The Future of Strategic Planning in the Public Sector: Linking Strategic Management and Performance

While it has become ubiquitous in the public sector over the past 25 years, strategic planning will need to play a more critical role in 2020 than it does at present if public managers are to anticipate and manage change adroitly and effectively address new issues that are likely to emerge with increasing rapidity. This article argues that making strategy more meaningful in the future will require transitioning from strategic planning to the broader process of strategic management, which involves managing an agency’s overall strategic agenda on an ongoing rather than an episodic basis, as well as ensuring that strategies are implemented effectively. Complementing this move to more holistic strategic management, we need to shift the emphasis of the performance movement from a principal concern with measurement to the more encompassing process of performance management over the coming decade in order to focus more proactively on achieving strategic goals and objectives. Finally, agencies will need to link their strategic management and ongoing performance management processes more closely in a reciprocating relationship in which strategizing is aimed largely at defining and strengthening overall performance while performance monitoring helps to inform strategy along the way.

This article looks at the mid-term future of strategic planning in the public sector from a managerial perspective over the next decade to the year 2020. It focuses on three related movements—transitioning into the twenty-first century—strategic planning all gaining prominence. Thus, planning has become firmly established in the American governmental system, just as Vieg predicted. In compelling fashion, many of Vieg’s observations regarding the nascent field of planning more than 60 years ago still ring true today. For example, the purpose of planning is to “protect and promote the public interest,” and planners will endeavor to “weigh all the relevant facts” but will also “use their disciplined imagination” (Vieg 1942, 65). In addition, Vieg asserted that planning should be a continuing process, that planning is synthesis more than analysis, and, above all, that “planning should be pointed toward action” (67–68). These characterizations are particularly relevant to strategic planning, as is Vieg’s emphasis on the importance, and the difficulty, of developing consensus around the values on which planning is predicated.

In 1942, John A. Vieg wrote that after a century and a half of a deliberate lack of public planning in this country, the kind of planning that had arisen out of the New Deal’s approach to the Great Depression with vigorous government action was “here to stay” because it was desperately needed, and because the consequences of not planning would be too costly. Since then, planning has evolved over the second half of the twentieth century, with city planning, metropolitan planning, regional planning, advocacy planning, policy planning, program planning, and—transitioning into the twenty-first century—strategic planning all gaining prominence. Thus, planning has become firmly established in the American governmental system, just as Vieg predicted.
ning to strategic management, a shift from performance measurement to performance management, and a closer linkage of strategic planning with performance management—that will be essential in order for strategic planning to assume a more meaningful role in the United States over the next 10 years.

**Strategic Planning in the Public Sector**

Strategic planning is concerned with formulating strategy. In his seminal book on strategic planning in the public and nonprofit sectors, Bryson presents strategic planning as a set of concepts, processes, and tools for shaping “what an organization (or other entity) is, what it does, and why it does it” (2004, 6). In the long run, its purpose is to promote strategic thinking, acting, and learning on an ongoing basis. Thus, strategic planning takes a “big picture” approach that blends futuristic thinking, objective analysis, and subjective evaluation of values, goals, and priorities to chart a future direction and courses of action to ensure an organization’s vitality, effectiveness, and ability to add public value.

Virtually unheard of in government in the United States in 1980, strategic planning is now ubiquitous in the public sector at present, at least as measured by self-reported data. All federal departments and agencies periodically develop and update strategic plans, as required by the Government Performance and Results Act of 1993, and these efforts may well constitute the most thorough and advanced strategic planning activity carried out in the U.S. public sector today. Surveys also indicate that strategic planning has been widely adopted by state agencies (Berry 1995; Brudney, Hebert, and Wright 1999), and that many local government jurisdictions have been undertaking strategic planning efforts as well (Poister and Streib 2005).

