CHAPTER TWO

THE STRATEGY CHANGE CYCLE

An Effective Strategic Planning Approach

No, I can't say as I ever was lost, but once I was bewildered pretty bad for three days.

DANIEL BOONI

Make-believe is at the heart of play, and also at the heart of so much that passes for work. Let's make-believe we can shoot a rocket to the moon.

DIANE ACKERMAN, DEEP PLA

This chapter presents my preferred approach to strategic planning for public and nonprofit organizations, boundary-crossing services, and communities. This process, called the Strategy Change Cycle, does what Poister and Streit (1999, pp. 309–310) assert strategic planning should do. Specifically, they believe strategic planning should:

• Be concerned with identifying and responding to the most fundamental issues facing an organization
• Address the subjective question of purpose and the often competing values that influence mission and strategies
• Emphasize the importance of external trends and forces as they are likely to affect the organization and its mission
• Attempt to be politically realistic by taking into account the concerns and preferences of internal, and especially external, stakeholders
• Rely heavily on the active involvement of senior level managers, and [in the case of public planning] sometimes elected officials, assisted by staff support where needed
- Require the candid confrontation of critical issues by key participants in order to build commitment to plans.
- Be action oriented and stress the importance of developing plans for implementing strategies, and
- Focus on implementing decisions now in order to position the organization favorably for the future.

The Strategy Change Cycle becomes a strategic management process—and not just a strategic planning process—to the extent that it is used to link planning and implementation and to manage an organization in a strategic way on an ongoing basis. As Broker and Streib (1999) argue, “The overall purpose of strategic management is to develop a continuing commitment to the mission and vision of the organization, both internally and in the authorizing environment, nurture a culture that identifies and supports the mission and vision, and maintain a clear focus on the organization’s strategic agenda throughout all its decision processes and activities” (pp. 511—512). The Strategy Change Cycle draws on a considerable body of research and practical experience, applying it specifically to public and nonprofit organizations. Subsequent chapters provide detailed guidance on moving through the cycle.

The epigraphs chosen for this chapter help make the point that strategic thinking, acting, and learning are more important than any particular approach to strategic planning. Consider the humorous statement of Daniel Boone, the famous eighteenth-century American frontiersman (Faragher, 1992, p. 65), When you are lost in the wilderness—bewildered—no fixed plan will do. You must think, act, and learn your way to safety. Boone had a destination of at least a general sort in mind but not a route. He had to wander around reconnoitering, gathering information, assessing directions, trying out options, and in general thinking, acting, and learning his way into where he wanted to be. In Karl Weick’s words (1995), he had to “act in order to think.” Or in Robert Belin’s words (1982), he had to “manage by muddling along.” Ultimately—but not initially or even much before he got to a place he wanted to be—Boone was able to establish a clear destination and a route that worked to get him there. Boone thus had a strategy of purposeful uncertainty and it is true that he was not exactly lost; rather he was working at finding himself where he wanted to be. So wandering with a purpose is an important aspect of strategic planning, in which thinking, acting, and learning clearly matter most.

Diane Weisserman’s statement makes the point that almost anything is possible with enough imagination, ambition, direction, intelligence, education and training, organization, resources, will, and staying power. We have been to the moon, Mars, Venus, and a host of other places. We have won world wars and cold
wars, ended depressions, virtually eliminated small pox, unraveled the human genome, watched a reasonably united and integrated Europe emerge, and seen democracy spread where it was thought unimaginable. Now, let’s think about such things as having a good job for everyone, adequate food and housing for everyone, universal health care coverage, drastically reduced crime, effective educational systems, secure pensions and retirements, a dramatic reduction in greenhouse emissions, the elimination of weapons of mass destruction, the elimination of HIV/AIDS, and the realization in practice of the Universal Declaration of Human Rights. And then let us get to work. We can create institutions, policies, projects, products, and services of lasting public value by drawing on our diverse talents—and have done so again and again throughout history (Boye and Kari, 1996; Light, 2002a). And we can use strategic planning to help us think, act, and learn strategically—to figure out what we should want, why, and how to get it. Think of strategic planning as the organization of hope, as what makes hope reasonable (Baum, 1997).

A Ten-Step Strategic Planning Process

Now, with the caution that strategic thinking, acting, and learning matter most, let us proceed to a detailed exploration of the ten-step Strategy Change Cycle. The process (presented graphically in Figure 2.1) is more orderly, deliberative, and participative than the process followed by an essayist such as Ackerman or a wanderer like Boone. It is designed to organize participation, create ideas for strategic interventions, build a winning coalition, and implement strategies (see Figure 1.4). The Strategy Change Cycle may be thought of as a process strategy (Mintzberg, Ahlstrand, and Lampel, 1998, p. 199), processual model of decision making (Barzelay, 2001, p. 56), or activity-based view of strategizing (Johnson, Melin, and Whittington, 2003), in which a leadership group manages the main activities in the process but leaves much of the content of individual strategies to others. The ten steps (or occasions for dialogue and decision) are as follows:

1. Initiate and agree on a strategic planning process.
2. Identify organizational mandates.
3. Clarify organizational mission and values.
4. Assess the external and internal environments to identify strengths, weaknesses, opportunities, and threats.
5. Identify the strategic issues facing the organization.
6. Formulate strategies to manage the issues.
7. Review and adopt the strategies or strategic plan.
FIGURE 2.1. THE STRATEGY CHANGE CYCLE.

External Environment
- Forces and Trends
  - Political
  - Economic
  - Social
  - Technological
  - Educational
  - Physical
  - Legal
- Key Resource
  - Controllers
  - Clients
  - Customers
  - Suppliers
  - Members
  - Regulators
- Competitors
  - Competitive forces
  - Collaborative forces

Opportunities and Challenges

4A

4B

4C

4D

4E

4F

4G

4H

4I

4J

External Environment

1. Initial Agreement
   - Readiness assessment
   - Plan for planning

2. Mandates
   - Requirements
   - Expectations

3. Mission and Values
   - Purposes
   - By stakeholders

4A. Strengths and Weaknesses

4B. Internal Environment
- Resources
  - People
  - Economic
  - Information
  - Competencies
  - Culture
- Present Strategy
  - Overall
  - Department
  - Business
  - Functional

4C. Performance
- OR/ER/ER
- Indicators
- Results
- History

4D. Strategic Planning

4E. Strategy Formulation
- Five-step process
- Oral mapping
- Draw strategy plan

4F. Strategy and Plan Review and Adoption

4G. Description of Organization in the Future
- (Vision of Success)
- (Optional)

4H. Implementation

4I. Strategy and Planning Process Reassessment
- Strategy maintenance
- Change, or termination
- Strategic management system design

4J. Management

G = Places where the process typically begins
S = Places where stakeholder analyses may occur
C = Places where goal formulation may occur
V = Places where vision formulation may occur
8. Establish an effective organizational vision.
9. Develop an effective implementation process.
10. Reassess the strategies and the strategic planning process.

These ten steps should lead to actions, results, evaluation, and learning. It must be emphasized that actions, results, evaluative judgments, and learning should emerge at each step in the process. In other words, implementation and evaluation should not wait until the "end" of the process but should be an integral and ongoing part of the process.

The process is applicable to public and nonprofit organizations, boundary-crossing services, interorganizational networks, and communities. The only general requirements are a dominant coalition (Thompson, 1967), or at least a coalition of the willing (Cleveland, 2002), able to sponsor and follow the process and a process champion willing to push it. In small organizations well-informed strategic planning teams that are familiar with and believe in the process should be able to complete most of the steps in a two- or three-day retreat, with an additional one-day meeting three to four weeks later to review the resulting strategic plan. Responsibility for preparing the plan can be delegated to a planner assigned to work with the team, or the organization's chief executive may choose to draft the plan personally. Additional time might be needed for reviews and sign-offs by key decision makers. Additional time might also be necessary for securing information or advice for specific parts of the plan, especially its recommended strategies. Large organizations, however, are likely to need more time and effort for the process. And when applied in a network or community, the effort is likely to be considerably more time consuming because of the need to involve substantial numbers of leaders, organizations, and in a community, citizens.

As you learn more about the steps of the Strategy Change Cycle, you will see that it bears little resemblance to the rigid, formal, detached process—a caricature of strategic planning—occasionally found in the literature (for example, Mintzberg, Ahlstrand, and Lampel, 1998). Instead, the Strategy Change Cycle is intended to enhance strategic thinking, acting, and learning; to engage key actors with what is as well as with what can be; to engage with the important details while abstracting strategic messages from them; and to link strategy formulation with implementation in wise, technically workable, and politically intelligent ways.

**Step 1: Initiate and Agree on a Strategic Planning Process**

The purpose of the first step is to negotiate agreement among key internal (and perhaps external) decision makers or opinion leaders about the overall strategic planning effort and the key planning steps. The support and the commitment of key decision makers are vital if strategic planning in an organization is to succeed.
Further, the involvement of key decision makers outside the organization is usually crucial to the success of public and nonprofit programs when implementation will involve multiple parties and organizations (Nutt and Backoff, 1996; Eden and Ackermann, 1998; Light, 1998; Rainey and Steinbauer, 1999; Huxham, 2003).

Obviously, some person or group must initiate the process. One of the initiator’s first tasks is to identify exactly who the key decision makers are. The next task is to identify which persons, groups, units, or organizations should be involved in the effort. These two steps will require some preliminary stakeholder analysis, which is discussed in more detail later in this chapter. The initial agreement will be negotiated with at least some of these decision makers, groups, units, or organizations. In practice a series of agreements typically must be struck among various parties as support for the process builds and key stakeholders and decision makers sign on. Strategic planning for a public or nonprofit organization, network, or community is especially likely to work well when an effective policymaking body is in place to oversee the effort.

The initial agreements should cover:

- The purpose of the effort
- The preferred steps in the process
- The form and timing of reports
- The role, functions, and membership of any group or committee empowered to oversee the effort, such as a strategic planning coordinating committee (SPCC)
- The role, functions, and membership of the strategic planning team
- The commitment of the resources necessary for proceeding with the effort
- Any important limitations on or boundaries for the effort

As noted, at least some stakeholder analysis work will be needed in order to figure out whom to include in the series of initial agreements. A stakeholder is defined as any person, group, or organization that can place a claim on an organization’s (or other entity’s) attention, resources, or output or that is affected by that output. Examples of a government’s stakeholders are citizens, taxpayers, service recipients, the governing body, employees, unions, interest groups, political parties, the financial community, other businesses, and other governments. Examples of a nonprofit organization’s stakeholders are clients or customers, third-party payers or funders, employees, the board of directors, volunteers, other nonprofit organizations providing complementary services or involved as coventurers in projects, banks holding mortgages or notes, and suppliers.

Attention to stakeholder concerns is crucial: the key to success in public and nonprofit organizations (and communities) is the satisfaction of key stakeholders (Rainey, 1997, p. 38; Light, 1998). A stakeholder analysis is a way for the organization’s decision
makers and planning team members to immerse themselves in the networks and politics surrounding the organization. An understanding of the relationships—actual or potential—that help define the organization’s context can provide invaluable clues for identifying strategic issues and developing effective strategies (Moore, 1995; Bryson, 2001a). In this regard, note that the stakeholder definition is deliberately broad, for both practical and ethical reasons. Thinking broadly, at least initially, about who the stakeholders are is a way of opening people’s eyes to the various webs of relationships within which the organization exists (Rainey, 1997, p. 96; Feldman and Khademian, 2002) and of ensuring that the organization is alert to its ethical and democratic accountability responsibilities, because these responsibilities always involve clarifying who and what counts (Lewis, 1991; Mitchell, Agle, and Wood, 1997; Behn, 2001).

Many public and nonprofit organizations will give the label customer to their key stakeholder, particularly when the organization is trying to reengineer itself (Osborne and Plastrik, 1997, 2000), reengineer its operations (Hammer and Champy, 1993; Cohen and Eimicke, 1998), or employ continuous improvement processes (Cohen and Brand, 1993; Cohen and Eimicke, 1998). The customer label can be useful, particularly for organizations that need to improve their customer service (Light, 1997, p. 204). In other situations such customer language may be problematic. One danger is that focusing on a single customer may lead these organizations inadvertently to ignore other important stakeholder groups. Another danger is that the customer label can undermine the values and virtues of active citizenship (deLeon and Denhardt, 2000; Denhardt and Denhardt, 2000). The public sector is not as simple as the private sector; public entities typically have many bottom lines (Rainey, 2003). In addition, many community-based nonprofit organizations and those relying on government funding also face complex stakeholder environments.

Resource A, at the end of the book, provides an overview of a range of stakeholder identification and analysis techniques, and Chapter Three presents more detail on how to get started. The organizers of the planning effort should count on using several techniques, including what I call the basic analysis technique (discussed in Chapter Four). This technique requires the strategic planning team to brainstorm in order to produce a list of the organization’s stakeholders, to identify the criteria these stakeholders use for judging the organization’s performance (that is, the definitions of their stakes in the organization or its output), and to determine how well the organization performs against those criteria from the stakeholders’ points of view. If there is time, additional steps (perhaps involving additional analysis techniques) should be considered, including reaching an understanding of the ways in which the stakeholders influence the organization, identifying what the organization needs from each stakeholder (e.g., money, staff, political support).
and determining in general how important the various stakeholders are. Looking ahead, a stakeholder analysis will help the organization decide whether it needs different missions and perhaps different strategies for different stakeholders, whether it should seek to have its mandates changed, and in general what its strategic issues are.

Step 2: Identify Organizational Mandates

The formal and informal mandates placed on the organization consist of the various “musts” it confronts—that is, the various requirements, restrictions, expectations, pressures, and constraints it faces. It is surprising how few organizations know precisely what they are (and are not) formally mandated to do. Typically, few members of any organization have ever read, for example, the relevant legislation, policies, ordinances, charters, articles, and contracts that outline the organization’s formal mandates. Even when they have read these materials, it is likely that their organization’s strategic plans will fail to address at least some of the formal mandates and that these mandates may be overlooked (Piotrowski and Rosenbloom, 2002). Many organizational members also do not understand the informal mandates—typically political in the broadest sense—that their organization faces. It may not be surprising, then, that most organizations make one or more of three fundamental mistakes. First, by not articulating or knowing what they must do, they are unlikely to do it. Second, they may believe they are more tightly constrained in their actions than they actually are. And third, they may assume that if they are not explicitly told to do something, they are not allowed to do it.

Step 3: Clarify Organizational Mission and Values

An organization’s mission, in tandem with its mandates, provides the organization’s most important justification for its existence. An organization’s mission and mandates also point the way toward the ultimate organizational end of creating public value. For a government, governmental agency, or nonprofit organization, this means there must be identifiable social or political demands or needs that the organization seeks to fill. Viewed in this light, these organizations must always be seen as a means to an end, not as an end in and of themselves (Frederickson, 1997). For the entities in a collaborative, this means identifying the collaborative advantage to be gained by working together, that is, what they can gain together that creates public value that they cannot achieve alone (Huxham, 2003). Communities too must justify their existence by how well they address their various stakeholders’ values and meet those stakeholders’ social and political needs—including the need for a sense of community. Communities, however, are less likely than
other groups to think in terms of having a mission; they are more likely to talk about their purposes, values, and identity.

