Strategic Plan Guidelines
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About the Guidelines

Strategic Planning Guidelines are no longer Part I Budget Instructions.
In recent budget cycles, the Office of Financial Management (OFM) has issued strategic planning requirements as part of the biennial budget instructions, requiring agencies to submit plans containing mandatory elements in late spring. Part 2 Operating Budget Instructions have, typically, been provided in April with budgets due in September.

This year, as part of its review of the biennial budget process, OFM surveyed customers and partners. Among the findings were that strategic plans are primarily valuable to agency managers, but provide relatively less value to budget analysts and decision makers. We heard that agencies want greater flexibility in planning contents than provided by the elements we required and greater flexibility in timing their planning process.

Washington State faces unprecedented challenges after experiencing almost $12 billion in budget shortfalls over the past three years. Especially in this fiscal environment, agencies need fewer mandates and greater flexibility. For this reason, OFM is adapting certain aspects of our strategic planning guidelines.

Key changes from the 2011-13 instructions:

- While OFM acknowledges the value of, and statutory requirement for agencies to conduct, strategic planning, there is no requirement to submit plans to OFM.
- There are no “required elements” for strategic plans.
- These guidelines offer suggestions for best practices for planning and plan contents.

What hasn’t changed from previous budget instructions?

- OFM still expects strategic plans to focus on how an agency will achieve statewide results and mission-critical outcomes. Strategic plans remain a key "connector" linking statewide results, the work of state agencies, and requests for resources to carry out strategies.
- For agencies with proprietary funds requiring Business Plans, a list of funds and special instructions will be included in the Budget Instructions issued in April.
- OFM will still provide technical and professional assistance to agencies in preparing their strategic plans. Throughout the guidelines we provide links to resources and tools that may help you with the strategic planning process. OFM's Performance Assessment staff can also assist agencies in developing their plans (contact Jeffrey Showman at Jeffrey.Showman@ofm.wa.gov.)
- Strategic planning is still a duty of agencies required by state law.
Section 1 - Why Prepare a Strategic Plan?

Strategic planning provides a foundation for all other management actions. Every well-run organization periodically takes stock of its situation and progress, assessing what to do differently to improve effectiveness and better reach goals. This is why strategic planning is one of the seven Baldrige Criteria for Performance Excellence, and a basic element of Governor Gregoire’s Management Framework.

Governor Gregoire’s Management Framework

Plans, and the process of planning, are essential tools for managing and leading any organization. Resources can’t be properly allocated without goals and priorities. Goals can’t be achieved without understanding how external factors and internal capacity affect them. Through a periodic planning process, leaders and managers reaffirm objectives, assess the effectiveness of their previous strategies, decide what to do differently, and then communicate values to frontline workers and stakeholders. They regularly monitor progress toward their objectives.
Strategic plan information is crucial for budget decisions.
The Legislature has stated a policy that each agency’s budget recommendations must be directly linked to the agency’s mission, programs, goals, and objectives (RCW 43.88.090(5)). The strategic plan should be a connector linking an agency’s budget request to achieving statewide results. An agency’s budget proposal that is not aligned with its strategic plan may be difficult to justify and less likely to fare well with budget analysts and decision makers.

OFM expects agency budget requests to be anchored to the strategic plan, offering a clear “line of sight” that allows the reader to easily understand:

- An agency’s mission, its highest priority activities or programs, and its key customers.
- The operating environment and organizational factors facing the agency.
- What statewide results, outcomes, and goals the agency must achieve to carry out its mission.
- Measurable objectives the agency has established to move it toward its goals.
- How the agency will measure progress over the planning period.
- Strategies the agency intends to pursue to achieve its objectives; and
- Additional resources the agency may need to successfully carry out its strategies.

Strategic plans are a communication tool.
While the primary purpose of the strategic plan is to guide the agency’s management activities, it also provides a means to communicate with people inside and outside the agency.

Within an agency, a strategic plan can give employees a sense of shared purpose and motivation by clearly articulating agency values and goals. Employees will know how their work contributes to success. Strategic plan objectives can be aligned with employee performance and development, one of the key factors in successful performance management.

