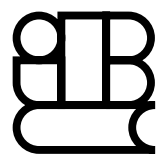# STRATEGIC PLANNING FOR PUBLIC AND NONPROFIT ORGANIZATIONS

A Guide to Strengthening and Sustaining Organizational Achievement

THIRD EDITION

John M. Bryson

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> —Bryan Barry, principal consultant, Amherst H. Wilder Foundation Center
> for Communities, St. Paul, Minnesota

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PREFACE

How can the leaders and managers of public and nonprofit organizations cope with the challenges that confront their organizations, now and in the years ahead? How should they respond to the increasingly uncertain and interconnected environments in which their organizations operate? How should they respond to dwindling or unpredictable resources; new public expectations or formal mandates; demographic changes; deregulation or reregulation; upheavals in international, national, state, and local economies and polities; and new roles for public, nonprofit, and business organizations? What should their organizations' missions be? How can they create greater and more enduring public value? How can they build on organizational strengths and take advantage of opportunities while minimizing organizational weaknesses and overcoming challenges to their organizations? How can they formulate desirable strategies and implement them effectively? These are the questions this book addresses.

Scope

Strategic Planning for Public and Nonprofit Organizations is based on the premise that leaders and managers of public and nonprofit organizations must be effective strategists if these organizations are to fulfill their missions, meet their mandates,

satisfy their constituents, and create public value in the years ahead. These leaders and managers need to exercise as much discretion as possible in the areas under their control, they need to develop effective strategies to cope with changed and changing circumstances, and they need to develop a coherent and defensible basis for their decisions.

Strategic planning is a set of concepts, procedures, and tools designed to assist leaders and managers with these tasks. Indeed, strategic planning may be 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. In the past forty years strategic planning has become a standard part of management thinking and practice in the business world. In the past twenty years strategic planning has become the standard practice of large numbers of public and nonprofit organizations.

The first and second editions of this book played an important role in promoting the use of strategic planning by public and nonprofit organizations. The practice of strategic planning has progressed substantially, and new areas of concern have emerged. Thus, although this third edition covers the same topics as the first and second editions, it also focuses on additional areas requiring special attention. All of the chapters have been updated, and new cases have been added. I have supplied new material about

- Creating public value
- Stakeholder analysis methods
- The difference between strategic issues and operational issues
- New approaches to strategic issue identification
- The importance of strategy mapping
- Performance management and balanced scorecards
- New forms of strategic management systems
- Strategic planning in collaborative settings

Four resource sections that were in the second edition have been dropped, and two new ones have been added. The dropped sections discussed an approach to external scanning and useful concepts for identifying strategic issues, formulating and implementing strategies, and establishing a vision of success. Some of the material that was in those sections has now been added to the main text; dated material has been omitted. The new resource sections are devoted to the particularly timely topics of stakeholder identification and analysis methods and strategic planning in collaborative settings.

This third edition also explicitly blends leadership, strategic planning, and management, an approach that reflects a major trend in the field. People realize

that strategic planning is no substitute for leadership. Instead, strategic planning comprises a set of concepts, procedures, and tools that can help leaders and followers enhance organizational (and community) achievement. People also realize that it is not enough just to think and learn—organizations must act as well. And it is not enough just to decide what to do and how to do it—the doing matters too. Of course these points were all emphasized in the previous editions, but they are emphasized even more here. This current edition is therefore as much about strategic *management* as it is about strategic *planning.* I have kept the original title, however, because of the recognition and following the first two editions achieved.

This new edition also highlights the importance of inclusion, analysis, and speed as means of increasing organizational and community effectiveness (Bryson, 2003a), reflecting another trend in the field. The idea is to get more people of various kinds and with various skills involved, increase the sophistication and quality of analysis used to inform action, and do it all more quickly than in the past. The challenge of course is that doing any two of these three things is not so hard, but doing all three together is very hard. For example, there are methods that enable large numbers of stakeholders to be in the same room at the same time working on strategic planning, but it is hard to inform their efforts with sophisticated analysis. Alternatively, sophisticated analyses often can be done quickly but not when they involve a large group of people. One of the challenges this book presents to leaders and managers is to be inclusive, analytical, and quick all at once. Figuring out how to address that challenge effectively is not really solved here and is one of the continuing tasks for the field.

In sum, in this edition there is a renewed emphasis on the fact that strategic planning is *not* the same as strategic thinking, acting, and learning. What matters most is strategic thinking, acting, and learning. Strategic planning is useful only if it improves strategic thought, action, and learning; it is not a substitute for them. The reader should keep clearly in mind that in practice, strategies are formed (and realized) out of a variety of sources (the vision of new leaders, intuition, group learning, innovation, what already works, chance) and strategic planning is only one of them. Wise strategic thought, action, and learning take all sources into account. As Mintzberg (1994, p. 367) notes, "Strategy formation cannot be helped by people blind to the richness of its reality."

Specifically, this book

- Reviews the reasons public and nonprofit organizations (and communities) should embrace strategic planning and management as ways of improving performance.
- Presents an effective strategic planning and management process that has been used successfully by thousands of public and nonprofit organizations; this *Strategy*

Change Cycle enhances the process presented in the second edition with readiness assessment, stakeholder analysis, new approaches to strategic issue identification, strategy mapping, balanced scorecards, performance management, and strategic management systems.

