Why You Hate Strategic Planning . . .

. . . and why it doesn't have to be that way

by Mark Schacter

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In the 1990s Mark was on the staff of the World Bank at its headquarters in Washington DC; he worked in Africa, Asia and Eastern Europe to help strengthen the governance and accountability of public institutions, and to support reforms in private sector development. Later he occupied senior positions at the Institute On Governance and the Conference Board of Canada, both in Ottawa. Since 2003 he has run his own firm, Mark Schacter Consulting.

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Table of Contents

1. Introduction

Public servants look forward to strategic planning about as much as they look forward to a dental appointment. They say to themselves:

- this is going to be painful;

- it is going to take too long;

- we are only doing this because we must;

- when it is over we will erase the experience from our memory and move on.

At least most people are willing to recognize the *value* of going to the dentist; rarely is the strategic planning process seen as value-adding.

Can this be fixed? It may be naive to hope that strategic planning can be done in a way that makes people love rather than hate it. But surely it is at least possible to do strategic planning in a way that is seen as creating value for the organization. My recent experiences as a consultant designing and supporting strategic planning processes for government departments have demonstrated that there is a simple way to do strategic planning that yields positive outcomes. This paper shares lessons from these experiences.

2. Why Do You Hate Strategic Planning?

Strategic planning absorbs a lot of time and effort. There are the preparatory meetings and the drafting of background documents – drafting, re-drafting, and re-drafting of the re-drafts as documents travel up and down the hierarchical approval chain. There are the strategic planning meetings themselves, and then the follow-up meetings to the strategic planning meetings.

What does the organization get in return for its time and effort? In most cases, precious little. The plan is finalized and promptly forgotten; the organization, driven by a sense of priorities and urgencies that often has little to do with the content of the plan, carries on. The strategic plan and the process surrounding it are seen as a necessary corporate evil; something to be gotten over with.

It is telling that few people in a government department can state from memory the key points of the corporate strategic plan. Instead of being a touchstone for corporate leadership and decision-making, the strategic plan is an orphan: the end-product of a process disconnected from corporate reality. In short, strategic planning all too often is a big and burdensome waste of time. That is why you hate it.

3. Does It Have to Be This Way?

Strategic planning can be done differently. The critical prerequisite for creating a useful strategic plan is to have a clear vision of what is meant by *strategic.*

"Strategic" is about the big things: things that will enable, or stand in the way of, achievement of the organizations' highest-level outcomes. The purpose of the strategic plan is to identify those big things – I call them "strategic issues" – and describe how the organization intends to respond to them through what I call "strategic actions".

That is all there is to it. A set of **strategic issues** – typically no more than (and hopefully fewer than) five – accompanied by a correspondingly small number of **strategic actions**. If you base your strategic plan preparation on these two ideas, and stay focused on them throughout the process, I guarantee that you will develop a useful strategic plan.

4. Think, then Act

The central idea in the preceding section – issue identification followed by a plan of action to address the issues – sounds simple. And it *is* simple. But the simplicity hides an important insight missing from many of the strategic plans I have read. The insight is that clarity on major challenges facing the organization should *precede* development of an action plan.

Is that obvious? Perhaps. But every time I read a strategic plan that is a laundry list of actions without an over-arching rationale, or is a set of platitudes ("develop and value our people"; "be responsible stewards of public resources"; "pursue excellence"; "listen to our stakeholders"; etc.) that would be equally relevant to any organization at any time under any circumstances, I can only conclude that the "obvious" principle has been ignored.

People are in their planning "comfort zone" when talking about actions – "over the next 3 years, our organization will do this, that and the other thing." There is immediate gratification in describing how busy you will be, all the good and important things you will be doing, and all the staff and budget that will be required. It is not so easy, and much less exciting, to talk about *reasons* for acting; for giving priority to 'A' over 'B'; for building staff capacity in one area rather than another, and so on. But action for its own sake, unguided by a strong sense of purpose or a vision of a "battle to be won"[1] is the antithesis of strategic behavior. Strategic behavior reveals itself in a set of coordinated actions aimed at serving a higher purpose.

