United Nations

STRATEGIC PLANNING
Guide for Managers

Strategic Planning Basics for Managers

In all UN offices, departments and missions, it is critical that managers *utilize the most effective approach toward developing a strategy* for their existing programmes and when creating new programmes. Managers use the strategy to communicate the direction to staff members and guide the larger department or office work. Here you will find practical techniques based on global management best practices.

Strategic planning defined

Strategic planning is a process of looking into the future and identifying trends and issues against which to align organizational priorities of the Department or Office. Within the Departments and Offices, it means aligning a division, section, unit or team to a higher-level strategy. In the UN, strategy is often about achieving a goal in the most effective and efficient manner possible. For a few UN offices (and many organizations outside the UN), strategy is about achieving a mission comparatively better than another organization (i.e. competition). For everyone, strategic planning is about understanding the challenges, trends and issues; understanding who are the key beneficiaries or clients and what they need; and determining the most effective and efficient way possible to achieve the mandate. A good strategy drives focus, accountability, and results.

How and where to apply strategic planning

UN departments, offices, missions and programmes develop strategic plans to guide the delivery of an overall mandate and direct multiple streams of work. Sub-entities create compatible strategies depending on their size and operational focus. Smaller teams within a department/office or mission may not need to create strategies; there are, however, situations in which small and medium teams may need to think strategically, in which case the following best practices can help structure the thinking.

Strategic plans should integrate, drive and connect to the UN budgeting process, providing the inputs to the 'regular budget' (or 'programme budget') via the Strategic Framework model. The Strategic Framework, on a biennial basis, captures the objectives, expected accomplishments and indicators of achievement for each sub-programme, which would, by definition, be found in a strategic plan.

Strategic plans should also integrate with work-planning efforts. Work-plans (also called operational plans) outline the specific, shorter-term operational objectives, outputs, projects and processes of an entity.

At the individual level, it is useful to adapt strategic planning tools and technique to one's own job and position. Thinking and planning 'strategically' at the personal level requires similar inputs, questions, and approach, and develops your capacity to participate in planning efforts for teams and higher-level entities.

When strategic planning is done

Within the UN, strategic planning is undertaken in departments and offices in line with the biennial budget cycle. This planning feeds into "Strategic Framework" and "Programme Budget" documents for each Department. You can see the overview Strategic Framework document for all departments here (within the UN network). The key steps for and timing of the biennial budgeting process are found in the Managers' Toolkit.

Other strategic plans may need to be developed outside the timeframes and parameters of the biennial budget process. For example, if an office is suddenly faced with a new challenge or mandate, a change in its operating environment, or other strategic change, it may be valuable to undertake a strategic planning exercise. When a new team or unit is to be established, it is imperative to develop a strategic plan at the very outset.

Building a Strategic Plan
Element 1: External Input Gathering

External Issues Scanning and Client Segmentation Analysis

The first step in strategic planning is to gather the information needed to understand and identify the issues, challenges and trends that will shape and affect a department, office, mission, or programme strategy. The result of such input gathering is commonly thought of as external environmental scanning. "External" issues refer to all factors with roots outside the entity; they do not necessarily relate to issues that come from outside the UN.

It is also important to gather information about the target clients (i.e. those who are the recipients and beneficiaries of the services delivered). Such inputs help to identify and understand how to group clients, and more importantly, how to characterize their desired outcomes that would result from receiving the services.

How to conduct external stakeholder and issue scanning

LENS	CONSIDERATIONS
Political	What are the major current political realities or anticipated political developments that could affect the achievement of the strategy?
Economic	What are the current or future anticipated economic conditions that could affect the achievement of the strategy?
Social	What are the current or anticipated social realities of the relevant societies and cultures that could affect the achievement of the strategy?
Technology	What are technological realities or anticipated developments that could affect the achievement of the strategy?
Environment/Climate	What are the current environmental or climate conditions that could affect the achievement of the strategy?
Legal	What are the current legalities or anticipated legal issues that could affect the achievement of the strategy?
Security/Safety	What are the current security and safety realities or anticipated developments that could affect the achievement of the strategy?
Religion	What are the current religious considerations that could affect the achievement of the strategy?
Regulatory	What are the current regulatory or anticipated regulatory changes that could affect the achievement of the strategy?
Demographic	What are the current demographics that could affect the achievement of the strategy?

The methods for collecting external information or issues depend on the context of the work of the unit and who it is intended to serve. Issues are generally identified through either research and/or through consultation with a number of key stakeholders. The following chart shows common lenses through which to consider collecting and analyzing information:

Consider what sources of information are available to capture data and information about the issues in each category, or those most relevant to your work

How to conduct client segmentation analysis

Clients are those who are the immediate recipients or beneficiaries of the services or products. Client analysis begins with an initial step of identifying how to segment or group clients in a way that allows an entity to best align its services. There are a number of ways to segment or group clients; managers determine the groupings that make sense in the context. For example:

- By demographic (e.g. population size, age, gender, profession, etc.)
- By geography (e.g. country, region, urban, rural, etc.)
- By entity type (e.g. people, governments, organizations, etc.)
- By behaviour or condition (e.g. injured, displaced, etc.)
- By internal UN structure (e.g. other UN office)

Once you have determined the groups or segments, conduct an assessment of the needs and expectations, by gathering direct input (e.g. via surveys or focus groups) if you can. In some cases, managers may have to infer or speculate about the needs and expectations of the beneficiaries from other data that is gathered when you cannot easily access clients or stakeholders (e.g. disaster victims).

Once the client needs are known, document them by crafting statements in the first -person voice (i.e. "I…") that articulates what they would say, think, or do if their needs had been met (e.g. "I believe the UN support has dramatically improved our living conditions.").

Element 2: Internal Input Gathering

Internal SWOT Analysis

After looking outward, the next step is to look inward to understand the issues facing an entity that may affect the strategy. Consider the following:

- Capacity to deliver the intended services
- Core competencies (i.e. what the entity is fundamentally good at doing) and business processes (i.e. how work gets done)
- Staffing (i.e. roles, skills, knowledge)
- Assets (i.e. buildings and equipment)
- Financial resources (i.e. budget)

The most common and easy-to-use internal analysis method is the SWOT analysis. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. A SWOT analysis summarizes the perceptions of an internal constituency (i.e. leadership and staff) regarding the internal strengths of an office, its internal weaknesses, the external opportunities for potential pursuit and the external threats to consider.

How to conduct a SWOT analysis

A simple SWOT analysis can be carried out during a team retreat or strategic planning session with a facilitator leading discussion and collecting views at the session based on some pre-work. A more comprehensive analysis involves formally surveying a leadership team, staff, business partners, and/or clients and other stakeholders. The resulting SWOT feedback is then compiled, grouped by common affinities, and prioritized to identify the most important strategic issues.

Staff Surveys

Surveying the staff of an office or organization can provide the internal input needed. Though not as holistic as a SWOT analysis, a staff survey typically provides insights into staff perceptions related to internal capability readiness, internal motivation and satisfaction and internal communications. It is important to first understand the reason for a staff survey and the purpose to which it must align before designing one.

Designing a Staff Survey

With the advent of online survey tools (e.g. SurveyMonkey.com), designing and conducting a staff survey is now quite easy. The most difficult step is deciding what to ask and how to ask it. Again, there are a number of ways to design a staff survey; the key point is that questions should be tailored and focused to shed light on issues that are pertinent to the entity's goal or mandate and the execution of its yet-to-be-decided strategy. Some departments have dedicated evaluation units, which may be good resources for assistance with survey development.

Element 3: Vision Statement Setting

Once the external and internal inputs are analyzed, management sets the overall direction and goal for the office or team. Vision statements play the role of a strategic 'north star,' providing focus and long-term alignment.

Vision statements must be meaningful to be truly valuable. Positive slogans like "Be the best" may help inspire staff but are too vague and generic to truly focus and provide direction. Successful vision statements have three ingredients:

- **Time horizon**: a specific date in the future by which the entity will achieve the strategy and the vision. Typical time horizons range from 3-5 years.

- **Measurability**: a single or small set of measurable goals that can be objectively assessed for achievement. Ideally, data would be collected over the term of the strategy to understand progress toward achievement.
- **Unique approach**: a succinct statement of how the entity will effectively deliver its services, meet the needs of its clients, and achieve the vision.

How to develop a vision statement

Vision statements are often difficult to craft even though they consist of only a few sentences or a short paragraph.

The most effective and appropriate method to develop a vision is for an individual to develop an initial draft statement. This step is an opportunity to set the initial tone (i.e. the degree of change or difficulty necessary for success). The broader team can then provide feedback and help fine-tune to focus and improve upon the draft, drawing out more views of the time horizon and the measurability. The final text can then be decided and 'published' to the group as the 'north star' to which the strategy should align.

Example of a vision statement

Element 4: Creating Objectives and using a Strategy Map

The next step in developing a strategy is defining the objectives or goals of a programme or service. Objectives are defined within each of the following five categories. Each objective then answers a key question within the context of that category.

1. Clients

Key question: "To achieve our vision, how should we perform in the eyes of our clients?"

How to develop client-oriented objectives
- Identify and segment the distinct client groups. The intent is to focus on those who are the direct (and sometimes indirect) beneficiaries of services.
- Then, for each client segment, articulate their needs and wants (i.e. desired outcomes)
- Articulate what clients would say, feel, or do with a first person statement.
- Example: [International media: "The UN's Department of Public Information provides us with timely information about the Organization's activities."]

2. Services

Key question: "On which services will we place priority, and how will they be focused to provide the best value to our clients?"

How to develop service-oriented objectives
- Identify and segment the services that will be provided to the clients. List the most important, not all services that are provided.

- For each service, articulate the specific focus. Example: [Press releases: Publish press releases within X hours of the close of a General Assembly meeting.]

3. Internal Processes

Key question: "To support our services, how and where must we excel in our internal processes?"

How to develop internal-process oriented objectives

- Identify the internal processes that are most important to delivering the services. Example: [The press release drafting process must be efficient.]
- The process areas chosen are typically those that need to be changed or improved in some way.
- Write each as a short verb-noun direction statement. Example: [Increase the speed with which the press release team delivers press releases.]

4. People and Knowledge

Key question: "In what ways must our staffing and knowledge assets be maximized to execute our processes?"

How to develop people and knowledge-oriented objectives

- Identify the areas of focus related to people and knowledge that drive the identified internal process areas.
- The people and knowledge areas most commonly address issues related with recruitment, development, retention, skills and capabilities, culture, and knowledge management.
- Write each as a short verb-noun direction statement. Example: [Train the press release team to develop Twitter feeds.]

5. Financial Resources

Key question: "In what ways must we maximize our budget acquisition and budget allocation?"

How to develop financial resource-oriented objectives

- Identify the financial areas of focus that are critical to supporting the people, process and service areas.
- Most financial objectives tend to focus on two areas: budget acquisition (i.e. how do we secure our needed financial resources?) and budget allocation (i.e. how do we most effectively allocate our limited financial resources to maximize strategic impact?).
- Write each as a short verb-noun direction statement. Example: [Shorten the process time for redirecting funds for emergency needs.]

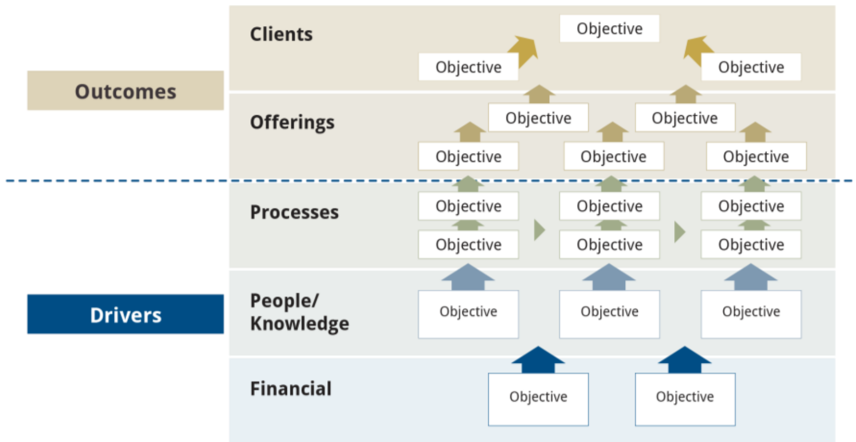
Presenting objectives in a strategy map

One way to present objectives is through a strategy map – a visual tool that helps define them and articulates a strategy in an easy-to-read picture (see example below) that fits on a single page -- unlike traditional strategies which can be long, unwieldy documents.

The picture can help you to see if your strategy answers the five key questions about your objectives, and if your objectives are developed with cause-and effect relationships instead of as silos.