- Offers detailed guidance on applying the process, including information on specific tools and techniques that might prove useful in various circumstances within organizations, across organizations, and in communities.
- Discusses the major roles that must be played by various individuals and groups for strategic planning to work, and gives guidance on how to play the roles.
- Clarifies the various ways in which strategic planning may be institutionalized so that strategic thinking, acting, and learning may be encouraged and embraced across an entire organization.
- Describes many new examples of successful (and unsuccessful) strategic planning practices.
- Relates the entire discussion to relevant research and literature.

Audience

This book is written for two main groups. The first consists of elected and appointed policymakers, managers, and planners in governments, public agencies, and nonprofit organizations who are responsible for and who want to learn more about strategic planning and management. This book will help these individuals understand what strategic planning and management are and how to apply them in their own organizations and, to a lesser extent, their communities. Thus this book speaks to city council members, mayors, city managers, administrators, and planners; sheriffs, police chiefs, fire chiefs, and their staffs; school board members and school administrators and staff; county commissioners, administrators, and planners; governors, state cabinet secretaries, and state administrators and planners; legislators; chief executive officers, chief administrative officers, chief financial officers, and chief information officers; executive directors, deputy directors, and unit directors; presidents and vice presidents; elected and appointed officials of governments and public agencies; and boards of directors of nonprofit organizations.

The second major audience consists of academics and students of strategic planning and management. Courses on strategic planning and management are now typically offered in schools of public affairs, public administration, public planning, and public policy. This book offers participants in these courses a useful blend of theory and practice.

Others who will find the book interesting are businesspeople and citizens interested in increasing their understanding of how to improve the operations of governments, public agencies, and nonprofit organizations. This book can help these individuals understand and improve their communities.

Overview of the Contents

Part One introduces the reader to the dynamics of strategic planning. Chapter One introduces the concept of strategic planning and explains why such planning is important for governments, public agencies, nonprofit organizations, and communities. Attention is focused on strategic planning for (1) public agencies, departments, and major organizational divisions; (2) general purpose governments; (3) nonprofit organizations; (4) functions, such as transportation, health care, or education, that bridge organizational and governmental boundaries; (5) interorganizational networks; and (6) entire communities, urban or metropolitan areas, regions, and states seen as economic, social, and political entities. The benefits of strategic planning are emphasized, as are the conditions under which strategic planning should *not* be undertaken. In this chapter I also argue that public and nonprofit strategic planning is an innovation that is here to stay. The reason is that at its best, strategic planning can accommodate both substantive rationality and political acceptability. Finally, readers will be introduced to three organizations whose experience with strategic planning will be used throughout the book to illustrate key points. The three comprise two public organizations (a school district and a U.S. Navy organization) and one nonprofit organization (a housing, training, and social service organization).

In Chapter Two, I present my preferred approach to strategic planning and management, which I call the Strategy Change Cycle. This approach has been used effectively by a large number of governments, public agencies, and nonprofit organizations in the United States, Canada, the United Kingdom, and Australia, and indeed has been applied successfully on every continent—except perhaps Antarctica! (Readers of the second edition will find that the Strategy Change Cycle described here differs slightly from the process outlined previously; the changes reflect changes in my own thinking—often resulting from the advice of colleagues—as well as changes in the field more generally.)

Chapters Three through Ten, which make up Part Two, describe in detail how to apply the approach.

Chapter Three covers the initial agreement, or readiness assessment and *plan for planning*, phase of the strategic planning process. Chapter Four focuses on

identification of mandates and the clarification of mission and values. Chapter Five addresses the assessment of an organization's external and internal environments. Chapter Six discusses strategic issues—what they are, how they can be identified, and how to critique them. Chapter Seven is devoted to the development of effective strategies and plans and also discusses strategy review and adoption. Chapter Eight covers the development of the organization's *vision of success,* that is, what the organization should look like as it fulfills its mission and achieves its full potential. Chapter Nine attends to the development of an effective implementation process. Chapter Ten covers reassessment of strategies and the strategic planning process as a prelude to a new round of strategic planning. Chapters Three through Seven thus emphasize the planning aspect of the Strategy Change Cycle, whereas Chapters Eight through Ten highlight the management aspects.

Part Three offers two chapters designed to help leaders know what they will need to do to get started with strategic planning and to make it work. Chapter Eleven covers the many roles and responsibilities necessary for effective strategic leadership of public and nonprofit organizations. These roles include sponsoring, championing, and facilitating the process in such a way that an organization's situation is clearly understood, wise decisions are made and implemented, residual conflicts are handled well, and the organization is prepared for the next round of strategy change. Chapter Twelve assesses the strategic planning experiences of the three organizations used as examples throughout the text. This chapter also provides guidance on how to begin strategic planning.

Finally, three resource sections are provided. Resource A presents an array of stakeholder identification and analysis methods designed to help organize participation, create strategic ideas worth implementing, organize a coalition of support for these ideas, and protect these ideas during implementation. Resource B offers process guidelines for using *ovals* to develop *strategic issues maps,* discusses how these maps can be converted into *strategy maps,* and describes additional uses for the oval mapping process. Resource C provides guidance on applying the Strategy Change Cycle in collaborative settings, a growing area of need.

