

INTRODUCTION TO STRATEGIC PLANNING¹

The challenges that health institutions currently face are complex and changing. They include the need to improve access to and quality of health services and reform standard processes. Institutions must also respond to emerging diseases, the lack of resources or new resource streams, and new donor priorities, among other challenges. To address these challenges, managers and their teams must be fully aware of the fact that their organization's future depends to a large extent on the provisions they make for that future and the decisions they make to place their organization in the best possible situation considering the prevailing circumstances. To achieve this, organizations need a planning process based on strategic thinking.

Introduction to planning

The challenges faced by health institutions are complex and many: reform processes, emerging diseases, lack of resources, budget cuts, new funding in some cases, and new donor dispositions, among others. To address these challenges, managers and their teams must be fully aware of the fact that their organizations' future can be shaped by managing and leading and not simply contemplating internal and external realities. The new scenarios force organizations to take on the challenge of designing their future, developing a vision and renewing the team's commitment to achieve it. At the same time, it is necessary to develop strategic objectives that help achieve the organizational mission, design strategies that allow organizations to take advantage of opportunities, and use strengths to continuously adjust to the changing situations in the larger environment as well as at the community level, and to turn vision into reality.

Adequately leading the organization means making the right decisions.

Decision making is a reflective process.

The systematic and orderly reflection process is what is known as planning!

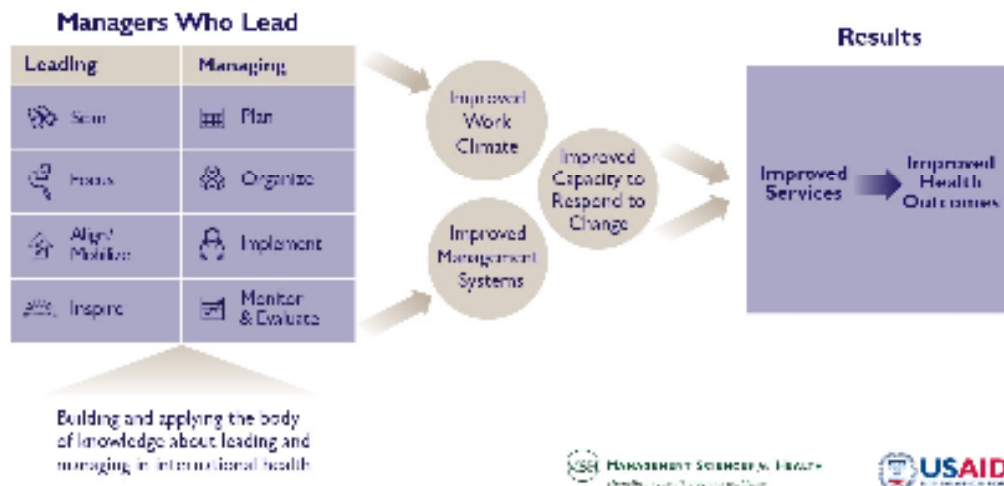
Adequately leading a health organization presupposes making the right decisions. Designing the future means making the right decisions **today** to obtain results tomorrow. To achieve this, a systematic and orderly reflection process is necessary; this is essentially what is known as planning. Planning is a tool that enhances the quality of decisions.

Planning facilitates making the right decisions.

¹ Adapted by Karen Johnson Lassner from the Management Sciences for Health Virtual Strategic Planning Program, Module 2, for the AAAH Training Workshop on Regional Guidelines for Country Strategic Planning of Human Resources for Health, Mandaluyong, Philippines, 5-9 May 2008.

Leading & Managing for Results Model

How do management and leadership contribute to improved service delivery?



Managers who lead well use all the leading and managing practices listed below. Applying these eight practices consistently leads to strong organizational capacity, better health services and, ultimately, lasting improvements in people's health.²

Planning is one of the four key management practices, and its purpose is to facilitate the direction of organizations, establish the direction to be followed in the future, and channel the collective effort in the chosen direction. Therefore, planning is a fundamental component of management.

Planning is the process by which objectives are established and the most appropriate means to achieve them are selected, prior to starting an action. It means looking for the most appropriate way to go from the current situation to the desired situation.

Planning is foreseeing and deciding today the actions that will lead us to our desired future.

Planning constitutes a decision-making methodology and a guide to improving an organization's performance. Planning defines the direction that the organization and its programmatic, technical, and administrative units will follow. Planning allows organizations to:

- examine, analyze, and discuss different alternatives;
- facilitate decision-making;
- obtain greater benefits and reduce risks;

² Adapted from *Managers Who Lead*, Boston: Management Sciences for Health, 2005, Chapter 1

- optimize the achievement of objectives;
- make objectives coherent with available resources and needs.