As an organization's executive team sits at a conference room table creating a strategic plan, every nerve and muscle will be primed to build a set of actions. Difficult as it may be to do so, this instinct must be stifled. First, the group around the table needs to agree on the *basis for*

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[1] It is worth noting the military origin of the word "strategy". It comes from the ancient Greek word "strategia" which means "art of troop leader; office of general, command, generalship". (https://en.wikipedia.org/wiki/Strategy)

action. They need to ask, "What battle (or battles) are we trying to win? What new issues have arisen in the world that require a response from us?" They need to think about strategic issues *first*; and then – and only then – develop strategic actions that respond to them.

5. Strategic Issues

Strategic issues are facts or trends regarded as having a *significant impact* on the organization's ability to contribute to its intended outcomes. The notion of "significant impact" is open to interpretation, but the point is that the list of strategic issues should be short.

A concise and well-crafted list of strategic issues will serve as a useful guide to developing strategic actions; a long list, on the other hand, risks dissipating the executive committee's – and the entire organization's – energy and attention. Strategic issues have the following defining characteristics:

- they are perceived as being, or likely to become, a significant impediment to the organization's ability to contribute to its intended outcomes;

- they are not now adequately addressed by the organization;

- they tend to keep executives awake at night.[2]

Here is a fictitious example.

The city of Waterville has a reputation as a fine place to live. The local economy is thriving, public schools are of high quality, the physical landscape is attractive and the weather is pleasant year-round. As a consequence, Waterville has experienced steady, long-term population growth. It has twice as many people now as it did 20 years ago.

The Chief Executive of the Waterville Water Department (WWD) has just received a consultant's report forecasting that, based on current rates of population growth, the city's current water supply will not be sufficient to meet demand in ten years' time.

Coincidentally, the neighboring city of Malburg has just reported an outbreak of bacterial infections linked to its water supply. Malburg draws its water from the same sources as Waterville. However, the outbreak is due entirely to problems at Malburg's water-treatment facility. The safety of Waterville's water is unaffected.

The consultant's report and the bacterial outbreak in Malburg have been widely covered in the news media and are very much on the minds of citizens, business owners, investors and

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[2] "Strategic issues" could be positive, i.e., facts or trends that are not adequately exploited by the organization. For the sake of clarity and simplicity, this paper looks at strategic issues in terms of threats to an organization's capacity to contribute to intended outcomes.

politicians. Concerns are being expressed about the safety of Waterville's water (these concerns are unfounded) and about the long-term sustainability of Waterville's water supply.

With this background in mind, imagine that the WWD executive committee is launching the preparation of its strategic plan. If they proceed in the way that I have proposed, then their first task is to agree on strategic issues.

They should think about strategic issues in the context of a) *what the WWD does* and b) *what it wants to accomplish for people.* It is important to recognize that 'a' and 'b' are separate, and that strategic issues occur at the interface between them.

What does WWD *do* ? Among other things, it sources and treats the water used by Waterville and delivers it to users; and It communicates with the public about the water system. This is what keeps people who work at WWD *busy*. It is not to be confused with what WWD wants to accomplish for Waterville.

What does WWD, through the sourcing, treatment and delivery of water, and through communication with the public, want to accomplish for Waterville? What are the outcomes to which it contributes? The intended outcomes are that:
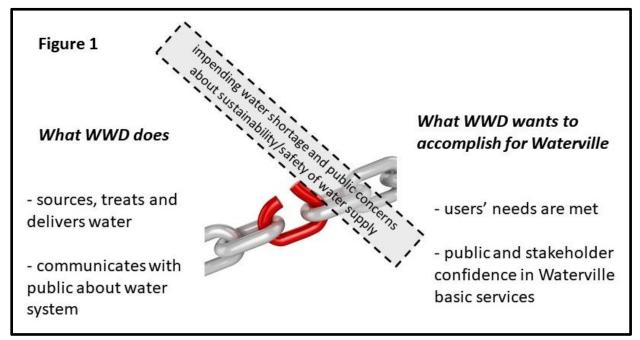
- users' needs for water of the highest quality (safety, appearance, taste) are fully met;

- users and stakeholders are confident that Waterville will always be able to provide basic services and infrastructure – of which a high-quality water supply is a critical element – essential for public health and economic growth.

The way WWD does its work is based on *assumptions a*bout how best to contribute to these outcomes. The processes and technologies it uses for treating water are based on assumptions about how best to provide high quality water. Planning and management of the water supply are based on assumptions about how best to meet total demand for water. The content and style of public communications are based on assumptions about how to maintain public confidence. But there are no guarantees that current assumptions will hold and that WWD's work, as currently undertaken, will continue contributing to the intended outcomes. Circumstances that formed the basis of current assumptions may change.