Strategic Planning for Public and Nonprofit Organizations will provide most of the guidance leaders, managers, and planners need to engage in a strategic planning and management process aimed at making their organizations (and communities) more effective and responsive to their environments. This book reveals a simple yet effective strategic planning and management process designed specifically for public and nonprofit organizations, detailed advice on how to apply the process, and examples of its application. The entire exposition is grounded in the relevant research and literature, so readers will know where the process fits in with prior research and practice and can gain added insights on applying the process.

The Strategic Planning Workbook

The second edition benefited from having a companion strategic planning workbook that groups and organizations could use to work through the nuts and bolts of the strategic planning and management process. I have again teamed with Farnum Alston, a highly skilled and experienced consultant, to coauthor a second edition of *Creating and Implementing Your Strategic Plan* (Bryson and Alston, 2004).

This workbook is designed primarily to help those who are relatively new to strategic planning to guide themselves through the Strategy Change Cycle. However, those who are experienced old hands are also likely to find it useful.

The workbook is in no way a substitute for this book. Effective strategic planning is an art that involves thoughtful tailoring to specific contexts. *Strategic Planning for Public and Nonprofit Organizations* provides considerable guidance on how to think about the tailoring process, including many process guidelines, caveats, and case examples. Thus this book should be read before the workbook is used, and should be consulted on a regular basis throughout the course of a Strategy Change Cycle.

Minneapolis, Minnesota   John M. Bryson
July 2004

ACKNOWLEDGMENTS

Space limitations prevent me from rethanking by name all those who con-tributed to the first and second editions of this book. Nonetheless, I remain deeply grateful to them. Without their insights, thoughtfulness, advice, and other forms of help, neither those editions nor this one would have been written. I carry their wisdom with me every day.

There is space, however, for me to thank the people who contributed their in-sights, advice, and support to this third edition. Deep thanks and appreciation must go to Colin Eden and Fran Ackermann, two colleagues at the University of Strathclyde in Glasgow, Scotland; Charles "Chuck" Finn, a colleague at the Col-lege of Saint Rose in Albany, New York; and David Andersen and George Richardson, colleagues at the Rockefeller College of Public Affairs at the State University of New York at Albany. The six of us have been carrying on a dialogue about public and nonprofit strategic management for well over a decade, and this continuing "seminar" has been one of the most significant sources of my own learning.

A number of academic colleagues (many of whom are also skilled consultants and practitioners) at various institutions in the United States, the United King-dom, and elsewhere have contributed to the third edition through writing to me or conversing with me. They include Stuart Albert, Sandra Archibald, Franco Archibugi, Robert Backoff, Michael Barzelay, Nic Beech, Robert Behn, Kimberly

throughout this book. He has also involved me in other county initiatives through which I gained as much in knowledge as I might have contributed. Tom Walkington (who holds a Ph.D. degree in public administration) has played a key role in developing Hennepin County's strategic management system, which is discussed in several places in this book. Tom's patient explanations of what has and has not worked, and why, have greatly improved my own understanding of strategic management systems. Bill Frentzel helped the NSG respond effectively to drastic changes in the world geopolitical situation, overall Navy strategy, organizational funding arrangements, technological changes, and interorganizational relationships. Bill also read virtually the entire manuscript for this book; his extremely helpful comments and editorial advice have greatly improved it. In short, I have learned and been helped so much by all three that it is hard to know how to thank them.

Other practitioners (several of whom have also been academics) who have advanced my knowledge of strategic planning and deserve special thanks include Norman Anderson, Sharon Anderson, Bryan Barry, Renee Berger, Ronnie Brooks, David Byfield, Beth Carlson, Anne Carroll, Steve Cramer, George Dow, John Garry, Bill Gaslin, Leah Goldstein, Lonnie Helgeson, Mike Hopkins, Barbara Johnson, Richard Johnson, Tom Kingston, Milne Kintner, Melissa Krull, Karl Kurtz, Tony Mounts, David O'Fallon, David Osborne, Jon Pratt, David Riemer, Jim Scheibel, Randy Schenkat, Bev Stein, Becky Stewart, Sandra Vargas, Mike Winer, and Lyle Wray. I also want to make special mention of Robert W. "Bob" Terry. Bob died in 2002 and is sorely missed. He was a former colleague at the Humphrey Institute before entering private practice in the early 1990s. You will see the influence of his books (Terry, 1993, 2001) in many places in this book. I must also express deep gratitude to the many readers who gave me valuable feedback on the previous editions of this book.

Since 1987, I have served as a strategic planning consultant to various health and social service organizations in Northern Ireland, and I must thank several people there who have been especially helpful. They include David Bingham, Richard Black, Seamus Carey, David Finegan, Clive Gowdy, Irene Hewitt, Stephen Hodkinson, Stephen Leach, Hugh McCaughey, Shirley McCaughey, William McKee, Denis McMahon, Paul Simpson, and Brian White, among many others. The opportunity to work over a long period of time on strategic planning projects in a different country, in a sector undergoing often radical change, and in especially difficult political circumstances has immeasurably improved my understanding of both the limits and possibilities of strategic planning.

