

Overview of Strategic Planning Principles

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*When I have learnt what progress has been made in modern gunnery,
When I know more of tactics than a novice in a nunnery –
In short, when I've a smattering of elemental strategy,
You'll say a better Major-General has never sat a gee.*

– W. S. Gilbert

The word “strategy” comes from military science and is derived from the Greek word *strategos*, a military leader or general. A strategy is a broad, overall plan for winning a war through accomplishment of a set of strategic objectives. The military maneuvers to accomplish strategic objectives are tactics, from the Greek *Taktikē*. Tactics are short-term, planned in greater detail, and usually focus on achieving a single strategic objective.

Although the details are in the tactics, a strategy is far more than an idea. For a military strategy to succeed, the strategist must bring to bear sufficient forces and materiel to defeat the opposing force, and must do so within the time window of opportunity that is available. The strategy and the tactical operations that support it are evaluated in after-action reports. General officers are held accountable for the results of strategy. So, a strategy includes financial and personnel resources, a schedule, a method of evaluating success, and accountability.

Outside the military, broad-based planning in business and academia has come to be called strategic planning. A strategic plan for a business or academic institution will include the same components as a military strategy: financial and personnel resources, a schedule, a method of evaluating success, and accountability.

Planning and Planning Horizons

Development of strategy is part of planning. The planning process must be continuous because internal and external conditions change continuously. The key idea is that *planning is a process, not a result*. There are four planning horizons: long-range planning, strategic planning, tactical, or project, planning, and operational planning.

Long-range planning can look ten or more years into the future.

The planning horizon depends in part on the speed of change in the environment. In the university environment, strategic planning might look three to six years into the future. There will be exceptions for business units where change is faster or slower. For example, in information technology, the strategic planning horizon extends two and a half to five

years into the future. However, when strategic planning is first begun, the strategic horizon begins with “now.” Strategic planning describes *what* things will be done over the period covered by the strategic planning horizon.

The tactical planning horizon covers one to about two and a half years, and corresponds roughly to the next two fiscal years. The tactical plan answers in detail the question of *how* those things described in the strategic plan will be accomplished.

The operational planning horizon covers “now” to about a year in the future and describes how day-to-day functions are accomplished. Just as a strategic plan drives tactical planning, the progress of the tactical plans drives the operational plan.

Planning Supports the Institution’s Guiding Principles

Military strategy supports national policy. In a university, the strategic plans of the various units support the guiding principles of the university. These guiding principles are expressed in mission, vision, and values of the institution. The mission and vision of the university should influence the missions and visions of its operating units; often the value statements will be identical.

Development of mission, vision, and values are part of the long-range planning horizon. They will change very infrequently and usually in response to slowly-changing internal or external conditions. The mission or vision of a university may encompass more than what is expressed in formal mission and vision statements, and that must be taken into account in strategic planning. Often, the expansion of mission and vision will be expressed as institutional goals.

Mission and vision drive the development of goals. As used here, *goals* are statements of intention toward specific topics; they implement the vision, but are more specific than the vision statement. The development of goals is the bridge between long-range and strategic planning. Goal development overlaps the long-term and strategic planning horizons.

The institutional mission and vision drive the development of institutional goals, which are expressed in the institution’s strategic plan. Goals for operating units, including information technology, are driven by the institutional goals as expressed in the university’s strategic plan, by the mission and vision of the operating unit, and by the goals of the other operating units. The latter consideration is especially important for support organizations like information technology because goals of other departments may require a corresponding goal in the support organization.

Development of goals requires assessment of the environment in which the institution operates. Situational or environmental assessments are particularly important in times of rapid change.

Objectives and Priority Setting

Objectives are derived directly from goals; they are the action steps needed to accomplish the goals. Gap analysis compares the current state of an organization with the desired state as expressed in terms of goals and identifies the differences. Thus, gap analysis identifies the objectives necessary to accomplish each goal.

