

THE BASIC ELEMENTS OF A STRATEGIC PLANNING PROCESSE IN THE PUBLIC SECTOR

Kateřina Jirásková, Michaela Střiteská

Ústav ekonomiky a managementu, Fakulta ekonomicko správní, Univerzita Pardubice

Abstrakt: *Strategické plánování je důležitý rozhodovací nástroj, který v poslední době neustále více využívají manažeři ve veřejném sektoru. Tento článek nastiňuje metodu strategického plánování ve veřejném sektoru. Hlavní pozornost je věnována problematice strategické analýzy nikoliv však její implementaci. Dále se zabývá charakteristikou klíčových pojmů užívaných při provádění strategické analýzy.*

Abstract: *Strategic planning is a powerful decision-making tool for managers and policy makers, and is increasingly used by public sector organizations recently. The paper outlines the method of a strategic planning process in public sector. It distinguishes the process of strategic analysis from that of strategic implementation. It then moves on to describe key concepts used for carrying out a strategic analysis, including those useful for establishing strategic direction and intent, for assessing current performance and for making an environmental assessment.*

Klíčová slova: *strategické plánování, veřejný sektor, hlavní poslání organizace, situační analýza, výkon*

Key words: *strategic planning, public sector, mission statement, situational analysis, performance*

1. Introduction

Strategic planning is a systematic procedure that helps an organization to make decisions about necessary changes and focus, given the conditions and environment within which it operates. Existent the rapid changes that are characteristic of these times and the widespread criticism of public sector organizations and their performance, strategic planning is an extremely important initiative. It provides a means of periodically re-positioning an organization in its external environment, and of responding to new challenges and opportunities. Fundamentally, strategic planning examines the external environment of the organization, assesses the organization itself, identifies key issues to be dealt with, and then creates the strategies to be followed by the organization. There are many concepts and approaches for strategic planning. Next chapters begin the job of outlining the methods of the strategic planning process.

2. Overall strategy analysis

Strategic analysis is a creative process concerned with the formulation of ideas. We can see it as answering a number of key questions, which vary in their formulation depending on the preferred approach to strategy. One of the key reasons for strategic planning is operational planning or performance planning, as it is now being called in the public sector, which sets annual performance targets. So, while there may be a strategic plan covering the next five years? This kind of planning may be introduced by politicians who feel that there is too much complacency within the public sector organization and that there is a need to dispute bureaucratic inertia. The important strategic analysis questions therefore are:

1. What is the organizations mission statement and what are the associated strategic goals?
2. What opportunities and threats need to be considered in determining performance plans?

3. What annual performance targets (based on strategic goals) are to be defined within the performance plan?
4. What problems might get in the way of accomplishing these performance targets and how can adjustments be made to anticipate them, or what contingency plans are needed?

The fashionable element in this type of approach is to be seen in the prevalence of newly formulated mission statements. It may seem strange that a public sector organization which has been functioning for decades, should find itself needing to draw up mission statements. But the reason is the confusion which develops when public sector organizations have been around for a long time. As different societal problems have emerged, or politicians have made new demands on public services, organizations have obtained additional new responsibilities without anyone having made sure that it made sense. This approach also posed directly against the traditional view of measuring public services in terms of inputs. Further, it is seen as instrumental in providing a base for continuing performance improvements. This model of strategic analysis probably comes closest to one of the most widespread conceptions of strategic planning which, as its most simplified, sees strategy *as fitting the organization to its environment*. This idea of strategy implies first the need to do an assessment of the environment, then the need to plan a strategic answer to threats and opportunities detected in the environment, and finally the need to manage the strategic response. A strategic planning process for this kind of strategic analysis could be designed by building on Eadie's proposals and look something like to following [1]:

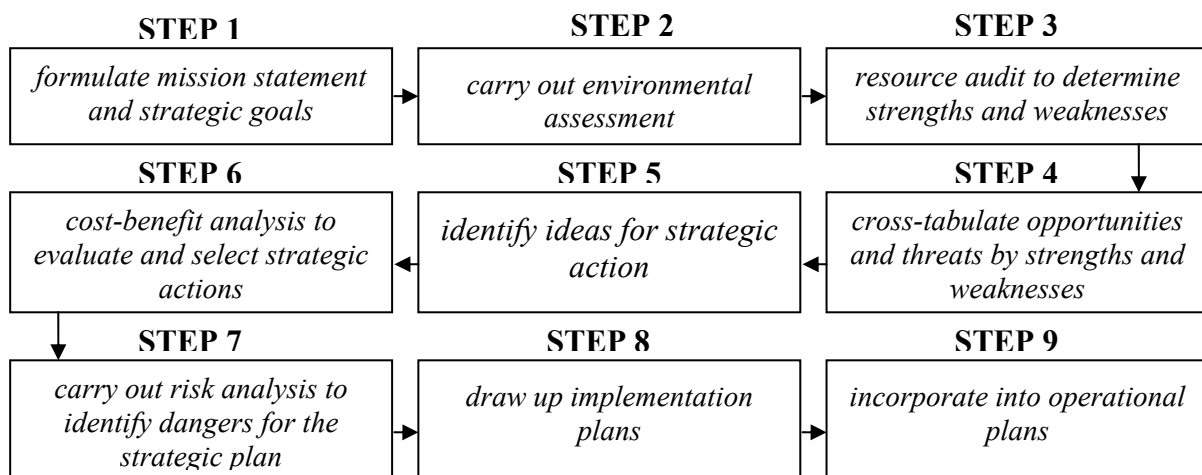


Figure 1: Strategic planning process

Now we will briefly suggest some of the key ideas and techniques which are employed in this type of strategic planning process.

2.1. Mission statement

Mission statement can be fairly basic defined as a statement of organizational purpose which sets out [2]:

- ❖ the intended beneficiaries,
- ❖ the main services or goods to be provided,
- ❖ the geographical boundary of the organization's operations,
- ❖ the desired consequences of the organization's services, and
- ❖ a concept which expresses the organization's identity.

Not all mission statements have all the components suggested here, and many may contain other elements as well. The definition of the desired consequence of the organization's services is the part of the mission statement which is most critical from the point of view of measuring organizational performance. Without this, it is hard to see how the mission statement can be used as a basis for performance planning. One final issue is the extent to which a mission statement should be unique to each public sector organization. To some extent, the answer depends on the legislative mandates that set out an organization's authority. But, as Bryson points out: "Too many organizations think they are more constrained than they actually are" [3]. A mission statement which is precise may encourage stakeholders to see the organization as in some way special and, therefore, as deserving of a special level of support and commitment. It would be useful to do a comprehensive stakeholder analysis identifying the expectations each group has of the organization and their relative power of influence. Such a stakeholder analysis might also be useful for recognition of who should be involved in strategy formulation. Mission statements may be seen as the starting point of a strategic analysis and should be written in a way that will help the process of strategy formulation.

2.2. Goal-setting techniques

Mission statements are meant to be relatively permanent. Strategic goals are derived from the mission statement but allow for evolution and innovation in activities. One approach to developing strategic goals from the mission statement is based on identifying key performance areas [4]. These may be defined as areas of activity which are critical to the organization's survival and success. Key areas are difficult to identify. One suggestion for a procedure which may be used is as follows. Chief executives would first remind themselves of the mission statement and then ask themselves, first, what key problems they think need addressing by their organization, and second, why it would be important to find solutions to these problems or concerns. The rationale for identifying key areas in this way is that chief executives have a lot of tacit information and understanding of their situation.