At the Humphrey Institute, I would like to thank, in addition to those already mentioned, Dean Brian Atwood; Harry Boyte; former dean John Brandl; Gary DeCramer; Kathy Fennelly; Marsha Freeman; Lee Munnich; Stephen Sandell; Jodi Sandfort; my research assistants Meredith Anderson, Lisa Garner-Springer,

and Joshua Zepnick; my always helpful secretary, Donna Kern; and scores of students for their ideas, assistance, and support. Sharon Anderson (whom I also mentioned earlier) was at the Humphrey Institute in a variety of administrative capacities until 2002 and is now in private practice. She is an absolutely wonderful strategic planning process designer and facilitator and has been a tremendous source of advice, support, and "heavy lifting" on various projects over the years.

Much of this third edition was written while Barbara Crosby and I were on sabbatical leave in Glasgow, Scotland, for the 2002–03 academic year. While there, we were visiting professors in the Graduate School of Business (GSB) at the University of Strathclyde. I would like to thank everyone at the university for the many kindnesses and warmth we were shown. Members of the faculty who helped in various ways and have not already been mentioned include John Bothams (now retired), George Cairns (now at the University of Durham), Peter McInnes, Jill Sheppard, and George Wright (now at the University of Leeds). I especially wish to thank Sharon Gribben and Val Turner, secretaries at GSB, for their marvelous and much-appreciated efforts to make us welcome and see that we had what we needed. I would also like to thank a wonderful group of doctoral students who welcomed us into "the research studio"—Shima Barakat, Paul Hibbert, Peter McInnes (who has since joined the faculty), and Aiden McQuade.

Of course no mention of our year in Glasgow would be complete without mentioning our wonderful neighbors. I particularly want to express my heartfelt thanks to Malcolm Foley and Gayle McPherson, two charming, funny, friendly, learned Scottish academics who welcomed Barbara and me (and our children when they visited) into their home and into their lives. They have become dear friends and we hope to see them often in the coming years. And I also want to thank David Andersen (whom I also mentioned earlier) and his spouse, Deborah Andersen, also an academic, for their great friendship while they were our downstairs neighbors and were also on sabbatical leave in Glasgow. I treasure the times we had with these four fabulous human beings.

At Jossey-Bass, I wish to thank my editor, Dorothy Hearst, and Allison Brunner, Xenia Lisanevich, and Elspeth MacHattie for all the help they gave. The book was greatly improved as a result.

Some of the material in this book appeared elsewhere, and I thank the editors and publishers of these earlier publications for allowing revised versions to be printed here. Some ideas in Chapter One appeared in Bryson and Einsweiler (1987); Bryson and Roering (1987); and in a book coedited with Bob Einsweiler (Bryson and Einsweiler, 1988). Parts of Chapter Seven appeared in Bryson (1988). Parts of Chapter Four and Resource A appeared in Bryson (2004b). Earlier versions of some material in Chapters Nine, Ten, and Eleven appeared in Bryson and Crosby (1992). Resource C is a major revision of Bryson, Crosby, and Ackermann (2003).

Finally, I must thank my spouse, Barbara Crosby, herself a skilled academic, and our two wonderful children, Jessica Ah-Reum Crosby and John Kee Crosby Bryson, for their love, support, understanding, intelligence, and good humor. Barbara is my best friend, closest adviser, and the person who more than any other has helped me understand and appreciate what love can be. She has also taught me a great deal about leadership and strategic planning. Our children are marvels, and I love them very deeply and am very proud of them. My hope for this book is that it will help make the world a better place for them and their children—and everyone's children. If it does, I could not be more thankful.

—J.M.B.

To Andre Delbecq, Robert Einsweiler, Frederick Fisher,
Jerome Kaufman, June Spencer, and Bernard Taylor—
who got me going down this path and provided
help of many kinds along the way

THE AUTHOR

JOHN M. BRYSON is professor of planning and public affairs at the Hubert H. Humphrey Institute of Public Affairs at the University of Minnesota, where he has also served in a variety of administrative roles. He was a visiting professor at the London Business School for the 1986–87 academic year, where the first edition of *Strategic Planning for Public and Nonprofit Organizations* was written. During the 1993–94 academic year, when most of the second edition was written, he was a visiting professor in the Department of Management Science, University of Strathclyde; the School of Planning, Oxford Brookes University; and Nuffield College, Oxford University. During the 2002–03 academic year, when much of the third edition was written, he was a visiting professor in the Graduate School of Business at the University of Strathclyde. He received a B.A. degree (1969) in economics from Cornell University and holds three degrees from the University of Wisconsin, Madison: an M.A. degree (1972) in public policy and administration, an M.S. degree (1974) in urban and regional planning, and a Ph.D. degree (1978) in urban and regional planning.

Bryson's interests include public leadership and policy change, strategic planning, and the design of participation processes. His research explores ways to improve the theory and practice of policy change and planning, particularly through situationally sensitive approaches. He has received numerous awards for his work, including the General Electric Award for Outstanding Research in Strategic Planning from the Academy of Management and awards for best article from the *Journal of*

the American Planning Association and the *Journal of Planning Education and Research*. He is the coauthor (with Barbara C. Crosby) of *Leadership for the Common Good* (Jossey-Bass, 1992), which received the Terry McAdam Award for "outstanding contribution to the advancement of the nonprofit sector" and was named the Best Book of 1992 by the Public and Nonprofit Division of the Academy of Management. *Leadership for the Common Good* (2nd ed., with Barbara Crosby as first author) is forthcoming. The second edition of *Strategic Planning for Public and Nonprofit Organizations* was named the Best Book of 1995 by the Public and Nonprofit Division of the Academy of Management. His most recent book (with Fran Ackermann, Colin Eden, and Charles Finn) is *Visible Thinking: Unlocking Causal Mapping for Practical Business Results* (2004).