Decision makers, budget and policy analysts, auditors, stakeholder groups, and the general public read agency strategic plans to learn about an agency’s purpose and work activities, its opportunities and challenges, strategic direction, and how it measures success. If your strategic plan is clear and complete, you may be able to avoid preparing duplicate information for your audiences.

Agency strategic plans submitted to OFM for the 2007-09 and 2009-11 biennia are posted on the internet, along with other performance information. (Activities, Performance Measures, and Strategic Plans.)
It’s the law. RCW 43.88.090 directs each state agency to define its mission and establish measurable goals for achieving desirable results for customers, and to develop clear strategies and time lines for achieving its goals.

Agencies must establish objectives for each major activity in its budget. Objectives must be expressed in measurable form, address the statutory purpose of the program or activity, and focus on data that measures whether the agency is achieving or making progress toward statewide priorities.

OFM is directed to provide professional and technical assistance to assist state agencies in developing strategic plans that include the agency’s mission, programs, measurable goals, strategies, and performance measurement systems. These Strategic Plan Guidelines are one aspect of this technical assistance.

Further information can be found at our performance website: www.ofm.wa.gov/performance.
Section 2 - What is Strategic Planning?

Strategic planning is a process to determine what an agency wants to accomplish over a given time period, and how to do that.

Effective organizations regularly take time to ask and answer a few critical questions:

- What do we do and for whom? What are our main products and services, and who are the customers of those?
- Where are we today?
- Where do we want to be in the future?
- How do we close the gap?
- How will we know if we are succeeding?

Carrying out a process to answer these questions is the essence of strategic planning.

Strategic planning in the public sector answers these additional questions:

- What is the desired social outcome, or “public good” we will achieve? (Goals)
- How do we expect to contribute to, or influence, the outcome? (Strategies)
- What resources will we need to implement the strategy?

Since public sector organizations are subject to a number of influences outside their control, this process needs to be repeated periodically to evaluate the effectiveness of strategies. (Reference: Schacter, 2007.)

While the strategic plan document has certain uses (documenting decisions and as a communication tool, for example), it is not an end in itself. The most valuable part of the agency’s plan is the periodic process of confirming goals, assessing progress toward an outcome, evaluating what is effective and what is not, and adjusting strategies to improve performance.
Section 3 - Your Strategic Plan Should Focus on How to Achieve the State’s Priority Results

Today’s complex challenges often call on the expertise and collaboration of multiple state agencies. Therefore, the strategic plan must consider how your agency can best achieve its mission and how it can best contribute to achieving important statewide outcomes.

Governor Gregoire’s budget is focused on achieving her key priorities and is developed using a results-oriented biennial budget process called Priorities of Government (POG). POG prioritizes state activities to help ensure that the budget focuses on investments most likely to achieve the statewide results citizens want.

For a complete list of Governor Gregoire’s priorities, see Governor's Priorities.

For individual POG result areas, high level indicators, and the detailed purchase strategies follow the links below:

- Improve student achievement in elementary, middle, and high schools
- Improve the value of postsecondary learning
- Improve the health of Washingtonians
- Improve the security of Washington's vulnerable children & adults
- Improve economic vitality of businesses and individuals
- Improve statewide mobility of people, goods, and services
- Improve the safety of people and property
- Improve the quality of Washington's natural resources
- Improve cultural and recreational opportunities throughout the state
- Strengthen government's ability to achieve results efficiently and effectively

Your strategic plan should clearly communicate how your agency plans to contribute to these statewide priorities and how your agency’s work helps achieve results. All agency budget activities may not be an explicit component of your strategic plan, but all activities are assigned to the ten statewide result areas and evaluated on how they contribute to the desired outcomes. These evaluations are based on performance measures in OFM’s Results through Performance Management (RPM) system. Many agencies find it useful to develop and report a common set of measures for both tracking progress on strategic plans and for performance reporting to OFM.
Section 4 - Strategic Planning – Best Practices

A good strategic planning process will:

- Identify the organization’s mission, core business processes, primary customers, and stakeholders;
- Articulate the organization’s vision and values;
- Focus on a limited number of key priorities and outcomes;
- Set clear goals and measurable objectives for priority outcomes;
- Analyze external forces that influence the ability to achieve the mission;
- Assess internal capacity to deliver services and manage effectively;
- Develop strategies that will, when implemented, achieve the objectives;
- Establish performance measures and targets to determine if strategies are successful at meeting objectives;
- Implement the plan through resource and staffing decisions and operational plans;
- Regularly monitor progress; and
- Involve leaders, managers, employees, customers, and stakeholders throughout the planning process as appropriate.