However, the extent to which these efforts are worthwhile is not all that clear. Hatry (2002) observes, for example, that the efforts of many public agencies that are nominally engaged in strategic planning are not meaningful because they fail to meet even minimal criteria such as identifying desired outcomes and developing strategies to achieve them. In addition, reports published by the U.S. Government Accountability Office (2004, 2005) found that while federal agency strategic planning had improved over initial efforts, in certain areas, federal managers had difficulty establishing outcome-oriented goals, addressing issues that cut across federal agencies, adequately soliciting or incorporating consultation from external stakeholders in strategic plans, relating annual goals to long-term goals, and identifying the budgetary, human resources, and other resources needed to achieve these goals. Critics have also asserted that the top-down, one-size-fits-all approach mandated by the Government Performance and Results Act limits agencies’ abilities to tailor strategic planning efforts to their own needs and circumstances (Long and Franklin 2004; Roberts 2000).

On the other hand, case studies of strategic planning best practices in the U.S. military (Barzelay and Campbell 2003; Frentzel, Bryson, and Crosby 2000), along with case studies of strategic planning in local government (Hendrick 2003; Wheeland 2004), indicate that effective strategic planning on the part of public agencies can be instrumental in bringing about meaningful change. In addition, surveys of public managers in Welsh local authorities (Boyne and Gould-Williams 2003), as well as municipal governments in the United States (Poister and Streib 2005), have found that strategic planning efforts are credited with bringing about improvements in both organizational capacity and performance. Furthermore, new case study research suggests that strategic planning was associated with success in bringing about significant changes in several federal agencies (Kelman and Meyers 2009) and led to beneficial change in a large regional collaborative enterprise (Bryson, Crosby, and Bryson 2009).

Research notwithstanding, the experiences of two organizations that I have been quite familiar with over time illustrate that strategic planning can and does strengthen organizations, improve effectiveness, and create public value in different ways. First, the Pennsylvania Department of Transportation (PennDOT), one of the earliest public agencies to engage in strategic planning, has periodically conducted formal strategic planning efforts since 1982, led by four different secretaries of transportation under two Republican and two Democratic administrations. Strategies that resulted from these efforts early on included affirming the top priority of maintaining existing highways rather than expanding capacity in the system, professionalizing highway maintenance operations in the field and converting county-level maintenance managers from political patronage jobs to civil service positions, instituting an employee-centered quality improvement program, investing in a “leading-edge” computerization initiative when such a massive commitment to new technology was highly controversial, and instilling a customer focus in all program areas.

Second, River Valley Transit (RVT), an agency of the city of Williamsport, Pennsylvania, has conducted two formal strategic planning efforts over the past decade that have been aimed largely at broadening its mission and expanding its portfolio of responsibilities. Over this period, RVT, which at the outset was responsible solely for operating the local public transit system, has become the contract manager of the city’s parking authority, assumed responsibility for overseeing the city department that manages public works and parks, expanded its tourist-oriented historic trolley operations, partnered with a local nonprofit organization in operating a paddle-wheel boat on the Susquehanna River, and built a large trade and transit center in downtown Williamsport that houses office space for the local chamber of commerce, a community theater, and small retail outlets, in addition to the operations center for its bus system. While strategic planning at PennDOT has helped that organization pursue its already substantial mission much more effectively over the years, such planning has helped RVT diversify its portfolio.
of services considerably and capture significant synergies from connecting these various enterprises at both the management and operating levels.

In both of these cases, the initial creative sparks that eventually led to substantial changes rarely originated in formal strategic planning efforts. Rather, many of these ideas were part of the new agendas of successive incoming chief executive officers, in the case of PennDOT, or sprang from the fertile imagination of the long-term visionary general manager of RVT, or they were suggested along the way by others in these organizations in the course of managing their own areas of responsibility and even by outsiders who interacted with these agencies. In both cases, strategy has evolved over the long run in ways that are consistent with the logical incrementalism model advanced by Quinn (1978) and “management by groping along” described by Behn (1988).

