

Strategic Management:

Developing and Realizing a Strategic Vision

Scott Bryant

It is more important to do the right things than to do things right. This is a piece of wisdom that often has been repeated. While both emphases are important, focusing on issues and challenges that are most important to your community or to your organization is clearly a key to success. As with most such adages, the advice is more easily given than followed.

Unfortunately, the “right things” to focus on are not always apparent. But strategic management can help. Strategic management combines strategic planning with the implementation and evaluation of progress. It is a tool for identifying the right things to do, focusing a community or organization on those things, measuring progress, and continually adjusting plans and strategies to achieve a community’s or organization’s vision.

The strategic management process involves four key steps (see Figure 1):

1. Assess the current situation.
2. Make decisions and develop strategies.
3. Implement the decisions and strategies.
4. Measure progress.

Step 1: Assess the Current Situation

Too often, strategic plans are developed without a complete understanding of current strengths, weaknesses, issues, and

challenges. A plan that will effectively focus your community or organization cannot be developed over a weekend at a planning retreat. An effective strategic plan requires, as a first step, the fairly rigorous collection of information, with analysis and development of issues.

The current situation should be assessed from several perspectives, including the market and customers served, current or potential competitors, and internal capabilities.

Market Analysis

Successful businesses have long known the importance of understanding the markets they serve. Increasingly, local governments are recognizing their need to do the same. Understanding your market involves comprehending the demographic, economic, social, and other characteristics of your community, as well as the trends or changes that are occurring.

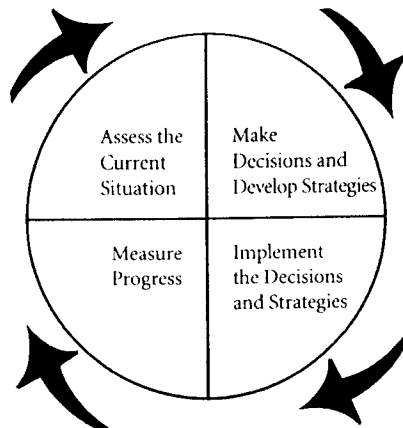
Knowing about the demographics of your community helps to identify key issues and challenges facing the community. The makeup of the locality's population in terms of age, ethnicity, and education can have a major impact on the services required, as well as on their success. Additionally, understanding changes or trends in these characteristics helps to clarify the changing needs of the community.

Similarly, economic characteristics and trends, such as income and poverty levels and unemployment rates, provide useful insights into current and emerging community needs.

Social characteristics and trends are also useful in understanding your community. These include factors like housing and population density, owner and renter occupancy rates, and crime rates and trends.

Other, more specific characteristics and trends also can be useful, including such factors as the teen pregnancy rate, high school dropout rate, business failure rate, and so forth. A wealth of information exists to help us better understand our communities.

Figure 1. The Strategic Management Process



Source: Scott Bryant & Associates.

Customer Analysis

In addition to community characteristics and trends, it also is important to know about specific customer needs and expectations. This is another area that successful businesses have long understood and focused on. Increasingly, local governments are asking their customers, through surveys, focus groups, and other means, what is important to them and how their needs can be better met.

Customer analysis should focus on four key questions:

1. What are the customers' priorities?
2. How satisfied are they with current services or products?
3. What are their service or quality expectations?
4. What concerns or issues do they have?

Answers to the first two questions can be used to determine quickly where a community or organization should focus its efforts. By comparing customer priorities with their satisfaction levels (see Figure 2), it is easy to identify the services or issues that they rate as top priorities or as areas of dissatisfaction. These identified services should typically be the focus of improvement efforts. Asking customers about their expectations for service or quality will define benchmarks with which to compare current perfor-

mance, as well as targets for change strategies. These benchmarks should define and drive goals and objectives.

Asking customers their perspectives on issues or concerns also helps to provide insights into challenges they see around the corner for the community or organization.

Competitive Analysis

Local governments are increasingly facing competition. Typically, when we think of competition in the public sector, we think of competitive pressure from the private sector. While this kind of competitive pressure is important, local governments also are competing with each other. More and more community comparisons are being done, usually comparing some measure of quality of life. Just as private businesses compare themselves with and learn from their competitors, local governments can compare and learn from each other. This is being accomplished cooperatively through efforts such as ICMA's Comparative Performance Measure Consortium.

