Embrace the Chaotic Nature of Strategic Planning

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ABSTACT
There is a plethora of research and literature focused on strategic planning yet very few consider the chaotic nature of organizations and their stakeholders. The purpose of this study is taking a detailed look at a variety of strategic planning models and use empirical research to create a simple effective strategic planning model that can be used in academia and any organization with multiple influencers and stakeholders. Empirical research focuses on academic and consumer product organizations. The academic research comes from creating a strategic plan for a technology initiative. The research for consumer product organization comes from over 20 years of experience working with organizations asking for yearly and 5-year strategic plans for sales and marketing. The result is a pinwheel model that allows for unforeseen circumstances within the organization as well as outside influences that planners are unable to control.

Key Words: strategic planning, academia, influencers, stakeholders, consumer product organizations

1. Different Definitions of Planning

There are many different definitions of planning used by organizations. ". Benveniste (1989) used the terms planning and policy analysis while Zaltman, Florio, and Sikoski (1977) used the phrase planning for intentional change to describe strategic planning. Senge (1990), Drucker (1995), Bryson (1995), Hughes (1997), and Shapiro and Nunez (2001) used the term strategic planning to refer to the entire planning process (Vermillion, 2004)." Drucker (1995) says that the strategic planning process is a continuous systematic process. For the purposes of this paper the strategic planning process will be defined as all activities involved in assisting an organization to achieve desired outcomes using objectives strategies and tactics (Ebert & Griffin, 2003).

2. Foundational Strategic Planning Theories

General system theory, cybernetics theory, chaos theory and complex adaptive systems theory are some of the interrelated theories that are foundational to the strategic planning process. General system theory looks at relationship the wholes, parts and the relationships of the systems to their environment. Cybernetics pays more attention to how the system functions rather than structure- "the science of information, communication, feedback and control both within a system as well as between a system and its environment" (Swanson, & Holton, 2001, p.115). Chaos theory tries to make sense and find patterns in random behaviors. The last theory derived from chaos theory is the complex adaptive systems theory. Complex adaptive systems theory examines the thought that systems operate somewhere between order and chaos.

3. Strategic Planning Models

The following models are explained using a variety of methods including, diagrams, numbered lists, or detailed explanations.

3.1 Basic Model

Used by inexperienced very busy small organizations usually led by top management.
1. Identify your purpose (mission statement)
2. Select the goals your organization must reach if it is to accomplish your mission
3. Identify specific approaches or strategies that must be implemented to reach each goal
4. Identify specific action plans to implement each strategy
5. Monitor and update plan (McNamara, 1999)

3.2 Issue Based Model

Organizations using the basic model may grow into using the issue-based model.
1. External/internal analysis to identify SWOT
2. Strategic analysis to identify and prioritize major issues
3. Design major programs to address issues
4. Design/update vision, mission and values
5. Establish action plans (objectives, resource needs, roles and
   responsibilities for implementation)

6. Record everything in one place

7. Develop the yearly operating plan document

8. Develop and authorize budget for one year

9. Conduct year one operations

10. Monitor/review/evaluate/update strategic plan document (McNamara, 1999)

3.3 Drucker Model

Organizations from the public sector use this business model to answer five important questions. The model is focused on results and targets performance standards to measure success.

1. What is our mission?

2. Who is our customer?

3. What does our customer value?

4. What are our results?

5. What is our plan? (Drucker, 1995)

3.4 Management by Objectives (MBO)

George Ordione built on Drucker's work and created MBO's in the late sixties. During the 1970s most organizations, who considered themselves forward thinking, were using some form of MBO's. Management by objectives means that subordinates sit down with their boss and agree upon a set of objectives with timeframes for their job. The assumption with MBO's is that if organizations can get people to focus on output rather than activities their productivity will increase. Using the MBO process involves the following steps.

1. Central objective setting. The first basic phase in the MBO process is the defining and clarification of the organizational objectives. These are set by the central management, usually in consultation with the other managers. Such objectives should be specific and realistic, and thus controllable. This process gets the group managers and the top managers jointly involved. Once these objectives are clearly established, they should be made known to all the members of the organization and be fully understood by them.

2. Manager-subordinate involvement. After the organizational objectives have been set and defined, the subordinates work with the managers in setting their individual objectives. Such joint consultation is important because people are much more motivated in achieving objectives that were set by them to start with. The objectives of the subordinate work unit are specific and short range and primarily indicate what the unit can achieve in a specific period. The subordinates must set individual objectives in consultation within the unit. In this manner everyone gets involved in the objective setting.