However, formal strategic planning in both cases served in various ways and at various stages of the development of these ideas to flesh them out in terms of what they would actually look like and how they would be undertaken; to subject them to scrutiny from a variety of perspectives; and to assess their feasibility, desirability, and fit with the more general direction in which these organizations wanted to move. Ultimately, the discussions generated by the formal planning efforts led to validating some of these proposals and rejecting others or tabling them for future consideration. More generally, strategic planning has served in these cases to involve managers in thinking systematically about the future of the organization and the environment in which it operates; to promote learning and discussion about what is important, what the priorities should be, and what will work and what will not work; to build consensus around and commitment to strategic initiatives; and to communicate direction, overall strategy, priorities, and plans to broader constituencies inside and outside the organization.

The Future of Strategic Planning

Though it has become orthodox practice in the public sector over the past 25 years, strategic planning will need to play a more critical role in 2020 than it does at present if public managers are to anticipate and manage change adroitly and address new issues that seem to emerge with increasing rapidity. This means that more public agencies will need to advance beyond the point of inventorying current operations and programming future activities based on extrapolations of past trends to more creative “out of the box” thinking about future directions in response to candid assessments of their own capacities as well as realistic expectations regarding emerging trends and issues and forces beyond their control.

If public agencies are to use strategic planning processes more effectively, however, they need to avoid the kinds of traps identified in Mintzberg’s (1994) classic critique, which argued that strategic planning in the private sector often spoils rather than facilitates truly strategic thinking as a result of overly formalized planning systems, the central role played by professional planners as opposed to managers, overreliance on quantitative data, and the detachment of strategists from the realities of the “nuts and bolts” at the operating level and the world that surrounds it. Clearly, if planning is to be done well in the public sector, strategy needs to be formulated by top executives and line managers, with planners in support roles; the analysis of strategic issues must be based on extensive intelligence gathering including “soft” data rather than intensive number crunching; and strategy formulation should be influenced by experience, intuition, inspiration, and even hunches, as well as a keen sense of political feasibility.

Thus, strategic planning processes need to facilitate understanding of the forces driving issues, explore options in terms of their feasibility and likely consequences, and stimulate candid discussions regarding the costs and risks associated with various alternatives. If managers can engage in these kinds of assessments and develop genuine consensus around strategies among the “power players” within the organization and outside it whose support or active involvement is essential for success, the strategies arrived at stand a much better chance of success in moving the organization in the desired direction.

Regarding this last point, given the boundary-spanning nature of many of the issues they are confronting, public agencies need to make greater efforts to be more inclusive in their strategic planning, inviting key external stakeholders to become involved in parts of the process or making greater efforts to solicit input from outsiders through surveys, focus groups, executive sessions, or other forums. Furthermore, given that public policy is often determined and carried out in networked environments rather than by single agencies, strategic planning will need to be applied increasingly to collaborative enterprises (Bryson, Crosby, and Bryson, 2009).

Recognizing the importance of other public as well as private and nonprofit organizations to the advancement of their own strategic agendas, public agencies often assess critical external stakeholders’ support for or opposition to their plans and then develop strategies as part of those plans to capitalize on or recruit supporters while accommodating or making end-runs around opponents in order to move those plans forward more effectively (Nutt and Backoff 1992). Although it may be more cumbersome and challenging, it may be much more effective in the long run for the agency in question to attempt to convince these other organizations to work collaboratively in developing a strategic plan for the larger network and then work within that process to try to ensure that the plan that results reflects its own substantive objectives to the extent possible. For example, most state transportation departments develop their own strategic plans and then attempt to develop buy-in from external stakeholders as needed. The Florida Department of Transportation (FDOT), however, led a variety of entities representing numerous transportation interests across the state in developing a strategic multimodal transportation plan for Florida looking out to 2020. FDOT then developed its own organization’s strategic plan, which was heavily oriented to advancing the larger state transportation plan that was supported by these external stakeholder groups.
More immediate, however, public managers need to link strategic planning much more closely with performance management processes in response to continued pressure for accountability as well as their own commitment to managing for results. More specifically, we will need to effectuate these three fundamental changes in the way in which we manage public agencies over the next decade:

1. Shifting from strategic planning to strategic management
2. Moving from performance measurement to performance management
3. Linking strategy and performance management more effectively

Making these three transitions will be essential to enable public agencies to focus attention on the most appropriate goals and to manage effectively to achieve those goals.