Identifying the mission or purpose of the organization does more than justify the organization’s existence. Clarifying purpose can eliminate a great deal of unnecessary conflict in an organization and can channel discussion and activity productively (Terry, 2001; Thompson, 2001; Nuss, 2002). Agreement on purpose also defines the arenas within which the organization will collaborate or compete and, at least in broad outline, charts the future course of the organization. Agreement on purpose thus serves as a kind of primary framework (Goffman, 1986; Bryant, 2003, pp. 96–99) that bounds the plausibility and acceptability of arguments. Agreement on purpose can go even further and provide a kind of premise control that constrains thinking, learning, and acting (Perrow, 1986; Weick, 1995), and even legitimacy (Suchman, 1995). Moreover, an important and socially justifiable mission is a source of inspiration and guidance to key stakeholders, particularly employees (Weiss and Piderit, 1999; Kouzes and Posner, 2002). Indeed, it is doubtful whether any organization ever achieved greatness or excellence without a basic consensus among its key stakeholders on an inspiring mission (Collins and Porras, 1997; Rainey and Steinbauer, 1999).

I think careful stakeholder analysis work should precede development or modification of an existing mission statement, so that attention to purpose can be informed by thinking about purpose for whom. If the purposes of key stakeholders are not served, then the organization may be engaging in what historian Barbara Tuchman (1984) aptly calls “folly.” The mission statement itself might be very short, perhaps not more than a sentence or a paragraph. But development of the mission statement should grow out of lengthy dialogue about the organization’s identity, its abiding purpose, its desired responses to key stakeholders, its philosophy and core values, and its ethical standards. These discussions may also produce a basic outline for a description of the organization in the future, or its vision of success, described in step 8. Considerable intermediate work is necessary, however, before a complete vision of success can be articulated.

Step 4: Assess the External and Internal Environments

The planning team should explore the environment outside the organization to identify the opportunities and challenges the organization faces (step 4a). It should explore the environment inside the organization to identify strengths and weaknesses (step 4b). Basically, outside factors are those not under the organization’s control, and inside factors are those that are (Pfeffer and Salancik, 1978). Opportunities and challenges are usually (though not necessarily) more about the future than the
present, whereas strengths and weaknesses are usually about the present and not the future (Nutt and Backoff, 1992). Note that communities are more likely to think in terms of assets rather than strengths (Kretzmann and McKnight, 1993).

Monitoring a variety of forces and trends, including the political, economic, social, educational, technological, and physical environmental ones, can help planners and decision makers discern opportunities and challenges. Unfortunately, organizations all too often focus only on the threats they see in serious challenges and ignore the genuine opportunities these challenges may also present, so care must be taken to ensure a balanced view (Dutton and Jackson, 1987; Borins, 1998; Nutt, 2001b). In other words, attending to challenges and weaknesses should be seen as an opportunity to build strengths and improve performance (Weick and Sutcliffe, 2001).

Besides monitoring trends and events, the strategic planning team also should monitor important external stakeholder groups—especially those that affect resource flows (directly or indirectly) such as customers, clients, payers or funders, dues-paying members, regulators, and relevant policy bodies. The team should also attend to competitors, competitive forces, and possible sources of competitive advantage as well as to collaborators, collaborative forces, and potential sources of collaborative advantage.

The organization might construct various scenarios to explore alternative futures in the external environment, a practice typical of much strategic planning in large private sector organizations. Scenarios are particularly good at demonstrating how various forces and trends are likely to interact and which forces and trends are amenable to organizational influence and which are not. Scenarios also offer an effective way of challenging the organization’s official future when necessary. The official future is the presumed or taken-for-granted future that makes current strategies sensible. Organizations unwilling to challenge this future are the ones most likely to be blindsided by changes (Schwartz, 1991; Van der Heijden and others, 2002; Barzelay and Campbell, 2003). Communities too may wish to develop scenarios (Neuman, 1998; Myers and Kitsuse, 2000).

Members of an organization’s governing body (particularly when elected) are often better than the organization’s employees at identifying and assessing external opportunities and challenges (particularly present ones). This is partly due to the board’s responsibility for relating an organization to its external environment and vice versa (Scott, 1987). Unfortunately, neither governing boards nor employees usually do a systematic or effective job of external scanning. As a result, most organizations are like ships trying to navigate troubled or treacherous waters without benefit of human lookouts, global positioning systems, radar, or sonar. All too often the result is a very unwelcome surprise (Marcus and Nichols, 1999; Weick and Sutcliffe, 2001).
That is why both employees and board members should consider supplementing their informal efforts with a somewhat formal external assessment process. The technology of external assessment is fairly simple and allows organizations to cheaply, pragmatically, and effectively keep tabs on things happening in the larger world that are likely to have an effect on the organization and the pursuit of its mission. Basically, the organization takes these three steps: scanning the environment to identify key trends, analyzing those trends to interpret their importance and identify issues, and compiling reports that are useful for planning and decision making (Pflaum and Delmont, 1987). Clipping services, discussion groups, and periodic retreats, for example, might be used to explore forces and trends and their potential impact. The key is to avoid being captured by existing categories of classification and search, because they tend to formalize and routinize the past rather than to open people to the surprises of the future (Mintzberg, Ahlstrand, and Lampel, 1998; Weick and Sutcliffe, 2001).

Attention to opportunities and challenges, along with a stakeholder analysis, can identify the organization’s critical success factors (Johnson and Scholes, 2002, pp. 145–198). These success factors may overlap with mandates in the sense that they are the things the organization must do or criteria it must meet in order to be successful in the eyes of its key stakeholders, especially those in the external environment. Ideally, the organization will excel in these areas, and it must do so in order to outperform or stave off competitors.

To identify internal strengths and weaknesses, the organization might monitor resources (inputs), present strategy (process), and performance (outputs). Most public and nonprofit organizations have volumes of information on many of their inputs, such as salaries, supplies, physical plant, and full-time-equivalent (FTE) personnel. Unfortunately, too few organizations have a clear idea of their philosophy, core values, distinctive competencies, and culture, a crucial set of inputs both for ensuring stability and for managing change.

Organizations also tend to have an unclear idea of their present strategy, either overall, by subunit, or by function. And typically they cannot say enough about their outputs, let alone the effects, or outcomes, those outputs create for clients, customers, or payers, although this too is changing. For example, schools have traditionally been able to say how many students they graduate—an output—but most cannot say how educated those students are. National requirements for standardized testing at certain grade levels are an attempt to measure outcomes in order to remedy this shortcoming. We know tests of this sort are almost always imperfect, but the need to demonstrate accountability for performance to politicians and the citizenry virtually requires that believable testing of some sort be used (Behn, 2003).
A lack of performance information presents problems both for the organization and for its stakeholders. Stakeholders judge an organization according to the criteria they choose, which are not necessarily the same criteria the organization would choose. For external stakeholders in particular, these criteria typically relate to performance. If an organization cannot effectively meet its stakeholders' performance criteria, then regardless of its inherent worth, the stakeholders are likely to withdraw their support (Epstein, Wray, Marshall, and Griffel, 1998; Poister, 2003). The need to address this potential threat—particularly from key stakeholders, or customers—is one of the reasons organizations initiate reinvention, reengineering, or continuous improvement efforts (Light, 1997; Ketel, 2002).

An absence of performance information may also create or harden major organizational conflicts. Without performance criteria and information, the organization cannot objectively evaluate the relative effectiveness of alternative strategies, resource allocations, organizational designs, and distributions of power. As a result, organizational conflicts are likely to occur more often than they should, serve narrow partisan interests, and be resolved in ways that don't further the organization's mission (Terry, 1993; Flyvbjerg, 1998).

The difficulties of measuring performance with reasonable objectivity are well known (Osborne and Plastrik, 2000; Ingraham and Donahue, 2000; Kaplan, 2001; Poister, 2003). But regardless of these difficulties, organizations are continually challenged to demonstrate effective performance to their stakeholders. Employees of governmental agencies and nonprofit organizations receiving governmental funds might see the public's desire to limit or decrease taxation and funding as selfishness. It may be that for some people; however, one might also interpret these limitations on public expenditure as a sign of unwillingness to support organizations that cannot demonstrate unequivocally effective performance. The desire for demonstrable performance was clearly behind the Government Performance and Results Act (GPRA) of 1993 (Public Law 103-62), which requires all federal agencies to complete a strategic plan based on outcomes rather than inputs or throughputs. The assessment of GPRA's effectiveness is mixed (Radin, 2000; Frederickson, 2001), but the impulse behind the act will remain. Several states initiated performance-oriented systems prior to GPRA (Broom, 1995), and large numbers of local governments embrace performance management as well (Berman and West, 1998).

A consideration of the organization's strengths and weaknesses can also lead to identification of its distinctive competencies (Selznick, 1957), or what have been termed more recently core competencies (Prahalad and Hamel, 1990; Johnson and Scholes, 2002) or capabilities (Stalk, Evans, and Shulman, 1992). These are the organization's strongest abilities, most effective strategies and actions, or best resources
(broadly conceived), on which it can draw routinely to perform well. What makes these abilities distinctive is the inability of other organizations to replicate them easily, if at all, because of the way they are interlinked with one another (Eden and Ackermann, 2000).

Finally, a consideration of the ways in which inputs, process, and outputs are linked can help the organization understand what its strategies are and the value proposition that it offers its stakeholders (Moore, 2000, p. 197). In other words, what story does this linkage tell about the logic model (Millar, Simone, and Carnevale, 2001; Poister, 2003) or value chain (Porter, 1985, pp. 33–61) that the organization pursues to convert inputs into outputs that meet its mandates, fulfill its mission, satisfy its stakeholders and create public value? Being clear about what is can be an extraordinarily helpful prelude to discerning what ought to be (Terry, 1993; Weick, 1995). For one thing, understanding what the strategy is in practice can open people’s eyes to what is going on in the environment more generally. As Mintzberg, Ahlstrand, and Lampel (1998) note, “The very encouragement of strategy to get on with it—its very role in protecting people in the organization from distraction—is impeding their capacity to respond to changes in the environment” (p. 28). Understanding the current strategy can also sensitize people to the ways in which an integration of human resource management, information technology, and financial management might be used to sustain, strengthen, and protect desirable strategies.

**Step 5: Identify the Strategic Issues Facing the Organization**

Together, the first four steps of the Strategy Change Cycle lead to the fifth, the identification of strategic issues. Strategic issues are fundamental policy questions or critical challenges affecting the organization’s mandates, mission and values, product or service level and mix, clients, users or payers, cost, financing, structure, processes, and management. Finding the best way to frame these issues typically requires considerable wisdom and dialogue, informed by a deep understanding of organizational operations, stakeholder interests, and external demands and possibilities. The first four steps of the process are designed to slow things down so that planning team members have enough information and interaction for the needed wisdom to emerge. The process is designed, in other words, to unfreeze people’s thinking (Lewin, 1951; Dalton, 1970; Fiol, 2002) so that knowledge exploration and development may occur (March, 1991; Crossan, Lane, and White, 1999). This knowledge is then exploited in this and later phases.

Strategic planning focuses on achieving the best fit between an organization and its environment. Attention to mandates and the external environment therefore can be thought of as planning from the outside in. Attention to mission and
organizational values and the internal environment can be considered planning from the inside out. Usually, it is vital that pressing strategic issues be dealt with expeditiously and effectively if the organization is to survive and prosper. An organization that does not respond to a strategic issue can expect undesirable results from a threat, a missed opportunity, or both.

The iterative nature of the strategic planning process often becomes apparent in this step when participants find that information created or discussed in earlier steps presents itself again as part of a strategic issue. For example, many strategic planning teams begin strategic planning with the belief that they know what their organization’s mission is. They often find out in this step, however, that one of the key issues their organization faces is exactly what its mission ought to be. In other words, the organization’s present mission is found to be inappropriate, given the team members’ new understanding of the situation the organization faces, and a new mission must be created.

Strategic issues, virtually by definition, involve conflicts of one sort or another. The conflicts may involve ends (what), means (how or how much), philosophy (why), location (where), timing (when), and the entities advantaged or disadvantaged by different ways of resolving the issue (who). In order for these issues to be raised and resolved effectively, the organization must be prepared to deal with the almost inevitable conflicts that will occur. Conflict, shifts in understanding, and shifts in preferences will all evoke participants’ emotions (Weick, 1995; Bryant, 2003). It is therefore in this stage that the importance of emotion will become dramatically apparent, along with the concomitant need for emotional intelligence on the part of participants if the emotions are to be dealt with effectively (Goleman, 1995; Heifetz, 1994; Goleman, Boyatzis, and McKee, 2002).

A statement of a strategic issue should contain three elements. First, the issue should be described succinctly, preferably in a single paragraph. The issue should be framed as a question that the organization can do something about. If the organization cannot do anything about the issue, it is best not to think of it as an issue for the organization; it is simply a condition (Wildavsky, 1979). An organization’s attention is limited enough without wasting it on issues the organization cannot address effectively. The question should also have more than one answer, as a way of broadening the search for viable strategies. Too often organizations jump to a solution before fully understanding other options; reaching this understanding helps the planning team learn more about the issue (Eden and Ackermann, 1998; Nutt, 2002).

Second, the team should list the factors that make the issue a fundamental challenge. In particular, what is it about the organization’s mandates, mission and values, or internal strengths and weaknesses and external opportunities and challenges that makes this issue a strategic one for the organization? This list will be
useful in the next step, strategy development. Every effective strategy builds on strengths and takes advantage of opportunities while it minimizes or overcomes weaknesses and challenges. The framing of each strategic issue is therefore very important because it will provide much of the basis for that issue's resolution (Eden and Ackermann, 1998; Nutt, 2002; Bryant, 2003).

Finally, the planning team should prepare a statement of the consequences of failure to address the issue. This will help organizational leaders decide just how strategic, or important, various issues are. If no consequences will ensue from failure to address a particular issue, then it is not a strategic issue. At the other extreme, if the organization will be destroyed or will miss a valuable opportunity by failing to address a particular issue, then the issue is clearly very strategic and is worth attending to immediately. Thus the step of identifying strategic issues is aimed at focusing organizational attention on what is truly important for the survival, prosperity, and effectiveness of the organization.

Once statements of the issues are prepared, the organization will know what kinds of issues it faces and just how strategic they are. There are several kinds of strategic issues:

- Issues that alter the organization and especially its core business (or what might be called developmental issues), and those that do not (or what might be called nondevelopmental issues) (Nutt, 2001b). Developmental issues involve a fundamental change in products or services, customers or clients, service or distribution channels, sources of revenue, identity or image, or some other aspect of the organization. They are also issues for which there is no real organizational precedent. In other words the resolution of these issues may well hinge on defining a new vision or set of goals. Nondevelopmental issues involve less ambiguity because most aspects of the organization’s overall strategy will not change. Resolving these issues is likely to require reprogramming strategies rather than altering the vision and goals.
- Issues that require no organizational action at present but that must be continuously monitored.
- Issues that are on the horizon and likely to require some action in the future and perhaps some action now. For the most part they can be handled as part of the organization’s regular strategic planning cycle.
- Issues that require an immediate response and therefore cannot be handled in a routine way.

