

A Strategic Planning Primer for Higher Education

This article provides an overview of the strategic planning process. It is intended to help you understand the concept of strategic planning, the need for strategy in higher education, and the dynamics of the university-based strategic planning. It includes a brief history of strategic planning, emerging challenges in higher education, basic models and steps of a strategic planning process, adapting strategic planning to unique needs of higher education, and a look into the strategic planning at the California State University system. A glossary of terms and an annotated bibliography are included.

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Economic projections available on this site offer an invaluable source of information for university-based strategic planning. This site provides data for studying changes in the external environment, setting empirically based goals related to the labor market, and examining an individual campus's position in relation to entire higher education sector in the state.

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Why Higher Education Needs Strategic Planning

Universities are driven to engage in a strategic planning process by a variety of forces. These include: increasing demand for higher education concurrent with a decline in government funding, changing student demographics, and a need to compete with the emerging models of higher education while keeping the essence of a traditional comprehensive university. A strategic planning process can help prepare a university to face these emerging challenges.

According to Benjamin & Carroll (1998, p.3), “if current trends continue, more than one-third of the Californians seeking to enroll in ”a state university “will be unable to do so by the year 2015.” Consequently, to avoid such outcomes, universities need to “make major structural changes in their decision-making systems . . . and reallocate scarce resources” (Benjamin & Carroll, 1998, p.21). Universities should also “pursue greater mission differentiation to streamline their services and better respond to the changing needs of their constituencies” (Benjamin & Carroll, 1998, p. 22-23). Strategic planning can aid the university in accomplishing these tasks.

CHALLENGES FACING CALIFORNIA HIGHER EDUCATION

Recent years have brought many changes to the landscape of California’s higher education. Following is a brief description of these challenges.

Decrease in state government funding

Public universities’ share of the state budget is plummeting; according to David Breneman, it will decline to 1% in 2002 (from 12% in 1994). At the same time, according to Benjamin & Carroll (1998) the operating costs per student in higher education are rising.

Increase in demand for higher education

Demand for higher education is expected to increase sharply in the next decade. According to former CSU chancellor Barry Munitz, university enrollment in California will increase to 2.7 million in 2010, a 50% increase over 1.8 million in 1994. For CSU, this translates into an additional 100,000 full-time equivalent students (FTE) annually by 2010 (Cornerstones, appendix, p.2). In addition to the expected population growth, the proportion of the population that will attend universities will increase. According to Benjamin & Carroll (1998, p. 9), “only college graduates will be able to hold their own economically” by 2015. As more and more people recognize that a college degree is essential to their economic well being, demand for higher education will increase.

Changing demographics

Students’ demographic makeup is changing. As the number of Latino and Asian students increases over the next decade, the universities will not have a single racial “majority” group. By 2005 about half of the entering class of students will come from non-“Anglo-white” families. In addition, the average age of the student population will increase, as more “older” students return to universities to get undergraduate degrees. Seeking “the best conditions for success of all its

diverse students,” universities need to provide education that will allow graduates to “fully participate in a diverse society committed to democratic values” (Cornerstones, appendix, p 3).

New models of higher education

New models of providing higher education have emerged in recent years. According to some researchers, a gap between what the public wants and what traditional universities provide is growing (Rowley, Lujan, & Dolence, 1997). Changes in the educational needs (i.e. a need for more specific, applied education), unmet by the existing system of higher education, have prompted emergence of for-profit, “convenience” universities, such as the University of Phoenix and National University. Adapting to the needs of the consumer-driven market (Traub, 1997), they view the student as a customer, target specific functions (based on the market need), and offer schedules convenient for students. Thus “traditional” universities must find ways to deal with this new competition.

Keeping elements of a “traditional” model

“Universities can’t move completely away from a provider-driven model to a consumer-driven form of higher education. . . . The quest for new knowledge, the analysis of theories and practices, and the free exchange of ideas would suffer if colleges and universities only offered what was popular” (Rowley, Lujan, & Dolence, 1997, p. 54). Eliminating disciplines because they are currently not in demand is contrary to the mission of a comprehensive university. Yet to some degree all campuses must consider student preferences for applied education and the larger labor market.

Lack of consensus in state government

The government is debating the purposes of higher education and who should have access to it. At the same time, universities, and particularly the CSU, are challenged to meet their mission to provide access and affordability, ensure quality through maximum attention to the teaching and learning process, and provide evidence for their results (Cornerstones, appendix, p. 3-4).