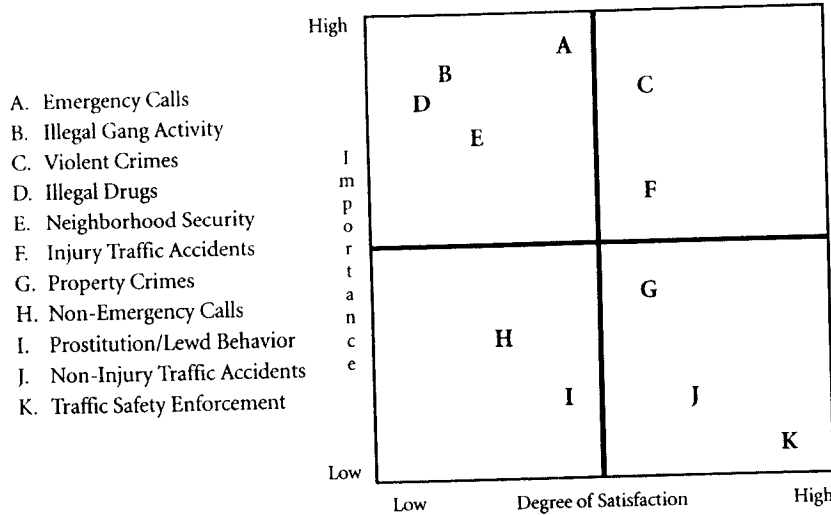
When conducting a competitive analysis, it is important to consider competitive position from both a cost and a quality perspective. Often, competitive analyses focus primarily on cost issues and may miss equally important factors related to quality.

Internal Analysis

A community's internal analysis should consider its resources, strengths, and weaknesses. An internal analysis for an organization should additionally consider current workload and employee attitudes.

Resources to be identified and analyzed include financial capacity, facilities, human resources, and technological advantages. Strengths might comprise distinctive competencies, areas in which the community or organization is seen as a market leader, and unique external relationships. Weaknesses might involve deficiencies in resources, skills, or capabilities.

Figure 2. Customer Priority/Satisfaction



Source: Adapted with permission from an IBM Leadership Institute chart.

For an organization, the workload, in terms of current demands and projected future demand, should be identified and analyzed. Additionally, employees' attitudes about their work environment, communication, management support, and fairness—together with their motivation and morale levels—are important to understand.

Once information in these areas has been collected and analyzed, it must be developed into a manageable set of strategic issues, which should become fairly obvious from the information collected and analyzed. With a good working knowledge of current issues and challenges, it is time to move to Step 2, which involves determining priorities and developing strategies.

Step 2: Make Decisions and Develop Strategies

Two types of decisions must be made: What is the community's or organization's vision? And what are its priorities?

A vision establishes a community's or organization's view of the future. It often is described as a destination point, "a place to be" in the future. A vision should be clear, concise, and easily understandable. It should be memorable and should easily generate commitment and enthusiasm.

For a community, developing a vision that accurately reflects common values and issues can be a substantial challenge. All members of the community, including residents, businesses, community groups and organizations, and the media, must be engaged to some extent.

Here are three approaches to developing a community vision:

Council/Board Approach. The city or county council or board establishes the community's vision, based on survey results and community meetings. This approach often is difficult because councilmembers are busy with day-to-day issues, and they may find it hard to focus on strategic issues and future visions.

Vision Task Force. A task force or working group is appointed with the specific assignment of developing the community's vision, again based on survey results and community meetings. This approach adds needed focus to the vision effort, but it establishes one more decision-making body.

Community Vision-Setting Sessions. All members of the community are invited to participate in vision setting sessions, each examining an important aspect of community life. Participants are asked to share their visions for the com-

munity and to reach some consensus. This approach often generates the most enthusiasm among community members.

Developing a vision for an organization, while difficult, is less challenging than developing a vision for a community. There are three approaches to developing a vision for an organization:

Executive Officer/Leader Approach. The CEO or leader of the organization establishes the organization's view of the future.