Bryson is a regular presenter in many practitioner-oriented training programs. He has served as a strategic planning and leadership consultant to a wide variety of public, nonprofit, and for-profit organizations in North America and Europe.

STRATEGIC PLANNING FOR PUBLIC AND NONPROFIT ORGANIZATIONS

PART ONE

UNDERSTANDING THE DYNAMICS OF STRATEGIC PLANNING

The environments in which public and nonprofit organizations operate have become not only increasingly uncertain in recent years but also more tightly interconnected; thus changes anywhere in the system reverberate unpredictably—and often chaotically and dangerously—throughout the society. This increased uncertainty and interconnectedness requires a fourfold response from public and nonprofit organizations (and from communities). First, these organizations must think, act, and learn strategically as never before. Second, they must translate their insights into effective strategies to cope with their changed circumstances. Third, they must develop the rationales necessary to lay the groundwork for the adoption and implementation of their strategies. And fourth, they must build coalitions that are large enough and strong enough to adopt desirable strategies and protect them during implementation.

Strategic planning can help leaders and managers of public and nonprofit organizations think, learn, and act strategically. Chapter One introduces strategic planning, its potential benefits, and some of its limitations. It discusses what strategic planning is not and in what circumstances it is probably not appropriate. It also describes why strategic planning is a "smart practice" that is here to stay—because of its capacity, at its best, to incorporate both substantive and political rationality. The chapter concludes by introducing three organizations that have used a strategic planning process to produce significant changes. Their experiences will be used throughout the book to illustrate the dynamics of strategic planning.

Part One concludes with an overview of my preferred strategic planning process (Chapter Two). This process, the Strategy Change Cycle, was designed specifically to help public and nonprofit organizations (and communities) think, act, and learn strategically. It is typically fluid, iterative, and dynamic in practice but nonetheless allows for a reasonably orderly, participative, and effective approach to determining how best to achieve what is best for an organization and create real public value. Chapter Two also highlights several process design issues that are addressed throughout the book.

A key point that is emphasized again and again is that strategic *thinking, acting*, and *learning* are the activities that are important, not strategic planning per se. Indeed, if any particular approach to strategic planning gets in the way of strategic thought, action, and learning, that planning approach should be scrapped!

WHY STRATEGIC PLANNING IS MORE IMPORTANT THAN EVER

Usually, the main problem with life conundrums is that we don't bring to them enough imagination.

THOMAS MOORE, *CARE OF THE SOUL*

Leaders and managers of governments, public agencies, nonprofit organizations, and communities face numerous and difficult challenges. Consider, for example, the dizzying number of trends and events affecting the United States in the past two decades: an aging and diversifying population; changes in the nature of families; an apparent shift to political conservatism; tax cuts, levy limits, and indexing; dramatic shifts in federal and state responsibilities and funding priorities; a huge bull market in equities followed by one of the longest bear markets in history; a closing of the gap between rich and poor and then a reopening of that gap; the emergence of children as the largest group of poor Americans; dramatic growth in the use of information technology, e-commerce, and e-government; the changing nature of work and a redefinition of careers; fears about international terrorism; and the emergence of obesity as an important public health concern. Perhaps most ominously, we have experienced a dramatic decline in social capital in recent decades (Putnam, 2000), and citizens in the United States and other developed countries appear to be less happy now than they were thirty years ago (Lane, 2000; Institute of Education, 2003).

Not surprisingly, we have seen sustained attention to governmental and nonprofit organizational design, management, performance, and accountability as part of the process of addressing these and other concerns. Indeed, in the public sector, change—though not necessarily dramatic or rapid change—is the rule rather than the exception (Peters, 1996, p. vii, Rainey, 1997, p. 317; Light, 1997, 2000; Kettl, 2002).

Globally, the spread of democracy and a beneficent capitalism seemed almost inevitable after the collapse of the Soviet Union (Schwartz, Leyden, and Hyatt, 1999; Giddens, 2002). Now, progress seems far more uneven (Huntingdon, 1998; Friedman, 2000; Sardar and Davies, 2002). Dictators—even tyrants—still abound; concerns about labor dislocations and exploitation persist; unemployment rates are high in many, perhaps most, developed and developing countries; many of the world's fish stocks are depleted, and so on. Poverty and ill health are far too widespread, even when some of the worst effects of ill health might be removed for literally pennies per person per day through ensuring clean water and sanitation facilities and easy access to immunization and generic drugs. Global environmental change shows up in hotter average temperatures, changed rainfall patterns, prolonged droughts, an increasing number of catastrophic storms, and increased skin cancer rates. The Worldwatch Institute (2004) claims in *State of the World 2004: Richer, Fatter, and Not Much Happier,* that worldwide consumerism has put us on a collision course with environmental disaster. Terrorism is real and deeply threatening, and must be countered if democracy, sane economic growth, and peaceful conflict management are to occur. And Sir Martin Rees, a renowned astrophysicist and Britain's astronomer royal, guesses the world has only a fifty-fifty chance of escaping a devastating global catastrophe of some kind sometime in this century (Rees, 2003).