Seven basic approaches to the identification of strategic issues are discussed in detail in Chapter Six. Briefly, the direct approach goes straight from a discussion of mandates, mission, and SWOCs: strengths, weaknesses, opportunities, and
challenges) to the identification of strategic issues. The indirect approach begins with brainstorming about different kinds of options before identifying issues. These options include actions the organization could take to meet its mandates, fulfill its mission, and create public value; to meet stakeholders' performance expectations; to build on strengths, take advantage of opportunities, and minimize or overcome weaknesses and challenges; and to deal with any other important knowledge from background studies. These options are then merged into a single set of potential actions and clustered into potential issue categories. The goals approach starts with goals (or performance indicators) and then identifies issues that must be addressed before the goals (or indicators) can be achieved. And the vision of success approach starts with at least a sketch of a vision of success in order to identify issues that must be dealt with before the vision can be realized. This approach is probably necessary in situations involving developmental issues—where fundamental change is needed but the organization lacks a precedent (Nutt, 2001b). For example, development of a vision of success is often recommended for organizations about to engage in a serious way in e-government or e-commerce (Abramson and Means, 2001). In addition, many community strategic planning efforts use a visioning approach to identify issues (Chrislip, 2002).

The oval mapping approach involves creation of word-and-arrow diagrams in which ideas about actions the organization might take, how it might take them, and why, are linked by arrows indicating cause and effect or influence relationships. In other words the arrows indicate that action A may cause or influence B, which in turn may cause or influence C, and so on; if the organization does A, it can expect to produce outcome B, which in turn may be expected to produce outcome C. These maps may display hundreds of interconnected relationships, showing differing areas of interest and their relationships to one another. Important clusters of potential actions may constitute strategic issues. A strategy that responds to the issue will then describe the specific choices of actions to undertake in the issue area, how to undertake them, and why (Eden and Ackermann, 1998; Bryson, Ackermann, Eden, and Finn, 2004). This approach is particularly useful when participants are having trouble making sense of complex issue areas, time is short, the emphasis must be on action, and commitment from those involved is particularly important.

The tensions approach was developed by Nutt and Backoff (1992) and elaborated by Nutt, Backoff, and Hogan (2000). These authors argue that any strategic issue always presents four basic tensions that involve, in various combinations, human resource and especially equity concerns, innovation and change, maintenance of tradition, and productivity improvement. They suggest critiquing the way issues are framed by highlighting these tensions, separately and in combination, in order to find the best way to frame the issue. The critiques may need to run through several cycles.
before the wisest way to frame the issue is found. Finally, the systems analysis approach can discern the best way to frame issues when a system contains complex feedback effects and must be formally modeled in order for the organization to fully understand it (Senge, 1990; Sterman, 2000).

By offering seven different approaches to the identification of strategic issues, I may raise the hackles of some planning theorists and practitioners who believe you should always start with issues or goals or vision or analysis. I argue in contrast that what will work best depends on the situation and that the wise planner should choose an approach accordingly.

Step 6: Formulate Strategies to Manage the Issues

A strategy can be defined as a pattern of purposes, policies, programs, actions, decisions, or resource allocations that define what an organization is, what it does, and why it does it. Strategies vary by level, function, and time frame. Organizations develop strategies to deal with the issues they have identified.

This definition is purposely broad in order to focus attention on achieving consistency across rhetoric (what people say), choices (what people decide on and are willing to pay for), actions (what people do), and the consequences of those actions. Effective strategy formulation and implementation processes link rhetoric, choices, actions, and consequences into reasonably coherent and consistent patterns across levels, functions, and time (Eden and Ackermann, 1998). They are also tailored to fit an organization’s culture, even when the purpose of a strategy is to reconfigure that culture in some way (Johnson and Scholes, 2002). Draft strategies, and perhaps drafts of formal strategic plans, are formulated in this step to articulate desired patterns. Strategies may also be reviewed and adopted at the end of this step if the strategic planning process is relatively simple, small scale, and involves a single organization. (Such a process merges steps 6 and 7.)

There are numerous approaches to strategy development (Mintzberg, Ahlstrand, and Lampel, 1998; Holman and Devane, 1999; Bryson and Anderson, 2000; Bryson, 2001, 2003a). I generally favor either of two approaches. The first is a five-part, fairly speedy process based on the work of the Institute of Cultural Affairs (Spencer, 1989). The second, a mapping process, can be used when the planning team needs or desires to articulate the relationships among multiple options so as to show how they fit together as part of a pattern.

Developing Strategies Through a Five-Part Process. The first part of the five-part process begins with identification of practical alternatives and of dreams or visions for resolving the strategic issues. Each option should be phrased in action terms: that is, it should begin with an imperative, such as do, get, buy, achieve, and so forth. Phrasing options in action terms makes them more “real” to participants.
Next, the planning team should enumerate the barriers to achieving those alternatives, dreams, or visions. Focusing on barriers at this point is not typical of most strategic planning processes, but it is one way of ensuring that any strategies developed deal with implementation difficulties directly rather than haphazardly.

Once the alternatives, dreams, and visions and the barriers to their realization are listed, the team develops major proposals for achieving these alternatives, dreams, and visions, either indirectly (through overcoming the barriers) or directly. (Alternatively, the team might solicit proposals from key organizational units, various stakeholder groups, relevant task forces, or selected individuals.) For example, a major Midwestern city government did not begin to work on strategies to achieve its major ambitions until it had overhauled its archaic civil service system. That system was a barrier that had to be changed before the city government could have any hope of achieving its more important objectives.

After major proposals are submitted, two final tasks remain in this five-part process. Actions that must be taken over the next two to three years to implement the major proposals must be identified. And a detailed work program for the next six to twelve months must be spelled out to implement the actions. These last two tasks shade over into the work of step 9, but that is good, because strategies should always be developed with implementation in mind. As Mintzberg (1994) explains, “Every failure of implementation is, by definition, also a failure of formulation” (p. 25). In some circumstances, steps 6 and 9 may be merged—for example, when a single organization is planning for itself. In addition, in interorganizational or community settings, the various parties often must work out implementation details before they are willing to commit to shared strategic plans (Innes, 1996; Bardach, 1998; Bryant, 2003). In situations such as these, implementation planning may have to precede strategy or plan adoption.

**Developing Strategies by Structuring Relationships Among Strategic Options.** The second method of developing strategies is based on the strategic options development and analysis (SODA) method, developed by Colin Eden and Fran Ackermann and their associates (Eden and Ackermann, 1998; Eden and Ackermann, 2001; Bryson, Ackermann, Eden, and Finn, 2004). This method involves listing multiple options for addressing each strategic issue, once again phrasing each option in imperative, action terms. The options are then linked by arrows indicating which options cause or influence the achievement of other options. Each option may be part of more than one chain. The result is a map of action-to-outcome (cause and effect, means-to-an-end) relationships; those options toward the end of a chain of arrows are possible goals or perhaps even mission statements. Presumably, these goals can be achieved by accomplishing at least some of the actions leading up to them, although additional analysis and work on the arrow chains may be necessary to determine and clearly articulate action-to-outcome
relationships. Option maps can be reviewed and revised and particular action-to-outcome chains selected as strategies. (See Resource B for more information on how to develop maps of this sort. Additional detail and numerous examples can be found in Bryson, Ackermann, Eden, and Finn, 2004.)

An effective strategy must meet several criteria. It should be technically workable and administratively feasible, politically acceptable to key stakeholders, and results oriented. It must also fit the organization's philosophy and core values, even if the purpose is to change them. Further, it should be ethical, moral, and legal. It must also deal with the strategic issue it was supposed to address, and it must create public value. All too often I have seen strategies that were technically administratively, politically, morally, ethically, and legally impeccable but that did not deal with the issues they were presumed to address or did not create public value. Effective strategies thus meet a severe set of tests. Careful, thoughtful dialogue—and often bargaining and negotiation—among key decision makers who have adequate information and are politically astute is usually necessary before strategies can be developed that meet these tests. Some of this work typically must occur in this step; some is likely to occur in the next step.

Step 7: Review and Adopt the Strategies or Strategic Plan

Once strategies have been formulated, the planning team may need to obtain an official decision to adopt them and proceed with implementation. The same is true when a formal strategic plan has been prepared. This decision will affirm the desired changes and move the organization toward unfreezing in the new pattern (Lewin, 1951; Dalton, 1970; Fiol, 2002), where the knowledge exploration of previous steps can be exploited (March, 1991). When strategies and plans are developed for a single organization, particularly a small one, this step may merge with step 6. But a separate step is likely to be necessary when strategic planning is undertaken for a large organization, a network of organizations, or a community. The SPCC will need to approve the resulting strategies or plan; relevant policymaking bodies and other implementing groups and organizations are also likely to have to approve the strategies or plan, or at least parts of the plan, in order for implementation to proceed effectively.

In order to secure passage of any strategy or plan, the planning team must continue to pay attention to the goals, concerns, and interests of all key internal and external stakeholders (Borins, 2000). Finding or creating inducements that can be traded for support can also be useful. But there are numerous ways to defeat any proposal in formal decision-making arenas. So it is important for the plan to be sponsored and championed by actors whose knowledge of negotiating the
intricacies of the relevant arenas can help ensure passage (Bryson and Crosby, 1992; Crosby and Bryson, forthcoming).

Step 8: Establish an Effective Organizational Vision

In this step the organization develops a description of what it should look like once it has successfully implemented its strategies and achieved its full potential. This description is the organization's vision of success. Few organizations have such a description or vision, yet its importance has long been recognized by well-managed companies, organizational psychologists, and management theorists (Locke, Shaw, Saari, and Latham, 1981; Collins and Porras, 1997; Kouzes and Posner, 2002). Such descriptions may include the organization's mission, its values and philosophy, its basic strategies, its performance criteria, its important decision rules, and the ethical standards it expects of all employees.

This description, to the extent that it is widely circulated and discussed within the organization, informs organizational members about what is expected of them without constant managerial oversight. Members are freed to act on their own initiative on the organization's behalf to an extent not otherwise possible. The result should be a mobilization of members' energy toward pursuing the organization's purposes and a reduced need for direct supervision (Nutt, 2001b).

Some might question why developing a vision of success comes at this point in the process rather than much earlier. There are two basic answers. First, it does not have to come here for all organizations. Some organizations are able to develop a clearly articulated, agreed-upon vision of success much earlier in the process. Communities, in fact, often start with visioning exercises in order to develop a consensus on purposes and values sufficient to guide issue identification and strategy formulation efforts (Chrislip, 2002; Wheeland, 2003). (Figure 2.1 displays the many different points at which participants may find it useful to develop some sort of guiding vision.) Some planning teams may start with a visionary statement. Others may develop a vision to help them figure out what the strategic issues are or to help them develop strategies. And still others may use visions to convince key decision makers to adopt strategies or plans, or to guide implementation efforts. The further along in the process a vision is found, the more fully articulated it is likely to be.

Second, most organizations typically will not be able to develop a detailed vision of success until they have gone through several iterations of strategic planning—if they are able to develop a vision at all. A challenging yet achievable vision embodies the tension between what an organization wants and what it can have (Senge, 1990). Often several cycles of strategic planning are necessary before organizational members know what they want, what they can have, and what the
difference is between the two. A vision that motivates people will be challenging enough to spur action yet not so hard to achieve that it demotivates and demoralizes people. Most organizations, in other words, will find that their visions of success serve as guides more for strategy implementation than for strategy formulation.

Further, most organizations do not need to develop a vision of success in order to achieve marked improvements in performance. In my experience, most organizations can demonstrate a substantial improvement in effectiveness if they simply identify and satisfactorily resolve a few strategic issues. Most organizations simply do not address often enough what is truly important; just gathering key decision makers to deal with a few important matters in a timely way can enhance organizational performance substantially. For these reasons step 8 is labeled "optional" in Figure 2.1.

**Step 9: Develop an Effective Implementation Process**

Just creating a strategic plan is not enough. The changes called for by the adopted strategies must be incorporated throughout the system for these strategies to be brought to life and for real value to be created for the organization and its stakeholders. Thinking strategically about implementation and developing an effective implementation plan are important tasks on the road to realizing the strategies developed in step 6. For example, in some circumstances direct implementation at all sites will be the wisest strategic choice, but in other situations some form of staged implementation may be best (Joyce, 1999, pp. 80–83).

Again, if strategies and an implementation plan have been developed for a single organization, particularly a small one, or if the planning is for an interorganizational network or community, this step may need to be incorporated into step 7, strategy formulation. However, many multiunit or intergovernmental situations will require a separate step to ensure that relevant groups and organizations do the action planning necessary for implementation success.

Action plans should detail the following:

- Implementation roles and responsibilities of oversight bodies, organizational teams or task forces, and individuals
- Expected results and specific objectives and milestones
- Specific action steps and relevant details
- Schedules
- Resource requirements and sources
- A communication process
- Review, monitoring, and midcourse correction procedures
- Accountability procedures
The organization must build into action plans enough sponsors, champions, and other personnel—along with enough time, money, attention, administrative and support services, and other resources—to ensure successful implementation. It must “budget the plan” wisely to ensure implementation goes well. In inter-organizational or community situations, it is almost impossible to underestimate the requirements for communications, nurturance of relationships, and attention to operational detail (Huxham, 2003). It is also important to work quickly to avoid unnecessary or undesirable competition with new priorities. Whenever important opportunities to implement strategies and achieve objectives arise, they should be taken. In other words it is important to be opportunistic as well as deliberate. And it is important to remember that what happens in practice will always be some blend of what is intended and what emerges along the way (Mintzberg, Ahlstrand, and Lampel, 1998).

Successfully implemented and institutionalized strategies result in the establishment of a new regime, a “set of implicit or explicit principles, norms, rules, and decision-making procedures around which actors’ expectations converge in a given area” (Krasner, 1983, p. 2; see also Lauria, 1996; Crossan, Lane, and White, 1999). Regime building is necessary to preserve gains in the face of competing demands. Unfortunately, regimes can outlive their usefulness and must be changed, which involves the next step in the process.

**Step 10: Reassess Strategies and the Strategic Planning Process**

Once the implementation process has been under way for some time, the organization should review the strategies and the strategic planning process, as a prelude to a new round of strategic planning. Much of the work of this phase may occur as part of the ongoing implementation process. However, if the organization has not engaged in strategic planning for a while, this will be a separate phase. The organization should focus on successful strategies, asking whether they should be maintained, replaced by other strategies, or terminated. Unsuccessful strategies should be replaced or terminated. The strategic planning process also should be examined, its strengths and weaknesses noted, and modifications suggested to improve the next round of strategic planning. Effectiveness in this step depends on effective organizational learning, which means taking a hard look at what is really happening and being open to new information. As Weick and Sutcliffe (2001) say, “The whole point of a learning organization is that it needs to get a better handle on the fact that it doesn’t know what it doesn’t know” (p. 18). Viewing strategic planning as a kind of action research can embed learning throughout the entire process and make sure that the acquisition of information, the feedback, and the dialogue necessary for learning occur (Eden and Huxham, 1996).
Tailoring the Process to Specific Circumstances

The Strategy Change Cycle is a general approach to strategic planning and management. Like any general planning and management process, it must be tailored carefully to specific situations if it is to be useful (Christensen, 1999). A number of adaptations—variations on the general theme—are discussed in this section.