As the following strategy map illustrates, each objective is placed within its appropriate category. Where applicable, arrows specifying the cause and effect relationships of the objective can be drawn to help tell the story of the strategy. The total number of objectives should be somewhere between 12-to-25. The main constraint on choosing the number of objectives is a management team's ability to meet, discuss and manage a certain number of objectives over the course of a year.

Strategy Map - Example



Example approach for developing objectives
The development of a strategy map is most effective through an iterative process with a management team. The following is a common example that would apply to an office with a significantly sized management team.

1) *Ensure that the internal and external inputs have been collected and analyzed, and that a vision statement with the required three criteria has been defined.*

2) *Ask a facilitator to help lead the management team through the process. Ideally, the organizational leader does not play this role, except in situations where access to a facilitator is limited.*

3) *Facilitator interviews the managers to gather views related to the SWOT analysis, the vision statement, and the potential target stakeholders and clients.*

4) *Facilitator engages the team in a workshop to review the external and internal inputs, prioritize the issues in the resulting SWOT analysis, and (optionally) assemble a change agenda. Then, working together, articulate the specific target client segments and define their desired needs and wants. As the last step, identify the services and the specific areas of focus for each in order to drive the needs and wants of the clients. These last two steps create the objectives for the clients and the services.*

5) *Managers add their opinions on what processes, people issues and financial resources should drive services.*

6) *Facilitate a next session to review the summary of the work so far. Then, working from each service, articulate the areas for process focus, people and knowledge focus and financial focus. Once completed for each service, assemble the resulting objectives into a complete strategy map. Look for opportunities to eliminate duplications and to simplify the resulting objectives.*

Strategic objectives are developed through a process and written in a different way than SMART objectives.

The SMART Method vs. Strategic Objectives

For those who have written personal performance goals or compacts, the SMART acronym may be very familiar. The concept was introduced in the 980s by management professor Peter Drucker, and is intended for use when writing performance goals as used in project management, employee performance management and personal development.

In the construct of strategic planning, SMART goal writing does not apply, as strategic planning requires a more sophisticated approach.

Element 5: Strategic Performance Measures

Performance measures play a vital role within a strategic plan in determining how well the organization or office is progressing toward achievement of each objective. They also help to focus management discussion on the right issues related to achievement. For each objective, a set of two-to-four measures should be developed that provide a view toward how well the objective is being achieved.

Choosing effective performance measures

The selection of relevant and useful performance measures is one of the more challenging tasks in strategic planning. Most often, organizations tend to measure what has historically been measured or what is easily measurable – rather than developing what should be measured.

How to develop Performance Measures

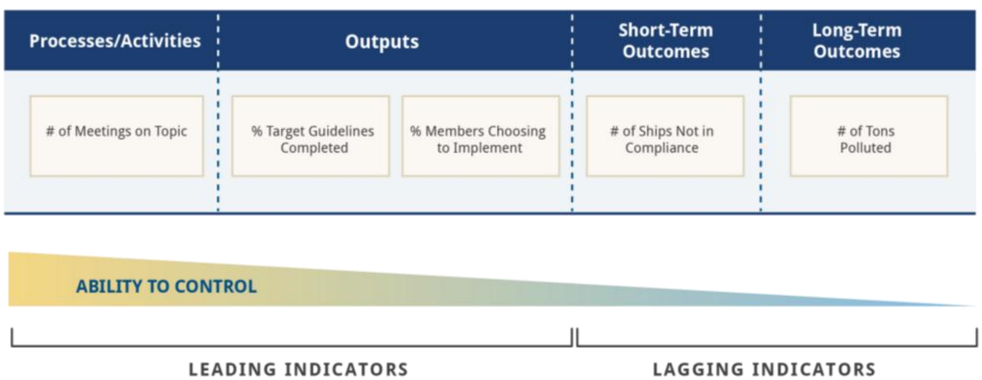
Proposed performance measures should be examined in the following contexts:

- Relevance to the strategic objectives
- Ability to set targets (i.e. some target levels are unknown)
- Ability to collect data (both ease and consistency)
- Appropriate frequency of collection and review
- Understanding of any underlying calculations

The resulting measures should be documented with the following information:

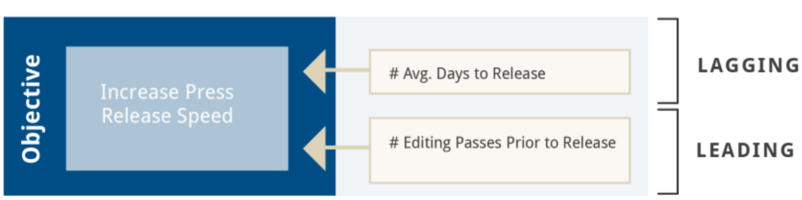
- Measure name (short and brief)
- Measure description (full explanation and any calculations)
- Strategic objective linkage
- Measure owner (who will track and report on performance)
- Data source(s)
- Collection frequency (weekly, monthly, etc.
- Chart display format (line chart, bar chart, etc.)
- Target level (the numerical goal to achieve over time)

It is important to review and update performance measures. Management teams rarely ever believe their performance measures are 100% (or even 80%) correct after the initial development. It is imperative that the strategic review process (see below) be allowed to occur during which the initial measures are utilized. Over time and through use, the measures can be refined and evolve. Some will be dropped, some will be added and others will be edited.



The idea of identifying 'leading' and 'lagging' performance measures has emerged as a best practice in recent years. Lagging measures represent the desired result or a view of what has already happened. For example, 'client satisfaction' is often labelled a lagging measure, the result of past service quality. Leading measures represent indications of how a lagging indicator will perform in the future. For example, 'service timeliness' would be a leading performance measure to 'client satisfaction,' *if one believes that client satisfaction will increase if service timeliness improves.*

EXAMPLES OF PERFORMANCE MEASURES



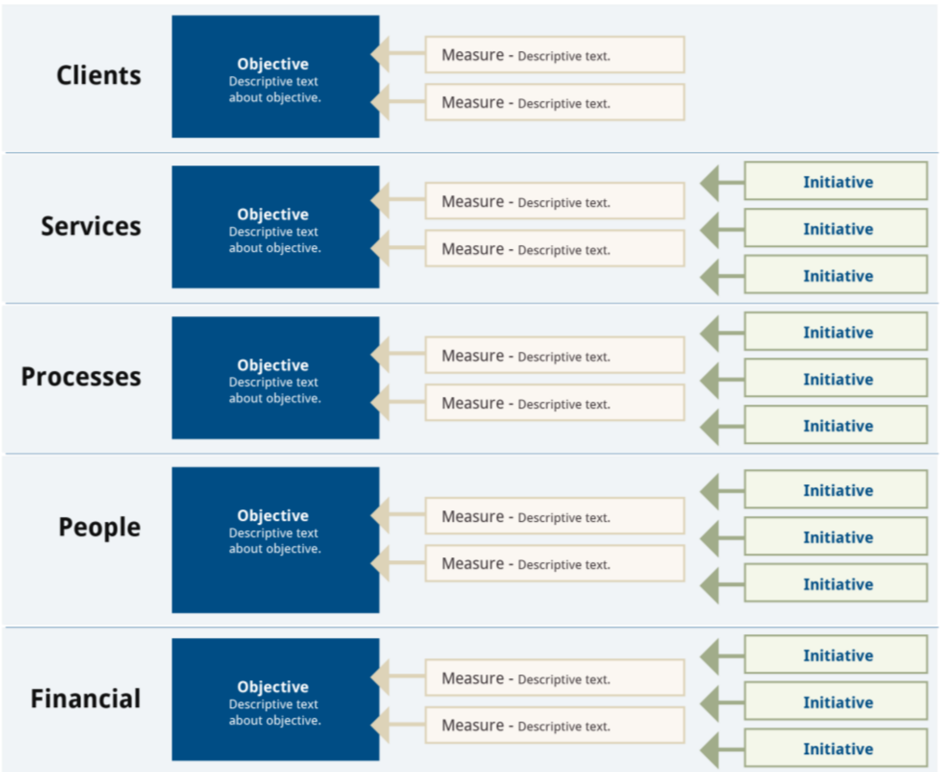
The diagram illustrates how two performance measures – one lagging and one leading – are aligned to a specific objective within a strategy. It is important to always align performance measures in the context of the objective they support, and most objectives will have two or more measures.

Element 6: Strategic Initiatives

Strategic initiatives are the activities that contribute to delivering a strategy. It is important to distinguish the objectives (the verb-noun directional statements in the strategy map) from the initiatives or projects (specific activities that have start dates, end dates, owners, and deliverables).

The initiatives must be able to produce clear and measurable impact on the objectives to which they are aligned. The performance measures, as described above, indicate success of the initiative(s) by displaying impact and achievement for the objective.