So do I have your attention? Organizations that want to survive, prosper, and do good and important work must respond to the challenges the world presents. Their response may be to do what they have always done, only better, but they may also need to shift their focus and strategies. Although organizations typically experience long periods of relative stability when change is incremental, they also typically encounter periods of dramatic and rapid change (Gersick, 1991; Baumgartner and Jones, 1993; Mintzberg, 1994). These periods of organizational change may be exciting, but they may also be anxiety producing—or even terrifying. As geologist Derek V. Ager notes, "The history of any one part of the earth . . . consists of long periods of boredom and short periods of terror." (Gould, 1980, p. 185).

These environmental and organizational changes are aggravated by the interconnectedness of the world. Changes anywhere typically result in changes elsewhere. Or as novelist Salman Rushdie (1981) says, "Most of what matters in our lives takes place in our absence" (p. 19). This increasing interconnectedness is perhaps most apparent in the blurring of three traditionally important distinctions—between domestic and international spheres; between policy areas; and between public, private, and nonprofit sectors (Cleveland, 2002; Kettl, 2002). These changes have become dramatically apparent since the mid-1970s.

The U.S. economy is now intimately integrated with the economies of the rest of the world, and events abroad have domestic repercussions. My wife and I own two U.S.-made cars—whose engines and drivetrains are Japanese. Deflation in Japan in the last few years has aroused fears of deflation in the United States and elsewhere. When I was growing up, the Soviet Union was the enemy; now the Evil Empire, as President Ronald Reagan called it, does not exist, and Russia is an ally on many fronts. Threats to U.S. oil supplies from abroad prompt meetings in and actions by the White House, the intelligence agencies, and the Departments of State, Defense, and Homeland Security.

Distinctions between policy areas are also hard to maintain. For example, educational policy is now seen as a type of economic development and industrial policy to help communities and firms compete more effectively. Strengthening the economy will not eliminate the human service costs incurred by the government, but letting it falter will certainly increase them. Physical education programs, educational programs promoting healthy lifestyles, and parks and recreation budgets are viewed as ways of controlling health care costs.

Finally, the boundaries between public, private, and nonprofit sectors have eroded. National sovereignty has "leaked up" to multinational corporations, international organizations, and international alliances. Sovereignty has "leaked out" to businesses and nonprofit organizations. Taxes are not collected by government tax collectors but are withheld by private and nonprofit organizations from their employees and turned over to the government. The nation's health, education, and welfare are public responsibilities, yet increasingly, we rely on private and nonprofit organizations to produce services in these areas. Weapons systems are not produced in government arsenals but by private industry. When such fundamental public functions as tax collection; health, education, and welfare; and weapons production are handled by private and nonprofit organizations, then surely the boundaries between public, private, and nonprofit organizations are irretrievably blurred. But beyond that, sovereignty has also "leaked down"—state and local governments have been the big gainers in power in the last fifteen years, and the federal government the big loser. Now, as *Governing* magazine's editors note, "In the first decade of the new century, the federal government is no longer the instrument of first resort when it comes to dealing with the most complex social and economic problems. State and local governments are the problem-solvers—uncertain, under-funded and disunited as they frequently are" ("The Way We Were and Are," 2002, p. 37). The result of this "leakage" of sovereignty up, out, and down and this blurring of boundaries between public, private and nonprofit sectors has been the creation of what Brinton Milward and his colleagues call the *hollow state,* in which government is simply an actor—and not necessarily the most
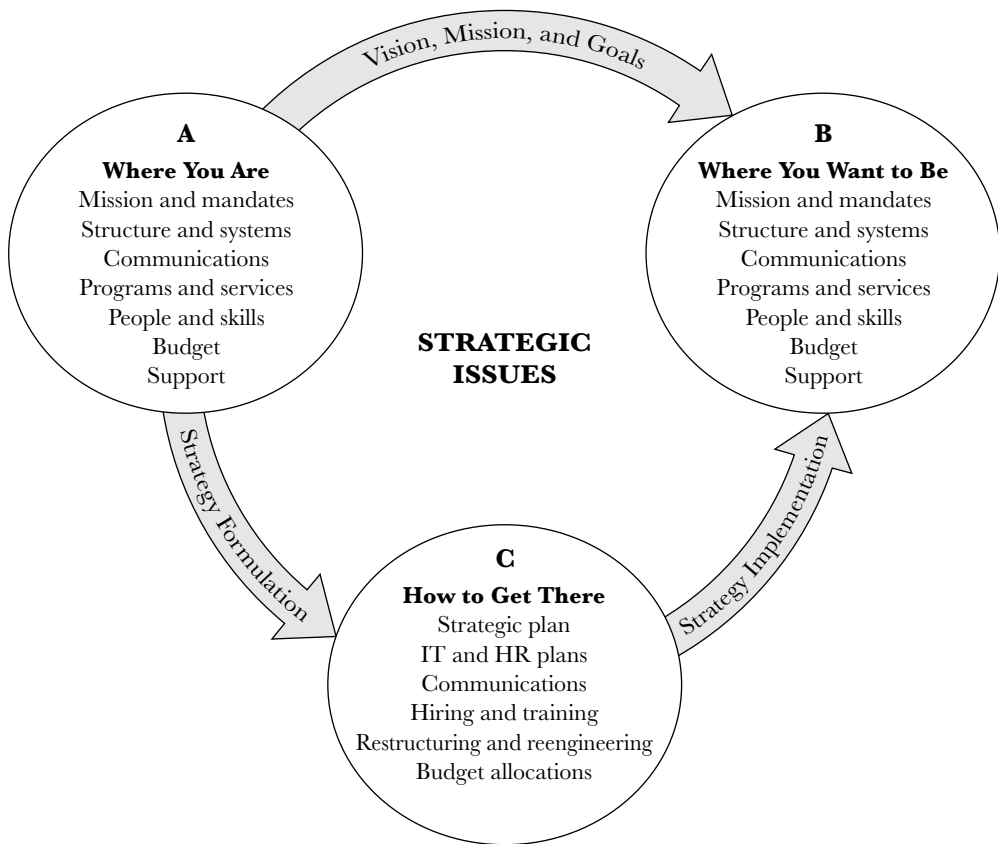
important actor—in the networks we rely on to do the public's work (Milward, Provan, and Else, 1993; Provan and Milward, 2001).

The blurring of these boundaries means that we have moved to a world in which no one organization or institution is fully in charge and yet many are involved, affected, or have a partial responsibility to act (Cleveland, 2002; Kettl, 2002; Crosby and Bryson, forthcoming). This increased jurisdictional ambiguity—coupled with the events and trends noted previously—requires public and non-profit organizations (and communities) to think, act, and learn strategically as never before. Strategic planning is designed to help them do so. The extensive experience of public, nonprofit, and private organizations with strategic planning in recent decades offers a fund of research and advice on which we will draw throughout this book.

Definition, Purpose, and Benefits of Strategic Planning

What is strategic planning? Drawing on Olsen and Eadie (1982, p. 4), I define *strategic planning* 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.* At its best, strategic planning requires broad-scale yet effective information gathering, clarification of the mission to be pursued and issues to be addressed along the way, development and exploration of strategic alternatives, and an emphasis on the future implications of present decisions. Strategic planning can facilitate communication and participation, accommodate divergent interests and values, foster wise and reasonably analytical decision making, and promote successful implementation and accountability. In short, at its best strategic planning can prompt in organizations the kind of imagination—and commitment—that psychotherapist and theologian Thomas Moore thinks is necessary to deal with individuals' life conundrums.

Figure 1.1 presents the ABCs of strategic planning, a capsule summary of what strategic planning is all about. Detail can be added as needed to this basic understanding. *A* is figuring out where you are, *B* is figuring out where you want to go, and *C* is figuring out how to get there. Leaders and managers come to understand *A, B,* and *C* as they formulate, clarify, and resolve strategic issues—the fundamental policy choices or challenges the organization has to face. The content of *A* and *B* are the organization's existing or new mission, structure and systems, communications, programs and services, people and skills, relationships, budgets, and other supports. The content of *C* is the strategic plan; plans for various functions; ways to redesign, restructure, or reengineer; budget allocations; and other vehicles for change. Getting from *A* to *C* involves clarifying vision, mission, and goals.

FIGURE 1.1. THE ABCS OF STRATEGIC PLANNING.

A
Where You Are
Mission and mandates
Structure and systems
Communications
Programs and services
People and skills
Budget
Support

Vision, Mission, and Goals

B
Where You Want to Be
Mission and mandates
Structure and systems
Communications
Programs and services
People and skills
Budget
Support

**STRATEGIC
ISSUES**

Strategy Formulation

Strategy Implementation

C
How to Get There
Strategic plan
IT and HR plans
Communications
Hiring and training
Restructuring and reengineering
Budget allocations

Source: Bryson and Alston, 2004.

Getting from *A* to *C* is the process of strategy formulation, whereas getting from *C* to *B* is strategy implementation. To do strategic planning well, you need to figure out *A, B,* and *C* and how they should be connected. You accomplish this principally by understanding the issues that *A, B, C,* and their interconnections must address effectively. This summary also makes it clear that strategic planning is not a single thing but a set of concepts, procedures, and tools.

So that is how strategic planning is defined and briefly what it is. But why engage in strategic planning? At its best the purpose of strategic planning in the United States and elsewhere is to help public and nonprofit organizations "create

public value," in Mark Moore's compelling and evocative phrase (Moore, 1995, 2000). Moore discusses creating public value primarily as the responsibility of individual managers, whereas I see creating public value more broadly as an individual, group, organizational, and community responsibility. Creating public value means producing enterprises, policies, programs, projects, services, or infrastructures (physical, technological, social, etc.) that advance the public interest and the common good at a reasonable cost. In the United States, creating public value means enhancing life, liberty, and the pursuit of happiness for all while also fostering a more perfect union. It means ensuring that the beneficial effects of our institutions and efforts carry on into the indefinite future and that we change what we must so that the world is always left better off than we found it. Strategic planning is about listening to "the better angels of our nature," as Abraham Lincoln called them in his First Inaugural Address—it is about organizing our best and most noble hopes and dreams, making them reasonable and actionable, and bringing them to life. In this sense, strategic planning is about "the manufacture of transcendence" (Krieger, 2000) and finds its inspiration in the deepest sources of "the real American Dream" (Delbanco, 1999). Beyond that, strategic planning in the United States and elsewhere is meant to help its practitioners and beneficiaries "pursue significance" (Denhardt, 1993)—in short, to create public value.