There is no perfect way, or “cookbook” approach, to prepare a strategic plan. Because different agencies face different circumstances, you may carry out your planning process in different ways.

Are there required components of the strategic plan?
OFM is not requiring plans to contain specific elements, but they should include a list of statutes that authorize the establishment and operation of agency programs.

Good plans show evidence that you have engaged in the process described above; contain components that describe your agency’s mission, major business processes and assessment of external factors and internal capacity; and convey statewide outcomes, goals and objectives, strategies and performance measures.
**Is a specific format required?**

No specific format is required, but readers would appreciate a table of contents to help them locate various elements.

Your strategic plan will only benefit readers if they understand it. Organize information so things are easy to find. Keep it brief and clear, and avoid jargon. Write using Plain Talk principles (see [http://www.governor.wa.gov/priorities/plaintalk/default.asp](http://www.governor.wa.gov/priorities/plaintalk/default.asp)).

Strategic plans benefit by focusing on a few priority areas. A plan that lists every possible thing that every unit would like to accomplish is unlikely to be implemented successfully. If you choose to include all divisions in the planning process, then the final plan may benefit from an Executive Summary. Some useful plans may be as brief as one to four pages, although they may rest on a foundation of more detailed analysis documents.

**Who should we involve in the planning process?**

The strategic planning team should include representatives from major divisions who have a role in carrying out the plan. For instance, if a strategy will require additional resources to achieve an objective, budget staff should be on the team.

Asking customers and stakeholders for input to the plan is a best performance management practice. After all, an agency’s programs should exist to serve specific customers, and gathering data about performance from customers should provide important foundation data for planning.

Goals should come from senior leaders. It’s critical that they own the plan and process. They may not be involved in the day-to-day process of preparing the plan, but should be involved early on in frank conversations about objectives.

Front-line staff should be involved in the planning process if the agency relies on them to successfully implement a strategy, or if it wants to align parts of the plan with employee performance evaluations.

Managers from should be included in the process if an agency wants to get widespread “buy-in” for its plan. (Reference: Coyne and Subramaniam, 1996.)
Where do we start?
If you have already submitted an application to the Washington State Quality Award (WSQA), you may want to use the organizational profile and human resource focus sections as a beginning point. Agencies may find the Self Assessment Tool, available from the GMAP office, helpful: http://www.accountability.wa.gov/leadership/wsqa/assessment.asp.

Asking customers and stakeholders for feedback is a useful first step.
Another good place to begin is by reviewing your last strategic plan and answering these questions:

- Are your mission and business processes still relevant?
- Is there a clear relationship between your goals and statewide results or outcomes?
- What did you want to increase, decrease, or maintain and by how much? Did you meet those targets?
- What process element did you focus on to make changes? Do you have a hypothesis about why it did or didn’t work?
- What does that mean for strategies you should now pursue to achieve performance targets?

What components should be in a strategic plan?
A good strategic plan will include many of the following components or elements, but not every plan needs to contain all of them.

Mission Statement
An agency’s mission statement describes its reason for existence in general terms that capture its unique purpose and functions. It typically describes the organization, what it does, why it does it, and for whom.

- Mission Statement example: The Department of Healthy Behaviors works to improve the health of the people of Washington State by promoting actions that individuals can take to improve their health.