However difficult the process of identifying the key performance areas is, it is self-evidently important that they are identified and used for formulating strategic goals. The organization is thereby focused in a way that brings the best prospects for success in relation to its mission. The strategic goals for a five-year strategic planning horizon would then be formulated to ensure that these key areas were being addressed. In drawing up the strategic goals the usual advice is that organizations should not formulate too many strategic goals, that they should be stated in a way that means that they are measurable, and that they should be challenging but achievable.

2.3. Strategic visions and values

Some public sector organizations prefer to create strategic visions and define core values rather than produce mission statements. Some of them define core values alongside mission statements. The strategic vision is perhaps best seen as corresponding to a strategic goal.

But not all public sector organizations want to set their strategic direction in terms of a number of discrete and measurable goals. Therefore it is possible to use the strategic vision of the future of the organization as a statement of the goal to be monitored. This vision can be expressed as a qualitative statement [5]. In this case the main emphasis in strategic planning is on issue management rather than on implementing strategic goals.

On the other side we can use a vision of a successful future for another kind of strategic planning process. In this approach the goal is defined as a strategic foresight of a desired future in which new kinds of benefits will be offered to the public. The strategic foresight

process involves defining a desired future and then working backwards to produce ideas for a possible path from the current situation.

Values may be regarded as goals. There can be specified four core values:

1. to achieve quality,
2. to be efficient,
3. to give customers what they want and
4. to value and empower the staff.

Values may be seen as complementary to a mission statement or a strategic vision statement, in which case they may be used to state how the organization will conduct itself in implementing its mission or strategic vision statement.

2.4. Environmental assessment

Probably the only environmental assessment that a public sector organization might do is a study of its legislative mandates. Nonetheless, public organizations have to set up strategic management processes which involve scanning the environment for demographic, economic, social and legislative trends and events [6]. Public sector managers and strategic planners have borrowed from the private sector literature and made use of PEST (political, economic, social and technological) analysis.

One approach to assessing the environment prompts some managers in an organization to think about possible changes and then come to an agreement about the importance of the changes and about the organization's preparedness for dealing with them [7]. Managers are stimulated to think about changes in respect of demographic, social, economic, political, ecological, technological, legal and infrastructure factors.

Public sector organizations could also assume a structural analysis with the difference that public services planners and managers should look at political forces rather than competitive forces. There might be five political forces:

- ❖ political oversight forces,
- ❖ professional forces,
- ❖ market forces,
- ❖ citizen forces,
- ❖ service user forces.

In order to direct its structural (political) analysis the following five questions could be asked by an individual public sector organization:

1. What directions or priorities are political oversight bodies emphasizing?
2. What pressures are professionals and their organizations creating on public services?
3. What challenges are being formed as a result of commercialization pressures or by the competition of private sector organizations?
4. What concerns do the public have and how powerfully are these being expressed by pressure groups and lobbying?
5. What do service users need and how strongly is this expressed through surveys and complaints?

3. Conclusions

In this paper we have introduced the strategic planning process as a model, in which the mission statement is the platform for developing strategic goals. We have also briefly suggested various techniques which may be used to implement a strategic analysis.

Then we have discussed how strategic goals may be formulated as a set of discrete and measurable objectives. It was also recognized that public sector organizations may prefer to produce a qualitative statement of their strategic vision of a future state of success as their strategic goal. This may be used where the organization wishes to pursue strategic planning as an issue-management process and where the organization is experimenting with a strategic foresight process.

The last section of this article disserts on the importance of environmental assessment for the public sector organization.

Because of the limited range we weren't able to discuss all important topics of a strategic planning process in the public sector. Thus there were noted only basic elements of this problems.

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Contact:

Kateřina Jirásková
University of Pardubice
Faculty of Economics and Administration
Institute of Economy and Management
Studentská 84, 532 10 Pardubice
katerina.jiraskova@upce.cz

Michaela Střiteská
University of Pardubice
Faculty of Economics and Administration
Institute of Economy and Management
Studentská 84, 532 10 Pardubice
michaela.striteska@upce.cz