

# STRATEGIC PLANNING OVERVIEW

## 1. What Is Strategic Planning?

Strategic planning is the **process** by which the University President, in consultation with university faculty, researchers, staff, students, administrators, alumni, and community representatives plan the future direction of the university and develop the necessary strategies and action steps to achieve that future.

## 2. What is the Purpose of a Strategic Plan?

The **purpose** of a strategic plan is to provide senior administration, faculty, staff, students, alumni, and community representatives with a blueprint for the future growth and development of the university. An effective strategic planning process will result in effective strategic management, in which all members of the university community perform their duties and responsibilities consistent with the plan. Practicing strategic management does not ensure that an organization will meet all challenges successfully, but it does increase the odds. It is developed with a time horizon of more than two years, and usually developed with a five-year projection.

## 3. Why Develop A Strategic Plan?

Tom Peters, author of *Thriving On Chaos*, suggests that the dynamic environment of the 1990's and beyond will require organizations to think critically about where they are going in the future. To paraphrase Peters, the higher education environment has changed radically, and will continue to do so. Organizational flexibility is a necessity for growth, and mere survival. Peters further suggests modern organizations (i.e., universities) will face increased regional, national, and global competition and need to be prepared for the increased speed of change.

## 4. What is the Structure of the Strategic Planning Process?

The strategic planning process drives decision making by answering the following three basic questions:

### 1. Where are we now as an organization?

Objective: Assess the present situation

### 2. Where do we want to be in the future?

Objective: Determine the desired direction for the future

### 3. How do we get from where we are now to where we want to be?

Objective: Define strategies and action steps to achieve the future and conduct an analysis of the financial impact on those actions

Although there are multiple approaches to developing a strategic plan, most involve the following phases to complete the task:

### **Phase One: Pre-Planning**

Prior to beginning the strategic planning process, the organization's senior management agree on the approach to developing the strategic plan and identify their expectations of the process, to include selection, roles, and responsibilities of committee members; logistics and timetable; and extent of their participation.

### **Phase Two: Vision and Mission Formulation**

Vision and mission formulation is the driving force behind the strategic planning process and the benchmark for the content of the plan itself; all initiatives and recommendations need to support the achievement of the organization's mission. The vision statement is a long term view of what the organization wants to be in the future and how it wants to be viewed in the world in which it operates. It provides an inspirational message about its 'worldview' as opposed to a measurable set of targets.

Mission formulation results in a clear and concise statement of what business the organization is in and its purpose or function in society or the economy. The mission statement identifies those services or products that make it competent and distinctive among its competitors in the marketplace. In developing a mission statement, the strategic planning process must take into account the organization's history, its distinctive competencies, and its environment. A values audit usually accompanies formulation of the vision and mission; it is a critical examination of the beliefs and assumptions that guide the operations of the organization.

### **Phase Three: Organizational Audit**

The Organizational Audit is the process by which data and information is collected on the recent performance of the organization including input from its managers, staff, and external representatives and statistical data that reflects performance. A SWOT<sup>1</sup> Analysis is often used to gather perspectives from managers and staff and external representatives on the organization's internal strengths and weaknesses as well as external threats and opportunities for future development and success. The results of the audit often drive the development of initiatives to be considered during the remainder of the strategic planning process.

### **Phase Four: Strategy Formulation**

Strategy formulation is the process by which the strategic planning team identifies how it intends to pursue the initiatives defined in Phase Three, often defined by specific goals and objectives to be pursued. This process requires definition of how success will be measured and what will be done to achieve it consistent with the completed mission statement and values audit. Finally, strategy formulation requires the strategic planning team to focus their creativity on envisioning the future, resulting in a free-flow of ideas, suggestions, and options, mindful of defined mandates required for the organization, i.e., federal and state compliance, funding formula, and etc.

### **Phase Five: Performance Audit and Gap Analysis**

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<sup>1</sup> Strengths, Weaknesses, Opportunities, and Threats

The performance audit examines the recent performance of the organization based on those indicators identified by the strategy formulation (i.e., growth and development, service quality, etc.). The performance audit will establish benchmark indicators to measure current capability against which goals are to be tested. Gap analysis is a comparison of the data generated during the performance audit with the profile resulting from strategy formulation; if there is a substantial discrepancy between the profile and the organization's capacity to achieve that profile, strategic planning goals and objectives must be reworked. Gap analysis tests the organization's future wants against its current reality to identify what is feasible and not feasible for the future.

### **Phase Six: Contingency Planning**

Contingency planning identifies the strategies to be undertaken if the organization cannot pursue its strategic goals and objectives due to internal and external changes. Contingencies are probabilities that events or conditions will occur in the future. Contingency planning can provide the organization with options and strategies to counterdict future problems in the environment.

### **Phase Seven: Implementation Planning**

Implementation planning involves the development of a process to execute the strategic plan. The success of the strategic plan is often gauged by its execution and the degree to which operational plans are consistent with strategic priorities defined through the strategic planning process.

### **Environmental Scanning**

Throughout the strategic planning process, the strategic planning team needs to have ongoing awareness of the changing conditions and events in the environment that might affect the organization's success. Typically, five environmental factors are assessed: changing economic, political, and social conditions; changing industry conditions; competitive factors; current and potential customers; and organizational changes.

## **What Is The Relationship Between the Strategic Plan and Operational Plan?**

The strategic plan leads to the development of the operational plans for the functional units. The success of the strategic plan is dependent on the degree to which managers and employees use it in their daily work. Most managers and employees may not directly develop the strategic plan; however, they may be involved in this process as functional experts and/or opinion leaders.