3. Matching objectives and resources. The objectives in themselves do not mean anything unless we have resources and means to achieve them. The role of the management is to make sure that the subordinates are provided with necessary tools and materials to effectively achieve the objectives. If the objectives are precisely set the resource requirements in their turn can be precisely measured, making the resource allocation easier. However, just like objective setting, the allocation of resources should be done in consultation with the subordinates.

4. Freedom of implementation. Once it is made clear what should be performed and why, the manager-subordinate task force should have adequate freedom in deciding on how to perform it. They should be entrusted to know how to best utilize the organizations resources and means to achieve these objectives. If these means are within the larger framework of organizational policies, there should be minimum interference by the superiors. At this stage the heavy work invested in setting objectives and planning performance is paid back, as the need for intensive supervising is no longer there.

5. Evaluation and appraisal of performance. There should be periodic reviews or evaluations of progress between the manager and the subordinates. These evaluations would determine if the co-worker is making satisfactory progress. They will also reveal if any unanticipated problems have developed. They also help the subordinates understand the process of MBO better and help improve their morale, since the manager is showing active interest in their work and progress. It is important that the performance appraisal is based upon fair and measurable standards. Essentially, only performances can be measured, and if the values of the co-workers are going to be measured that must be conducted by way of their performances. The attempt at blunt measurement of loyalty is the hallmark of the corrupt system. Reviews will often help reveal that either the objectives or the methods must be improved. And the circle is closed (Hansson, 2003).

Unlike many management fads of the 1960s and 1970s, there is still a lot of value in setting objectives. MBO should not be lumped together with assessment centers, transactional analysis, organization development, and The Managerial Grid. Those were fads which, for several thousand dollars a pop, gave us a new vocabulary but little else. MBO, on the other hand, remains a good proactive mechanism to be used within the processes of planning.

3.5 Ansoff Model

There are two main concepts with this model, gap analysis and synergy. Gap analysis helps evaluate the difference between where the organization is now and where they want to be at the end of their plan. Synergy refers to the idea that the organization should use combined events that are greater than the sum of their parts, more commonly known as the system theory (Ansoff, & Stewart, 1967).

3.6 Total Quality Management (TQM)

Dr. W. Edwards Deming was the originator of many of the TQM concepts. TQM is not really a strategic planning model, but the 14 points made by Deming are an integral foundation of many strategic planning models.

1. Constantly try to improve product.

2. Take on the responsibility of leadership. Recognize and embrace the challenge of the new economic age and adopt the new philosophy wholeheartedly.

3. Stop relying on inspections to create quality. Build quality into the product from the beginning so there is no need for mass inspections in the first place.

4. Stop awarding business based on price tag. Lower the total cost instead. Move toward a single supplier for any one item, on a long-term relationship of loyalty and trust.

5. Constantly and forever work to improve the system of production and service, to improve quality and productivity, and thus constantly decrease costs.

6. Train employees on the job.

7. Set up leadership (see Point 12). Supervision should be to help people and machines and gadgets to do a better job. Supervision of management is in need of overhaul, as well as supervision of production workers.

8. Drive out fear, so that everyone may work effectively for the company.

9. Break down barriers between departments. People in research, design, sales, and production must work as a team, to foresee problems of production and in use that may be encountered with the product or service.

10. Eliminate slogans, exhortations, and targets for the work force asking for zero defects and new levels of productivity. Such exhortations only create adversarial relationships, as the bulk of the causes of low quality and low productivity belong to the system and thus lie beyond the power of the work force.

• Eliminate quotas on the factory floor because they do not give employee's incentive to work smarter. Substitute leadership.

• Eliminate management by objective. Eliminate management by numbers, numerical goals. Substitute leadership.

11. Remove barriers that rob the hourly worker of his right to pride of workmanship. The responsibility of supervisors must be changed from sheer numbers to quality.

12. Remove barriers that rob people in management and in engineering of their right to pride of workmanship. This means, abolishment of the annual or merit rating and of management by objective.

13. Institute a vigorous program of education and self-improvement.

14. Put everybody in the company to work to accomplish the transformation. The transformation is everybody's job (Deming,1986).