**From Strategic Planning to Strategic Management**

Paradoxically, Mintzberg’s claim that strategic planning often amounts to strategic **programming** in practice may be on target, in part, in identifying what is needed in terms of overall strategic management in public agencies. **Strategic programming** as described by Mintzberg consists of clarifying strategy and translating broad vision into more operational terms; elaborating strategies in greater detail and developing action plans that specify what must be done to realize strategies; and assessing the implications of strategic mandates on the organization’s operating systems and revising budgets, control systems, and standard operating procedures. As planners attend to these critical tasks, they will help their agencies shift from strategic planning to broader strategic management.

It is hoped that public agencies will move further toward more comprehensive strategic management over the next 10 years as they not only see the value of good strategic planning, but also feel the need to use strategy to drive decisions and actions and to advance their strategic agendas more effectively (Vinzant and Vinzant 1996). Strategic management is concerned with ensuring that strategy is implemented effectively and encouraging strategic learning, thinking, and acting on an ongoing basis. The implementation aspect involves working all of the “management levers” in a concerted effort to implement strategic initiatives, advance the strategic agenda, and move an organization into the future in a deliberate manner. These levers include, but are not limited to, operational and business planning, budgets, workforce development and training, other management and administrative processes, internal and external communications, analytical and problem-solving capabilities, program delivery mechanisms, legislative agendas, leadership skills, and an organization’s ability to influence other actors in the networks through which it operates (Poister and Streib 1999).

Strategic management is largely a matter of utilizing and coordinating all of the resources and venues at top management’s disposal, enforcing a kind of “omnidirectional alignment” among them in the interest of advancing the strategic agenda (Poister and Van Slyke 2002). Public agencies can develop action plans for implementing particular strategic initiatives and utilize project management approaches to ensure that they will be carried out to completion. To provide accountability for results, they can assign lead responsibility for implementing strategies to individual managers or operating units, and they can create action teams to flesh out and oversee the implementation of cross-functional strategies. More generally, they can mandate that major divisions or other organizational units develop their own strategic plans or business plans within the framework of the agency’s overall strategic agenda. In addition, agencies can do a number of other things to ensure that strategy is translated into action, such as,

- Identifying and monitoring appropriate performance measures to track progress in implementing strategic initiatives and achieving strategic goals and objectives
- Assessing performance data in periodic strategy review sessions and making adjustments as needed to keep implementation on track
- Aligning budgets with strategic priorities, allocating resources to fund new strategic initiatives, and challenging operating units to show how their budget proposals advance strategy
- Incorporating goals and objectives related to the strategic plan in individuals’ performance planning and appraisal processes and rewarding contributions to the advancement of strategy as possible
- Promoting the agency’s vision and strategic plan internally to mobilize commitment throughout the organization
- Communicating strategy to external stakeholders and soliciting their assistance in advancing strategy as needed
- Emphasizing consistency with strategy in proposals, requests, and other external communications to build credibility and support on the part of governing bodies, oversight agencies, and other key constituencies

Without this kind of follow-through on numerous fronts, public agencies are unlikely to see the real value of their strategic plans brought to fruition. Indeed, halflhearted efforts regarding implementation beg the question of the value of strategic planning in the first place. On the other hand, as illustrated by PennDOT, among others, a full court press and continuing attention to coordinating a variety of approaches to implementing strategy can strengthen organizational capacity and improve performance significantly.

More generally, strategic management involves shaping, implementing, and managing an agency’s strategic agenda on an ongoing rather than episodic basis, in a way that is highly consistent with Quinn’s description of a purposeful, incremental approach to strategy formulation mentioned earlier. Thus, strategically managed agencies might charge major divisions and then successively lower levels of management with responsibility for cascading planning down through the organization in order to develop initiatives that advance the vision created at the top with actionable strategies at the operating level.