The following diagram generically depicts how initiatives are aligned to an objective and the objectives linked performance measures. An objective can possess as many initiatives as deemed necessary.



How to develop Initiatives

Some initiatives may come to mind right away; some may have been part of prior thinking or have already been initiated. Others may require brainstorming. Here are some questions to ask when developing initiatives:

- Will the initiative make a significant impact in achieving an objective?
- Is the objective far from being achieved?
- Is the initiative the most effective and efficient option?
- Does your entity have the skills, knowledge and experience to complete the initiative?
- Does your entity have the capacity (staff-time, funding) to implement and manage the initiative?
- Is the proposed budget required reasonable?

The management team then reviews the proposed initiatives during a meeting or workshop. Each should be discussed to understand their appropriateness and to apply an overall prioritization. A scoring scheme could be developed to help with prioritization; an example is below. Once complete, the proposed budgets should be reviewed, and a final selection of initiatives that balance both effectiveness and cost should be made.

EXAMPLE INITIATIVE PRIORITIZATION APPROACH

	Scoring Criteria											
Candidate Strategic Initiatives	Degree of Obj. Align.		Impact on Measure. Gap		Time to Impact		Risk		Capability		Cost	Score
Initiative 'A'	5	X	5	X	5	X	5	X	5	X	5	30
Initiative 'B'	3	X	5	X	3	X	5	X	3	X	5	24
Initiative 'C'	3	X	1	X	3	X	1	X	3	X	5	16

Element 7: Identifying Strategic Risks

Managing risk is a key part of effective strategic planning. This flows from the top of the organization, where Enterprise Risk Planning is one of the key tools of senior leadership. Risk management can be defined as the identification and mitigation of risks, which would hamper the execution of a strategy.

Strategic risks are:

1) Possible/known risks from the external environment
   - What might happen in the external world in the context of politics, economics, social issues, technology, the environment/climate, legalities, security/safety, religion, and regulations?
2) Possible/known risks in the internal environment
   - What might happen in the internal organizational environment in the context of funding, human capital, processes, projects, service quality, and service timeliness?
3) Risks affecting the composition of the strategy
   - Which risks need to be part of selecting strategic objectives?
4) Risks affecting strategic initiatives
   - Which risks could prevent the successful execution of the strategy?

How to develop a risk management approach

1. *Identification*: The most common approach to risk identification is to interweave it into the strategic planning processes – specifically the external and internal input gathering steps. Risks can be identified via surveys, management team brainstorming, or other sources (e.g. expert sources). In addition, risk identification should become an ongoing activity.

2. *Prioritization*: The most common approach is to rank risks by 1) their likelihood of occurring and 2) the potential negative impact on the strategy. The highest scoring risks should then be clearly identified as either drivers of strategic objectives (e.g. build the strategy around the risks) or as considerations for strategic initiatives (e.g. be prepared for their occurrence when executing the strategy). Risks that exist but are not likely or impactful should not be included in a risk management plan. Also, not all risks will be identified, as it is impossible to 'know what one cannot know.'

3. *Mitigation*: For those identified risks that are likely and could cause significant impact, a mitigation plan should be articulated that outlines either a) what will be done to prevent or minimize the likelihood, or b) what would be done in the future to minimize its impact if the risk occurs.

4. *Monitoring*: For most organizations, an annual risk management plan review may be sufficient to both refresh the risks and to update the mitigation plans. However, many risks are event-dependent. So, it is important to review a particular risk at the point in time when it might occur to

ensure the mitigation plan is put into action (i.e. develop a special calendar that reminds managers or leaders to check on the status of a particular risk).

Examples of strategic risk prioritization

Risks	Risk Prioritization			
	Likelihood	Severity	Overall	Mitigated
Summary	**2.5**	**4.3**	**10.6**	
Offering Services to our Clients	1.0	4.3	4.3	
(a) The needs of our clients may change due to local politics.	1	5	5	
(b) We are unsure of what will really make our clients happy.	1	5	5	
(c) Ensuring service quality will be difficult within the security environment.	1	3	3	
Improving and managing our internal Processes	3.0	3.7	11.0	
(a) Our lack of process management expertise will challenge our efficiencies.	5	5	25	✗
(b) We could experience process instability without automation systems.	1	1	1	
(c) The possibility of moving facilities could disrupt all processes.	3	5	15	✗
Developing and Leveraging our People	3.0	4.0	12.0	
(a) Staff objective to working conditions and leave.	3	3	9	
(b) Lack of expertise in the operating environment will limit our abilities.	3	5	15	✓

Element 8: Managing a Strategy

To gain the value from strategic planning the leaders must ensure that the strategy is effectively used as a management tool. Strategy review meetings can help drive organizational focus, ensure individual accountability and drive desired results.