3.7 Caffarella Interactive Model of Program Planning

This model is based on the following seven assumptions:

1. Educational programs focus on what the participants learn and how this learning results in change.

2. The development of educational programs is a complex and not necessarily sequential interaction of institutional priorities, tasks, people, and events.

3. Program planning is contextual in nature: social, economic, cultural, and political climates will have an impact on individual program planners.

4. Both preplanning tasks and last-minute decisions are necessary when planning programs.

5. Effective planning requires respect and honor for diversity and cultural differences.

6. Individual program planners work differently and there is no single method of planning education that ensures success.

7. Program planners are learners, too; reflection and evaluation will strengthen individual abilities. (McNamara, 1999)

Caffarella's model presents a more dynamic planning process and is an alternative to linear, step-by-step models. This allows for more flexibility that is usually needed in real world situations (Figure 1).

3.8 Rice Cyclical & Linear Models

Rice (2002) presents a cyclical (Figure 2) and a linear model (Figure 3) to illustrate the planning process. In the cyclical model the planner starts on the prescriptive side and goes through the three umbrella sections cognitive/rational to political/relational then to the descriptive side under active/emergent. There are no arrows that allow for back and forth movement under the umbrellas. The linear model illustrates a process where data input can occur at any stage of the cognitive/rational, political/relational, and active/emergent umbrellas (Vermillion, 2004).

3.9 Summary

The key is to examine each of the models and utilize a strategic planning process that can be adapted as things change throughout an organization. Here are two different scenarios that could potentially derail or cause the strategic planning process to fail.

1. Top management fails to consider the wants and needs of all stakeholders. This can lead to resistance at the implementation stage that may be impossible to overcome.

2. Decision maker changes jobs or is unable to make decisions. This can cause the strategic planning process to be put on hold indefinitely or could even lead to a new decision maker with very different ideas.

4. Proposed Pinwheel Model and Strategic Planning Tips

4.1 Pinwheel Model

To embrace the chaotic nature of planning an adaptation of Rice's cyclical and linear strategic planning models were used to create a Pinwheel model (Figure 4). This model allows data input at any point and the data flows into each of the cognitive/rational, political/relational or active/emergent sections as the wheel turns. As the speed increases based upon more data input the umbrellas blur and several approaches are being used simultaneously. Using a combination of models provides a more effective strategic planning process. The planner who is at the center of the process can always slow things down by simply clamping down in the middle.

4.2 Best Practices for the Strategic Planning Process using the Pinwheel Model.

1. There is value in understanding the political/relational aspect of the strategic planning process. There are a variety of problems that can arise from trying to create a strategic plan without input from all stakeholders regardless of their level on the organization chart. A good strategic planner recognizes that it will be easier to get buy-in on any changes if all stakeholders feel like they took part in the planning process. Sometimes simply giving stakeholders a forum to express their ideas and needs satisfies the desire for putting their fingerprints on the new plan.

2. The cognitive/rational part of the strategic planning process is crucial because this is where the actual design of the plan takes place. Objectives, strategies and tactics are formed under this umbrella of the planning process. It is crucial that all objectives are written using the S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Timely) acronym must be used. Specific defines what is being done. Measurable means the objective must be quantifiable. Attainable is important because if the objective is too far out of reach or unattainable it demotivates. Relevant keeps the objectives tied to the overall mission statement. Timely sets a specific time period for the objective to be achieved. Each objective will have their own strategies. These will be broad based plans of action. Tactics are specific action plans with deadlines will be created for each strategy. Tactics act as a "to do" list. A written document with objectives, strategies and tactics should be updated on a regular basis to make sure the plan stays on track.

3.   The active/emergent part of planning is where the strategic plan starts the implementation phase.
This is where the planer is unifying the design and implementation. It is important to allow for adjustments because it is difficult to account for every scenario when creating the strategic plan. The pinwheel model accounts for input coming from every direction and allows for changes in midstream. Changes in personnel, financial constraints, technology and stakeholder demands will not derail the plan.