Effective strategic management must also be concerned with monitoring external trends and forces as well as internal performance on an ongoing basis, refreshing intelligence along
the way, and revising strategy when and as needed. For example, the Georgia Department of Transportation has adopted a 360-degree stakeholder survey process to solicit periodic feedback from key customer groups, business partners, suppliers, and state legislators, as well as its own employees to help inform regular strategic plan monitoring and update efforts. The Kansas Department of Transportation and other state transportation departments have been experimenting with the use of social networking media such as Facebook, MySpace, and Twitter to solicit the public’s views and feedback on transportation needs and programs as well as to communicate outwardly regarding the challenges they face and their plans for addressing these issues.

Indeed, one of the most important functions of strategic management is to ensure that monitoring the internal and external environments, gathering information from a wide variety of sources, and sensing how circumstances are perceived and how values might be changing on the part of an array of constituencies continues to go on in between active rounds of strategic planning. The resulting sense of how things stand can be invaluable in shaping the timing and nature of strategic planning efforts. Very often, for example, strategic planning efforts appropriately consist of plan updates or refinements of existing strategy, or otherwise looking for ways to advance existing priorities more effectively. At times, however, agencies may need to recognize that they are at a crossroads and face epochal shifts (Barzelay and Campbell 2003) in environment and expectations that may call for refocusing their entire mission, moving in new directions, and revamping priorities substantially.

This was the situation facing PennDOT in the early stages of a major turnaround effort beginning in 1979 in response to a growing consensus in state government circles and among a wide range of stakeholders that it had become highly dysfunctional and needed either to be reinvented or eliminated. Similarly, in its early strategic planning effort, RVT recognized that it had reached a point at which it needed to decide whether to continue operating solely as a public transit system or to move aggressively to become a multimodal transportation agency and a force in downtown redevelopment efforts. Strategic planning efforts can be oriented appropriately toward more routine updates of existing functions or a more dramatic paradigm-changing type of strategizing, but in either case, they can be undertaken more effectively if an agency has been actively monitoring its environment on an ongoing basis.

From Performance Measurement to Performance Management
Paralleling the transition from strategic planning to strategic management, we need to shift the emphasis of the performance movement from performance measurement to a focus on performance management over the coming decade. Clearly, governments at all levels in the United States are operating in an era of performance. Performance measurement systems are ubiquitous, and although the top-down, one-size-fits-all systems mandated at the federal level and in many states have been criticized as being problematic in many cases (Radin 2006), and performance measures are less actionable in the “hollow state,” where responsibility for conducting much of government’s business is contracted out to other entities (Frederickson and Frederickson 2006), in many quarters, performance measurement seems to be assumed to automatically lead to improved performance.

However, actual performance management, actively utilizing performance information to strengthen policies and programs, improve performance, and maximize the benefits of public services, still appears to seriously lag performance measurement activity (Hatry 2002). Grades from the 2008 Government Performance Project for generating appropriate information and using it to support decision making reflect the current state of performance management in practice; only 6 of the 50 states received an A rating on this criterion, while 20 received a B rating, and the remaining 24 states received a C or even D rating (Barrett and Green 2008).

At the federal level, while some agencies, such as the Centers for Medicare and Medicaid Services, have increased their use of performance information for various management decisions, this is not the case in general. According to a recent report by the Government Accountability Office, more than the 16 years since the Government Performance and Results Act was passed, agencies across the federal government “have developed strategic plans and are routinely generating performance information to measure and report progress toward their strategic goals. However, . . . our periodic surveys of federal managers on their use of performance information show that while significantly more federal managers reported having performance measures for their programs than they did 10 years ago, their reported use of performance information to make management decisions has not changed significantly” (2009, 1–2). On the other hand, some recent research suggests that selected governmental units are beginning to use performance data to improve performance (Ammons and Rivenbark 2008; De Lance Julnes et al. 2008; Moynihan 2008).