Executive/Senior Management Team Approach. A team of the organization's senior managers is selected to develop the organization's view of the future.

Bottom-Up Team Approach. Line employees and lower-level employees are involved in the vision development process.

The second type of decision to be made is that of determining relative priorities, as reflected in specific goals and objectives. These goals and objectives must be clearly related to the vision. In a sense, they are milestones on the route to realizing the vision, and as such they must be explicit, precise, and measurable.

Once a vision, goals, and objectives have been determined, strategies for accomplishing them should be developed. Strategies establish the basic or specific approaches to achieving the defined vision, goals, and objectives. There are several types of strategies:

Technical change strategies involves changing the way in which services are provided and an organization's output is produced. These changes occur through process reengineering or similar approaches.

Structural change strategies focus on altering the structure of specific jobs or modifying organizational roles or relationships. Examples of this type of change strategy are: combining similar

or dependent functions, changing the number or reporting relationship of departments or divisions, or otherwise changing organizational structure.

Managerial change strategies involve changing management policies or practices, such as reward systems or the relationship between management and labor. Examples include broad-banding a personnel classification system, implementing results-based reward systems, and involving employees in decision making.

People change strategies involve actively engaging the people in the community or employees working within an organization, through changing their attitudes or beliefs, or upgrading their skills and capabilities.

With a clear and concise vision, goals and objectives to move toward the vi-

sion, and specific strategies, it is time to move to Step 3, that of implementation.

Step 3: Implement the Strategies

Implementation is the most difficult step, and it is the point at which most strategic planning or management efforts fail. To ensure success, implementation strategies must be specifically assigned, with time frames clearly defined. Oversight to ensure accountability also is important. There are several keys to successful implementation:

Leadership Commitment. Community and political leaders, the CEO, and top managers must be clearly committed to the established vision and plan for successful implementation. Leaders must be catalysts for implementation, both symbolically and in substance, or the vision has little hope of being realized.

Linkage to Budget Decisions. The budget is the most effective driver of change. For strategies to be implemented, goals and objectives achieved, and a vision realized, these must be clearly and specifically tied to the budget and to the budget decision-making process.

Organizational Structure. Structure also is a powerful driver of implementation and change, as the structure identifies and communicates key activities and the manner in which they will be coordinated to achieve the community's or organization's vision. The vision, goals, and objectives should be clearly reflected in the structure of the organization.

Community or Organizational Culture. Culture reflects shared assumptions, beliefs, and values that influence action within the community or organization.

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These shared characteristics can best be understood and described through widespread involvement in developing the vision. An organization in which the vision, goals, and objectives are aligned from the top to the bottom will be much more successful at implementation.

Step 4: Measure Progress

Progress made in achieving your community's or organization's vision, goals, and objectives can be measured in several ways: by changes in market or community characteristics or trends, by changes in customer perspectives, by changes in competitive position, and by changes in the effectiveness or efficiency of service delivery.

Progress can be measured by identifying changes in the characteristics or trends named as strategic issues in Step 1. Examples might include reductions in crime rates, improvements in such eco-

nomical indicators as unemployment rates or income levels, and improvement in such social or other indicators as the teen pregnancy rate or high school dropout rate.

Another way to measure progress is through changes in the perspectives of your customers, for instance, improvements in levels of customer satisfaction, in perception of quality, or in perceived value received for taxes paid.

Changes in competitive position also can be used as measures of progress. Becoming more competitive with private sector providers, either in quality or in price, is an indication of progress. Also, moving up in one of the many rankings of communities by quality of life, or by some other factor, may be an effective way of measuring progress.

Changes in the effectiveness or efficiency of services provided can be used to measure progress, e.g., a specific reduction in the cost per unit provided, or

a quantitative improvement in the intended outcome of a service.

Conclusion

Communities and organizations that have committed themselves to using strategic management or similar processes have realized substantial success. This success can be measured in terms of real progress in addressing community or organization issues and of specific increases in customer satisfaction.

Strategic management, like any other change process, requires a long-term commitment from the top and much energy and effort. There is, however, a potential for rich dividends for any community or organization willing to undertake such a change effort. **□**

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