5. Recommendations and Summary
The following is a list of recommendations that will be helpful for any organization undertaking the responsibility of creating a new strategic plan.
1. Make planners aware of the political nature of planning. Support from stakeholders is an important part of the planning process. It is crucial for the planner to understand the politics of an organization so that he/she can avoid potential quagmires. The planner should identify the key decision makers and build a relationship early in the planning process. Identifying each group in an organization and what they want will assist the planner when looking for support.
2. Encourage input from a variety of sources (political/relational). Data input should be encouraged from internal as well as external sources. Internally asking for input helps to planner garner support because individuals and groups feel like the planner cares about their ideas and is letting them help build the plan. Encouraging internal input also gives individuals and groups a feeling of ownership of the plan. External sources can often supply a point of view or see things that internal sources are too close to the situation to see or understand. Ongoing input allows ideas to be refined and built upon.
3. Train planners in all three planning approaches. Each planning approach has useful components. The Cognitive/Rational will assist the planner in the formal design of the plan. The Political/Relational highlights the political nature of planning and shows the planner the need to be a negotiator not a dictator. The Active/Emergent shows the planner how to thrive as the implementer of a plan. All three approaches should be used when planning a major initiative.

4. Provide guidelines or set of expectations regarding the initiative (cognitive/rational). Top management must set some guidelines or expectations so that the planner does not go off in the wrong direction. Expectations or guidelines provide a foundational framework for the planner.

5. Do not fold to pressures to implement without a plan (chaotic force). There will be times that stakeholders or managers have a brilliant idea that "just can't wait." It is important for the planner to stand strong and say no if the implementation is not in accordance with the plan and may be detrimental to future strategies or tactics. The planner needs to examine the idea and if the implementation is easy and will provide instant credibility or garner support without harming the plan then go ahead and implement. It is important that the planner understands and be willing to defend whatever decision is made.

6. Build a visible support team (political/relational). Hire and recruit staff members that will be supportive and help garner support from others. A staff member that is well liked and respected can provide credibility and instant acceptance. Make sure that the staff members know who is on your team and hold meetings in the open when possible.

7. Distribute a formal written plan and provide updates on a regular basis (political/relational/cognitive/rational). A formal written plan that is distributed is like the Good Housekeeping Seal of Approval. When staff members see the plan in writing and know that top management has also seen the plan there isa tendency to acknowledge that this is the plan. The written plan provides everyone with a clear understanding of what is going to happen, who will be involved, and who will benefit. Regular updates show the staff that this is not just another waste of time where a plan is created and then filed away until a new one is created next year. The updates show progress is being made and gives staff members an opportunity to provide feedback.

8. Build testing and ongoing evaluation into the plan (active/emergent). Testing a plan or initiative is an essential part of the planning process. The testing phase could uncover fatal mistakes that need to be corrected before implementing.

Testing also allows any kinks or new ideas to emerge that could improve the initiative. Evaluation is an area that most planners pay lip service to by including a blanket statement about ongoing evaluation in the plan. Overlooking and not providing a systematic evaluation that provides real data that is specific and measurable is a major mistake. Without evaluation every initiative that is implemented can be called a success even if it is a dismal failure (Vermillion, 2004).

The strategic planning process allows organizations to set a path to reach new levels of success.

6. Model Figures

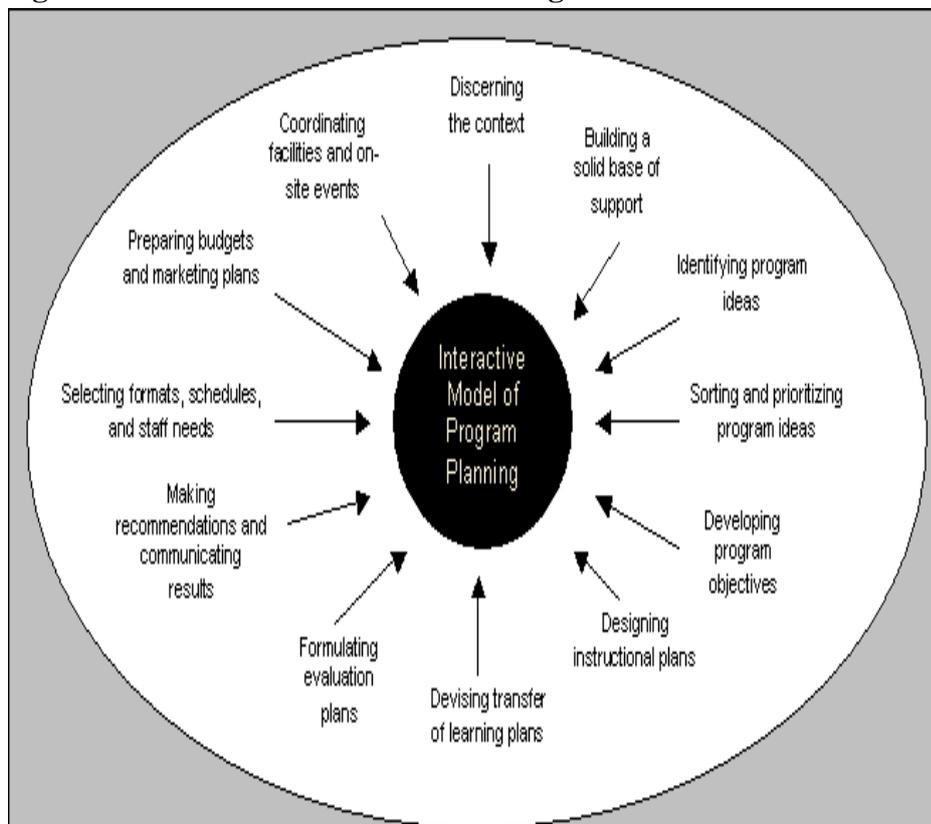### Figure 1. Caffarella Interactive Planning Model