Objectives are measurable actions that assign resources, a budget, a completion date, and an evaluation plan. Some planners use the acronym SMART to describe the characteristics of objectives: Specific, Measurable, Agreed, Realistic, Timely.

An objective is specific if it describes in detail what will be accomplished, over what period of time, and at what cost in money, personnel, and other resources.

Many of the evaluation criteria needed to make an objective measurable can be derived from the information provided to make the objective specific: facilities provided, budget and resources, and completion time. Additional measurements will depend upon the nature of the objective, and may include enrollment, course completion, graduation rates, and the like. If reductions in expenses or personnel were anticipated, the effect of implementing the objective should be measured in the evaluation phase. If an objective is proposed to replace an existing program, the evaluation phase should verify that the program being replaced has actually been retired.

In an environment of constrained resources and unconstrained demand, not all worthwhile strategic objectives can be achieved. An objective is agreed when the stakeholders understand how it was selected for implementation over other objectives that are deferred or not included at all.

An objective is realistic when it fits the culture of the institution and stands a reasonable chance of success given the resources available. Identifying the resources needed helps justify that an objective is realistic. The objective description should include a risk analysis for high-value, high-cost, or seemingly risky objectives. The fact that an objective is high-risk does not mean that it should not be approved, but all the stakeholders should understand the risks.

An objective is timely when it can be realized soon enough to take full advantage of the proposed benefits, and when it can be completed within the time contemplated when the objective is proposed.

It is almost inevitable that there will be more objectives than can be accomplished within the strategic planning horizon. That necessitates a priority-setting mechanism. There are many mechanisms that can be used to set priority among competing objectives. The important considerations are that every stakeholder must understand the process and that the result be a rank ordering of proposed objectives.

The Strategic Plan

Given a set of proposed objectives in rank order, it is possible to assemble a strategic plan. The proposed objectives are measured against available resources and laid out in a two- to four-year sequence.

It will usually be necessary to adjust the priorities of some objectives slightly in this final stage of the process. For example, if two resource-intensive objectives are assigned high priorities, it may be impossible to complete both in the same fiscal year. In that case, it may be necessary to defer one to a subsequent year and fill in with smaller, lower priority objectives to maximize resource utilization.

Before making such adjustments, planners should consider whether adjustments in resources are a more appropriate way to address a conflict of resources with priorities. Another possible alternative is load-leveling through the use of consultants and adjunct faculty.

The set of proposed objectives, rationalized against available resources, can now be assigned specific start and completion dates over the period covered by the strategic planning horizon. The objective descriptions for those objectives that fall in the current or next fiscal year form the basis for tactical or implementation planning.

Some objectives will necessarily be deferred beyond the strategic planning horizon. It is important that stakeholders in deferred objectives understand that they have been deferred so that they can make other plans for meeting their own objectives.

An Iterative Process, Not a Result

A strategic plan is a snapshot at a point in time. Budgets, priorities, resources, and environment will change. Over longer periods, the mission, vision, and goals of the institution may change. To accommodate these changes, the strategic plan must change.

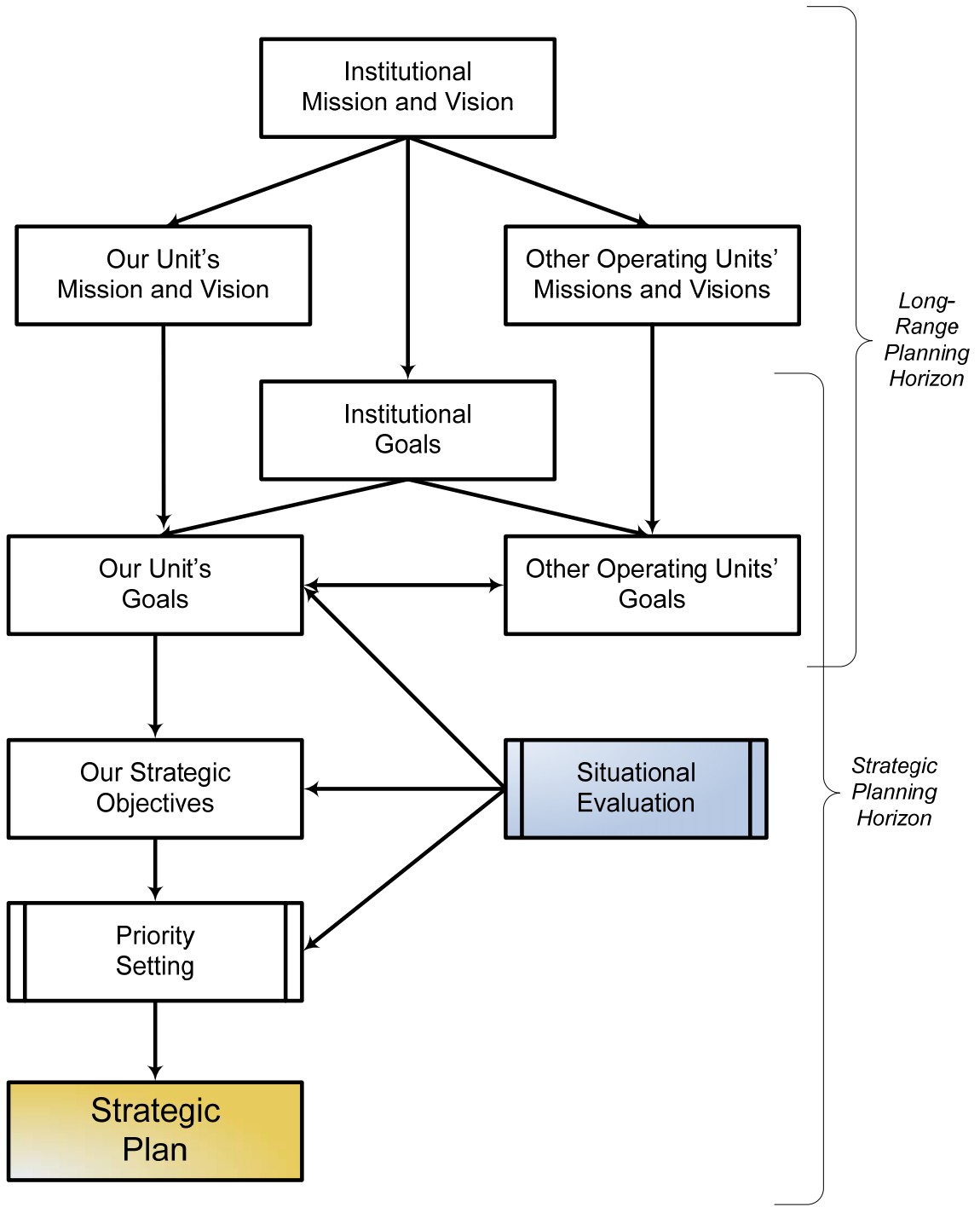
The strategic planning process must be repeated at least annually, in advance of budget preparation for the coming fiscal year. New objectives will be introduced, and some may be removed. Adjustments will be made for objectives accomplished sooner or later than anticipated, and priorities will be reconsidered.

Planning is a process, not a result.

A Final Note

This document has set forth some principles for strategic planning, but without describing mechanisms by which the principles can be applied. Different institutions employ different mechanisms. What is important is transparency. All stakeholders must know how the planning process is implemented and have confidence in the basic equitability of the process.

Appendix A Overview of Strategic Planning Principles



Appendix B

Example Objective Summary

from a

Health Care System Strategic Plan

Select and Install Document Imaging System

Medical Records (F. Smith)

This objective provides for final vendor selection and installation of a document imaging system in Medical Records, with retrieval available throughout the institution. It further provides chart completion workflow in Medical Records. This objective addresses Acme Regional Health Care System goal M10.

Capital cost: \$ 1,800,000
 Annual recurring cost: 225,000
 Expended to date: - none -

Initial personnel
 Information technology 2-3
 Other departments 2-4

Ongoing personnel
 Information technology 1-2
 Other departments 3-4

Objective status: Funded FY 2001
 Projected duration: 12-18 months
 Projected completion: 3Q 2002

- Addresses severe storage limitations in Medical Records
- Provides immediate and concurrent access to patient records.
- Allows for off-site coding.
- Provides for remote physician review and electronic signature.
- Improves record completion times.
- Reduces lost and misfiled records.
- First step in electronic medical record.

This objective summary was presented in PowerPoint format at a priority-setting session for health system executives. It was backed by an Objective Description document of about a dozen pages with a complete system description and details of the capital and recurring cost estimates, staffing estimates, and project duration estimate. Post-installation evaluation was based on the functionality presented in the system description.

Backup documentation for less costly objectives was correspondingly smaller, with the average size being 3-4 pages. All backup documentation includes details of cost estimates, staffing estimates, project duration, and expected functionality.

For approved objectives, the Objective Description serves as the starting point for the development of the tactical project plan.

Appendix C

Example Objective Development for an SPSU DoIT Goal

Goal 3—Establish structures and systems to foster collaboration and communication with the SPSU community

Strategies

1. Accessible, well maintained and easy to use document showing what IT services are available and how to use them.

Action Items

- a.) **Revise DoIT web site to improve ease of use to include:**
 - i) **Update the DoIT services list and identify missing documentation**
 - ii) **Review existing documentation and make updates as needed**

Objective: Update DoIT web site to include missing systems, if any, and missing documentation.

Deliverable: Updated web site.

Capital cost:	none
Annual recurring cost:	none
Initial personnel	
Information technology:	0.12 FTE
Other departments	none
Ongoing personnel	
Information technology	0.04 FTE
Other departments	none
Objective status:	New, unranked
Projected duration:	six weeks
Projected completion:	TBD pending priority setting

Note: The personnel budget is expressed in FTEs per year, so that adding FTE numbers across objectives gives an aggregate staff head count.

Planning assumptions: Gap analysis will take one person-week, and remediation will take five person-weeks. Ongoing maintenance will require about one day per month. *Please note:* These planning assumptions were made by someone without knowledge of internal DoIT operations. DoIT staff can doubtless provide more accurate estimates.

Appendix D

Example Objective Development for an SPSU DoIT Major Ongoing Project

Goal 1—Provide leadership and support to the SPSU community in using technology to improve campus processes.

Strategies:

- 4. Proactively seek opportunities to empower users to better use existing technologies**

Action Items

- c.) Implement a permanent workstation replenishment plan**

Objective: Workstations will be replaced after four years on a rotating schedule that replaces 25% of workstations each year.

Deliverable: Workstations replaced as scheduled each month.

Initial capital cost:	\$320,000
Recurring capital cost:	\$320,000
Annual recurring cost:	none
Initial personnel	
Information technology:	2.0 FTE
Other departments	none
Ongoing personnel	
Information technology	2.0 FTE
Other departments	none
Objective status:	New, unranked
Projected duration:	Ongoing
Projected start:	TBD pending priority setting

Note: The personnel budget is expressed in FTEs per year, so that adding FTE numbers across objectives gives an aggregate staff head count.

Planning assumptions:

- SPSU has 1,600 workstations. Future plans must account for increases.
- Replacement cost for a workstation is \$800.
- No more than 25% of workstations will be replaced each year in the first four years, even if more than 25% are over four years old.
- 200 effective working days per year after excluding holidays, PTO, etc.
- One day (about seven hours) is required to replace a workstation.

Please note: These planning assumptions were made by someone without knowledge of internal DoIT operations. DoIT staff can doubtless provide more accurate estimates.