Economic transformation

“California’s economy has undergone a profound transformation in the last two decades.” The major economic growth areas, high-tech and high-tech based industries, will employ well-educated individuals, able to move easily among careers and employers. Californians, who lack adequate education and competencies useful across career lines, especially those without at least a college degree, will be at a disadvantage, in terms of employment opportunities, earning capacity, and higher unemployment rates (Cornerstones, appendix, p. 2).

[Click here for Cornerstones Report, Appendix](#)

NEED FOR STRATEGIC PLANNING IN HIGHER EDUCATION

Strategic planning is one of the major steps the universities can take to address these challenges. Strategy is a tool for the university to find its competitive advantage and place within the environment.

California's universities must bring about the needed institutional redesign and devise an effective strategic plan for developing California's human resources. By pursuing a greater mission differentiation and reallocation of resources they will better respond to the changing needs of their constituencies (Benjamin & Carroll, 1998).

The present lack of effective strategic planning has led to dire predictions from many observers. According to Benjamin & Carroll (1998, p.1), "the present course of higher education in the state – in which student demand, tuition, and costs are rising much faster than public funding - is unsustainable. Unless significant steps are taken to address the situation, hundreds of thousands of Californians will be denied access to higher education within the next 20 years." "That is a serious, sobering, economic, political, and social catastrophe, and there is nothing in the framework of a current situation that is likely to prevent that from occurring" (Breneman, 1995).

"Institutions of higher education that do not rethink their roles, responsibilities, and structures ... can expect a very difficult time in the next decade and the next generation. Some will not survive. Most will be expected to do much more with far less" (Glassman & Rossy, n.d.).

BENEFITS OF STRATEGIC PLANNING

Engaging in a strategic planning process benefits universities in a variety of ways.

Strategic planning:

- Creates a framework for determining the direction a university should take to achieve its desired future,
- Provides a framework for achieving competitive advantage,
- Allows all university constituencies to participate and work together towards accomplishing goals,
- "Raises the vision of all key participants, encouraging them to reflect creatively on the strategic direction" of the university (Hax & Majluf, 1996, p. 32),
- Allows the dialogue between the participants improving understanding of the organization's vision, and fostering a sense of ownership of the strategic plan, and belonging to the organization,
- Aims to align the university with its environment,
- Allows the university to set priorities.

Please click here for a complete list of [References](#)

Brief History of Strategic Planning

MILITARY ROOTS

The history of strategic planning begins in the military. According to Webster's *New World Dictionary*, strategy is "the science of planning and directing large-scale military operations, of maneuvering forces into the most advantageous position prior to actual engagement with the enemy" (Guralnic, 1986). Although our understanding of strategy as applied in management has been transformed, one element remains key: aim to achieve competitive advantage.

Taking its name and roots from the military model, early models of formal strategic planning "reflected the hierarchical values and linear systems of traditional organizations. Undertaken by elite planning function at the top of the organization, its structure was highly vertical and time-bound. A certain period would be set aside to analyze the situation and decide on a course of action. This would result in a formal document. Once this was done, the actual work of implementation - which was considered a separate, discrete process - could begin" (Wall & Wall, 1995).

Although individual definitions of strategy vary between authors, traditionally, theorists have considered planning an essential part of organizational strategy. For a comprehensive definition of strategy, please refer to the [Glossary of Terms](#).

BUSINESS

Strategic planning in organizations originated in the 1950s and was very popular and widespread between mid-1960s to mid-1970s, when then people believed it was the answer for all problems, and corporate America was "obsessed" with strategic planning. Following that "boom" strategic planning was cast aside and abandoned for over a decade. The 1990s brought the revival of strategic planning as a "process with particular benefits in particular contexts" (Mintzberg, 1994).

Here is a brief account of several generations of strategic planning. [SWOT](#) analysis model dominated strategic planning of the 1950s. "The 1960s brought qualitative and quantitative models of strategy. During the early 1980s, the shareholder value model and the [Porter model](#) became the standard. The rest of the 1980s was dictated by strategic intent and core competencies, and market-focused organizations. Finally, business transformation became de rigueur in the 1990s" (Gouillart, 1995).

Subsequent newer models of strategic planning were focused on adaptability to change, flexibility, and importance of strategic thinking and organizational learning. "Strategic agility" is becoming more important than the strategy itself, because the organization's ability to succeed "has more to do with its ability to transform itself, continuously, than whether it has the right strategy. Being strategically agile enables organizations to transform their strategy depending on the changes in their environment" (Gouillart, 1995).

