurement and Reward Mechanisms

The following article discusses some of the pit-falls of strategic plan implementation, and provides some tips to guide the organization to a more successful experience. Much of the focus of this review reflects a traditional organizational development bias, but many analytic systems and total quality techniques can also be applied.

STRATEGIC PLANNING AND THE PUBLIC SECTOR

"Close enough for government work" is a phrase that every public employee knows well. As unattractive as it sounds when used to describe the quality of stereotyped government workers, it may actually have some limited applicability to public sector strategic planning.

Borrowing an illustration from Dr. Lou Weschler, Arizona State University, strategic planning is like firing a SAM (surface-to-air) missile at an enemy aircraft. During flight, the target takes evasive action, and may launch its own anti-missile missiles. The SAM constantly surveys the location of the target, adjusts its course, and may even deflect incoming hazards. In most

77 East Missouri Avenue, Phoenix, Arizona 85012
Telephone 602.957.9659 · E-mail ldecker@lldecker.com · www.lldecker.com

cases, the missile does not make direct contact with the target, but only comes close enough to explode and damage its victim.

Like the SAM missile, public sector strategic planning rarely, if ever, predicts the exact location of the organization's targets decades into the future. By necessity, the plan must get close enough to the target to attain the desired results, but it must also be able to help the organization deflect unforeseen hazards. Such a mission calls for plan flexibility. Flexibility, the constant preparation for alternative futures, and sequential approximation may be of more value to a public sector organization than precision. Government needs to be "close enough" to meet the objective, yet flexible enough to make quick, dramatic change.

Although the public sector environment changes rapidly, most broad changes are not unexpected. On the positive side of this equation, we've been able to successfully predict change. Even though the demographics of our cities and counties are in constant flux, and populations are now, as never before, mobile, the public sector planner knows in advance the wants, needs and demands of citizens.

Unfortunately, even though we know what changes to expect, we have been unable to meet the future. A downturn in the economy and a decline in citizen attitude toward increased taxes was not unexpected. In fact, these trends were anticipated, but little if any action taken by individual jurisdictions could reverse the trends. The economic gap between the need for public services and the ability to provide those services happened anyway.

The job of today's strategic plan is not only to predict change, develop alternative futures, and deflect unseen hazards in the business of government, but also to create a management system that uses strategic planning and management tools to successfully influence the organization's future. Below are some ideas and suggestions that would be helpful to a public organization implementing its first strategic plan.

THE FUNDAMENTALS

Share the vision of the future...not just with top management, but with every employee in the organization. A sense of responsibility and authority for the plan must filter throughout the organization. It is essential that all employees feel a commitment to reaching the vision.

Plan elements should cascade into the organization, with the higher levels (key result areas and objectives) staying just below the CEO, and the details (action plans and action steps) falling to line staff.

A method of identifying, tracking, monitoring and publicizing progress should be implemented...preferably using an easily managed electronic database.

All management systems should be **simple and unobtrusive** and must be **linked … including the budget!**

Remember that the original objectives developed in the strategic plan are broad approximations, at best. Over the planning period, they are more likely to change than stay

the same. Managers charged with implementing the strategic plan need to have a tolerance for change and ambiguity.
Effective strategic planning is not a "program." It is an ongoing process, part of the corporate culture that quietly finds its way into the day-to-day lives of the employees.

DISTRIBUTING THE PLAN

The organization needs a method of distributing responsibility for implementing the plan. If the plan is at all reflective of today's environment, it is very complex. Even relatively simple plans may have hundreds of individual elements needing action. For instance, consider a hypothetical organization that decided there were only three key result areas needing strategic focus. Each key result area had only three objectives, each objective had only three strategies, and each strategy had only three action plans. From this simple progression, the organization generated 243 individual items of activity to manage.

THREE KEY RESULT AREAS, EACH HAVING ...

THREE OBJECTIVES, EACH HAVING ...

THREE STRATEGIES, EACH HAVING ...

THREE ACTION PLANS, EACH HAVING ...

THREE ACTION ITEMS, CREATES .... THAT'S RIGHT… 243 INDIVIDUAL ITEMS OF ACTIVITY!

The key to managing the strategic plan is to distribute responsibility and authority for implementation to appropriate subordinate levels. The distribution of strategic plan elements should closely fit the traditional organizational hierarchy, if possible. The CEO should personally monitor only the highest levels of the strategic plan, and should press subordinate managers to hold their supervisory staff responsible for strategies, action plans and action items.

EMPLOYEE INVOLVEMENT IN STRATEGIC MANAGEMENT

All four strategic systems can be organized to take advantage of traditional hierarchies of responsibility. For example:

> Strategic plan budgets can be built from the bottom up with line staff developing strategic initiatives, and companion requests for resources to support such activities.

