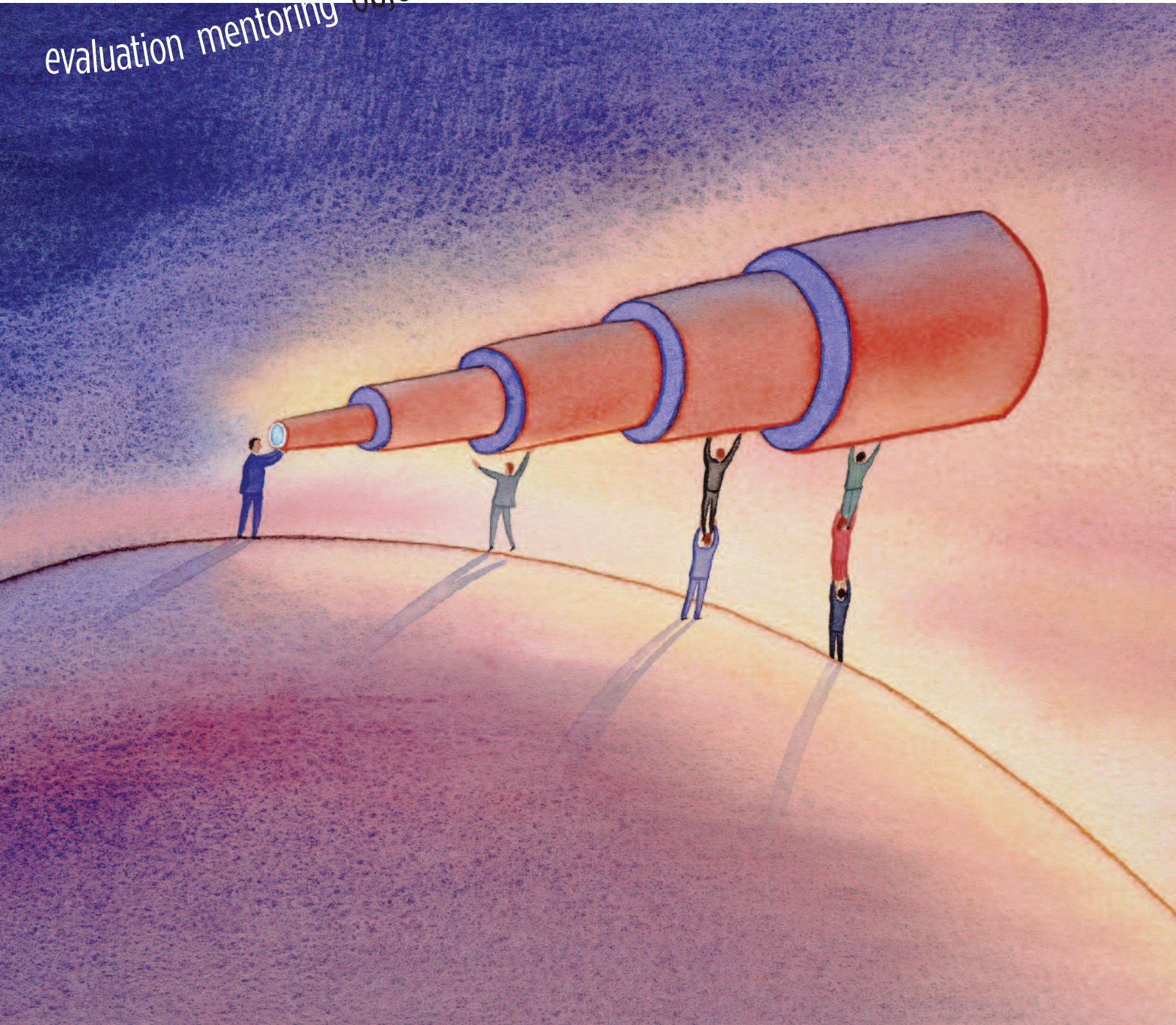


Is Your Plan on the Shelf?

Effective Implementation of Strategic Plans in North Carolina Cities

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evaluation mentoring objectives service workforce planning succession planning



Strategic planning takes considerable time and effort, yet little is known about how effective those using strategic plans find them to be. Local governments increasingly have been participating in this public- and private-sector management trend, which is taught widely in business, nonprofit, and government schools and used by thousands of organizations. Are strategic plans worth the time and money spent on them? What can local governments do to improve the return on their investment in strategic planning?

This article discusses what makes implementation of strategic plans effective in North Carolina municipalities. It reports the findings of a survey of medium-sized and large North Carolina cities, focusing on two questions:

- Which critical factors identified in the literature determine strategic planning effectiveness?
- How do North Carolina cities compare with cities nationally in their use of strategic planning?

Additionally the article recommends strategies that local governments, as well as other government organizations, can use to increase the effectiveness of their strategic planning.

Overview of Strategic Planning

Strategic planning has been defined in academic terms and in practice. The language

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used to define and describe it is varied.

One way of viewing strategic planning is through its process and parts, as seen in this definition: “a systematic process for gathering information about the big picture and using it to establish a long-term direction and then translate that direction into specific goals, objectives and actions.”¹

Another way to view strategic planning is to see it through its functions. Users in College Station, Texas, describe their plan as both a policy document—outlining what will be accomplished—and a long-range action plan—outlining how and when it will be accomplished. The policy portion of the document has vision statements and supporting policies or strategies. The actionable portion contains an implementation plan for each strategy, citing who is responsible, what change is required, what resources are required to implement the change, and what milestones will monitor progress.² Some strategic plans—for example, those required by the Government Performance and Results Act—have multiple parts, including a strategic plan, a performance plan, and a performance report, designed to function together as a management tool for decision making and budgeting.³

The research reported in this article used a broad, inclusive definition of strategic planning that encompasses all these processes, components, and functions. It includes traditional long-range planning, council or staff visioning processes, development of performance measures to track progress toward a service goal, and comprehensive plan-

Strategic planning includes traditional long-range planning, council or staff visioning processes, development of performance measures to track progress toward a service goal, and comprehensive planning with municipal service components.

ning with municipal service components. This definition is broader than the typical view of many municipalities, which was reflected in the comment of one survey respondent: “The elements of strategic planning we use (i.e., council retreat, department head retreat), we do not even call ‘strategic planning.’”

Strategic planning allows organizations to maintain continuity long-term; assess strengths, weaknesses, opportunities, and threats; create shared commitments; adapt to changing environments; and achieve organizational success.⁴ Fundamentally, strategic planning creates a process and a resulting product that help organizations be intentional and transparent about what to do and how to do it. When connected to the budget process, strategic planning allows organizations to overcome a major obstacle to implementation: funding. Although the subject is beyond this research, budgeting for the financial and staff resources to implement strategic plans also can be supported through other organizational planning processes, such as workforce and succession planning (see the articles on pages 9 and 26).

Previous Research on Municipal Strategic Planning

Research has documented the prevalence of local government strategic planning and, to a lesser extent, of planning pro-

cesses used to enhance local governments' annual budget process. One study found that medium-sized and large municipalities are using strategic planning with increasing sophistication. The vast majority of the respondents in that study believed that the benefits of strategic planning at least outweighed the costs.⁵

College Station, Texas, integrates its budget and planning cycles, and this approach contributes to the success of its strategic plan. Two other lessons learned from the College Station experience apply generally: (1) obtain early commitment from city council members and management and (2) focus on the plan's intended results, to better prepare the city to manage its growth and changes.⁶

For strategic planning to be effective, citizens must be involved. Research has found that even if best practices in strategic planning are followed, to be truly accountable to the community, citizens must participate:

It is equally important that policy-makers and professionals formulate the visions, goals, and objectives of their strategic plans with the benefit of public input. To do otherwise invites the criticism that even the most efficiently performing local governments lack relevance in the eyes of their citizens/customers and reinforces perceptions of the citizen's inefficacy.⁷

Lessons learned: integrate budget and planning cycles, get commitment from high-level officials, and keep the focus on intended results.

Study of Medium-Sized and Large North Carolina Municipalities

To answer the two questions that I posed earlier, I surveyed senior staff from human resources, fire, budget, and information technology departments in all twenty-six North Carolina municipalities with populations larger than 25,000. This population threshold was set so that results could be compared with those of several national surveys. One or more officials from twenty-four of the twenty-six municipalities responded to the online survey, resulting in a usable-response rate of 63 percent.⁸

The research reported in this article was not causal. Rather, it analyzed

Table 1. **Comparison of Strategic Planning Factors**

Strategic Planning Factor	Strength of Correlation
Departments required to identify and link goals and objectives to budget request*	.792
Effectiveness of document	.759
Link between strategic plan and budget process	.692
Neighborhood groups*	.680
Regional representatives*	.666
Forecasting of revenues and expenditures to determine financial feasibility	.603

Source: From Heather Anne Drennan, Effectiveness of Strategic Planning in North Carolina Municipal Government, Paper Presented at the Capstone Conference, Univ. of N.C. at Chapel Hill (Apr. 8, 2005) (on file with author).

Note: In comparing factors in the three categories (connection to the budget, certain aspects of planning processes, and extent of stakeholder involvement), the most important variables are those related to the budget cycle and public participation. This table ranks those variables. The higher the number in the right column, the greater the importance of the variable in the effectiveness of the resulting strategic plan. Whether departments are required to identify and link their budget requests with strategic goals and objectives—and the formality of the requirement—is much more influential than many other factors.

*Analyzed as an index of two or more related variables.

what the relationships were among multiple factors and how effective each respondent perceived his or her own city's strategic plan to be. There are many standards for a good strategic plan, but the plans were not evaluated by these standards.

Strategic planning differs in theory and practice. Some aspects of strategic planning are not conducted citywide. Also, a respondent may not have known about all city initiatives. Because of this, I analyzed data by each city as a whole and by department. Whereas prior research used a single point of contact for each municipality, the research reported in this article probed more deeply, asking four senior department staff members from each municipality for their perspectives. This gave a glimpse into actual plan implementation, not just the city council's or the city manager's intent.

Overview of Findings

Strategic planning is prevalent in North Carolina: all the municipalities that responded conducted it in some form. Most produced a written strategic plan and found the resulting document effective

or very effective. North Carolina municipalities use strategic planning more often and with more sophistication than the national average.

Three factors improved how effective a strategic plan was perceived to be: connection to the budget, certain aspects of planning processes, and extent of stakeholder involvement. The involvement of key stakeholders, including council members, citizens, and top administrators, was moderately important for successful plan implementation. More significant than who was involved in the planning process, though, was how long the city had been engaging in strategic planning, how often the plan was updated, and how the plan was connected to the annual budget process. (For the statistical correlations of the most effective strategic-planning factors analyzed, see Table 1.)

Connection to the Budget

The strategic plan's connection with the budget cycle is the strongest indicator of success. The budget's interrelationship with strategic planning has multiple dimensions, each of which is important to effective implementation. Factors include department meetings with budget staff, a link between budget requests and department goals and objectives, joining of the strategic planning and annual

budget processes, and use of financial forecasting to determine the feasibility of plan goals and objectives.

One respondent reported that his or her city has “a very informal strategic planning process and it is also informally linked to the budget process.” A more formal connection between strategic planning and the budget—specifically the formality with which departments link their budget requests to goals and objectives—was actually the most important of the budget-related factors listed earlier.

The extent of the connection between the budget and planning processes was evident in one respondent’s comment:

“Our planning process is our budget process.”

In North Carolina, 25 percent of responding municipalities required departments to link budget requests to goals and objectives, and 67 percent at least moderately evaluated financial forecasts of specific strategies.

In comparison with cities across the nation, North Carolina municipalities use more sophisticated techniques of strategic planning, including incorporation of performance measurement and coordination between the strategic plan and the budget.⁹ The most sophisticated uses of strategic management were examined through several related survey questions. The answers indicated that although few North Carolina municipalities use performance budgeting systems, more than half use performance measurement tools.

Recommendation: *Integrate the strategic plan with the annual budget. Align the strategic planning process (or updates) with the annual budget process, and encourage productive meetings between department and budget staff.*

Practically this recommendation means formally requiring all departments to connect their budget requests to department and city goals and objectives. Also, it means requiring that major operating and capital requests involve projections of future costs. Budget staff should review department budget requests and evaluate how well they address depart-

ment and city goals and objectives. The city manager and the assistant city manager can improve the effectiveness of the strategic plan by evaluating department budget requests in light of citywide goals and objectives.

Certain Aspects of Planning Processes

Several aspects of planning processes related to a municipality’s effectiveness in strategic planning and plan implementation: how long the municipality had been engaging in strategic planning, how often the planning process was conducted, and how well the plan was connected to citywide goals.

North Carolina municipalities have extensive experience in strategic planning, 65 percent of them having engaged in it for more than 10 years, and another 25 percent, for 4–9 years. The longer municipalities had engaged in strategic planning, the more effective respondents perceived implementation to be.

Most department respondents (78 percent) updated their strategic plan at least annually. Only 10 percent updated it every three or more years. Municipalities that updated their strategic plans more frequently found the plans to be more effective.

The extent to which departments link their goals to citywide goals is important to how effective the strategic plan is. In North Carolina, 66 percent of the departments reported that their plans explicitly linked most or all department goals to citywide goals.

Just as important as what improves effectiveness is what does not. Respondents perceived service delivery plans, measurable outcomes, timelines, and performance indicators to be less helpful in implementation than the factors cited earlier.

Recommendation: *Experience counts. If strategic planning is not perceived as sufficiently valuable, consider continuing the process a little longer. Also, update the plan regularly to ensure that it is a living, working document.*

If the strategic plan is something pulled off the shelf only once a year, an

alternative is to review progress toward strategic plan goals and objectives quarterly at department or council meetings. Consistent use of the plan—whether it is a list of council goals or a more formal plan—is much more important than the plan components (e.g., measurable outcomes or action steps).

Extent of Stakeholder Involvement

Involving key internal and external stakeholders throughout the strategic planning process is important to effective implementation of the resulting plan. Key stakeholders include council members, citizens, and top administrators. Although other stakeholder groups may be important, the research reported in this article suggested that these three had the most impact.

Council Members

Council members played a major role in shaping the strategic vision and direction of a municipality. This in turn influenced the effectiveness of the resulting plan and its implementation. The council’s influence, assessed through a combination of factors, was moderately correlated with effective implementation. The visionary policy function had a much greater effect than the overall level of council involvement or the effectiveness of any particular planning processes—for example, council retreats.

All the municipalities that responded to the survey involved council members, and on a citywide basis, 75 percent involved them centrally. This is similar to national findings that 80 percent of councils are centrally involved in strategic plan development.¹⁰

Citizens

Citizens also have a substantial positive effect on the strategic planning process and its implementation. Whether as part of neighborhood groups, chambers of commerce, or regional organizations, or as private individuals, effective incorporation of citizens into strategic planning is important. When the impact of all these citizen groups together was measured, inclusion of the general public was highly correlated with effectiveness of implementation.

Neighborhood groups and regional organizations can have more impact than economic interest groups (e.g., chambers

Consistent use of the strategic plan is much more important than the plan components .

of commerce) or individual citizens. This may be evidence of the increased influence that citizens have when they organize to address public interests.

Although research consistently finds the general public to be a key stakeholder, North Carolina municipalities have not involved the general public extensively in strategic planning. Of those responding, 25 percent centrally involved chambers of commerce; 13 percent, citizens; 13 percent, neighborhood groups; and 8 percent, regional representatives. Overall, less than 30 percent of North Carolina municipalities centrally involved at least one category of external stakeholder. By comparison, nationally 62 percent of municipalities centrally involve citizens and external stakeholders.¹¹ Low public involvement in North Carolina is problematic because of the substantial positive influence that these external stakeholders can have on implementation.

Top Administrators

The impact of top administrators on plan effectiveness was less strong. Of these, assistant city managers' involvement, in both degree and effectiveness, was the strongest. The more involved they were, the more effective plan implementation was. However, this factor was only moderately correlated with effective strategic planning. Almost 80 percent of the responding North Carolina municipalities centrally involved assistant managers, and 83 percent found their involvement to be moderately or highly effective.

Nationally the impact of the assistant city manager on the planning process has not been assessed, but 97 percent of municipalities reported that the city manager was centrally involved. This finding aligns with the practice in the responding North Carolina municipalities, all of which centrally involved the

city manager, and it confirms the important role that top administrators play in guiding strategic plan implementation.

North Carolina falls short on inclusion of line employees. Almost 50 percent of municipalities nationwide centrally involved nonmanagement employees, and their involvement predicted the strategic plan's impact.¹² In contrast, only 17 percent of North Carolina respondents included line employees. Although their participation was not strongly correlated with effectiveness, this may be because of their minimal involvement and North Carolina municipalities' limited experience in including them.

Recommendation: *Increase opportunities for meaningful public participation of neighborhood groups, regional representatives, chambers of commerce, and citizens.*

Practical challenges to doing so are the increased resources, complexity, and time involved. This may be why North Carolina's cities do not use citizens in the planning process as extensively as municipalities nationally do. However, the research reported in this article has shown clearly the value of public involvement. Creating a shared vision for the future by developing consensus among internal and external participants at all levels allows cities to address the most important community priorities realistically and meaningfully.

Conclusion

Strategic planning was used in most of the medium-sized and large North Carolina municipalities responding. Overall, respondents found the implementation of strategic plans to be effective. Connection with the budget, certain aspects of planning processes, and stakeholder participation are all influential in strate-

gic planning effectiveness. Of these, connection with the budget had the strongest impact on effective implementation overall and was the critical factor for success.

Notes

This article is based on original research reported in Heather Anne Drennan, Effectiveness of Strategic Planning in North Carolina Municipal Government, Paper Presented at the Capstone Conference, Univ. of N.C. at Chapel Hill (Apr. 8, 2005) (on file with authors).

1. Theodore H. Poister & Gregory Streib, *Elements of Strategic Planning and Management in Municipal Government: Status after Two Decades*, 65 PUBLIC ADMINISTRATION REVIEW 65, 66 (2005).
2. Dana Ingman et al., *Strategic Planning That Uses an Integrated Approach*, 84 PUBLIC MANAGEMENT 16 (2002).
3. Edward Long & Aimee L. Franklin, *The Paradox of Implementing the Government Performance and Results Act: Top-Down Direction for Bottom-Up Implementation*, 64 PUBLIC ADMINISTRATION REVIEW 309 (2004).
4. Anonymous, *Strategic Planning: A Formula for Success*, 111 AMERICAN CITY & COUNTY 64 (1996); John Bertot, *Strategic Plans Key to County Success*, 109 AMERICAN CITY & COUNTY 14 (1994); Ingman et al., *Strategic Planning*.
5. Poister & Streib, *Elements*.
6. Ingman et al., *Strategic Planning*.
7. Michael W. Shelton & Troy Albee, *Financial Performance Monitoring and Customer-Oriented Government: A Case Study*, 12 JOURNAL OF PUBLIC BUDGETING, ACCOUNTING & FINANCIAL MANAGEMENT 87, 87 (2000).
8. Five of the 24 responding jurisdictions had a 100 percent response rate, with someone from each of the four departments responding. Nine had a 75 percent response rate; 7, a 50 percent response rate; and 3, a 25 percent response rate. Overall, there were 71 responses, of which 65 were usable, resulting in a 63 percent usable response rate. By department the usable response rate was 81 percent for senior budget or finance staff, 65 percent for senior fire staff, 69 percent for senior human resources staff, and 31 percent for senior information technology staff.
9. Poister & Streib, *Elements*.
10. *Id.*
11. *Id.*
12. *Id.*

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