Sequencing the Steps

Although the steps (or occasions for dialogue and decision) are laid out here in a linear sequence, it must be emphasized that the Strategy Change Cycle, as its name suggests, is iterative in practice. Participants typically rethink what they have done several times before they reach final decisions. Moreover, the process does not always begin at the beginning. Organizations typically find themselves confronted with a new mandate (step 2), a pressing strategic issue (step 5), a failing strategy (step 6 or 9), or the need to reassess what they have been doing (step 10), and that leads them to engage in strategic planning. Once engaged, the organization is likely to go back and begin at the beginning, particularly with a reexamination of its mission. (Indeed, in my experience, it does not matter where you start, you always end up back at the mission.)

In addition, implementation usually begins before all the planning is complete. As soon as useful actions are identified, they are taken, as long as they do not jeopardize future actions that might prove valuable. In other words, in a linear, sequential process, the first eight steps of the process would be followed by implementing the planned actions and evaluating the results. However, implementation typically does not, and should not, wait until the first eight steps have been completed. For example, if the organization’s mission needs to be redrafted, then it should be. If the SWOC analysis turns up weaknesses or challenges that need to be addressed immediately, they should be. If aspects of a desirable strategy can be implemented without awaiting further developments, they should be, and so on. As noted earlier, strategic thinking and acting and learning are important, and all of the thinking does not have to occur before any actions are taken. For one thing, often it is action that leads to real learning (Weick, 1995). Or as Mintzberg, Ahlstrand, and Lampel (1998) note: “Effective strategy making connects acting to thinking which in turn connects implementation to formulation. We think in order to act, to be sure, but we also act in order to think” (p. 71)—and to learn, they might have added. Strategic planning is iterative, flexible, and action-oriented and that is often precisely what makes it so attractive to public and nonprofit leaders and managers.
Making Use of Vision, Goals, and Issues

In the discussion of step 8 I noted that some organizations and communities may wish to start their process with a vision statement. Such a statement, even if less detailed than a statement developed later in the process, may foster a consensus and provide important inspiration and guidance. As indicated in Figure 2.1, there are other points at which organizations might develop a vision statement (or statements). A vision may thus be used to prompt the identification of strategic issues, guide the search for and development of strategies, inspire the adoption of strategic plans, or guide implementation efforts. The Amherst H. Wilder Foundation (2000) of St. Paul, Minnesota, for example, presents this vision in its 2000-05 strategic plan: “A vibrant Saint Paul where individuals, families and communities can prosper, with opportunities for all to be employed, to be engaged citizens, to live in decent housing, to attend good schools, and to receive support during times of need.” The foundation also formed a vision for each of its previous plans and used each one to help it identify issues to be addressed and to develop strategies for realizing the vision. U.S. Air Force planners also used a vision to help them identify issues and develop strategies in the 1990s; a dramatic reorientation of mission and strategies resulted (Barzelay and Campbell, 2003). The decision to develop a vision statement should hinge on whether one is needed to provide direction to subsequent efforts; whether people will be able to develop a vision that is meaningful enough, detailed enough, and broadly supported by key stakeholders; and whether there will be enough energy left after the visioning effort to push ahead.

Similarly, as indicated in Figure 2.1, it is possible to develop goals at many different places in the process (Borins, 1998; Behn, 1999a; Roberts, 1999). Some strategic planning processes will begin with goals set by new boards of directors, elected policy bodies, chief executive officers, judges, or other top-level decision makers. These goals embody a reform agenda for the organization (or network or community). Other strategic planning processes may start with goals that are part of mandates. For example, legislation often requires implementing agencies to develop plans that include results and outcome measures that will show how the intent of the legislation is being achieved. A starting goal for these agencies therefore is to identify results and outcomes they want to be measured against that also are in accord with legislative intent. This goal helps these agencies identify an important strategic issue—namely, what should the results and outcomes be? Subsequent strategic planning efforts are then likely to start with the outcomes the organization and legislature thinks are still important.

Still other strategic planning processes will articulate goals to guide strategy formulation in response to specific issues or to guide implementation of specific
strategies. Goals developed at these later stages of the process are likely to be more detailed and specific than those developed earlier. Goals may be developed any time they will be useful to guide process efforts and will have sufficient support among key parties to produce desired actions.

In my experience, however, strategic planning processes generally start neither with vision nor with goals. In part, this is because in my experience strategic planning rarely starts with step 1. Instead, people sense something is not right about the current situation—they are facing strategic issues or they are pursuing a strategy that is failing or about to fail—and they want to know what to do (Borins, 1998; Nutt, 2001b). One of the crucial features of issue-driven planning (and political decision making in general) is that you do not have to agree on goals to agree on next steps (Innes, 1996; Bryant, 2003; Huxham, 2003). You simply need to agree on a strategy that will address the issue and further the organization’s (or community’s) and the key stakeholders’ interests. Goals are likely to be developed once viable strategies have been developed to address the issues. These goals will typically be strategy specific.

Articulating goals or describing a vision may give strategic planners a better feeling for where a strategy or interconnected set of strategies should lead (Behn, 1999a; Nutt, 2001b). Goals and vision are thus more likely to come toward the end of the process than the beginning. But there are clear exceptions—as the examples of the Wilder Foundation and the Air Force revealed earlier—and process designers should think carefully about why, when, and how—if at all—to bring goals and vision into the process.

Applying the Process Across Organizational Subunits, Levels, and Functions

Strategic thinking, acting, and learning depend on getting key people together, getting them to focus wisely and creatively on what is really important, and getting them to do something about it. At its most basic the technology of strategic planning thus involves deliberations, decisions, and actions. The steps in the Strategy Change Cycle make the process reasonably orderly to increase the likelihood that what is important is recognized and addressed and to increase the number of people who participate in the process. When the process is applied to the organization as a whole or at least to significant parts of it on an ongoing basis (rather than in a one-shot effort), it is usually necessary to construct a strategic management system. This system encourages integration of the various parts of the process in appropriate ways and engages the organization in strategic management, not just strategic planning (Poister and Streib, 1999). In the best circumstances the system will include the actors and the knowledge necessary to foster systems thinking and
prompt quick, wise, and effective action, because inclusion, systems thinking, and speed are increasingly required of public and nonprofit organizations (Schachtel, 2001; Linden, 2002; Bryson, 2003a).

The Strategy Change Cycle might be applied across organizational subunits, levels, and functions as outlined in Figure 2.2. This application is based on an integrated units of management system used by many corporations. The system's first cycle consists of bottom-up development of strategic plans within a framework established at the top, followed by reviews and reconciliation at each succeeding level. In the second cycle operating plans are developed to implement the strategic plans. Depending on the situation, decisions at the top of the organizational hierarchy may or may not require policy board approval (which is why the line depicting the process flow diverges at the top).

The system may be supported by a set of performance indicators and strategies embodied in a balanced scorecard (BSC) (Kaplan and Norton, 1996, 2004; Niven, 2003). An example of a BSC, from the city of Charlotte, North Carolina, is presented in Figure 2.3. The theory behind the balanced scorecard is that learning and growth outcomes should enhance the effectiveness of internal processes, which in turn should facilitate achievement of desirable financial outcomes. Achieving desirable outcomes in all three areas should produce better customer outcomes. The theory implies that an organization that has gone through the process of developing an organization-wide balanced scorecard and supporting scorecards for departments and lines of business should be more effective in meeting its mandates, fulfilling its mission, and creating public value. (The Hennepin County, Minnesota, strategic management system relies in part on the use of balanced scorecards and is discussed in detail in Chapter Ten.)

Strategic planning systems for public and nonprofit organizations are usually not as formalized and integrated as the one outlined in Figure 2.2. More typical is a strategic issues management system, which attempts to manage specific strategic issues without seeking integration of the resultant strategies across all subunits, levels, and functions (Roberts and Wargo, 1994; Joyce, 1999; Hendrick, 2003). Tight integration is often not necessary, because most issues do not affect all parts of an organization, are subject to differing political requirements, and have their own time frame.

Baltimore, Maryland, and a number of other cities have institutionalized strategic issues management through use of the CitiStat system (Schachtel, 2001; Linden, 2002). In this system a central analysis staff uses geographically coded data to spot trends, events, and issues that need to be addressed by line departments. The heads of the relevant units meet regularly with the mayor and the mayor's key advisers, including the heads of finance, human resources, and information technology, to examine the data and address the issues face to face. Actions
FIGURE 2.2. STRATEGIC PLANNING SYSTEM FOR INTEGRATED UNITS OF MANAGEMENT.

First Quarter  Second Quarter  Third Quarter  Fourth Quarter

Corporate Direction  Corporate Review and Analysis  Corporate Plan Development

Policy Board

CEO and Cabinet

Department

Strategic Plan

Development and Review

Division

Plan Reviews

Development

Bureau

Specific

External Environment

General

Source: Adapted from Bryson and Roering, 1987, p. 16.
FIGURE 2.3. BALANCED SCORECARD FOR A GOVERNMENT.

Vision

Community of Choice for Living, Working, and Leisure

City Council Focus Areas

Strategic Themes
- Community Safety
- Communities Within a City
- Restructuring Government
- Transportation
- Economic Development

Strategic Principles

Smart Growth Principles

Corporate Scorecard

Serve the Customer → Reduce Crime
Increase Perception of Safety
Strengthen Neighborhoods
Provide Transportation Choices
Safeguard the Environment
Promote Economic Opportunity

Run the Business
- Develop Collaborative Solutions
- Enhance Customer Service
- Improve Technology Efficiencies

Manage Resources
- Maintain AAA Rating
- Deliver Competitive Services
- Expand Tax Base and Revenues
- Invest in Infrastructure

Develop Employees
- Achieve Positive Employee Climate
- Recruit and Retain Skilled, Diverse Workforce
- Promote Learning and Growth

Note: Corporate Scorecard shaded boxes are specifically related to Smart Growth Principles.
and follow-up procedures are agreed upon on the spot. Notable successes have occurred in which better outcomes were produced, money was saved, or teamwork and competence were enhanced. Many cities have experienced all three of these results. Other common public and nonprofit strategic planning systems are the contract model, collaboration, the portfolio model, and the goal model. (These systems are discussed in Chapter Ten.)

If the organization is fairly large, then specific linkages will be necessary to join the process to different functions and levels in the organization so that it can proceed in a reasonably orderly and integrated manner. One effective way to achieve such a linkage is to appoint the heads of all major units to the strategic planning team. All unit heads can then be sure that their units' information and interests are represented in strategy formulation and can oversee strategy implementation in their unit.

Indeed, key decision makers might wish to form themselves into a permanent strategic planning committee or cabinet. I recommend this approach when it appears workable for the organization, because it emphasizes the role of line managers as strategic planners and the role of strategic planners as facilitators of decision making by the line managers. Pragmatic and effective strategies and plans are likely to result. Temporary task forces or strategic planning committees or cabinets can work, but whatever the arrangement, there is no substitute for the direct involvement of key decision makers in the process (Borins, 1992).

Applying the Process to Functions That Cross Organizational Boundaries, Interorganizational Networks, and Communities

When applied to a function or network that crosses organizational boundaries or to a community, the Strategy Change Cycle usually needs to be sponsored by a committee or task force of key decision makers, opinion leaders, "influentials," or "notables" representing important stakeholder groups. Additional working groups or task forces usually need to be organized at various times to deal with specific strategic issues or to oversee the implementation of specific strategies. Because so many more people and groups need to be involved and because implementation has to rely more on consent than authority, the process is likely to be much more time consuming and iterative than strategic planning applied to an organization. However, the additional time spent on exploring issues and reaching agreement may be made up later through speedy implementation (Innes, 1996; Bardach, 1998; Bryant, 2003; Huxham, 2003). Resource C provides additional information on how to pursue strategic planning in collaborative settings.

In addition, when a community is involved, special efforts are necessary to make sure that important connections are made and any incompatibilities are resolved between the strategic plans and the community's comprehensive plan and the var-
ious devices used to implement it, such as the government's capital improvement program, subdivision controls, zoning ordinances, and official maps. Making these connections, however, should not unduly hamper the process. Strategic planning and comprehensive planning can be complementary, and efforts should be made to ensure that they are so that the interests of the community and its various stakeholders can be advanced (Innes, 1996; Burby, 2003; Wheeland, 2003).

Roles for Planners, Decision Makers, Implementers, and Citizens

Planners can play many different roles in a strategic planning process. In many cases the planners are not people with the job title of planner but are policymakers or line managers (Mintzberg, Ahlstrand, and Lampel, 1998). The people with the title of planner often act primarily as facilitators of decision making by policymakers or line managers, as technical experts in substantive areas, or as both. Planners also operate in a variety of other roles. Sometimes the planner is an "expert on experts" (Bolan, 1971), easing different people with different expertise in and out of the process for different purposes at different times. At other times planners act as technicians, politicians, or hybrids of these roles (Howe, 1980). At still other times they are finders of strategy, interpreting existing actions and recognizing important patterns in the organization and its environment; analysts of existing or potential strategies; catalysts for promoting strategic thought and action; or strategists themselves (Mintzberg, 1994, pp. 361–396).

Because the most important thing about strategic planning is the development of strategic thought, action, and learning, it may not matter much which person does what. However, it does seem that strategic planning done by policymakers or line managers is most likely to be implemented. (Line managers in government are not usually charged with making important political trade-offs—politicians are. Therefore an effective governmental strategic planning process probably needs participation from both policymakers and line managers.)

Public organizations engaged in strategic planning often have little citizen participation in the process other than that of elected or appointed policy board members. One reason for this may be that the organization already possesses the necessary knowledge and expertise in-house, making citizen involvement redundant and excessively time consuming. In addition, insiders typically are the chief implementers of strategies, so their ownership of the process and resultant decisions may be what is most crucial. Further, the direct involvement of an elected or appointed policy board may be sufficient to legitimize the process, in keeping with the idea that this country has a representative, not a direct, democracy. The absence of participation by ordinary outsiders would parallel much private sector corporate planning practice. Nonetheless, it is easy to be wrong about how much one "knows," or needs to know, and how much perceived legitimacy the
process needs (Suchman, 1995; Nutt, 2002). Interviews, focus groups and surveys of outsiders, and external sounding boards of various sorts are often worth their weight in gold because they open insiders' eyes to information they have missed, add legitimacy to the effort, and keep the organization, network, or community from reaching wrong conclusions or making poor decisions (Thomas, 1995; Feldman and Khademian, 2000). So a word of caution is in order: remember, as the ancient Greeks believed, that nemesis always walks in the footsteps of hubris!

Program-focused strategic planning appears to be much more likely to involve citizens, particularly in their capacity as customers. Citizen involvement in program planning thus is roughly analogous to consumer involvement in private sector marketing research and development projects. For example, the School District relied on a variety of citizen involvement techniques (for example, committees, task forces, surveys, public meetings) to figure out what it should be doing. More generally, transportation planning typically involves a great deal of citizen participation. Citizens may provide information concerning their travel needs and desires, reactions to various transportation system design alternatives, and advice on ways to resolve conflicts that arise during the process. Park planning also typically involves substantial citizen participation. Unfortunately, because the use of transportation systems or parks by citizens is generally broad based, actual users are often assumed to be identical with citizens at large. This equation is hardly ever justified, however, as it probably masks great variety in stakeholder concerns about and contributions to the process. A stakeholder analysis can help keep the interests and contributions of different groups of citizens analytically separate (Eden and Ackermann, 1998; Bryson, 2004b).