Vision Statement
The vision statement is a brief, forceful statement describing the organization at its most effective, or as it will be when it achieves its desired goals and outcomes. Vision examples:

- Great people, great service, excellence every time.
- The department is recognized as a progressive, innovative leader as we promote economic vitality, safeguard the environment, provide world-class customer service and embrace change.
Values
Values are a statement of the agency’s beliefs and behaviors. The strategic plan’s value statement can help establish a reference for how members and employees carry out their work. Values examples:
- All staff are guided by the following values: honesty, respect, and accountability
- Our core values are service, integrity, teamwork, and innovation.

Assessment of external challenges and opportunities
A good strategic plan will describe important external factors that affect the ability to achieve goals and performance targets. Agencies should consider changes in these kinds of factors in their analysis and whether they affect partners upon whom you heavily depend:
- The economy
- Client populations
- Client demographics
- Client/citizen needs, preferences, or expectations
- The way customers expect services to be delivered
- Related markets or industries
- The expectations of suppliers and partners
- The law or regulatory environment
- The costs of doing business
- The natural environment

Assessment of internal capacity and financial health
The strategic planning process also provides a good opportunity for an organization to take stock of its strengths and weaknesses, and to examine internal agency factors that can impact its ability to accomplish the mission, goals, and objectives. For example:
- What are key workforce issues that affect agency performance?
- What workforce issues must be addressed to achieve business goals?
- Do you see a need or opportunity for changes in service delivery methods?
- Will your strategies require an increase in staff and, thus, a need for more space? Will they require changes in the type of space you need? Are there pressing facility maintenance and operations needs or requirements?
- What technology investments will be necessary (and in what time frame) to achieve goals?
- Are there trends in revenue sources, fund balance changes, or cost pressures that may affect the agency’s financial sustainability?

A common technique that combines internal and external assessment is “SWOT analysis,” short for Strengths, Weaknesses, Opportunities, and Threats. Under SWOT analysis, an agency explicitly identifies internal factors (strengths and weaknesses) and external factors (opportunities and threats) that may impact its ability to achieve results. This analysis can be used to develop strategies to capitalize on positive factors (strengths and opportunities) and mitigate adverse factors (weaknesses, risks, and threats.)
Performance analysis
The strategic plan tells the story of how the agency intends to bridge the distance between where it is today and where it would like to be in the future. Performance analysis describes the nature of those gaps. Consider these questions:

- If actual performance is different than expected at this point, why?
- What is the agency learning from its internal GMAP process?
- How do performance results compare to those of other similar organizations, or to recognized industry standards, and why?
- Which performance gaps are most important to close?
- How will the agency try to close these performance gaps?

Goals
Goals are broad, high-level, issue-oriented statements of outcomes that an organization will strive to achieve. They should fit well with the mission statement and values, and answer the question, "What must we do to accomplish our mission or achieve a result?" Goal examples:

- Reduce tobacco use among adults, pregnant women, and children.
- Protect public health by ensuring safe food supply.

Objectives
Objectives break down goals into smaller, more specific pieces. They describe measurable results an agency expects to accomplish within a given time period. A good objective statement will provide an operational way to know if your strategies are successfully moving toward your goal. Try to start each objective sentence with one of these words: increase, decrease, or maintain. Objective examples:

- Decrease the proportion of cigarette smoking among 10th grade adolescents by 10%.
- Increase the proportion of food processors that comply with public health standards to 95%.

Strategies
Strategies are statements of methods to achieve an objective. While goals and objectives state what the organization wants to achieve, strategies state how goals and objectives will be achieved. Strategies should guide the near-term work and activities that the agency undertakes to achieve goals and objectives. Strategy examples:

- Produce anti-smoking messages and media campaign targeted to teen-agers.
- Inspect, test, and provide technical assistance to food storage and processing industries.

For the strategic plan, an agency should focus on the most important strategies, describing how the strategy will help achieve both agency goals and statewide results.
Performance measures

Performance measures are numeric descriptions of an agency’s work and results. They are based on data and tell a story about whether an agency or activity is achieving the desired objectives, and if progress is being made to attain policy or organizational goals.