In part, the lack of true performance management originates with governing bodies that lack the political will to make the kinds of difficult decisions that are required to achieve substantial performance improvements in fields such as crime or education and instead redefine the issues as problems of mismanagement and inefficiency and then vow to hold the respective bureaucracies responsible (Frederickson 2005). Similarly, Moynihan (2008) finds that although agency managers see improved decision making and performance as the most important purpose of measurement, elected officials are more likely to be interested in accountability and the symbolic value of requiring agencies to report on their performance. Thus, while performance management doctrine calls for allowing administrators greater discretion in managing their programs in order to facilitate performance improvement, states have been reluctant to provide increased flexibility regarding financial controls in terms of resource allocation, procurement, and budget execution or human resource management in terms of hiring, performance appraisal, and compensation practices.

Nevertheless, there still are possibilities for using performance information to strengthen
Performance is the process of setting goals for an organization and managing effectively to achieve those goals and eventually bring about the desired outcomes. In that sense, strategic management can be viewed as performance management at a strategic level.

Integrating Strategy and Performance Management

More generally, performance management is the process of setting goals for an organization and managing effectively to achieve those goals and eventually bring about the desired outcomes. In that sense, strategic management can be viewed as performance management at a strategic level. However, large, complex public organizations typically maintain a wide variety of performance measurement systems at different levels and in different parts of the organization. These systems are likely to focus on different programs or processes, serve different purposes, and be oriented to the needs of different audiences or intended users. Thus, performance measurement and, it is hoped, performance management are ongoing processes at all levels and across numerous applications, and they are much more encompassing and pervasive than strategic planning and management systems.

While strategic planning and management should be focused very selectively on issues of the most fundamental importance, organizations still must manage their core businesses and more routine operations on an ongoing basis. Whereas strategic management focuses on taking actions now to position the organization to move into the future, performance management is largely concerned with managing ongoing programs and operations at present.

Strategy is usually oriented to change that is aimed at enhancing an organization's role in the larger environment or the way it pursues its mission. Implementing strategies is the province of strategic management, but when strategic initiatives have been completed and/or strategic goals have been attained, they typically should move off the strategic agenda. However, some of these strategies may still...
be important in the sense of being embedded in the way an organization does business on a continuing basis, and thus they may need to be supported through the ongoing performance management process.

With few exceptions (Bryson 2004; Poister 2003), strategic planning and performance management are not closely connected in the public management literature. However, we need to manage the interplay between strategy and performance management to much greater advantage. While strategic plans usually identify performance measures that are monitored and may feed meaningful information into strategy review and update efforts, often they are not linked systematically to goal structures and measurement systems at the program management and operating levels, where performance improvement is most likely to be generated. Without such linkages, strategic planning is much less effective in driving decisions and actions in an agency and moving purposefully into the future. Of course, in many large federal departments as well as multifunctional organizations at the state level, strategic plans are likely to be developed at multiple levels (e.g., the department, agency, and program levels), and in many local jurisdictions, strategic plans are developed both at the corporate level and by individual departments. In such cases, strategic plans can and should be linked directly to performance management systems at each level.

From a performance management perspective, Hatry asserted that strategic planning is not really essential to successful government, arguing that governments at all levels are “continually taking numerous actions to improve their services without significant input from strategic planning” (2002, 353). Clearly, however, performance management systems that are not tied to or at least consistent with strategy run the risk of maintaining and/or improving immediate performance on previously established criteria of success but increasingly missing the mark in terms of where the organization should be heading in the longer run.

For example, for several years beginning in the mid-1990s, the New Mexico Department of Transportation used its performance management system, called the Compass, very aggressively to substantially elevate the performance of its core mission: building and maintaining highways. Indeed, the system became so firmly rooted as the driving force of decisions and actions in the department that when strategic planning was mandated for all state agencies in New Mexico in the late 1990s, the Department of Transportation responded by simply writing a plan around the performance measures in the Compass as its de facto strategy, thus passing up an opportunity to question broader strategic issues.

A few years later, however, recognizing the limitations of existing strategy in a context of changing development patterns, transportation needs, and mobility options, a new secretary appointed in 2002 initiated a strategic planning process that opened a broader discussion on future directions and set new priorities for public transit, commuter rail, and intercity bus services, as well as highway safety. The Compass, which had worked so effectively in channeling the department’s energy and resources to its traditional mission, but had also become somewhat outmoded with respect to changing needs and priorities, was then reoriented to focus attention on the department’s rebalanced strategies. At the same time, many of the measures were removed from the strategically oriented Compass but retained in other systems at the program and operating levels.