Finally, planning on behalf of a community almost always involves substantial citizen participation. Unfortunately, community-focused strategic plans often assume that all citizens can be treated alike and that all citizens are interested in the community as a whole—two assumptions at odds with most studies of political participation (see, for example, Putnam, 2000). Application of the stakeholder concept to community strategic planning would help avoid some of these errors, as it did in the case of the School District’s efforts, where the interests of parents, businesses, taxpayers, elected officials, and other stakeholder groups were all explored. Beyond that, broad citizen involvement usually results in better plans and implementation processes (Chrislip, 2000; Burby, 2003; Wheeland, 2003).

Summary

This chapter has outlined the Strategy Change Cycle, a process for promoting strategic thinking, acting, and learning in governments, public agencies, nonprofit organizations, networks, communities, and other entities. Although the process is
presented in a linear, sequential fashion for pedagogical reasons, in practice it proceeds iteratively as groups continuously rethink the connections among the various elements of the process, take action, and learn on their way to formulating effective strategies. In addition, the process often does not start with step 1 but instead starts with some other step and then cycles back to step 1. The steps are not steps precisely but rather occasions for deliberations, decisions, and actions within a continuous flow of strategic thinking, acting, and learning; knowledge exploration and exploitation; and strategy formulation and implementation. Mintzberg, Ahlstrand, and Lampel (1998) assert that “all real strategic behavior has to combine deliberate control with emergent learning” (p. 195). The Strategy Change Cycle is designed to promote just this kind of strategic behavior.

Figure 2.4 shows how the Strategy Change Cycle is designed to further the functions of strategic planning outlined in Figure 1.4. It also displays the iteration that is likely to occur as planning teams work to organize participation, create ideas of strategic significance, build a winning coalition, and implement the ideas so that the decisions and actions produced lead to meeting the organization’s mandates, fulfilling its mission, and creating real public value.

As previously mentioned, my colleague Farnum Alston and I have prepared a strategic planning workbook designed to help individuals, teams, groups, and organizations work through the process (Bryson and Alston, 2004). The workbook should not be used without this book, however, because the Strategy Change Cycle typically requires careful tailoring to specific circumstances. Owing to space limitations, the workbook contains little advice on how to adapt the process to different situations, whereas this book offers a great deal of the advice and guidance necessary to design and manage a successful process.

In Chapter Three I discuss how to negotiate an initial agreement among key internal (and perhaps external) decision makers or opinion leaders on the purpose and process of a strategic planning effort. This agreement will shape the nature and direction of deliberations, decisions, and actions designed to deal with what is truly important to the organization or community.
FIGURE 2.4. STRATEGIC PLANNING PURPOSES AND FUNCTIONS AND STRATEGY CHANGE CYCLE STEPS.

Create public value

Meet mandates and fulfill mission

Produce fundamental decisions and actions that shape and guide what the organization is, what it does, and why it does it

Organize participation

Implement strategies

Initial agreement

Build a winning coalition

Clarify mandates and mission

Reassess strategies and the strategic planning process

Assess the environment

Develop strategies and plans

Create ideas for strategic actions

Identify a vision of success
PART TWO

KEY STEPS IN USING THE STRATEGY CHANGE CYCLE

The strategy change planning process is presented in detail in Part Two. It is a practical, rational, deliberative, and participatory approach to facilitating strategic decision making and learning by key decision makers.

Chapter Three covers the initial agreement phase, the "plan for planning." Chapter Four focuses on clarifying organization mandates and mission. Chapter Five describes how to assess an organization's strengths and weaknesses, as well as the opportunities and challenges it faces. Chapter Six discusses strategic issues — what they are, how they can be identified, and how to critique them. Chapter Seven is devoted to formulating and adopting effective strategies and plans.

The final three chapters in Part Two move from planning to management. Chapter Eight covers development of the organization's vision of success, a description of what the organization should look like as it fulfills its mission, meets its mandates, and achieves its full potential for creating public value. Chapter Nine focuses on implementing strategies and plans, and Chapter Ten on reassessing and revising them.

An organization that completes this Strategy Change Cycle should be well on its way toward improving and maintaining its effectiveness, pursuing its mission, meeting its mandates, and creating genuine public value. It should be clearly focused on satisfying key stakeholders in ways that are politically acceptable, technically and administratively workable, and legally and ethically defensible.
CHAPTER THREE

INITIATING AND AGREEING ON A
STRATEGIC PLANNING PROCESS

The beginning is the most important part of the work.

PLATO, THE REPUBLIC

The purpose of the first step in the Strategy Change Cycle is to develop among key internal decision makers or opinion leaders (and key external leaders as well if their support is necessary for the success of the effort) an initial agreement about the overall strategic planning effort and main planning steps. This represents a kind of “plan to plan” (Steiner, 1979), intended to point the way toward the ultimate end of creating public value.

The support and the commitment of key decision makers are vital if strategic planning and change in an organization are to succeed. But the importance of these decision makers’ early involvement goes beyond the need for their support and commitment. They supply information vital to the planning effort: who should be involved, when key decision points will occur, and what arguments are likely to be persuasive at various points in the process. They can also provide critical resources: legitimacy, staff assignments, a budget, and meeting space.

Every strategic planning effort is in effect a drama that must have a correct setting, themes, plots and subplots; actors; scenes; a beginning, a middle, and a conclusion; and interpretation (Mangham and Overington, 1987; Brower, 1999; Bryant, 2003). Only key decision makers have access to the information and resources needed for the effective development and direction of such a drama. But unlike the outcome of a scripted play, the end of this drama is not known to anyone in advance. The end will be as much emergent as it is deliberate. Indeed, strategic planning and management at their best involve the ongoing crafting of “the
subtle relationships between thought and action, control and learning, stability and change" (Mintzberg, Ahlstrand, and Lampel, 1998, p. 209).

### Planning Focus and Desired Outcomes

Ideally, this first step will produce agreement on several issues:

1. The purpose and worth of the strategic planning effort
2. The organizations, units, groups, or persons who should be included, and the ways in which they should participate
3. The specific subsequent steps to be followed
4. The form and timing of reports

A strategic planning coordinating committee (SPCC) and a strategic planning team probably should be formed and given a charge statement or charter. Finally, the necessary resources to begin the endeavor must be committed.

As a general rule the strategic planning effort should focus on that part of the organization (or function or community) controlled, overseen, or strongly influenced by the key decision makers interested in engaging in strategic planning. In other words, only under unusual circumstances does it make sense to develop strategic plans for organizations or parts of organizations over which the key decision makers involved in the effort have no control or for which they have no responsibility. The exception to this rule is externally initiated reform programs designed to demonstrate how an organization might conduct itself if it took the reformers' aims seriously. For example, candidates running for elective office often issue campaign platforms that propose new strategies for the governments they wish to lead. Newspaper editorial and opinion pages, book and magazine discussions of public affairs, and think tank reports also often offer what are in effect reformers' strategic plans for public or nonprofit organizations.

The agreement achieved in this first step should also make clear what the given units are at the beginning of the process. In other words, what things relating to the organization's history, arrangements, and practices are off limits, at least for the time being, and what things are open for revision? On the one hand, if everything is a candidate for far-reaching change, potential participants may be scared off, and resistance to change in the organization may harden. On the other hand, if everything is sacred, then there is no reason for strategic planning. There should be enough tension to prompt change and make it worth the effort, but not so much that it paralyzes potential participants with fear and anxiety (Dalton, 1970; Schein, 1987; Nutt, 2001b; Fiol, 2002).
The process of reaching an initial agreement is straightforward in concept but often circuitous in practice. It usually proceeds through the following stages:

1. Initiating the process
2. Introducing the concept of strategic planning
3. Developing an understanding of what strategic planning means in practice
4. Thinking through the important implications of the process
5. Developing a commitment to strategic planning
6. Reaching the actual agreement

The more numerous the decision makers who must be involved and the less they know about strategic planning, the more time consuming the process will be and the more indirect the route to agreement. Indeed, typically a series of agreements must be reached before the strategic planning process can begin in earnest.

**Benefits**

A number of significant benefits flow from a good initial agreement (Benveniste, 1989; Janis, 1989; Nutt, 2002). The first is simply that the purpose and worth of the strategic planning effort is likely to be widely recognized by the affected parties, leading to broad sponsorship and legitimacy. Broad sponsorship dispels any suspicion that the effort is a power play by a small group. And it ensures that the results of the efforts are likely to be seen as objective (that is, as not manipulated to serve narrow partisan interests). Broad sponsorship also is a source of psychological safety, which can help people address what might otherwise be highly threatening or anxiety- or guilt-producing prospects of change (Schein, 1997; Fiol, 2002; Bryant, 2003). Legitimacy justifies the occasions, content, and timing of the discussions and ensuing actions in the next stages of the planning process (Herson, 1984; Suchman, 1995). Such discussions—particularly when they involve key decision makers from a variety of functions and levels and thus cross organizational boundaries of various sorts—are unlikely to occur without prompting. And they are unlikely to be prompted without authorization. As Borins (1998) notes, “Collaboration across boundaries does not happen naturally, it must be made to happen” (p. 47). Authorization of such discussions is an enormous resource for the planners who organize them because the planners gain considerable control over the forums in which these discussions occur, the agendas, the information provided, and the framing of the issues. The planners gain leverage because the discussions typically will be cross-functional, rather than under the control of any unit or department, and the planners will then be the discussion facilitators. Con-
trol of this sort is not manipulative in a partisan sense; instead, it ensures that the organization as a whole is looked at and discussed and not just the separate parts (Bryson and Crosby, 1996).

In the School District, for example, a group made up of the seven-member school board, the superintendent, the assistant superintendent, and the directors of finance, personnel, community education, and communications began the strategic planning process. These participants saw the initiation of strategic planning by this group as a way for them to engage each other in extended, reasonable, balanced, and holistic discussions about what was best for the district. Not coincidentally, it was also a way to limit the possibility that each board member would pursue his or her own agenda. The School District also needed better coordination across district departments and levels, in part because the board had not provided updated policy guidance and in part because of the previous superintendent’s management style. The new superintendent (the planner who had initiated the process) was interested in strategic planning precisely because he hoped it would further the board’s expressed desire for holistic thinking in pursuit of organizational excellence.

A second benefit is that a well-articulated initial agreement provides a clear definition of the network to be involved and the process by which it is to be maintained. A good network management process will provide involved or affected stakeholders with a sense of procedural justice—that is, with a sense that both the procedures used to reach decisions and the decisions themselves are fair (Eden and Ackermann, 1998, pp. 53-55). For example, adopting a doctrine of “no surprises” can be a good idea when developing a network and moving toward major decisions. This doctrine means that major stakeholders are at least kept informed of progress, events, and impending decisions, and perhaps consulted or even involved in decision making. Nothing is dropped on them out of the blue. This doctrine may be particularly useful when the need for cooperation and the risks of failure are high (Janis, 1989). Adopting a doctrine of no surprises may be best in other situations as well—even when there seem to be good reasons for keeping certain stakeholders in the dark. In an era when a basic characteristic of information seems to be that it leaks (Cleveland, 1985), full and prompt disclosure may be advisable. As Ben Franklin said, “Three may keep a secret, if two of them are dead.”

Third, a good initial agreement includes an outline of the general sequence of steps in the strategic planning effort. This sequence should contribute to stakeholders’ sense that the process is procedurally rational. According to Eden and Ackermann (1998), procedural rationality means that “the procedures used for strategy making make sense in themselves—they are coherent, follow a series of steps where each step is itself understood (not opaque) and relates to prior and future
steps" (p. 55). Eden and Ackermann add that a procedurally rational process needs to be "sensible and reasonably thorough going, but neither too time-consuming nor too hurried," and the process must allow for "cognitive and emotional commitment." As a result, any decisions made are seen to be the outcome of appropriate deliberation. To be effective the sequence of steps must ensure that the process is tied to key decision-making points in the relevant arenas (for example, budget decisions, elections, or the rhythm of the legislative cycle). Time in organizations is not linear; it is *junctural* (Bryson and Roering, 1988, p. 1001; Bryson and Roering, 1989; Bromiley and Marcus, 1987; Albert and Bell, 2002). And the most important junctions are decision points.

To revert to our drama metaphor, a good initial agreement will name the actors, describe the general character of the story and themes to be followed, spell out as much of the plot as it is possible to know in advance, specify the way the drama will be broken into acts and scenes, designate the stage on which it will be played, and clarify who the audience is. Thus the initial agreement step is extremely important because what follows depends significantly on the specifics of the beginning. The epigraph that begins this chapter captures the fatefulness embodied in this early work, particularly in systems prone to unpredictable or chaotic behavior (Kingdon, 1995). As Gleick (1988) notes, chaotic systems demonstrate a "sensitive dependence on initial conditions" (p. 23).

Fourth—and this will dramatically affect the story that develops—the agreement should specify exactly what is to be taken as given—at least at the start. For example, an organization's existing legal commitments, mandates, personnel complements, organizational designs, mission statements, resource allocations, job descriptions, or crucial aspects of its culture may need to be taken as givens in order to gain agreement. It is very important to be clear from the start what is off limits for the exercise; otherwise several key decision makers are unlikely to participate. When too much is up for grabs, the process will be too threatening or dangerous, will result in unconstructive or downright damaging conflict, or will produce a strategic plan that is useless because it lacks adequate support. At the same time, the more that is taken as given, the less useful strategic planning is likely to be. It is important, therefore, to find the right tension between what is given and what is possible (Mangham and Overington, 1987).

Fifth, a good agreement also provides mechanisms, such as a strategic planning task force or coordinating committee, for buffering, consulting, negotiating, or problem solving among units, groups, or persons involved in or affected by the effort. Without these mechanisms, conflicts are likely to stymie or even destroy the effort (Ury, Brett, and Goldberg, 1988; Borins, 1998). These mechanisms also allow errors to be detected and corrected as the process proceeds; a strategic planning task force or coordinating committee can make needed midcourse corrections.
A task force or committee can also be a valuable sounding board for ideas. And another important function of such a group is to keep planners' attention focused on strategic concerns and to refer operational matters to appropriate groups and individuals.

A sixth benefit is that a good initial agreement guarantees the necessary resources. Money typically is not the most needed resource for strategic planning; the time and the attention of key decision makers are more important. The time of staff is also needed to gather information and provide logistical and clerical support. (This will probably involve one staff person part-time in a small organization, several people either full-time or part-time in a larger organization.)

Seventh, a good agreement provides useful preparation for any major changes that may be forthcoming. For example, if planning initiators envision pursuing an ultimate big win rather than a series of small wins, the groundwork will probably need to be laid in this first phase. Achieving a big win may require changing the conceptual frame underpinning current strategy, dramatically changing goals or guiding visions, changing basic technologies, altering dominant coalitions, or making some other fundamental change. Needed groundwork may involve having people other than the "usual suspects" on the planning committee or planning team; highlighting the planning effort or separating it from ongoing processes in such a way that its power and influence are increased; gaining authorization for a range of background studies, such as benchmarking analyses, reengineering studies, or system analyses; and so forth. Such groundwork can lead to undesirable fear and rigidity among stakeholders, so the way it is undertaken must be thought through carefully. Consider these words, spoken by a character in Amy Tan's *The Bonesetter's Daughter* (2001): "And Precious Auntie flapped her hands fast: 'A person should consider how things begin. A particular beginning results in a particular end'" (p. 153).