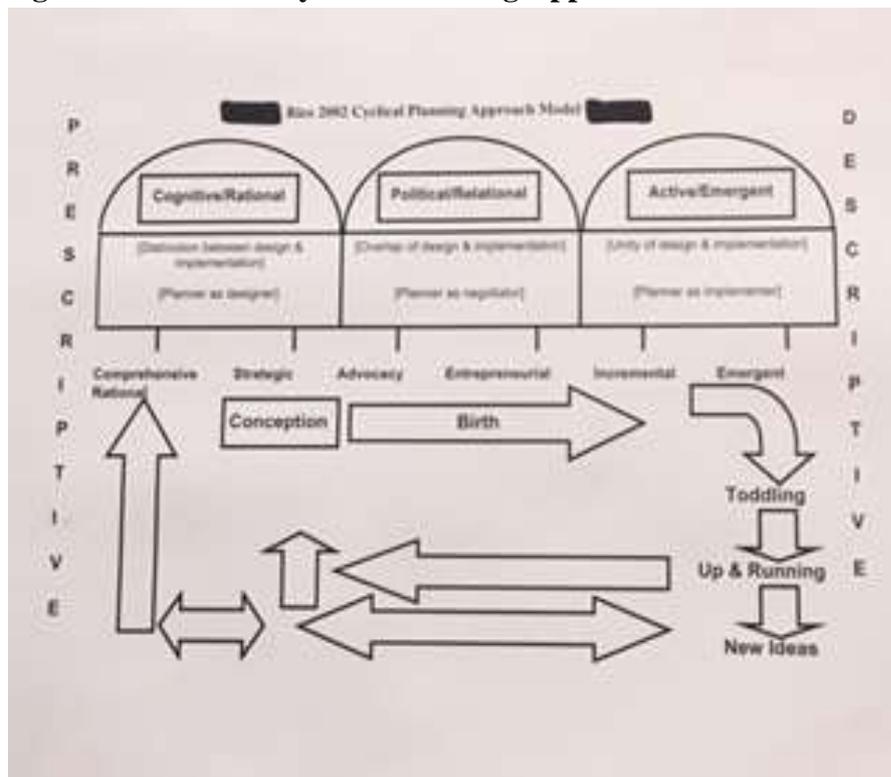### Figure 2. Rice 2002 Cyclical Planning Approach Model