Now, two significant situations – the consultant's report and the outbreak in Malburg – have arisen that threaten to weaken or break the link between what WWD *does* and the *outcomes* it seeks (Figure 1). The implication is that:

- current assumptions about managing the water supply may no longer be relevant to ensuring a sustainable water supply ; and

- current assumptions about communicating with the public may no longer be relevant to maintaining public and stakeholder confidence in the water system.

Figure 1

So the WWD executive team should have concluded the first part of its strategic planning session by identifying two strategic issues:

- **Waterville's water supply, as currently managed, is not sustainable.**

- **Public and stakeholder confidence in Waterville's water system has declined significantly and suddenly.**

The issues are "strategic" because they should cause the executive team, at the very least, to call into question the way WWD does business. Strategic issues demand a concerted and material corporate *response*: doing something differently and/or doing something new and/or stopping doing something.

6. Strategic Actions

As mentioned, strategic planning processes tend to gravitate immediately toward defining actions. It is as if action is regarded as being desirable in and of itself. This approach provides immediate gratification – "Look! We have a list of actions!" – but all too often produces solutions in search of problems.

The approach recommended in this paper is meant to counter the urge to develop actions immediately. Instead, as described, the executive team is asked first to agree on strategic issues

that must be acted upon. Strategic actions are then framed as *responses* to strategic issues. The aim is to discipline the development of strategic actions by narrowing the discussion to actions that are relevant to the strategic issues already identified.

Having identified strategic issues, the executive team then addresses the question, "What should WWD do about these strategic issues? How should we respond?" This step in the process aims at agreeing on **strategic actions**. Strategic actions should be articulated at a level of detail that is specific enough to provide clear direction to business units but also general enough to leave room for business units to use discretion, be creative, and apply their detailed knowledge of the business environment.

Senior executives at the strategic planning table will be tempted to turn identification of strategic actions into the creation of a detailed corporate action plan. This would be a mistake. A strategic planning session involving the organization's executive team is not the place to develop a detailed action plan. In the first place, there simply isn't time over the course of a (let's say) two-day planning session to reach agreement on *both* the strategic issues *and* a detailed corporate action plan for addressing them. But more importantly, detailed actions should be developed in each of the organization's business units *after* the strategic plan has been approved. Strategic actions are meant to provide general guidance on the types of initiatives to be proposed by business units. The business units have a detailed understanding of what is possible and appropriate in their business areas. They should take the lead in designing initiatives over which they will have responsibility for implementation.

In the Waterville case, here is what the executive committee might have come up with as strategic actions.

Strategic Issue 1: Waterville's water supply, as currently managed, is not sustainable.

Strategic Action 1: Extend the predicted serviceable life of the municipal water supply from 10 years to 100 years. Complete, within three-years from now, all steps required to achieve the 100-year target.

Strategic Issue 2: Public and stakeholder confidence in Waterville's water system has declined significantly and suddenly.

Strategic Action 2: Restore public and stakeholder confidence in Waterville's water system to acceptable levels as soon as possible.

Notice how these strategic actions are specific and prescriptive in terms of high-level guidance while also leaving room for businesses units to weigh options and wrestle with details. In the case of Strategic Action 1, the strategic guidance is clear: i) extend the serviceable life of the water supply to 100 years; and ii) have all necessary measures to do so in place in three years' time.

The question of *how* this is to be done – options will inevitably include some combination of measures to reduce water use and acquire more water supply – is left to the relevant business unit which would eventually come back to the executive committee at a prescribed date with an action plan.

Strategic Action 2 is similarly specific and prescriptive at a high level – aim to restore confidence as soon as possible – while leaving room for the relevant business unit to devise a detailed action plan.

7. The Final Product

Following the approach described here leads to a short final product –no more than about five pages. This may be surprising if you are conditioned to expecting a strategic plan to be a much larger piece of work. But if you accept that the purpose of a strategic plan is to i) describe key issues facing the organization that call into question important elements of its way of doing business; and ii) provide high level direction on how the organization will respond to those issues, then there is no reason to have anything other than a short document.

