

Approaches to Strategic Planning Program Transcript

[MUSIC PLAYING]

NARRATOR: What might be the motivating drivers behind the strategic planning process? What strategic planning model might be best suited for a particular organization? Listen as Dr. Paul Nutt answers these and other questions and explains approaches to strategic planning.

Dr. PAUL NUTT: The way I do it is to work backwards from how much time do you have available. Is your organization willing to commit an afternoon or day, a series of weeks, or maybe a longer period of time?

You take the period of time and try to divide it into segments and say, "What questions can we address in one day?" It's very difficult to do historical context and sometimes it's difficult to do a SWOT analysis.

However, you can sometimes uncover issues, hoping people are coming from the same point of view when they're developing it. Try to prioritize those issues and say how would you address those issues from a strategic sense and maybe ask some implementation questions.

If you have full day, you may be able to do a bit more of that. What we try to do is to sell a six-week package, so to speak, where we had an afternoon, the week in between to try to pull together the information that we got from the previous session. And that allowed us to repeat some of the things we've done before.

For instance, on the first day, we would do something what we call "ideals." This is a worst-case scenario and the best-case scenario for the organization.

Case in point, say, we're talking about some service organization—treat all the people, the best-case scenario would be to treat all people with needs we've identified with adequate budget and high quality resources with minimum interference from people that aren't skilled in the treatment process we're offering. Worst-case scenario would be budget cuts, loss of personnel, things of that nature.

So you can see that some of the strategic elements we talked about earlier would technically crop up in this depending on what the issues are in the organization. For instance, if channels are the big issues, that is, do we have enough hospitals or elements of care to meet the needs, then that would be—show up in the ideals statement. So, we do ideals and we do historical assessment. Then we come back the second day and review—the second week and we review what those are. Say, here are the priorities that we've come up with regard to, say, the

resource trends, what trends are the most important. What trends in terms of the organization are the most important?

And then we ask new questions about, say, SWOT analysis. When we say, "Now, let's look inside the organization some and talk about what our strengths and weaknesses are, and how these things that we've identified manifest themselves in terms of opportunities and threats."

Third week, you revisit the SWOT analysis and generate issues. The fourth week, you take the issues and you generate some strategies. And in the fifth week, you talk about implementation. In that—trust me, that is a pretty short process to try to get at something as complicated as strategic management.

In the public sector, there is a tendency to get shortchanged in this process. In the private sector, oftentimes, it takes at least five years to articulate and get a strategy in place.

In the public sector, the average tenure of many of the leaders in the state—in the 50 states is less than two years. There's absolutely no way that under those circumstances you could get a strategy in place. This is one of the major dilemmas in the public sector in terms of organizing this process. Oftentimes, the leader is gone before the process can be completed. It makes it very difficult for the organization to behave strategically.

[MUSIC]

[On-screen Text: [Motivating Driver](#)]

The key driver that should motivate an organization to think carefully about strategy is this notion of risk taking. Oftentimes, organizations have what we call "fortress mentality." They really batten their hatches and they're trying in some ways to fend off intrusions in "their domain," and to struggle with budget cuts and what have you.

Frequently, in the public sector things aren't nice and there's a great difficulty in trying to do more with less. Oftentimes, it's just doing less with less. I mean that's the reality. You reach a point where you stripped all the fat away and you're cutting in the bone. Well, there's nothing left to cut.

The only thing that can happen is that the service levels have to fall and this creates a fortress mentality on the part of the organization. And to break that down and to have them think creatively when they've been through years of this experience can be very difficult. A strategic process is helpful because it opens people up to this.

Once you get them thinking about what the issues are and how they might

improve their organization, it kind of liberates them, gets them out of this fortress mentality, and creates an opportunity for the organization to think reflectively. On the fortress mentality, there are two things that are really key in there. One is it encourages risk taking.

If you have an organization that is constantly in a cutback management mode, it's very difficult for them to think about what are the needs out there that are not being addressed, okay?

That would—that requires a certain amount of risk in their part. Their oversight body would be, perhaps, not very sympathetic for, taking their time in this way when they ought to be thinking about ways to contract out everything.

The other issue that is very useful here is what I call "reframing." unless you change your stance, in other words, you can't really see the entire picture. And reframing is an attempt to take the organization out of the mentality of looking at things only from one way and one point of view, or with the one set of issues, and try to expand that issue out and try to look at things more creatively and more comprehensively.

People often ask what models of strategic planning or strategic management are available. And there are almost as many models as there are books about them. Many of them are variations on a theme. There are all kinds of similarities; some of them are very—targeted toward a particular issue.

For example, the Boston Consulting Group has this matrix that they come with in which you talk about what your market share is and what's the total size of the market is. And this has been applied to private sector organizations, particularly hospitals and I think quite inappropriately.

For example, if you have a high share, high market possibility, those are called stars. If you have low, low, those are called dogs.

[LAUGHS]

If you have a high share in the bad market, those are called cash cows. And up in the little corner, I used to call those wildcats—Okay. That is, we have a low share but there's a lot of potential out there. And a friend of mine used to call the dogs, good Samaritans in hospitals.

This would be a bird care center. They cost the organization an awful lot of money, the revenues are limited, the results are difficult at best, and they're there primarily as a service to try to say, "Well, we're a comprehensive institution."

The same thing with coronary care, very expensive, very bad results oftentimes. And the way the university hospitals have poor mortality rates in part, because

they can't send the patient home to die. And that oftentimes is what happens in community hospitals.

This is a way to classify, in other words, the Boston Consulting Groups' matrix. It's a way to classify your business units. This has been adapted for public sector organizations to one degree or another, although it doesn't always work.

You know, the idea is you milk the cows to feed the stars, and you sell the dogs. And the question is, "What do you do about the wildcats? Do you take risks or not?"

The equivalent in the public sector is, if you're thinking about going into, say, burn care or some other high cost difficult to manage outfit, what are the benefits to the organization? Sometimes you get residency impact because more people will select the hospital for a residency program merely because they have more services and there's, therefore, more opportunity for learning on the part of the resident, which gives you some advantage in this free labor pool at hospitals they have been living off for years.

There are many other models that deal with the strategic process to one degree or another. And this, of course, is just an analytical aspect, the Boston Consulting Group. Some people talk more of the process and there are a variety of analytical tools that are available out there.

And it would behoove the student get on top of things like collecting information from a strategic management group. How do we prioritize the information? And one very useful tool is a pair of comparisons.

Rather than have people rank things that they have difficult time doing, like, imagine the BCS poll in which we're trying to decide whether Oklahoma or Texas is the better team. The way you could do that better, actually, would be to have every team, say, the top 50, rated against every other team.

So, you'd say, "Is Oklahoma is better than Ohio State?" Of course, we know the answer to that. And the number of times that a given team wins is a pretty unambiguous index of our priority.

And it's tools like this that are very helpful in help—in facilitating the process. Other people have developed computer programs to do this that are very well done and are commercially available and should be looked at by a facilitator.

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