Performance measures should be written to begin with “Number of . . .” or “Percentage of . . .” then describe what is being measured. Performance measure examples:

- Percentage of 10th grade students who say they have smoked within 90 days, as reported on the annual student survey.
- Percentage of food processors with a compliance rating score of 90 or more on annual inspection.
Section 5 - Implementing Strategic Plans

Preparing a strategic plan is only a first step. To paraphrase Peter Drucker, plans are only promises and hopes without subsequent commitment and action. To be effective, strategic plans must be implemented through operational plans, action plans, work assignments, and requests for resources.

**Action plans and operational plans**
Once high-level direction is set through the strategic plan, some agencies ask divisions or business units to prepare action plans or division work plans. These provide concrete steps to implement the agency’s selected strategies and can help management track effectiveness and success.

**Capital and technology needs**
The strategic planning process can identify emerging issues related to agency capital and technology needs. Changes in caseloads, customer expectations, agency strategies, and aging facility or systems may create profound changes in an agency's facility and technology requirements.

The narrative justification for each capital budget project request must describe how the project supports the agency’s strategic plan, and/or how it contributes to statewide results. OFM asks key questions in its review of agency capital budget requests, including:

- What are the most effective strategies and activities in which to invest, and how does the capital budget request support them?
- How do the proposed capital investments support the agency’s mission, goals, and objectives?
- How do the investments support statewide priorities?

**Information Technology Planning**
The Information Services Board (ISB) has adopted information technology (IT) portfolios as the planning and management process for IT resources. All IT planning should be based on an agency’s business drivers, and addressed in the agency’s strategic business plan ([Information Technology Planning Policy](http://www.ofm.wa.gov/rmd/erm/erm.asp)).

**Workforce planning**
Workforce planning is the overall process of linking workforce strategies to desired business outcomes. Goals, objectives, strategies, and performance measures in the business plan should highlight the key workforce priorities. Valuable workforce planning information and tools can be found at the Washington State Human Resources web site under [Workforce Planning](http://www.ofm.wa.gov/rmd/erm/erm.asp).

**Risk Management**
Risk management considers things that might keep an organization from accomplishing its goals, assesses the probability and severity of risks, and looks for ways to minimize them. Enterprise Risk Management (ERM) is a risk management method that begins by looking at an organization’s goals, which should be substantially the same as its strategic plan goals and objectives (see [http://www.ofm.wa.gov/rmd/erm/erm.asp](http://www.ofm.wa.gov/rmd/erm/erm.asp))
Section 6 - Strategic Planning – Resources and References

Internal and External Assessments

- OFM’s Forecasting Division provides population, demographic, economic, and other trend data. Washington Trends and Budget Drivers may be particularly relevant.
- Quarterly economic and revenue forecasts are available from the Economic and Revenue Forecast Council.
- The Caseload Forecast Council’s data for K-12 enrollment, social service caseload, and prison populations is online at http://www.cfc.wa.gov.
- The Washington State Human Resources website has workforce planning and data.

Strategic Planning

- Baldrige Performance Excellence Program at the National Institute of Standards and Technology has criteria for evaluating organizational strategic planning and implementation on pp. 10-12 of the 2011-12 Criteria for Performance Excellence (PDF).
- Coyne, Kevin P. and Somu Subramaniam, Bringing Discipline to Strategy (McKinsey Quarterly 1996, No. 4). An organization’s situation should determine its planning approach and who to involve:
- McKay, Emily Gantz, Strategic Planning: A Ten-Step Guide (PDF, July 2001). This basic guide written for non-profits includes practical suggestions applicable to most organizations.
- McNamara, Carter, MBA, PhD, Basic Description of Strategic Planning and Overview of Strategic Planning Models explain basic elements of, and different approaches to, plans.
- Zients, Jeffrey D, Statement to United States Senate Budget Committee (PDF, Oct. 29, 2009). The Chief Performance Officer with the federal Office of Management and Budget (OMB) discusses five principles for successful performance management.

Outcomes and Results

- Governor Gregoire’s priorities: http://www.governor.wa.gov/priorities.
- Priorities of Government – Statewide result areas and strategies: http://www.ofm.wa.gov/budget/pog/.

Performance Measures and Logic Models

- OFM’s Performance Measure Guide contains information about how to write objectives and performance measures, and includes a section on using logic models to connect work activities to outcomes.