Both individual and group performance systems can be established throughout the organization, top to bottom, to reward strategic plan accomplishments.

A thorough job of scanning requires open communication with all key actors in the system. Employees are vital to such work. Plan updates benefit from staff involvement. Who can develop a realistic action plan better than the person responsible for its implementation?

If the plan is distributed throughout the organization, supervisor and management involvement is a must when monitoring the plan.

CHEERLEADING THE STRATEGIC PLAN

If the strategic plan contains the long term guiding principals of the organization, then it might be a good idea to let folks know what's in it.

Distribute complete copies of the plan to all key managers.

Popularize the plan into a condensed brochure, and distribute it to all employees and constituents.
Put the mission statement on the back of business cards, at the top of letter head, and at the bottom of business forms.

Keep the plan in plain view at all times.

Celebrate success! When an individual or group achieves a major milestone in the plan, do something special. Most organizations have lunches, pot lucks and parties occasionally. Use strategic plan accomplishments as a reason to rejoice.

In the same way, encourage individual business units to contribute their strategic plan objectives to the organization's annual report. Give overviews of each unit's strategic plan activities, an evaluation of the organization's performance over the previous twelve months, and some discussion of environmental changes.

MONITORING AND EVALUATION

Periodically, the organization takes a look at the environment... looks at the original target, and asks two questions. First, is this still the target? Second, if it is, what changes are needed if we're going to intercept it?

Plan monitoring and evaluation can be tricky business. The process can boost morale or be an occasion for organizational suspicion. Be prepared to discuss the reasons why the monitoring is being conducted. Evaluation methods should be clearly communicated to everyone involved.

Monitoring

There is only one reason to monitor and evaluate the plan, and that is to give the organization license to make changes. If the organization is not interested in changing the plan ... don't monitor or evaluate it!
Strategic plan monitoring is the responsibility of the CEO. Since most CEO's do not have adequate time to do this job effectively, a direct subordinate with significant professional training and interest in this job should be assigned to it.

Formal monitoring should occur at least every three months. Without such monitoring the organization is likely to forget its strategic directions.

All managers having a stake in the strategic plan should be given the opportunity to participate in the evaluation process. The system should also encourage discussion of changes in the corporate environment.

Information for the strategic plan monitoring report should be easily obtained from existing financial and performance reports. What items do you already track?

Likewise, keep the monitoring process and forms simple. Concentrate on 1) the objectives, 2) the general status of those objectives, 2) significant changes that need to be made to the objectives, and 4) forming partnerships to accomplish the objectives.

Evaluation

The time horizon for achieving the strategic plan is five, ten or even more years... expect initial change to come slowly.
The "big picture" isn't always in focus for top management, so imagine how fuzzy it must be for line staff. This is especially true early in the planning process. Be patient ... and don't miss an opportunity to illustrate the "vision" to line staff.

It takes three years to fully implement a new strategic plan. One year to learn the process... one year to try the process... one year to incorporate it into the existing business systems. Consider the learning curve when evaluating the plan's progress.

Measuring progress is not easy. The "goals" tend to be warm and fuzzy... the objectives are five to ten years in the future, and will probably change before they can be met. In the early years, look for milestones and organizational "watersheds" rather than outputs and outcomes.

RESOURCE ALLOCATION

If there were only one management system to which the strategic plan could link, the overwhelming choice would be *THE BUDGET*. In most public sector organizations, the operating budget reflects an annual process that primarily responds to short-term organizational demands. Alone it is not a strategic management tool.

The strategic plan without a strong linkage to the budget process is simply a dream. It has no means for gaining the resource support to achieve its ends.

An organization that coordinates the resources allocation process with the strategic planning process can not only see its future, but develops a way to pay for it. Without coordination the organization has no way of achieving its long-term direction.

Do not tell the budget director that "the strategic plan is really the engine driving the organization." Such a statement is not only inaccurate, but any budding partnership between the strategic plan and the budget would immediately wither and die. The budget is an essential part of the strategic management process (and more powerful than a locomotive).

The intent of developing a strategic resource allocation system is not to replace the normal budget system within an organization, but rather, to make the strategic plan become **the primary force in long-range decision making.** The budget will still be the budget.

In the initial phases of an effective strategic plan, more than 80% of the organization's resources go toward existing operational efforts... less than 20% go to strategic issues. As the plan matures, an increasing percentage of resources moves into the strategic arena.