How to create a strategy review meeting approach

- Select the frequency and cadence of strategy review meetings.
  Most organizations find that a quarterly frequency is appropriate, as it allows sufficient time in between to make progress while not allowing too much time to pass without an accountability review. In some cases, a monthly review may work or a trimester approach may be better suited.

  Once the frequency is determined, it is helpful to schedule the meetings a year into the future to allow the management team and involved staff to schedule around the sessions.

- Determine how to structure the review meetings and set the duration.
  Effective review meetings last between 2 to 4 hours. The agenda is set based on which strategic objectives are to be discussed. The selection criteria should be:
  Objectives that may be underperforming
  Objectives that recently achieved significant milestones
  Objectives that are timely due to external timelines (e.g. budgeting cycle)

Objectives that relate to higher-level management entities (e.g. Secretary General or Member States interest).

The owners of each strategic objective are the primary speakers with questions and views from the senior management or leadership team.

- Prepare the needed information to ensure consistency in the meeting, a focus on the strategy, and a view toward driving action. Update the following prior to each strategic review meeting:

  - Overall status of the strategic objective

  - Latest data for the related performance measures (displayed in a trend chart)

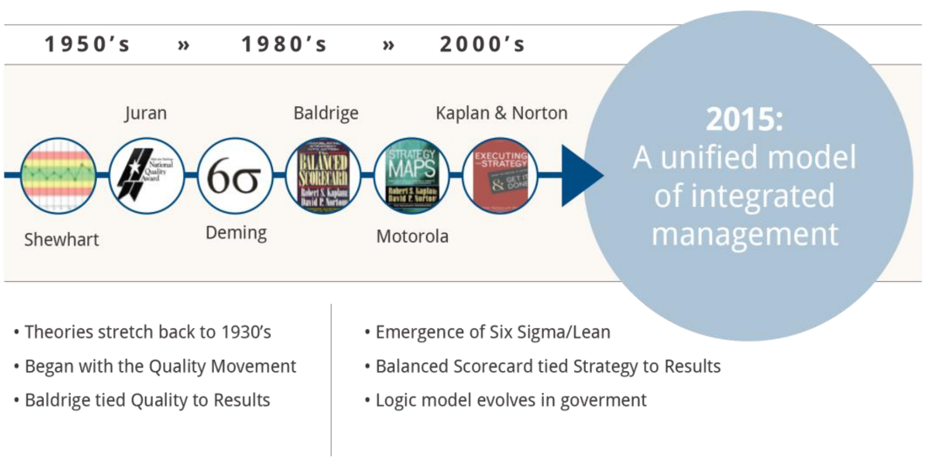
  - Status of ongoing strategic initiatives, including timelines, milestones, expenditures, and expected quality of the deliverables.

  - Recommendations for the senior management/leadership to consider or to make a decision.

Appendix

The techniques and best practices in this guide were provided by the Strategy Management Institute, and independent consultancy that focuses on strategic management for non-profit and mission-based organizations. www.strategymanagementinstitute.com

The strategic planning methodology outlined in these pages derives its roots from multiple management tools and techniques that have evolved over the past 80 years.



It draws on components from quality management practices originating in the 1930s, during a time when new practices were proliferating by 'gurus' who became well-known, such as Edward Deming, the originator of the Japanese industrial quality movement, Walter Shewhart, identified as the father of statistical process control, and Joseph Juran, another prolific writer and promoter for the quality management movement.

Other more recent influences include Lean Six Sigma, the branded approach made famous by Motorola and Allied Signal, that aligns customer needs with product and service delivery, as well as improves efficiency and effectiveness by reducing re-work, wait times and mistakes; the balanced scorecard model and its evolution into strategy mapping; the logic model approach, most well known in NGOs, non-profit and government sectors – where impact must be evaluated – which helps to align inputs, processes, outputs and outcomes; and project and portfolio management approaches.

Best-practice strategic planning integrates the components from these methodological influences as appropriate for the organization in question.