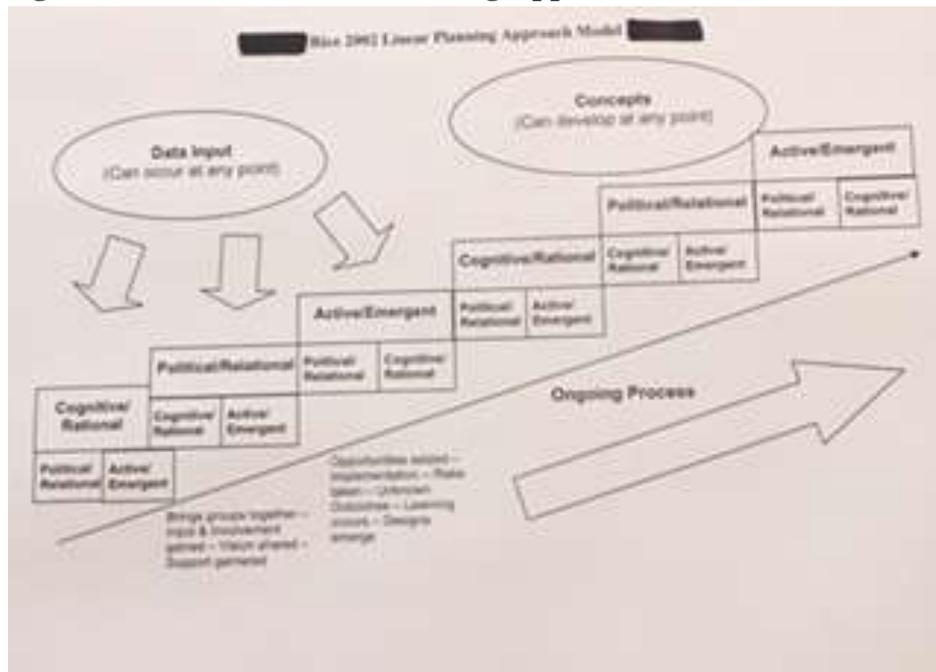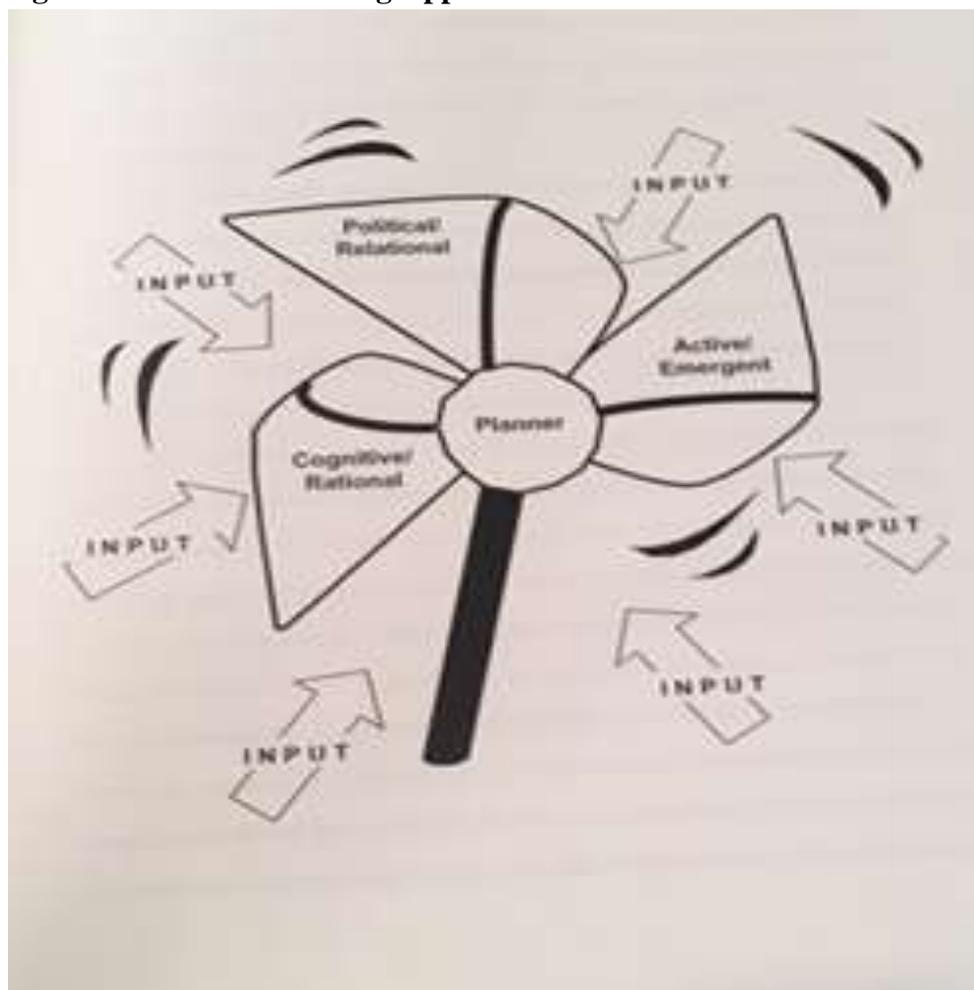**Figure 3. Rice 2002 Linear Planning Approach Model**

Figure 4. Pinwheel Planning Approach Model

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