The point here is that strategic planning will become more meaningful as more agencies transition to comprehensive strategic management approaches that, among other things, drive their performance management systems forward. At the same time, as agencies shift from simply measuring performance to incorporating the resulting information into systematic efforts to actually improve performance, those performance management systems will be more effective in the long run if they are aligned with strategy and driven by strategic management processes.

Thus, the preferred type of performance measurement/management system will depend in large part on the nature and content of strategy. For example, if an agency’s principal strategies focus on producing significant improvements in its immediate service delivery processes, as was the case with the New Mexico Department of Transportation’s COMPASS, for instance, a “stats”-type system emphasizing the quantity and quality of outputs, customer or citizen satisfaction, and outcomes, with frequent reviews and clear expectations for action plans to correct deficiencies as required, may be very useful. On the other hand, when strategy concerns the implementation of new programs or other initiatives, a project management approach may be more helpful, while an agency whose strategies focus more on longer-term change in policies or overall direction may find that monitoring a wider range of performance data, perhaps including leading as well as lagging indicators, at longer time intervals is more useful in determining whether the organization is on course and whether plans need to be revised.

Moreover, performance management processes in an immediate sense operate within a context characterized by numerous factors that may limit performance improvement, such as structure, organization culture, service delivery arrangements, and technology, in addition to constraints in terms of authority and resources. In some cases, when there seems to be little opportunity for working “inside the box” to improve performance at a programmatic or operating level, strategic planning at a higher level may be able to bring about more systemic change and remove barriers to productivity in terms of redesigning structure, developing a productive culture, instituting new service delivery arrangements, and even securing additional resources or expanding formal authority in order to facilitate performance improvement.

For example, the Sexually Transmitted Disease (STD) Division of the U.S. Centers for Disease Control (CDC) initiated a performance measurement system at the beginning of this decade to monitor the performance of the STD prevention and treatment programs operated by health departments in all 50 states and several large cities to which the CDC gives grants for programmatic support. The measures were developed through a participative process involving representatives of the state and local programs and related academics and advocates from professional groups, as well as CDC central office managers and field personnel. They were initially piloted in a few states, then implemented by all grantees and later incorporated into the CDC’s triennial grant solicitation process, and a task force was convened a few years ago to review the system and add, eliminate, or adjust some of the measures.
While the measures are reported every year and the CDC actively reviews the data and encourages and challenges grantees to work harder and smarter to strengthen their outputs and immediate outcomes, the results do not show the kind of performance improvement that the CDC had been anticipating. Instead, on critical indicators such as the proportion of primary and secondary syphilis cases interviewed within 7, 14, and 30 days or the proportion of positive chlamydia cases from family planning clinics treated within 14 and 30 days, performance in the aggregate has been quite static over the past several years. A consensus is developing that part of the reason for this lack of movement in the data is that significant improvement in performance in these areas requires increased cooperation on the part of a number of other entities in the larger STD “system,” e.g., schools, health maintenance organizations, community-based organizations, and jails, and that the state and local STD programs have not been able to leverage sufficient influence through these networks to bring about the kinds of needed responses from these other actors. Thus, at present, the CDC is planning to initiate a strategic review and planning process to identify the critical issues regarding these programs and, it is hoped, move to a new networked based paradigm in the interests of improving performance.

Conversely, while strategic planning and management provide an essential framework for effective performance management, performance management itself can sometimes enrich strategic planning by clarifying strategy (Moynihan 2008) and even “finding strategy” (Mintzberg 1994). For instance, ongoing experience with performance management systems can inform strategic planners about realistic expectations, opportunities, and limitations regarding attempts to strengthen the performance of a given program in its operating context in ways that might help thinking strategically about other programmatic options in the long run. In addition, performance reports that break performance data down by decentralized operating units, supplemented with information regarding differences in the environments in which they operate, may help identify strategies that are more or less effective in particular operating contexts.