Most of the thinking about strategic planning has focused on its use in for-profit organizations. Until the early 1980s, strategic planning in the public sector was applied primarily to military strategy and the practice of statecraft on a grand scale (Quinn, 1980; Bracker, 1980). That situation changed, however, with the publication in 1982 of J. B. Olsen and D. C. Eadie's *The Game Plan: Governance with Foresight*, which marks the beginning of sustained applications of strategic planning to the broad range of public organizations and the inception of scholarship on how best to do so. Strategic planning for nonprofit organizations has proceeded in parallel, with the most important early publication being Barry (1986). I am pleased to be able to say that the first and second editions of this book, published in 1988 and 1995, respectively, also played an important role in expanding the use of strategic planning by public and nonprofit organizations.

Experience has clearly demonstrated that strategic planning can be used successfully by

- Public agencies, departments, and major organizational divisions (for example, Dair, 1999a, 1999b; Abramson and Lawrence, 2001; Barzelay and Campbell, 2003)
- General purpose governments, such as city, county, state, and tribal governments (for example, Berry and Wechsler, 1995; Jurkiewicz and Bowman, 2002; Eitel, 2003; Hendrick, 2003)

- Nonprofit organizations providing what are basically public services (for example, Medley, 1999a, 1999b; Allison and Kaye, 1997; Crittenden, 2000; Kaplan, 2001; Berger and Vasile, 2002)
- Specific functions—such as transportation, health, or education—that bridge organizational and governmental boundaries (for example, Nelson and French, 2002; Poister, 2003; Burby, 2003)
- Interorganizational networks—such as partnerships, collaboratives, alliances, and coalitions—in the public and nonprofit sectors (for example, Stone, 2000; Linden, 2002)
- Entire communities, urban or metropolitan areas, regions, and states (for example, Chrislip, 2002; Wheeland, 2003)

This book concentrates on strategic planning for public and nonprofit organizations. It also considers, in lesser detail, the application of strategic planning to communities and services that bridge organizational boundaries. (The term *community* is used throughout to refer to communities, urban or metropolitan areas, regions, and states.) Although the process detailed in this book is applicable to all the entities just listed, the specifics of its implementation may differ for each case. When strategic planning is focused on an organization, it is likely that most of the key decision makers will be *insiders,* even though considerable relevant information may be gathered from outsiders. Certainly, this will be true of public agencies, local governments, and nonprofit organizations that deliver "public" services. When most of the key decision makers are insiders, it will likely be easier to get people together to decide important matters, reconcile differences, and coordinate implementation activities. (Of course, whether or not the organization's board of directors or governing body consists of insiders or outsiders may be an open question, particularly when the members of this body are publicly elected. For instance, are city council members insiders, outsiders, or both? Regardless of the answer, it remains true that typically a major proportion of the key decision makers will be insiders.)

In contrast, when strategic planning is focused on a function—often crossing organizational or governmental boundaries—or on a community, almost all the key decision makers will be *outsiders* (Huxham, 2003). In these situations the focus will be on how to organize thought, action, and learning more or less collaboratively within an interorganizational network or among networks where no one person, group, organization, or institution is fully in charge but where many are involved, or affected, or have a partial responsibility to act. We should expect that it might be more difficult to organize an effective strategic planning process in such a *shared-power* context (Bardach, 1998; Huxham, 2003). More time will probably need to be spent on organizing forums for discussion, involving diverse constituencies,

negotiating agreements in existing or new arenas, and coordinating the activities of numerous, relatively independent people, groups, organizations, and institutions (Innes, 1996; Burby, 2003; Huxham, 2003).

Organizations engage in strategic planning for many reasons. Proponents of strategic planning typically try to persuade their colleagues of its value with one or more of the following kinds of statements (Nutt and Backoff, 1992, pp. 9–17; Barry, 1997, pp. 3–4; Borins, 1998, pp. 41–49):

> "We face so many conflicting demands we need to figure out what our focus and priorities should be."
>
> "The rules are changing on us. We are being told to emphasize measurable outcomes, the competition is stiffer, funding is getting tighter, collaboration is being pushed, and we need to figure out what we do or can do well that fits with the changing picture."
>
> "We have gone through Total Quality Management, reinvention and reengineering, downsizing, and rightsizing, along with the revolution in information technology. Now people are asking us to take on process improvement, performance management, balanced scorecards, knowledge management, and who knows what else? How can we make sure all of this effort is headed in the right direction?"
>
> "We can expect a severe budget deficit next year, and the public will suffer unless we drastically rethink the way we do business. Somehow we need to figure out how to do more with less through better integration of our activities, finances, human resources, and information technology."
>
> "Our city is changing, and in spite of our best efforts, things do not seem to be getting better."
>
> "This major issue is staring us in the face, and we need some way to help us think about its resolution, or else we will be badly hurt."
>
> "We need to integrate or coordinate better the services we provide with the services of other organizations. Right now, things are just too fragmented and poorly resourced, and our clients needing more than one service are suffering."
>
> "Our principal funder [or board of directors or new chief executive] has asked us to prepare a strategic plan."
>
> "We know a leadership change is coming, and want to prepare for it."
>
> "We want to use strategic planning to educate, involve, and revitalize our board and staff."