Finally, an eighth benefit is that a good initial agreement signifies the political support of key decision makers or opinion leaders at several levels in the organization, and it helps maintain that support throughout the process. For strategic planning to work, a coalition must develop that is large enough and strong enough to formulate and implement strategies that deal effectively with key strategic issues. Such coalitions typically do not develop quickly; particularly in interorganizational or community planning efforts; see Denis, Lamothe, and Langley, 2001; Huxham, 2003). Instead, they coalesce around the important strategic ideas that emerge from the sequence of discussions, consultations, times of mutual education, and reconceptualizations that are at the heart of any strategic planning effort (Mintzberg and Westley, 1992; Sabatier and Jenkins-Smith, 1993; Crosby and Bryson, forthcoming).
Developing an Initial Agreement

So far we have covered the purpose, desired outcomes, and benefits of this first step in the Strategy Change Cycle. Now we can go into greater depth on specific aspects of the process of developing an initial agreement.

Whose Process Is It, and Who Should Be Involved?

Obviously, some individual or some group must initiate and champion the strategic planning process. This champion will need to make the initial decisions about what the process should focus on and who should be involved. If the process is going to affect the entire organization, then the organization’s key decision makers (and perhaps representatives of key external stakeholders) should be involved. For example, the School District chose a four-tiered system of involvement for its strategic planning effort. The first tier had eight people: the seven school board members and the superintendent, who also led the second tier. The second tier was made up of the superintendent and the six members of his cabinet. The third tier was the strategic planning steering committee, which included twenty-four representatives of internal stakeholder groups. The fourth tier consisted of task forces charged with developing responses to the strategic issues. Those in the first tier obviously were the key decision makers, but they chose to involve the other groups in a consultative role in order to get the information, support, commitment, and resources necessary to make the strategic planning effort work for the district as a whole. This first group decided not to involve representatives of key external stakeholder groups in major decision-making roles; as the official, legally responsible decision-making body for the district, it could not easily share this responsibility. (Outsiders did cochair and serve on the advisory task forces created to make recommendations for addressing the strategic issues identified by the board and the superintendent. Outsiders were also involved in focus groups and community information-gathering meetings.)

If the strategic planning focus is on an organizational subunit, a boundary-crossing service, or a community, then the key decision makers (and possibly other stakeholders) for that entity should be involved, even if they are not immediate members of that entity. For example, key decision makers or stakeholders for a community, such as the owners of major businesses, may not live in the community. Elected or appointed policy board members may be either insiders or outsiders. Drafting the initial agreement for the Project for Pride in Living strategic planning effort involved the president, senior staff, and the board of directors,
whose forty-six members came from various segments of the community. The initial agreement made for the Naval Security Group (NSG), after everyone was on board, involved the admiral commanding NSG and his deputy (the top policy decision makers) as well as the major NSG functional department heads (the main policy implementers). Other participants were key officer representatives from the main Navy staff of the chief of Naval Operations (a major external stakeholder and resource provider critical to NSG's success), several commanding officers of key NSG field sites (representing NSG's frontline operations and including NSG's key technology research and development organization), and officers from the fleet and joint service staffs (representing NSG's key customers). The admiral also kept the director of the National Security Agency (NSA) (NSG's other critical stakeholder, customer, and resource provider) involved through direct personal liaison. Additionally, lower NSG field elements were involved through a series of 'role' briefings and e-mail exchanges. As e-mail became more pervasive and virtual involvement became feasible, it became much easier to involve a wider NSG insider audience from multiple levels in the organization in the planning efforts.

For organizations it may be advisable to involve insiders from three organizational levels: top policy- and decision makers, middle managers, and technical core or frontline personnel (Thompson, 1967; Nutt and Backoff, 1992). Top policy- and decision makers should be involved for several reasons. First, they are formally charged with relating the organization to its domain. Second, because of their responsibilities they are often highly effective boundary spanners, with links to many people and entities both inside and outside the organization. Third, they are often among the first to perceive mismatches between the organization and its environment and therefore may be the most responsive to external threats and opportunities affecting the organization (Hampden-Turner, 1990; Schein, 1997). Finally, they control the resources necessary to carry out the strategic planning effort and implement the recommendations that grow out of it. It is simply very difficult to plan around these people, so they should be included from the start if at all possible (Rainey, 2003).

In governments and public agencies the initial planning group is likely to include members of an elected or appointed board as well as high-level executives. In council-manager cities, for example, the initial agreement typically is negotiated among council members, the city manager, and key department heads. As noted earlier, the initial agreement that framed the School District's effort involved the elected school board, the appointed superintendent, and key managers. In nonprofit organizations the key decision-making group is likely to include the senior managers and board of directors. The initial agreement for Project for Pride in Living's effort was negotiated among the organization's board, president, senior managers, and persons who served as process facilitators.
Middle management personnel should be included because of their vital role in translating policies and decisions into operations. Further, middle managers are likely to bear the brunt of any managerial changes that result, and therefore should be involved to reduce unnecessary resistance and make transitions smoother (Kanter, 1983, 1989; Block, 1987; Oshry, 1995).

Technical core or frontline personnel may also be needed when fashioning an initial agreement. Again, there are several reasons to consider involving them or their representatives (Benveniste, 1989; Normann, 1991, Cohen and Einicke, 1998). First, they are in charge of the day-to-day use of the core technologies contributing to or affected by strategic change. As a result, they are likely to be the most knowledgeable about how the organization's basic technologies work in practice and also most likely to be immediately helped or hurt by change. Their early involvement may be necessary to ensure that needed changes can be understood, wise changes implemented, and resistance to change minimized. Second, technical core or frontline personnel are likely to be asked for their opinions by key decision makers anyway, so anything that makes them receptive to strategic change is a plus. Finally, because of their technical knowledge or their daily contact with customers, clients, or users, these personnel can severely hamper strategic changes they do not support. In extreme cases they might undermine or even sabotage change efforts. Co-opting these groups early on can be an important key to strategic planning success.

An important caveat is in order, however. If it is clear from the start that strategic planning will result in the elimination of certain positions, workgroups, or departments—as may be the case in major reengineering efforts, for example—then it may be both unnecessary and downright harmful to involve people who are in the affected areas. The effective and humane approach may be to involve them in planning for their transition to new jobs, offering retraining, placement assistance, and severance arrangements (Behn, 1983; Nutt, 2001a; Holzer, Lee, and Newman, 2003).

How Do You Find the Right People?

Typically, some initial stakeholder analysis work will need to be done before the "right" group of people can be found to forge an effective initial agreement. The purpose of stakeholder analyses at this point is to help process sponsors decide who should be involved in negotiating an initial agreement, either because they have information that cannot be gained otherwise or because their support is necessary to ensure successful implementation of initiatives built on the analyses (Thomas, 1993, 1995).

First, of course, process sponsors must choose who should do the stakeholder analyses and how. Again, in general, people should be involved when they have
information that cannot be gained otherwise or when their participation is necessary to ensure a successful strategic planning process. Fortunately, this choice can be approached as a sequence of choices in which an individual or a small planning group begins the effort and then others are added later as the advisability of doing so becomes apparent (Finn, 1996; Chrislip, 2002; Bryson, 2004b).

One way to approach the task is with a five-step process in which a decision can be made to stop any time after the first step. Stopping might be advisable when, for example, enough information and support to proceed have been gained, timelines are short, or the analyses are too sensitive. The five steps are as follows:

1. An individual or a small planning group initiates the process with a preliminary stakeholder analysis, using, for example, the basic analysis technique (discussed in more detail in Chapter Four) or the power versus interest grid, stakeholder influence diagram, or participation planning matrix (discussed in Resource A). This step is useful in helping sponsors and champions of the change effort think strategically about how to create the ideas and coalitions needed to reach a successful conclusion. This step is typically backroom work (Eden and Ackermann, 1998). Necessary information may be garnered through interviews, questionnaires, focus groups, or other targeted information-gathering techniques in this and subsequent steps or in conjunction with the other techniques outlined in Resource A.

2. After the results of the first analysis have been reviewed, a larger group of stakeholders can be assembled. This meeting can be viewed as the more public beginning of the change effort. The assembled group should be asked to brainstorm to produce a list of stakeholders who might need to be involved in the change effort. Again, the basic analysis technique, power versus interest grid, stakeholder influence diagram, or participation planning matrix might be used as a starting point.

3. After the second analysis has been completed, the group should be encouraged to think carefully about who is not at the meeting who should be at subsequent meetings. The group should consider actual or potential stakeholder power, legitimacy, and urgency (defined as a composite of the stakeholder’s need for a timely organizational response and the importance of the claim or relationship to the stakeholder) (Mitchell, Aggle, and Wood, 1997). The group should think carefully through the positive and negative consequences of involving—or not involving—other stakeholders or their representatives and the best ways of involving them.

4. After these conversations have been completed, the full group should be assembled—that is, everyone who should be involved in the stakeholder analyses. The previous analyses may need to be repeated, at least in part, with the
full group present, in order to ensure that everyone has the same information and understands and accepts the analyses and premises (is on board, is on the same page, and has bought in) and to make any needed corrections or modifications to prior analyses.

5. After the full group has met, it should be possible to finalize the various groups who will have some role to play in the change effort: sponsors and champions, the coordinating group, the planning team, and various advisory or support groups (Bryson and Roering, 1988; Friend and Hickling, 1997, pp. 257–65; Chrislip, 2002; Linden, 2002). It may make sense to fill out a participation planning matrix (see Resource A).

Note that this staged process embodies a kind of technical, political, and ethical rationality. The process is designed to gain needed information, build political acceptance, and address at least some concerns about the legitimacy, representation, and credibility of the process. Stakeholders are included when there are good and prudent reasons to do so but not when their involvement is impractical, unnecessary, or imprudent. A certain amount of collective wisdom is used to inform these choices. Clearly, the choices of whom to include, how, and when are freighted with questions of value, and are perhaps fraught as well, but the effort to make wise and ethical judgments is essential if an organization’s mission and the common good are to be advanced (Vickers, 1995; Frederickson, 1997).

Should You Hold an Opening Retreat?

For an organization, often the best way to reach initial agreement is to hold a retreat (Weisman, 2003). Begin the retreat with an introduction to the nature, purpose, and process of the strategic planning effort. Often key decision makers need such an introduction before they are willing fully to endorse a strategic planning effort. Orientation and training methods might include a lecture and discussion; presentations by representatives of organizations that have used strategic planning, followed by group discussion; analysis by key decision makers of written case studies, followed by group discussion; circulation of reading materials; strategy films; and so on. Because strategic planning means different things to different people, such an introduction can be useful even when many key decision makers have considerable experience with strategic planning. The discussions can help participants agree on what the process might mean in practice for the organization.

Here is a possible format for the first day of a strategic planning retreat:

**Morning:** presentation and discussion about the nature, purpose, and process of the strategic planning effort
Lunch: presentation by a representative from a similar organization that engages in strategic planning, highlighting the benefits and liabilities of the process

Afternoon: analysis and discussion of a written case study, and instruction in any special techniques necessary for successful strategic planning, such as brainstorming, the nominal group technique (Delbecq, Van de Ven, and Gustafson, 1975), the snow card technique (Spencer, 1989), or the oval mapping process (see Resource B)

By the end of the first day it should be clear whether or not the key decision makers wish to proceed. If so, the second day might be organized as follows:

Morning: basic stakeholder analysis (see Chapter Four), power versus interest grid (see Resource A), review of mandates, and development of a draft mission statement

Lunch: a speaker presenting another case example

Afternoon: SWOC analysis and preliminary identification of strategic issues and next steps

Organizations that have little experience with strategic planning but are committed to it nonetheless might skip the activities outlined for the afternoon of the first day in order to begin the second day’s activities earlier. Organizations that have used strategic planning before might spend much of the first morning identifying the strengths of their previous processes and modifications that would improve the processes. They would then begin the second day’s activities in the afternoon of the first day.

The retreat might conclude at the end of the second day, after the next steps have been consensually mapped out, or it might continue for a third day. The morning of the third day might be devoted to further identifying and discussing strategic issues, establishing priorities among issues, and developing possible strategies for addressing issues. The afternoon might carry this discussion further and outline possible next steps in the process. The retreat should not end until participants reach agreement on the next steps in the process and identify who will be responsible for what in each step.

If a group can reach quick agreement at each point, less than three days might be sufficient. If quick agreement is not possible, more time may be necessary to complete the various tasks, and sessions may have to be spread out over several weeks. Quick agreement is particularly unlikely when the strategic issues imply the need for a major change. It takes a group time to cope with the anxiety, fear, anger, and denial that may accompany profound change, particularly if
the group senses that its culture and basic beliefs about the world are being threatened (Hampden-Turner, 1990; Schein, 1997; Fiol, 2002; Bryant, 2003).

A retreat might also help decision makers reach agreement about the nature of the strategic planning effort for a network or a community. Such a retreat, however, might be more difficult to organize than an organizational retreat. More groundwork will probably be necessary to build trust and to gain agreement from decision makers on the purposes, timing, and length of the retreat. The retreat itself will probably have to run less than three days, and post-retreat logistics, coordination, and follow-through will probably take more time and effort. Nonetheless, a retreat can function as an important signal and symbol that the network or community is about to address its most important issues and concerns, can provoke desirable media attention and pressure to continue, and can prompt stakeholders who have been lukewarm about the process to participate (Bardach, 1998; Chrislip, 2002; Ray, 2002; Wheeland, 2003).

How Many Initial Agreements Do You Need?

Sometimes it may be necessary to make sequential agreements among successively larger groups of key decision makers until everyone is on board. For example, the School District had several “initial” agreements. The board and superintendent had seen that the district might benefit from strategic planning. That led to the first agreement, between the superintendent and the board, which was contained in a jointly negotiated 1996 work program that included an assignment for the superintendent to initiate a strategic planning process for the district. The board therefore expected strategic planning of some sort but was waiting for the superintendent to propose a process. A second agreement was reached after the superintendent had spoken with the assistant superintendent, me, and my colleague Chuck Finn. This agreement included an outline of a proposed process, including specific steps, a timeline, and likely consulting costs. It was used to involve the rest of the key administrators, who signed on after they had had a chance to meet Chuck and me and to review, discuss, and modify the process in a retreat setting. A final agreement was reached with the board after the board members had had a chance to meet Chuck and me and to review, discuss, and modify the process informally. The “official” initial agreement was completed at a regular meeting of the board. This series of agreements was necessary to build understanding of what strategic planning would mean for the district, tailor the process to the district and its needs, establish trust in the consultants, and develop the necessary commitment among key decision makers to move ahead (Bryson, Ackermann, Eden, and Finn, 1996). The strategic planning efforts of the Naval Security Group and Project for Pride in Living also began with several initial agreements. Strategic planning in collaborative
settings will almost certainly require a series of initial agreements (Chrislip, 2002; Linden, 2002; Huxham, 2003).

Indeed, it is worth keeping in mind that forging agreements of various sorts will go on throughout the Strategy Change Cycle. Coalitions are built incrementally, by agreement, and strategies and plans are adopted and implemented incrementally as well, also through various agreements. The achievement of each agreement may be signaled by various means, including handshakes, letters or memoranda of agreement, formal votes, and celebrations.

It is important for sponsors and champions also to keep in mind that a number of tangible and intangible, process- and content-oriented outcomes are likely to be needed throughout a Strategy Change Cycle if the process is to succeed. Figure 3.1 classifies outcomes according to these dimensions. The process versus content dimension is probably familiar—at least in a negative way—to most people. It is, for example, this dimension that we are referring to when we complain that “process is getting in the way of substance.” Less obvious, because it is less frequently discussed, is the distinction between tangible and intangible outcomes (Friend and Hickling, 1997, p. 100; Innes and Booher, 1999; Baum, 2001). Here, I have sorted this dimension into three subcategories, following my interpretation of Schein’s three levels of culture (1997). The most obvious aspects of culture are things we can see: namely, artifacts, plans, documents, and similar items. These visible items are symbolic or representative of things in the second and less visible subcategory: values, beliefs, and interpretive schemes. Even less obvious, almost invisible but in many ways the most important of all, are basic assumptions and worldviews. They are most important because they serve as the underpinnings of what is above them; they are the platform on which values, beliefs, and interpretive schemes and subsequently artifacts, plans, and documents are built. As Innes (1998) notes, “When information is most influential, it is also most invisible” (p. 54). Strategic planning and management grow out of organizational or community cultures, and thus any outcomes produced must tap into that culture, even if the purpose—as it usually is—is to change the culture in some ways, possibly even some of its basic assumptions (Schein, 1997; Khademian, 2002; Crosby and Bryson, forthcoming).

Figure 3.1 illustrates that the most obvious outcome— but in some ways the least important one—is the tangible, content-oriented outcome of adopting the strategic plan itself. Recall that the purpose of strategic planning is to produce fundamental decisions that shape and guide what an organization is, what it does, and why it does it—and not to produce a strategic plan. Strategic plans, however, will sit on the shelf if they are not based on positive outcomes in the other three quadrants of the figure.

The initial agreement is primarily about developing tangible, process-oriented outcomes: specifically, a commitment— probably in the form of a written agreement—
FIGURE 3.1. OUTCOMES LIKELY TO BE NEEDED FOR THE STRATEGIC PLANNING PROCESS TO SUCCEED.

TANGIBLE, ORVISIBLE

Artifacts, plans, documents, and other symbolic representations of values, beliefs, interpretive schemes, and basic assumptions and worldviews

Values, beliefs, and interpretive schemes: what members believe "ought to be" in the work of the organization or community

Basic assumptions and worldviews: fundamental notions of how the organization or community and its members relate to the environment, time, space, reality, and each other

TANGIBLE, PROCESS-ORIENTED OUTCOMES
Documented commitment to:
- Work program
- Stakeholder involvement processes
- Procedural requirements and expectations

INTANGIBLE, PROCESS-ORIENTED OUTCOMES
Widespread appreciation of:
- Stakeholders and relationships
- Ways to work together productively
- Effective conflict management
- Organizational culture
- Uncertainties
- Requirements for legitimacy

TANGIBLE, CONTENT-ORIENTED OUTCOMES
Adoption of a strategic plan that spells out, for example:
- Mission, vision, philosophy, and values
- Goals, objectives, and performance measures
- Strategies
- Action plans
- Budgets
- Evaluation processes

INTANGIBLE, CONTENT-ORIENTED OUTCOMES
Widespread appreciation of and commitment to mission, vision, philosophy, goals, strategies, and other key plan elements by:
- Senior leadership
- Major employee groups
- Other key stakeholders

PROCESS CONTENT

to process steps, procedures, and requirements; a general work program for carrying out those steps; and stakeholder involvement processes. The initial agreement will be meaningless, however, unless it is based on some intangible, process-oriented outcomes. These include appreciations of stakeholders and stakeholder relationships, ways to work together productively, effective approaches to conflict management, organizational culture, uncertainties surrounding the process and the organization, and requirements for legitimacy. If these appreciations are not deepened and widened over the course of the process, the process will fail. If they are enriched and spread throughout relevant networks, then crucial intangible, content-oriented outcomes will be produced. These include a widespread appreciation of and commitment to the
organization's mission, vision, philosophy, core values, goals, strategies, and other key elements of a successful change effort on the part of senior leadership, major employee groups, and other key stakeholders.

When these last outcomes are in place in a small organization, then the strategic plan will basically implement itself. When they exist in a large organization boundary-crossing service, or community, then implementation will be far easier than it would be otherwise. The plan will simply record the changes that have already occurred in the hearts and minds of key stakeholders. Said differently, if the intangible elements are in place, then the tangible outcomes will follow. Mintzberg (1994) observes: “Organizations function on the basis of commitment and mindset. In other words, it is determined and inspired people who get things done” (p. 252). Commitment, mindset, determination, and inspiration are not directly visible. What matters most in strategic planning thus is what is not visible: sponsors, champions, and facilitators must pay careful attention to the production of those intangible but highly consequential outcomes; if they do not, the plan will be mostly worthless. It may satisfy certain mandates or reporting requirements, but it will certainly not be a living document.

What Should the Initial Agreement Contain?

The initial agreement should cover the desired outcomes listed at the beginning of this chapter: agreement on the purpose of the effort (including by implication what the effort will achieve) and its worth; the organizations, units, groups, persons who should be involved, and how; a shared understanding about the nature and sequence of the steps in the process; and agreement on the form and timing of reports. Typically, three more actions are taken. First, a committee established to oversee the strategic planning effort. The committee should be headed by someone with enough standing and credibility in the organization to give the effort visibility and legitimacy. Ideally, this person will be trusted by all most factions in the organization so that the effort will not be seen as a narrow partisan affair. The committee can be an existing group, such as a board of directors or city council, that adds strategic planning oversight to its responsibilities, or it can be a group established for this specific purpose. In the School District 1 board and superintendent were the official overseers of the process, and the cabinet and a strategic planning team also shared responsibility for strategic planning. Each cabinet member cochaired with a community leader one of the task forces set up to address some of the strategic issues. In the Naval Security Group’s process was overseen by the deputy commander, as the process sponsor, and by a committee composed of the major functional department heads, chaired by one of the department heads acting as the process champion. And in Project for Pr
in Living, the process was overseen by the board’s planning and development committee. The oversight committee is often the body with whom the initial agreement is formulated, although it may be necessary to work out agreements first with various groups and factions who then send representatives to sit on the oversight body.

Second, a team to carry out the staff work is usually set up. This team should include planners and change advocates and also helpful critics, to make sure that any difficulties arising over the course of the process are recognized and constructively addressed (Janis, 1989). For example, the School District’s team at first was made up of the superintendent, assistant superintendent, and the two consultants, and the consultants also served as constructive critics. Later, specific tasks were assigned to the board and the superintendent, to individuals supervised by the superintendent, and to task forces cochaired by cabinet members and community leaders.

Finally, the necessary resources to begin the endeavor must be committed. Obtaining needed financial resources may not be difficult because these amounts will be relatively minor in comparison with an organization’s overall budget. The more important—and typically scarce—resources needed for a successful effort are the attention and the involvement of key decision makers (Light, 1998; Van de Ven, Polley, Garud, and Venkataraman, 1999). Depending on the scale of the effort, strategic planning may demand from five to twenty-five days of attention from an organization’s key decision makers over the course of a year—in other words, up to 10 percent of ordinary work time. Is this too much? Not for what is truly important for the organization. If there is not enough time for everything, then something else—not strategic planning—should go. Recall the great German philosopher Goethe’s admonition: “Things which matter most must never be at the mercy of things which matter least.”

The end of this first step in the Strategy Change Cycle is typically the first major decision point in the process when the organization (or community) is large, when the situation is complex, or when many people need to be involved. (When the organization is small, few people are involved, or the situation is simple, the first major decision point will come later, although precisely when will depend on the situation.) If agreement has been reached on the various content items, then it makes sense to go ahead with the process.

If agreement has not been reached, then either the effort can go on anyway—with little likelihood of success—or step 1 can be repeated until an effective agreement is worked out. It usually makes sense either to repeat the step or to scale the effort down to focus on a smaller area where agreement is possible. Part of the scaled-down effort might be to develop effective strategies to involve the other areas later. This was the strategy of the initial strategic planning team in the Naval
Security Group case. At first the initial agreement involved only the major functional department heads and not the key decision makers or major external stakeholders. However, this early effort successfully identified key strategic issues facing the organization and taught the department heads the power of the process and how to think strategically. Eventually, the key decision makers were impressed by the results of these early efforts and officially sponsored and became involved in the process and, in so doing, sanctioned the creation of the Department of Strategic Planning, Policy, and Readiness to oversee the process. Successive iterations of strategic planning gradually widened the initial agreement to include the most important external stakeholders as well as other key elements of the NSG organization.

Process Guidelines

The following process guidelines, summarizing the procedures discussed in this chapter, may be helpful in developing an initial agreement:

1. **Some person or group must initiate and champion the process.** Strategic planning does not just happen—involved, courageous, and committed people make it happen. In each of the three cases examined in this book the process worked in large part because there were people involved—usually key decision makers and leaders—who acted as process champions (Kanter, 1983, p. 296; Bryson and Roering, 1988, 1989). These people believed in the process and were committed to it (not to any preconceived solutions). They may have had good hunches about what might emerge, but their main belief was that following the process would produce good answers. Indeed, these champions were willing to be surprised by the answers that emerged. Process champions may or may not be process initiators as well. For example, one of the main champions of the School District's process was the assistant superintendent, but she was not the initiator. The superintendent was the initiator, as well as a champion of the process. Similarly, the president of Project for Pride in Living was the formal initiator of the process as well as a champion, but key champions also included a senior project manager, the chair of the board's planning and development committee, and a consultant hired to work on the process.

2. **It may be desirable for the initiators to do a quick assessment of the organization's readiness to engage in strategic planning.** This assessment should cover the organization's current mission; its budget, financial management, human resource, information technology, and communications systems; its leadership and management capabilities; the expected costs and benefits of a strategic planning process; and ways of overcoming any expected barriers. Depending on the results of this assessment,
the initiators may decide to push ahead, focus on improving the organization's readiness, or drop the effort. (Readiness assessment worksheets can be found in this book's companion workbook [Bryson and Alston, 2004].)

3. Some person or group must sponsor the process to give it legitimacy. Sponsoring a strategic planning process is different from championing it, even though sponsors and champions may be the same people. Sponsorship is necessary to provide legitimacy to the process, whereas championing the process provides the energy and commitment to follow through. In the case of the School District, for example, the superintendent was the initial sponsor, but the board soon became a sponsor as well. The strategic planning coordinating committee or task force, discussed later in this chapter, often serves as this legitimizing body.

4. Some initial stakeholder analysis work is likely to be needed before the right group of people can be found to forge an effective initial agreement. The purpose of a stakeholder analysis at this point is to help process sponsors decide who should be involved in negotiating an initial agreement either because they have information that cannot be gained otherwise or because their support is necessary to ensure successful implementation of initiatives built on the analyses. The five-step process outlined earlier is a good way to figure out who should be involved.

5. Decide whether or not a detailed, jointly negotiated initial agreement is needed. An informal understanding may suffice when the organization is small, few people need to be involved in the process, and the situation faced is relatively straightforward. Conversely, a detailed, jointly negotiated initial agreement is likely to be needed when the organization is large, many people need to be involved, and the situation is complex or when a strategic plan for a network or community is to be developed. A formal contract is probably unnecessary (except, of course, for contracts with outside consultants), but someone should prepare a written memorandum that outlines the content of the agreement, including statements on the following items: the purpose and worth of the effort; the organizations, units, groups, or persons who should be involved; the steps to be followed; the form and timing of reports; the role, functions, and membership of the strategic planning coordinating committee; the role, functions, and membership of the strategic planning team; and the commitment of necessary resources to begin the effort. The agreement might be summarized in chart form and distributed to all planning team members, as illustrated in Exhibits 3.1 and 3.2. Exhibit 3.1 outlines the planning process followed by North End Area Revitalization (N.E.A.R.), a small, community-based development organization in St. Paul. Exhibit 3.2 displays the elements of the initial agreement used to organize the strategic planning effort of a large human service organization. This organization's process is considerably lengthier and more complex than N.E.A.R.'s process because many more people needed to be involved in various ways.
EXHIBIT 3.1. OUTLINE OF STRATEGIC PLANNING PROCESS DEVELOPED BY N.E.A.R.

<table>
<thead>
<tr>
<th>Steps</th>
<th>Responsible Person or Group</th>
<th>By When</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Select a steering group. (The board’s executive committee and executive director will serve in this role.)</td>
<td>Board chair and executive director</td>
<td>Feb. 1</td>
</tr>
<tr>
<td>2. Select a consultant to assist in design and facilitation of the process.</td>
<td>Steering group</td>
<td>Feb. 15</td>
</tr>
<tr>
<td>3. Get agreement on the planning steps, responsibilities, and resources required.</td>
<td>Steering group, consultant</td>
<td>Feb. 25</td>
</tr>
<tr>
<td>4. Gather information via a questionnaire—from board members, staff, other neighborhood representatives, and others familiar with N.E.A.R.—regarding our image, strengths, weaknesses, opportunities, and critical issues or choices. Also conduct focus group discussions with staff, the Neighborhood Housing Agenda Committee, and Community Building Initiative Committee about their hopes for the future and issues that need attention in the planning. Summarize this information.</td>
<td>Consultant, staff, steering group</td>
<td>Mar. 20</td>
</tr>
<tr>
<td>5. At a six-hour planning retreat with board and staff:</td>
<td>Participants, consultant</td>
<td>Apr. 1</td>
</tr>
<tr>
<td>• Review N.E.A.R.’s history and accomplishments since inception; note when participants got involved and what lessons they’ve learned. Use timeline.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Review progress toward our mission and goals over the past year.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Review summary of questionnaire responses and information on neighborhood changes. In small groups, identify key issues or choices for N.E.A.R.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Determine N.E.A.R.’s future direction.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Review steps to complete the strategic plan.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### EXHIBIT 3.1. OUTLINE OF STRATEGIC PLANNING PROCESS DEVELOPED BY N.E.A.R., CONT’D.

<table>
<thead>
<tr>
<th>Steps</th>
<th>Responsible Person or Group</th>
<th>By When</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. At two follow-up meetings (approximately two hours each), develop a draft of the strategic plan. The executive director will develop the initial draft for discussion and refinement with the steering group.</td>
<td>Steering group, consultant as needed</td>
<td>May 15</td>
</tr>
<tr>
<td>8. Review the draft with staff, board, other community representatives, and a key funder. Make needed revisions based on these reviews.</td>
<td>Steering group, consultant as needed</td>
<td>June 10</td>
</tr>
<tr>
<td>9. Approve the plan.</td>
<td>Board</td>
<td>June 25</td>
</tr>
<tr>
<td>10. Implement the plan.</td>
<td>Those indicated</td>
<td>July 1</td>
</tr>
<tr>
<td>11. Monitor progress at six months, and update the plan yearly.</td>
<td>Steering group</td>
<td>Feb. 1</td>
</tr>
</tbody>
</table>

**Meeting time required:**
Approximately eighteen to twenty hours for steps 1 through 8, plus staff work to prepare for the retreat and draft the plan.


6. *Form a strategic planning coordinating committee or task force, if one is needed.* Again, if the organization is small, few people need to be involved, and the situation is easy to comprehend, then a coordinating task force or committee probably will not be needed. But if the organization is large, many people need to be involved, and the situation is complex, then this task force or committee should probably be appointed. Such a group should not be formed too early, however. It is easier to add a needed person after the committee is formed than it is to drop a troublesome person who is already a member. Consult with trusted advisers before inviting people to participate. Also keep in mind that there is a big difference between giving people a seat on a committee and consulting with them as part of the process. People can supply a great deal of information and advice—and legitimacy for the process—
EXHIBIT 3.2. OUTLINE OF STRATEGIC PLANNING PROCESS DEVELOPED BY A LARGE HUMAN SERVICE ORGANIZATION.

<table>
<thead>
<tr>
<th>Steps</th>
<th>Responsible Person or Group</th>
<th>By When</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Get agreement on planning steps, responsibilities, and timelines. Review the planning process with the board and staff.</td>
<td>Executive director and board chair</td>
<td>Feb. 1</td>
</tr>
<tr>
<td>2. Meet informally with neighborhood groups, user groups, other nonprofits, public officials, funders, and others to solicit ideas on how our organization might better serve this community. Summarize this information.</td>
<td>Executive director and designated staff</td>
<td>May 1</td>
</tr>
<tr>
<td>3. In preparation for the board and management planning retreat, summarize information on (1) the organization’s mission, success, and limitations over the past twenty years; (2) human service and community trends; and (3) several options and scenarios for how the organization might have the greatest impact in coming years.</td>
<td>Executive director with staff support</td>
<td>July 1</td>
</tr>
<tr>
<td>4. At a two-day board and management retreat, review and discuss the information above and determine the organization’s future focus and emphasis. Use scenario approach. Invite two resource people with knowledge of these issues to participate in the retreat. (See workbook for a description of the scenario approach.)</td>
<td>Participants, guests, facilitator</td>
<td>Aug. 1</td>
</tr>
<tr>
<td>5. Summarize the retreat, develop a proposed focus statement for the organization, and discuss implications with staff.</td>
<td>Executive director, management staff</td>
<td>Sept. 15</td>
</tr>
<tr>
<td>6. Review implications and approve the focus statement.</td>
<td>Board</td>
<td>Oct. 15</td>
</tr>
<tr>
<td>7. Draft strategic plans for each of the organization’s three divisions describing how they will implement the new focus over the next five years. Involve potential partner groups in developing these plans.</td>
<td>Executive director, management staff</td>
<td>Jan. 1</td>
</tr>
</tbody>
</table>
EXHIBIT 3.2. OUTLINE OF STRATEGIC PLANNING PROCESS<br>DEVELOPED BY A LARGE HUMAN SERVICE ORGANIZATION, CONT’D.

<table>
<thead>
<tr>
<th>eps</th>
<th>Responsible Person or Group</th>
<th>By When</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Review division plans. Note any recommended change areas that require coordination across the organization, and implications for administrative support services.</td>
<td>Executive director, management staff</td>
<td>Jan. 15</td>
</tr>
<tr>
<td>2. Draft overall strategic plan for the organization.</td>
<td>Executive director</td>
<td>Mar. 1</td>
</tr>
<tr>
<td>3. Review draft plan with staff, the board, and six to eight community representatives. Make revisions based on these reviews.</td>
<td>Executive director</td>
<td>Apr. 1</td>
</tr>
<tr>
<td>4. Approve strategic plan.</td>
<td>Board</td>
<td>May 1</td>
</tr>
<tr>
<td>5. Implement the plan. Review progress and update the plan yearly.</td>
<td>Executive director and those indicated</td>
<td></td>
</tr>
</tbody>
</table>

Setting time required: 4 to sixty-five hours for steps 1 through 10 (includes strategic planning for each division), as staff time for informal meetings with community representatives, development of background materials for the retreat, and drafting the plan.

Note: Adapted from Barry, 1997, p. 31. Copyright 1997 Amherst H. Wilder Foundation. Used with permission.

without actually having a vote on a committee. Unless membership is limited, the committee may balloon in size and become unmanageable and unproductive. If an organization is the focus of attention, the coordinating committee might include top-level decision makers, midlevel managers, technical and professional opinion leaders, persons representing outside resources, representatives of key stakeholder groups, process experts, and critics. Remember, however, that there may be a trade-off between having a broadly representative committee (which may be very large) and an effective one (which probably should number no more than nine). Two groups may ultimately be necessary: a large representative and legitimizing body and a small executive committee that engages in the most extensive discussions and makes recommendations to the larger group. For a community, a large, representative legitimizing body could coordinate the process, and smaller representative bodies could attend to specific issue areas.
7. If a coordinating committee is formed, use it as a mechanism for consultation, negotiation, problem solving, or buffering among the organizations, units, groups, and persons involved. This committee is likely to be the body that officially legitimizes the initial agreement and makes subsequent decisions, although it also may serve as an advisory body to official decision makers. For example, the School District’s strategic planning committee acted as an advisory body to the superintendent and to the school board. The Naval Security Group’s strategic planning team acted as an advisory body to the commander, deputy commander, and the key NSG officers on the fleet staffs, the area directors, Project for Pride in Living’s strategic planning team advised the president and board of directors. Committee decisions should be recorded in writing and probably should be circulated to key stakeholder groups. In some situations the committee should include more than one representative from each key stakeholder group so that a clearer picture of stakeholder preferences, interests, and concerns emerges. Also, if the group is to be a standing committee that oversees annual strategic planning efforts, it is probably wise to rotate membership to keep new ideas flowing and widen involvement in the process. You will not necessarily be asking for a major commitment of time from committee members, but they should expect to spend from five to twenty-five days on strategic planning over the course of a year. And that time must be quality time, typically away from the office, and concentrated in one- to three-day blocks. The group should focus its attention on strategic concerns and refer operational matters to appropriate individuals and groups.

8. The process is likely to flow more smoothly and effectively if the coordinating committee and any other policy board that is involved are effective policymaking bodies. Recall that strategic planning has been defined as a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization (or other entity) is, what it does, and why it does it. It is hard to produce those decisions unless the process is overseen by effective policymaking bodies. In other words the work of strategic planning forums, no matter how good, will not be worth much unless it is linked to arenas in which effective policies can be adopted and decisions made.

Effective policymaking bodies

- Discipline themselves to focus most of their attention on their policymaking role.
- Have a mission statement that clearly states their purposes as policymaking bodies.
- Establish a set of policy objectives for the organization, function, or community they oversee.
- Concentrate their resources to be more effective as policymakers.
- Control managers primarily through the questions they ask. The general form
of these questions is, "How does this recommendation [a proposal, a strategy, a budget, or the like] serve our purposes, values, or policies?"

- Have staff help group members become better policymakers.
- Rely on various media (press releases, newsletters, television, Web sites, and so forth) to transmit information to key stakeholders and the general public.
- Hold periodic retreats to develop strategic plans and work programs for subsequent years.
- Monitor appropriate performance data in appropriate ways (Houle, 1989; Carver, 1997; Bryce, 2000; Robinson, 2001).

Not many public or nonprofit organizations, boundary-crossing services, collaboratives, or communities are governed by effective policymaking bodies (see, for example, Gurwitt, 2003). A strategic issue that often arises therefore is how to make the governing bodies more effective policymaking bodies. The School District's elected board, for example, wanted to be an effective policymaking body and wanted to make sure the strategic planning process would help the board in this regard before it was willing to commit to the process. The Naval Security Group's strategic planning team used the process to enhance the policymaking of the commander, deputy commander, and area directors (NSG's equivalent of a board of directors). Project for Pride in Living had a forty-six-member board of directors during its strategic planning process (the number of members was subsequently reduced to thirty-three), and so the process was intended to help the board better fulfill its policymaking duties.

9. **Form a strategic planning team if one is needed.** In theory a team is assigned the task of facilitating decision making by the strategic planning coordinating committee. The team gathers information and advice and produces recommendations for committee action. The committee legitimizes the process, provides guidance to the team, and makes decisions on team-produced recommendations. In practice, a team may or may not be formed and may or may not facilitate decision making by the coordinating committee. A team may not be needed when the organization or community is small, few people need to be involved in the effort, and the situation is relatively easy to handle. In these cases a single planner, perhaps with the assistance of an outside consultant, will probably suffice. However, when the organization is large, many people need to be involved, and the situation is complex, a team will probably be necessary. Most of the team members probably will not need to work full-time on the effort, except for brief periods. But formation of a team will allow many different skills to be brought forward at important times. The team should be headed by an organizational diplomat and should include members skilled in boundary spanning, process facilitation, technical analysis, advocacy, and self-criticism. Such a team will almost certainly be needed for a large community effort.
Whether the team does much of the strategic planning itself or facilitates strategic planning by key decision makers will depend on a number of factors. On the one hand, if team members possess most of the information needed to prepare the plan and if they hold positions of substantial power, then they may prepare the plan themselves. In this situation the planners are themselves the key decision makers. On the other hand, if there are a number of key decision makers who already possess much of the necessary information and if the planners who make up the team are not themselves powerful by virtue of their position or person, then these planners will need to serve primarily as facilitators of the process. In my experience, planners typically find that they can be of greatest service by serving as facilitators of cross-functional and cross-level planning, policymaking, and decision making by key decision makers (Bryson and Crosby, 1996). Nevertheless, planners typically must have at least some substantive knowledge of the topic areas under discussion in order to be good facilitators. Thus a blend of process skill and content knowledge is typically required of strategic planners and strategic planning teams. The specific proportions vary by situation, however.

Once it is decided that a strategic planning team is needed, the sponsors and champions can turn their attention to procedures that will make the team more effective. First, to recruit skilled, committed team members, they may need to use special personnel hiring, transfer, or compensation procedures. People must see how their careers might be helped by joining the team; otherwise they are not likely to join voluntarily. If the assignment is to be temporary, people must be assured that they can return to their old jobs—or better ones—when the effort is completed. Second, clear and positive working relationships need to be negotiated among team members and supervisors. Third, the team should meet frequently and communicate effectively to foster sharing of information and joint learning. In the case of strategic planning for a community, the team or teams may have many volunteer members. Personnel hiring, transfer, and compensation procedures may not be an issue for volunteers, but clear and positive working relationships and effective communication are likely to be very important.

10. Key decision makers may need orientation and training about the nature, purpose, and process of strategic planning before they can negotiate an initial agreement.

11. A sequence of initial agreements among a successively expanding group of key decision makers may be necessary before a full-scale strategic planning effort can proceed. In expanding the circle, sponsors, champions, planners, and facilitators need to be attentive to building trust among involved stakeholders (Huxham, 2003). They need to be aware that this is a slow process. They also need to be attentive to the range of tangible and intangible content and process outcomes that are necessary for a successful effort (see Figure 3.1). Remember that the outcomes that are not visible are considerably more important than the ones that are.
12. Recognize that things will change over the course of the Strategy Change Cycle. For example, in studying the strategic planning efforts of many nonprofit organizations, Berger and Vasile (2002) found that “decisions regarding plan breadth and detail, the mechanics of how it would be written, and the look of its final form were made as the process unfolded” (p. 25).

13. Keep in mind that a good initial agreement should provide useful preparation for any major changes that may be forthcoming. For a strategic planning process to be successful, the process itself must be thought about strategically. The initiators of the planning process should play out various scenarios about how it might unfold and then use what they have learned to shape the initial process design. (This same kind of strategic thinking about the process itself should occur throughout the process.) For example, a successful process for a major transformation of some kind is likely to be different from a successful process for a series of incremental changes (see Chapter Seven). Similarly, if major data collection and analysis efforts are likely to be needed, the groundwork should be laid in this step.

14. In complex situations, development of an initial agreement will culminate in the first big decision point. If an effective agreement cannot be reached among key decision makers, then the effort should not proceed. The initiators may want to try again or focus on areas in which key decision makers can reach agreement. In relatively simple situations the first major decision points are likely to be reached later in the process, although precisely when will depend on the particular situation.

**Have Realistic Hopes for the Process**

The initiation of strategic planning for many organizations primarily involves a series of three simple activities: (1) gathering key actors (preferably key decision makers); (2) working through a strategic thinking, acting, and learning process; and (3) getting people to do something practical about what is truly important for the organization. Although these activities may be conceptually simple, they are difficult to implement because strategic planning is a process deliberately designed to produce change.

Organizations prefer to program, routinize, and systematize as much as they can (Thompson, 1967; Bolman and Deal, 2003). Strategic planning, however, is designed to question the current routines and even the treaties that have been negotiated among stakeholders to form a coalition large enough and strong enough to govern the organization. The strategic planning process is therefore inherently prone to fail because it is deliberately disruptive. Only strong sponsors, unflagging champions, skillful planners and facilitators, a supportive coalition, and a clear view of the potential benefits can make it succeed. Even then the best efforts can still
be derailed by unexpected events, changes, crises, or intractable conflicts. Initiating strategic planning can be worth the effort, but the process will not necessarily be a smooth or successful one. Potential sponsors and champions should go into it with their eyes open (Bryson and Roering, 1988, 1989; Nutt, 2001b, 2002; Huxham, 2003).

In part because of the disruption strategic planning can cause during strategy formulation (as opposed to implementation), Mintzberg argues (1994, p. 333) that the only role for strategic planning is strategic programming, by which he means the codification, articulation, and elaboration of strategies that are already in place. As he asserts, “planning works best when the broad outlines of a strategy are already in place, not when significant change is required from the process itself” (p. 176). I do not second this extreme view, although I can empathize with it. I obviously think strategic planning can play an important role in strategy formulation, but I also think no one should expect the process to succeed automatically.

One way to develop reasonable hopes for the process is to have the members of the sponsoring group and planning team explicitly discuss, together or separately, their hopes and concerns (or fears) for the process. The hopes can be a source of goals for the organization or community, or at least for the process, and the process can be designed in such a way that it deals effectively with the concerns.

Summary

The initial agreement is essentially an understanding among key internal (and at times also external) decision makers or opinion leaders concerning the overall strategic planning effort. The agreement should cover the purpose and worth of the effort; the persons, units, groups, or organizations to be involved; the steps to be followed; the form and timing of reports; the role, functions, and membership of the strategic planning coordinating committee, if such a committee is formed; the role, functions, and membership of the strategic planning team, if one is formed; and the commitment of necessary resources to begin the effort.

The importance of initial agreement is highlighted if one thinks of each strategic planning effort as a drama in which the most important questions the organization faces are raised and resolved. For the drama to have a successful ending, the agreement needs to sketch out the setting, the themes, perhaps the plots and subplots, the actors, the scenes, the beginning, the climax, and the desired conclusion. As the tale unfolds, content and detail will be added to this sketch, along with surprise twists and turns, making it a rich, instructive, and emotional drama that is lived by the actors. In the absence of such an agreement, the story may never reach a climax or conclusion.
An effective initial agreement helps leaders, managers, and planners raise and resolve key issues. Discussion and deliberation concerning these issues helps effective political coalitions coalesce (Riker, 1986; Benveniste, 1989; Roberts, 1997). Without such an agreement, issues and answers are likely to flow randomly through the organization, disconnected from the resources and decisions necessary for effective action (Cohen, March, and Olsen, 1972; Kingdon, 1995). Organizational survival, let alone effectiveness, will itself become random, and key decision makers will have abdicated their responsibility to focus on organizational purposes and their pursuit (Selznick, 1957; Terry, 2001).

In the next chapter we will move to steps 2 and 3 in the Strategy Change Cycle: the identification of mandates and the clarification of mission and values. Together, these two steps stipulate the organizational purposes to be strategically pursued.