Types of planning

The types of planning differ in terms of their organizational scope and execution period. Organizational scope refers to the areas or levels that are involved. The execution period represents the time needed to execute the plan. Taking these two aspects into account, planning can be strategic, tactical, or operational.

Strategic planning. This is long-term planning that involves all the organization's management areas and its content is relatively general. It focuses on broad and long-lasting issues that ensure the organization's long-term effectiveness and survival. Strategic planning is the responsibility of the organization's director and executive levels.

Tactical planning. When organizations are very large, they require a link between strategic planning and operational planning processes. Tactical planning is more specific and limited to a single direction, program, or specific programmatic area with a medium-term scope. It is the responsibility of the organization's mid-level staff.

Operational planning. This has a short-term scope, and is specific for the working teams of any operational unit. Its focus is achieving objectives and carrying out short-term activities. Operational planning corresponds to the annual work plan.

The strategic plan provides the guidelines for heads of the organization's different management units, departments, or technical and programmatic areas. They use the strategic plan to formulate their tactical plans. These, in turn, allow each operational unit head and his/her working team to prepare their respective operational plans.

It is important to note that small organizations typically need only a strategic plan and annual operation plans.

What do experts say about planning?

- Planning is the process of establishing goals and choosing the means to achieve those goals. (Stoner, 1996)
- Planning...anticipates decision-making. It is a process of deciding...before action is required. (Ackoff, 1981)
- Planning is the process followed to determine exactly what the organization will do to achieve its objectives. (Ortiz, s/f)
- Planning is the process of establishing objectives and choosing the most appropriate means to achieve them before taking action. (Goodstein, 1998)
- Planning is the process of defining the course of action and the procedures required to achieve the objectives and goals. The plan establishes what must be done to achieve the desired final state. (Cortés, 1998)

- Planning consists of deciding in advance what must be done, who must do it and how it should be done. It is erected as a bridge between the point where we are and the point where we want to go. (Murdick, 1994)

In the definitions above, we can find two common elements: the establishment of objectives or goals, and the selection of the most appropriate means to achieve them (plans and programs).

Strategic thinking

At all times, the manager has the responsibility for making decisions that will have repercussions for the organization's future and that will have an impact on the community. For this reason, an increasing number of theories, methods, and tools have been developed and applied to assist managers in carrying out these responsibilities.

Strategic management is one of these new and important approaches. Managers, in conjunction with their working teams, systematically apply strategic thinking, fostering in-depth reflection processes about the nature of different situations.

Unfortunately, strategic thinking tends to be something quite separate from the organization's day-to-day activities. However, it is not something that can be done only by the organization's geniuses; rather, it is the result of hard work and common sense, a quality that is frequently underutilized nowadays within organizations. We are frequently guided by the inertia of our daily routine, so that we never pause to ask: *Why do we do what we do?*

Thinking strategically forces us to first to ask ourselves: *Is my organization doing what it must do?* and then ask *Are we doing it the right way?*

Thinking strategically is an exercise for the entire organization, aimed at questioning the operational assumptions on which it is based. This type of thinking also helps organizations overcome the obstacles posed by traditional and obsolete ideas that no longer reflect the realities of the environment in which the organization operates.

How can we make our staff start thinking strategically?³

When we receive news about clients, donors, new technology, the economy, politics, or employment levels, and we ask ourselves, "What is the meaning of this news for the future of our organization," we are thinking strategically. When we think about what the organization or program will become within the next three years and what it will mean to achieve this, or if we are anticipating our clients' future needs or the role that donors will play, we are thinking strategically.

³ Adapted from Management Sciences for Health, "Learning to Think Strategically," *The Family Planning Manager* (Boston), vol. 3, no. 1 (1994): p. 3.

When groups of clients with special needs are identified, a new approach for the provision of services is selected, or new ways to attract clients are implemented so they accept the services provided by the organization, we are thinking strategically.

People who think strategically ask questions such as: *Is my organization/program doing the right things?* Such questions constitute the basis to set new directives for the organization or program. The strategic thinking approach will help directors ensure that the organization's forward-looking orientation is compatible with its mission and goals, and that it can be achieved using available resources or resources acquired as a result of the strategy.

Thinking strategically is fundamentally different from routine thought about an entity's daily operations. When managers think about daily operations they generally ask themselves *Is my program doing things right?*

This question allows one to continuously examine if activities are being carried out in the most effective and efficient way. Administrative techniques such as the continuous quality improvement process (CQI) take the answer to this type of question as their focus point.