In addition, over the coming decade, it is imperative for public agencies to engage much more widely in developing comparative measurement systems with other similar agencies and programs in order to facilitate benchmarking efforts aimed at identifying evidence-based best practices on the part of leading performers that might be able to be adapted profitably by other agencies (Ammons and Rivenbark 2008). This kind of information can often inform the development of strategic initiatives aimed at making agencies more effective.

**Conclusions**

The first decade of the twenty-first century has seen the United States involved in two protracted overseas wars that are straining the military, a new and urgent concern with homeland security and terrorist attacks from within as well as without, the deepest economic recession in 70 years and unprecedented government bailouts and stimulus funding, state and local governments in dire fiscal straits just as the need for them is significantly increasing, and polarizing national politics that have been very divisive with respect to the role of government in society in general. Over the same period, public managers have seen continued growth in outsourcing to private sector contractors and suppliers, the rise of collaboratives to make policy as well as deliver public services, the phenomenal growth of e-government service channels, a more insistent customer focus on the part of government agencies, and increased pressure for accountability and performance from elected officials, the media, and the public.

If the coming decade is as turbulent as the one just now ending, drifting into the future on somewhat predictable tides will not be an option. Instead, “muddling through” could well result in public agencies being buffeted about by strong winds and battered on the rocks. Thus, if agencies are to anticipate new problems and challenges, respond to them effectively, and, to a degree at least, chart their own course for moving into the future, they will need to think and act strategically and be able to manage for results.

To add public value, government agencies must identify appropriate goals that are legitimate and politically sustainable and have the management and operational capacity to deliver on them effectively (Moore 1995). Clearly, strategic planning is not always aimed at improving the performance of ongoing programs. Often, it redefines performance to meet new challenges, but it should always focus on identifying the kinds of results to be achieved and strategies for achieving them. Public agencies are best served by “nimble” strategic planning systems that focus very selectively on identifying and resolving the most compelling issues facing them as they continue to monitor internal and external conditions and scan the environment to discern emerging issues that might require new strategic responses. Consistent with this, strategic management must not be seen as a matter of micromanaging to enforce uniformity across operating divisions, but rather working to ensure that decisions and actions at all levels are driven by a few fundamental strategies that are critical for success in the long run.

However, comprehensive performance management at the operating level still must be oriented in part to advancing an agency’s overall strategy. Thus, I am convinced that moving from planning strategy and measuring the performance of ongoing programs, on the one hand, to implementing strategy and using performance information to improve performance, on the other, will be essential for public agencies to significantly increase their capacity to meet new and unforeseen challenges and create public value over the next 10 years. This will also require linking strategic management and ongoing performance management processes more effectively in a reciprocating relationship in which strategizing is aimed largely at defining and strengthening overall performance and performance monitoring helps inform strategy along the way.

While many leading-edge public organizations do have effective strategic management processes in place, many more agencies at all levels of government fail to utilize the kinds of practices discussed in this article to develop and implement strategy and to manage performance effectively. Transitioning to comprehensive strategic management and performance management will be critical for these agencies over the next 10 years given the rapid pace of change and increased uncertainties facing public administrators at all levels. Thus, strong leadership will be required to overcome a range of institutional, bureaucratic, and cultural factors that reinforce the tendency to continue managing
on a day-to-day basis while drifting into the future rather than guiding the agency into the future in a purposeful direction.

The critical need is for leaders who are organizational entrepreneurs not only in the sense of creating visions of success for the future, developing strategies for pursuing those visions, and mobilizing support both internally and externally for those visions and strategies, but who also fully appreciate the value of basic management systems and demonstrate a personal commitment to utilizing them to implement strategy and management performance effectively. Ultimately, more public agencies need to develop organizational cultures and leadership at all levels that welcome opportunities to manage change and provide positive reinforcement for being cognizant of the dynamic fit between organization and environment and contributing to strategy development and implementation as the normal way of doing business.

References