Every organization will want to tailor the appearance of the final document to suit local circumstances – it may be embellished with an opening statement from the chief executive; graphics; descriptions of the organization's business and history, etc. – but the core of the document will be just the two pieces discussed above: i) the strategic issues – probably no more than about five of them; and ii) the strategic actions that respond to the strategic issues – probably no more than about two for each strategic issue.

8. What if Staff Don't "See Themselves" in the Strategic Plan?

Executive teams I have worked with sometimes worry that a highly focused and compact strategic plan along the lines described in this paper will result in staff not "seeing themselves" in the final document.

The notion of "seeing oneself in the plan" is ambiguous. But I assume it means that staff will not be able to connect the specific work they do, or concerns they have about the organization, to the content of the plan. If this is what "seeing oneself in the plan" means, then my response is as follows.

The desire to "see oneself" in the strategic plan is misplaced. A strategic plan – at least, one that is prepared along the lines I have suggested – is not intended to be a compendium of everything that goes on in the organization. It is not supposed to describe, or refer to, everything that everyone does. Such a document *simply would not be a strategic plan.* The corollary is that the absence of some aspect of the organization's work from the strategic plan

is *not* a sign that the work is unimportant, will not continue to be funded, will have resources cut, etc.

 If staff are unhappy about not "finding themselves" in the plan, the fault is not necessarily with the plan, and certainly not with staff. A big part of the executive team's leadership role is not only to create the strategic plan, but also communicate it to staff. It is up to the executive team to explain to staff *why* the plan focuses on a given set of issues and *how* it sets a good direction for the organization. If the executive team handles communication of the plan properly, then staff will stop thinking about "finding themselves" in the plan, and focus instead on why the plan makes sense for the organization as a whole.

9. Conclusion

Just about every organization has a document called a "strategic plan". But very few of these documents are "strategic" in the sense of prescribing a clear high-level corporate direction based on succinct analysis of key issues facing the organization. Instead they tend to be lists of more-or-less disconnected actions set in a context of generalities and platitudes.

Not surprisingly, these "strategic" plans end up having little influence over the actual functioning of the organization. This way of doing things has given strategic planning a bad name. I have suggested in this short paper that there is simple formula for doing strategic planning differently and better.

Strategic planning done poorly is a lost opportunity because there is value to be had for the organization – and its top executives – in preparing a truly "strategic" strategic plan. As a bonus, the effort required to prepare a good strategic plan can be a lot less than what is needed to prepare a bad one. The process I have described does not require piles of briefing materials – which usually go unread anyway – and endless meetings (see the Annex). What it *does* require is a clear understanding of what it means to be strategic, and the discipline to run the strategic planning process in a way that respects those principles.

Annex – A Simple Process for Getting It Done

In helping government departments develop strategic plans along the lines described above, I have followed a simple process that has consumes a relatively modest amount of time and requires little in the way of new background documentation.

The key first step is to reach agreement within the executive team on the Strategic Issues affecting the organization. The end product of this step is an Issues Paper – just a few pages long – that describes the issues.

The main source of ideas for the Issues Paper is the executive team. I conduct a series of one-on-one interviews – not longer than an hour each – with members of the executive team. I ask interviewees to describe important issues the organization currently faces that are having, or could have, an important impact on the way the organization does business.

Following the interviews I prepare a draft issues paper, in which I synthesize what I have heard from executives into a short list of strategic issues. Each strategic issue – typically there will be three to five – is described in two or three paragraphs. Going from the "raw material" gleaned from the interviews to a polished description of the strategic issues is a key step. The content and style of the issues paper – the coherence and comprehensiveness of the issues and the clarity of presentation – sets the tone for the rest of the process.

The draft issues paper is circulated to the executive team for comment and changes are made, as required. A final version of the issues paper becomes the basis for discussion at the first of two strategic planning sessions attended by the executive team.

The two strategic planning sessions require, at most, two full days; it may be possible to complete all the necessary work in 1-1/2 days. There are two agenda items for the strategic planning sessions: first, confirm that the list of strategic issues and accompanying descriptions are correct, and then amend them as required; second, agree on strategic actions to address the strategic issues – typically no more than two actions per strategic issue.

Following the strategic planning sessions I draft the strategic plan document, the core of which is the descriptions of the strategic issues, and the strategic actions that respond to them. The draft strategic plan is submitted to the executive committee for comment and ultimately final approval.