Strategic thinking takes the following question as its focus point: *Is my program doing the right things?* The discussion about and the answer to this question will shape the future direction of the organization or program, because they lead the organization to think about the types of clients it serves, the services it offers, and whether the organization or program will significantly contribute to clients' general welfare, as well as help the country address

When we pay attention to the changes that are taking place among clients, donors, technology, the economy, politics, or employment levels, and we ask ourselves "What repercussions will these changes have on our organization?" and "What changes do we have to implement today to actively address the future?" we are thinking strategically.

Strategic thinking and strategic planning are not the same!

Strategic thinking implies the capacity to manage interrelated events, systems, processes, and people that affect the organization's actions. Strategic thinking identifies the questions whose responses will help anticipate the clients' and the program's future needs.

Strategic planning is a structured process aimed at improving the organization's future performance. It is a process that entails making decisions today to obtain results in the future; strategic thought is an essential ingredient of strategic planning.

The richness of the results of an effective strategic planning process is directly related to the amount and quality of strategic thinking employed!

Anecdote: The three generations

We have reviewed the definition of strategic thinking and its importance in achieving better results in the future. Have you ever asked yourself: *Why are we not used to thinking strategically?* The following anecdote may help you answer this question.

Three generations of women had been frying meat in a pan following the same recipe. The youngest woman had always sliced the piece of meat she was about to fry before placing it in the pan. When a friend asked her why she did this, she realized that she did not have the slightest idea why she always sliced the meat, and called her mother to inquire about it.

Her mother was also perplexed by the question and told her daughter that she always sliced the meat because that was what her mother had done.

They decided to ask the grandmother about this ritual. The grandmother replied that the reason she sliced the piece of meat before frying it was because this was the only way the meat would fit inside her pan.

Reflecting on this anecdote

This anecdote illustrates the absurdity of continuously acting in a certain way, even when the initial reason for the action no longer exists. Some organizations disregard a new process arguing that *We have never done this before*, and continue acting in a certain way *Because that is how we have always done it*.

The organization may have adopted an unhelpful or unnecessary behavior and maintain it, although the original reason for the action has become obsolete or irrelevant. Acting under the premise *That's how we have always done it* indicates the absence of analysis and strategic thinking to define an institution's course of action.

It is necessary to ask ourselves:

- *Why do we do what we do? Is it the right thing to do?*
- *Is there another way of doing it?*
- *How could users feel more satisfied?*

Strategic planning

Strategic planning is a process of defining long-term objectives, identifying quantitative goals and objectives, developing strategies to achieve said objectives, and finding resources to implement those strategies.

Strategic planning is nothing else but the people's intent to create the future and avoid being held back by the facts.

If we deny leadership, we deny the most important human liberty: Deciding where we want to go and how to fight to achieve those objectives!

Carlos Matus

Strategic thinking applied to strategic planning combines accumulated experience and creativity with critical analysis. It enables those involved in the process to develop the capacity to address change, which helps in achieving proposed goals and convincing leaders that **The desired future is possible!**

Strategic planning is a process for the effective management of current products and services, bearing in mind what will be necessary in the future.

The strategic planning process must secure the commitment of the majority of the organization's members, given that its legitimacy will depend to a large extent on the level of participation and commitment.

Its objectives are aimed at:

- understanding the critical aspects of a current reality in order to transform it in the future;
- creating a shared vision of what the organization's future should be and how to achieve it;
- selecting the appropriate strategies to achieve the stated goals.

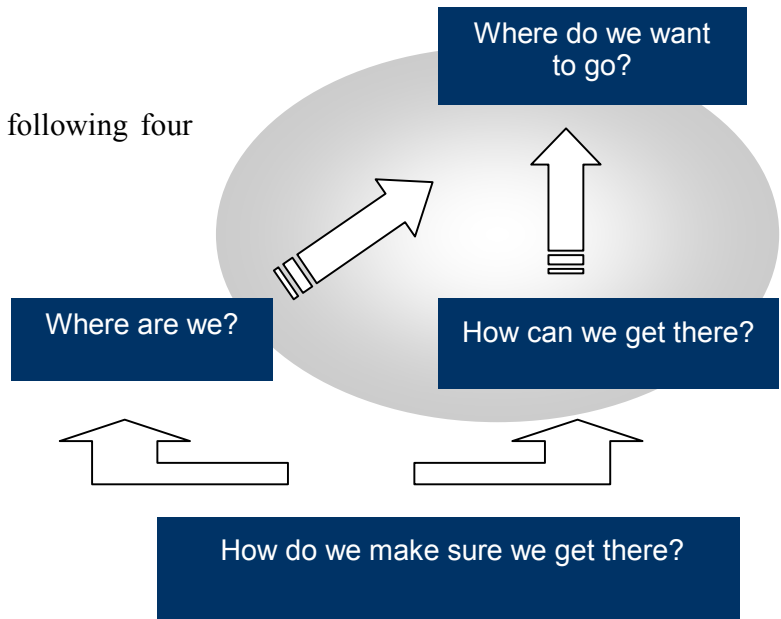
Through strategic planning, organizations try to:

- clearly determine where they are;
- decide where they are going;
- establish strategies to get there;
- ensure that they are following the right path;
- distinguish priority actions from non-priority actions;
- allocate resources to objectives and strategies;
- take advantage of available capacity;
- creatively address changes and new scenarios.

Strategic planning approach

Strategic planning responds to the following four questions:

- Where are we?
- Where do we want to go?
- How can we get there?
- How do we ensure we get there?



Each strategic planning stage comprises the following elements.

Stages	Elements
1. Where are we?	Situational analysis: <ul style="list-style-type: none"> • External environment • Internal environment
2. Where do we want to go?	<ul style="list-style-type: none"> • Mission • Vision • Objectives
3. How do we get there?	<ul style="list-style-type: none"> • Designing strategies • Identification of expected results • Harmonization of strategic plan with operational plans
4. How do we make sure we get there?	<ul style="list-style-type: none"> • Monitoring indicators • Means of verification

Lessons learned during the planning process

Regardless of the time required to develop the strategic plan, the process can be seen as a journey undertaken by the entire organization. As in any journey, there may be obstacles

and limitations. To help managers and their teams address challenges and conduct a productive and inspiring process, we will share the following six key lessons.⁴

Lesson one: Ensure the leaders' commitment

Trust and expectations are the fundamental ingredients of a strategic planning process. Without trust, delicate or difficult issues may not be addressed. Likewise, if the process fails to meet leaders' expectations, they are unlikely become fully engaged and committed. Therefore, the process must begin by building the foundations of trust and ensuring the commitment of leaders and organizations, as well securing the necessary resources for the development of the process. This requires exploring alternatives, clarifying results, and reaching agreements.

Lesson two: Involve a broad and representative group of people

The inclusion of staff from different levels of the organization helps with obtaining critical information and useful contributions to make decisions, as well as reaching agreements, thus reducing negative reactions toward the process and its results. The staff involved must have critical information, exercise certain power or influence, and be among those that may be affected by these decisions.

Lesson three: Acknowledge and manage the impact of organizational culture

It is vital to provide opportunities and a safe environment for the team to assume a commitment and contribute with its best ideas and creative potential. It is essential for the team to have a very clear concept of what the process means. They must be aware of their expectations as a team and handle them appropriately, establishing and enforcing working standards, neutralizing unproductive or negative behaviors, and making joint decisions. It is also necessary to periodically reflect on the development and results of the process that is being implemented.

Lesson four: Collect, understand, and use valid information

A strategic planning process that fails to include valid information will produce castles in the air, dreams disconnected from reality. Obtaining and using valid information forces the team to become aware of and directly address the reality of their organization; this itself exercise often constitutes an effective intervention for change.

Lesson five: Establish a clear global direction

During the strategic planning process, managers must develop, within the team, a commitment and dedication to the work to be carried out. It helps identify interests, principles, values, aspirations, and common actions that everyone agrees upon. The joint

⁴ Sylvia Vriesendorp, *Strategic Planning: Reflections on Process and Practice*, Lessons from MSH (Boston: Management Sciences for Health, 1999).

construction of a mission, vision, and strategic guidelines, based on consensus, is also essential to secure the team's commitment.

Lesson six: Ensure a link with operational plans

If there are no wheels under the strategic plan, it will not move anywhere. The wheels to implement strategies and achieve the shared vision are the operational plans. Generally the transition from broad strategies to concrete activities is the most difficult. Therefore, it is necessary to include the operational planning process in the strategic planning exercise and build the bridge that will facilitate this interrelation. Operational plans must be formulated and monitored throughout the organization's units and teams, and emphasis must be placed on progress, learning, and continued improvement over time.

The lessons described above illustrate that an adequate methodology and tools alone are not sufficient to ensure a successful strategic plan. The development process itself is equally or more important. Factors that contribute to the successful outcome of the process can be graphically shown as follows:

