Strategic Planning:
Predicting or Shaping the Future?

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Abstract

Many organizations do strategic planning in order to prepare for the future. The real value of strategic planning is not primarily in the final plan, but more in the intellectual journey that the participants take in exploring the future. This often sensitizes them to future possibilities that they had not been aware of. It also helps them prepare to shape that future. Over the past 10 years, the author has facilitated strategic planning efforts in two large (4,000 to 20,000 people) organizations, three small (25 to 100 people) organizations, and started teaching strategic planning. This paper will draw on the experiences from all of these strategic planning efforts, while focusing on the approach that one non-profit R&D organization used to take this intellectual journey. The research methodology is based on a strategic planning approach that calls for development of a core purpose, values, Big Hairy Audacious Goal (BHAG), and envisioned future. For a particular organization, a key element of the envisioned future was to “make critical contributions to critical challenges”. Immediately this raised the question of how one measures this element. The author and a co-worker developed an approach that involved interviewing knowledgeable people inside and outside of the organization. They were asked to rate the organization’s technical work on a grid and explain the basis for their grading. The narrative that accompanied the grading was very rich in feedback to the organization. The difference between the internal and external evaluations in a few cases served to focus the leadership group on several key strategic questions.
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Strategic Planning

Many organizations do strategic planning in order to prepare for the future. Often the primary focus of the activity is to develop a thick, black binder containing numerous action items and labeled “strategic plan”. Completion of this binder often signals the end of the strategic planning activity and the beginning of the relatively routine execution of the specific action items. But the real value of strategic planning is not in the binder, but in the intellectual journey that the participants take in exploring the future. This often sensitizes them to future possibilities that they had not been aware of, enables them to recognize when important changes in the external environment are occurring, and prepares them to respond to these changes. This paper will describe the approach that one non-profit R&D organization used to take this intellectual journey.

The Value of Strategic Planning

Over the past 10 years, I’ve led strategic planning efforts in a number of organizations and started teaching strategic planning. These recent strategic planning efforts follow the previous 30 years of being involved in, or victimized by, a variety of strategic planning efforts in a variety of forms and under a variety of names. I tell my class that I am qualified to teach strategic planning because I’ve seen or made every mistake in strategic planning known to mankind. But apparently in that process I have learned a few things that the class finds interesting and worthwhile. In this article I will offer some observations about what makes strategic planning worth doing, vital to an organization’s future, and applicable to the individuals in the organization.
Everyone wants to predict the future. Whether for their own personal interests, or the interest of their organization, people struggle to reduce uncertainty. Often they seize on strategic planning as the means of predicting the future and picking a course of action designed to achieve their future goals. But obviously no one can predict the future with certainty. Because of this, strategic planning is often viewed as a failure when it does not yield the accurate portrayal of the future that people envisioned when they started the process.

If strategic planning is not about predicting the future, what then is the objective? Strategic planning stresses the importance of making decisions that will ensure the organization’s ability to successfully respond to changes in that environment. It is most effective when deployed as part of an integrated planning process (Below, Morrisey, & Acomb, 1987), which includes a strategic plan, an operational plan, and a results management process for managing processes and measuring results. Strategic planning assumes that an organization must respond to a dynamic changing environment – not the more stable environment assumed for long-range planning (Below et. al., 1987).

**Three Important Questions**

Whatever the approach, book, or consultant; good strategic planning involves asking three fundamental questions: 1) who am I? ; 2) where do I want to go?; and 3) how am I going to get there? While these questions are simple to pose, they are very difficult to answer honestly and completely. Once an organization has gone through the intellectual exercise involved in asking and answering these questions, it is generally prepared to recognize the future as it evolves and react in a way to achieve its goals. So good strategic planning is not about predicting the future, it is about shaping the future and developing the intellectual agility and alertness to recognize the future as it goes by in order to respond in an agile and appropriate fashion.
The Johns Hopkins University Applied Physics Laboratory (APL) is a University Affiliated Research Center (UARC). As such it is a non-profit division of the University intended to support government organizations in achieving their goals. It is in a category unlike for-profit organizations, which have Financial Accounting Standards Board (FASB, n.d.) financial accounting rules and other share owner oriented measures of success; or even non-profit hospitals and charities, each of which generally has relatively straightforward measures of success (Bryson, 1988). APL tends to be in the “other other” category, with more ambiguous goals and difficult to measure metrics. The effort to develop a strategic view of our environment and a strategic plan going forward started as these things usually do, with a literature search. A review of a number of strategic planning approaches led to an article (Collins and Porras, 1996) that called for development of a core purpose, values, Big Hairy Audacious Goal (BHAG), and envisioned future. We adopted this approach for strategic planning at APL and adapted it to the Laboratory environment. It has turned out to be a very constructive approach for facilitating the necessary dialogue among the senior leadership of APL. I have found it equally constructive when used as a framework for teaching strategic planning in the classroom.

**Developing a Vision for the Future**

Not surprisingly the Collins and Porras approach elicits the answers to the three questions framed above. When one asks for the core purpose and values of an organization, clearly the question being asked is “who am I?” What is of interest are the various answers one gets to that question in a single organization. Everyone is certain they understand what the core purpose of their organization is. But when a group of 20 people are asked, at least 10 answers are provided...each with certainty. The vigorous discussions that break out are valuable, as each person discusses what is important to them as individuals. In the end, one can approach a
consensus on the answer. In the process each person gains a better understanding of everyone else’s motivations and the group gains a better understanding of the contribution that the organization feels is crucial. Organizational alignment begins.

The BHAG, of course, speaks to “where do I want to go?” This is a stretch goal, very difficult to achieve. Here again, different people have different views on what the organization should aspire to achieve. This exchange causes even more fresh thinking about opportunities for the future, likely obstacles, and a vigorous discussion/characterization of the landscape. Again the consensus achieved by discussing the BHAG enables the leadership group to get excited about a common, inspiring goal for the future. And in the process, they gain a better understanding about each other, what inspires and motivates each of them, what the risks and opportunities are, and where the common ground is going forward.

Finally as one creates the envisioned future, a picture is painted of what the organization will look like when it has successfully achieved the BHAG. It answers the question “how am I going to get there?” by delineating the elements of the future that are important, while characterizing how they will be different from the present. These elements of the envisioned future don’t resemble the more tactical goals and objectives that a classic strategic plan is recognized by, but they do provide the framework within which one can shape/define specific goals and actions. Thus it is the springboard to an action plan, identifying those topics around which actions will be shaped and why they are important.

**Metrics**

An important issue for any organization is metrics. Measuring progress that the organization is making on its strategic objectives is critical to short-term adjustments in strategy
and long-term success. But a literature search does not turn up much in the way of metrics for non-profit R&D organizations (Espy, 1986).

One element of the envisioned future developed for APL early on showed promise as a metric. We said we would be “making critical contributions to critical challenges.” Everyone in the leadership group clearly resonated with this element. It meant that we would be committed to working on important problems in our domains of interest, national security and space research. Furthermore we would ensure that we were making contributions that were very important to the success of our customers. The word “unique” is often overused, indeed abused. So we tried to avoid using it in characterizing our contributions. But we wanted our contributions to be recognized by us and others as special, out of the ordinary, and characteristic of APL.

But measuring critical challenges and critical contributions is in its own right a challenge. In the end, we adopted an approach that while qualitative, yielded fairly rich information about the nature of our challenges and contributions. We created a chart (Figure 1) with two axes, and in an Orwellian sense, defined critical as the midpoint on each axis. This definition recognized that while all challenges were critical, some would be more or less critical than others. We asked our own leadership and external customers, stakeholders, and observers to annotate a separate chart for each APL technical business that they were familiar with. While they were recording their marks based on their assessments of the criticality of the challenges and contributions in a particular technical area, we asked them for an explanation of each placement and collected these comments anonymously for later review.
Figure 1. Critical Challenge/Critical Contribution Template

Figure (2) shows a typical spread for one of APL’s technical areas, including both internal and external assessments. Figure (3) shows the 95% confidence region for that data. In this case, our internal and external assessors evaluated the contribution as roughly the same, approximately 3.5 on the contribution scale. But external assessors evaluated the challenge as higher, 3.7 vs. 3.0. A healthy discussion of these similarities and differences by the leadership team was one of the most valuable products of this exercise. The agreement across technical areas was similar or better than that exhibited by this chart. So in most cases APL held its efforts in the same regard as outsiders did. Occasionally there was a technical area where this was not
the case. Then the recorded comments served as a basis for understanding why that particular line of work was perceived as more or less critical by the external evaluators. And once understanding this, one could develop strategy and tactics appropriate for that situation. We note in Figure (3) that the footprint of the external results is significantly broader than that of the internal results. This is, perhaps, not surprising. The internal APL people interviewed have more information on the technical area and discuss these areas frequently. So they tend to come to a common assessment as to the challenge/contribution in each area. The external participants come from a much broader domain and often are not directly associated with the technical area they are assessing. So one could expect a broader set of responses. I was somewhat surprised that the footprint was not even larger. My speculation is that people in the Washington, D.C. area in the broad national security and space research community tend to talk to each other often enough to influence each other’s perspectives on areas that they may know little about.

![Sample Assessment Chart](image)

*Figure 2. Sample Assessment Chart*
This has served as a fruitful approach for evaluating technical lines of work, as qualitative as it is. As long as one doesn’t read too much into the charts, and time is spent considering the anonymous evaluations, one can derive a useful indication of the value of technical work. But this is admittedly a rough evaluation and at the technical area level only. It lacks the specificity of an individual critical challenge evaluation. APL has continued to develop more quantitative approaches to these metrics, up to the present time.

**A Guarantee for Failure**

Clearly people don’t embark on strategic planning with the intent of failing. But many of them embark on a path that almost guarantees failure. The real value of having the leadership team debate the three questions are at least threefold. First, the leadership team comes out of the process stronger and more knowledgeable about each other’s interests, motivations, and desires. This enables them to work together more effectively as a team. Second, the leadership group
understands not only the specific goals that they are trying to achieve but why they are trying to achieve them. This enables them to articulate these motivations to their employees. Finally, the leadership team can then serve as scouts for unexpected events that could arise and cause the need to adjust the plan, goals, or even BHAG. The more knowledgeable they are, the more likely that they will recognize critical events and be able to alert the rest of the team in order that alternative actions can be considered. It’s about recognizing the future as it whizzes by and being alert and agile enough to respond to it.

Yet some leadership groups feel that they are too busy with the day to day actions to spare the time for strategic planning. So with good intentions, they delegate their strategic plan and planning to staff. This staff organization does the creative thinking, writes down the plan, and reports back to the leadership. The leadership may then adopt/embark the plan with all good intentions, and even take ownership of specific actions evolving out of the plan. But I would contend that they are operating in the blind, with little chance of success. Things rarely turn out as anticipated. How then can these leaders, devoid of the basic understanding of the underpinnings and assumptions of the plan, know how to adapt/change the actions as circumstances change? The answer is: not very well. Staff can play a critical role in supporting and being a catalyst for good strategic planning, but a strategic plan developed by staff and delivered to leadership is not really a strategic plan. It has a limited chance of moving the organization forward.

**Strategic Planning As Self-Empowerment**

One unanticipated benefit that I discovered as I taught this approach is the impact that this planning can have when applied to the individuals in the class. I contend that the strategic planning approach and three questions can be utilized whether the organization has 30, 300, or
To reinforce the point that leaders of small groups can shape the future of their group using this approach, I suggest to the class that it is equally applicable to the students as individuals. I introduce the subject by having them read an article (Drucker, 2005) that introduces the idea of the second half of your life. After all, I point out, we used to be accustomed to retiring at 55 and waiting to die at 60 (a slight exaggeration, perhaps). But now our life expectancy is 70 to 80, and so we need to address the challenge of what we will do with the rest of our lives. Much to my delight, and surprise, many of them accepted that challenge.

Asking the three questions and trying to give complete /honest answers as an individual is a good step towards taking charge of one’s future and shaping the course of one’s life. While I won’t suggest there is a magical solution to life’s challenges, taking steps to shape and influence one’s future goes a long way to making the person feel empowered and not victimized by the system or events. So when I discovered that a number of the students in the class were taking strategic stock of their lives, laying out what was important to them, and identifying what their ambitions were, I felt the class had more than satisfied my desire to demonstrate the value of strategic planning.

Conclusions

Strategic planning done by the leadership of an organization has the best chance of positively influencing the future of the organization and shaping the environment. It is not so much about predicting the future as it is about becoming mentally agile enough to recognize the future as it whizzes by. People who do the planning together develop a better shared vision of what is important and why risks can and should be taken. And what’s good for the organization, a thoughtful perspective on the future, is doubly good for the individuals leading that organization.
References