As part of the normal resource allocation process, each business unit should start its budget review by determining how it can support the strategic plan. How are resources now being applied to the strategic plan? How can a greater percentage of resources go toward strategic efforts?

Any requests for new programs, or supplemental funding should be judged and justified based on support of strategic organizational issues.

SCANNING AND PLAN UPDATE

As strategic targets move, the organization's plans must compensate. Scanning is the periodic process used to determine what is changing in the organization's environment. The plan update process tells staff it's okay to alter parts of the plan to reflect environmental movement.

The purpose of scanning is to decide 1) if changes have occurred in the operating environment, and 2) what effect such changes might have to the overall health and direction of the organization. The reason for updating the plan is to adjust the plan's objectives, strategies and action plans to reflect environmental change.

Successful scanning requires quality information applied to selected areas of strategic focus. If the organization looks at the wrong issues... or if it looks at the right issues but selects poor quality data sources, the scan will not provide the information needed for accurate decision making.

The end product of an environmental scan is a list of assumptions on which to build the next plan. Assumptions should focus on key industry variables. Predictions are normally given as ranges of performances:

best case... worst case... most likely

Although environmental scanning can be conducted as a closed staff function, public sector organizations may significantly benefit from a more open, though time consuming, scanning procedure.

The length of time needed to complete a strategic plan update will be shorter if 1) there are only modest plan changes to consider, and 2) there is advance consensus on assumptions, objectives, and resource allocations. Likewise, if there were major shifts in the operating environment since the previous update, new participants in the process, or limited resources, extended discussion can be expected.

If conditions are ripe for extensive plan changes, break the process into two meetings. During the first meeting, limit discussion to the key result areas and objectives, only. It is much easier to get consensus from top management on broad issues concerning the organization. Once the high level plan is decided, have participating managers circulate the changes to the people responsible for implementation. Give them time to react to these high level changes, and encourage them to develop alternative strategies and action plans that their managers can bring back for consideration. Then, at a second meeting, determine the specific strategies and actions subordinate units will take to implement objectives. Resources can then be allocated.

INDIVIDUAL AND ORGANIZATIONAL PERFORMANCE AND REWARDS

Performance evaluation systems and reward structures are more difficult to prescribe than any other strategic management tool. Suffice to say that traditional incentives in private industry, namely bonuses and salary increases, are often missing in public service. Structured performance evaluations are usually included in civil service systems, but, senior public managers may be exempt from such measurement. Some jurisdictions develop extensive "pay for performance" plans, while others concentrate on annual "across the board" pay increases.

Fortunately, studies indicate that financial rewards are not the primary motivator of performance, so creative opportunities might exist for the innovative public organization. The following are some suggestions.

Each line manager should be allowed to negotiate individual performance standards with top management. These standards would include responsibility for specific strategic plan elements, objectives and actions.

Likewise, extended discussions should occur between line managers and their subordinates regarding specific actions that will be taken during the period, the anticipated outputs, and the desired "outcomes" from these actions.

Encourage all active strategic plan participates to share their performance plans with peers and subordinate staff. If appropriate, place parts of performance plans in subordinates' annual work programs. Work out cooperative agreements with peers who share portions of an objective.

Consider placing strategic plan activities into the traditional performance evaluation process for all employees. Make strategic planning part of the overall system instead of a system that stands alone.

Consider developing a pay-for-performance system that provides financial incentives for individual achievement. Although public sector pay-for-performance systems are difficult to design and implement, and require discussions with affected employee groups and the policy governing boards, successful systems are now operating.

Performance periods for strategic plan elements should be consistent with the normal personnel evaluation periods.

Build early, easy milestones into the strategic plan to give the organization something to celebrate during the early "dry" periods.

Recognize success through your newsletter and occasional celebrations.

Remember that managers and supervisors cannot single-handedly accomplish strategic objectives. Although they may have the responsibility and authority for actions, their staff carry out the day-to-day work of the business unit. Directing praise toward a work group can build morale and encourage teamwork.

SUMMARY

There is a litany of pithy sayings and seemingly profound quotes in the strategic planning literature that often come to mind when considering decision models. Two that may apply to the development of public sector strategic planning and management systems are:

"When in doubt... flip a coin."

"No amount of strategic planning will ever replace blind dumb luck."

Although these quotes might sound cynical, they shed light on the nature of strategic planning.

Normally, the better the scanning tools... the more accurate the assessment. But even perfect tools cannot contend with the unforeseen...the catastrophic...that which is known as "blind, dumb luck!" If the strategic planning system is good enough to reduce the organization's number of strategic choices to two, indifferent alternatives, then perhaps the flip of a coin is an adequate decision model. Rarely are decisions in the public sector that clear.