HIGHER EDUCATION

During the past decade institutions of higher education had to confront numerous changes in their external and internal environment, and respond to [emerging challenges](#), such as decreasing financial support, rapid technological advances, changing demographics, and outdated academic programs. As a result, many universities engaged in strategic planning as means to “make beneficial, strategic changes ... to adapt to the rapidly shifting environment” (Rowley, Lujan, & Dolence, 1997).

Overall, strategic planning at universities has been only moderately successful, as only few were able to achieve significantly successful results and “transformed themselves dramatically. Others have been able to make important changes in parts of their operations. ... But many institutions have stumbled, dissolved into controversy, or lost their nerve” (Rowley, Lujan, & Dolence, 1997). Although several authors have endeavored to explain successes and failures of strategic planning in higher education, scholars differ in their opinions. As a result, there is no consensus (or clarity) on major determinants of strategic planning’s success in universities.

Please click here for a complete list of [References](#)

Steps in a Strategic Planning Process

Although every strategic planning process is uniquely designed to fit the specific needs of a particular university, every successful “model” includes most of these steps.

The university begins by identifying its vision and mission. Once these are clearly defined, it moves on to a series of analyses, including external, internal, gap, and benchmarking, which provide a context for developing organization’s strategic issues. Strategic programming follows and the organization develops specific strategies including strategic goals, action plans, and tactics. Emergent strategies evolve, challenging the intended tactics, and altering the realized strategy. Periodically, the organization evaluates its strategies and reviews its strategic plan, considering emergent strategies and evolving changes. It usually takes several years before strategic planning becomes institutionalized and organizations learn to think strategically. The [Strategic Planning Process](#) graph at the end of this section provides a graphical representation of these steps.

Note: Here we briefly review steps essential to success of any strategic planning process. For a more detailed description of strategic planning terminology, please refer to the [Glossary of Terms](#).

VISION AND MISSION

Identification of the organization’s vision and mission is the first step of any strategic planning process. The university’s vision sets out the reasons for organization’s existence and the “ideal” state that the organization aims to achieve; the mission identifies major goals and performance objectives. Both are defined within the framework of the university’s philosophy, and are used as a context for development and evaluation of intended and emergent strategies. One can not overemphasize the importance of a clear vision and mission; none of the subsequent steps will matter if the organization is not certain where it is headed.

ENVIRONMENTAL SCAN

Once the vision and mission are clearly identified, the university must analyze its external and internal environment. The environmental scan, performed within the frameworks of the [Five Forces Model](#) and [SWOT](#), analyzes information about organization’s external environment (economic, social, demographic, political, legal, technological, and international factors), the industry, and internal organizational factors. The [labor market projections](#) provided on this site are most valuable for the environmental scan. Please refer to the brief description of the [Basic Models](#) for more information.

GAP ANALYSIS

Organizations evaluate the difference between their current position and desired future through gap analysis. As a result, a university can develop specific strategies and allocate

resources to close the gap (CSUN strategic planning leadership retreat, April 1997), and achieve its desired state.

BENCHMARKING

Measuring and comparing the university's operations, practices, and performance against others is useful for identifying "best" practices. Through an ongoing systematic benchmarking process campuses find a reference point for setting their own goals and targets.

STRATEGIC ISSUES

University determines its strategic issues based on (and consistent with) its vision and mission, within the framework of environmental and other analyses. Strategic issues are the fundamental issues the organization has to address to achieve its mission and move towards its desired future.

STRATEGIC PROGRAMMING

To address strategic issues and develop deliberate strategies for achieving their mission, universities set strategic goals, action plans, and tactics during the strategic programming stage.

Strategic goals are the milestones the campus aims to achieve that evolve from the strategic issues. The *SMART goals* model is essential to setting meaningful goals. Smart goals are specific, measurable, agreed upon, realistic, and time/cost bound.

Action plans ... define how we get to where we want to go," the steps required to reach our strategic goals.

Tactics are specific actions used to achieve the strategic goals and implement the strategic plans.

EMERGENT STRATEGIES

Unpredicted and unintended events frequently occur that differ from the university's intended strategies, and the university must respond. Emergent strategy is "a pattern, a consistency of behavior over time," "a realized pattern [that] was not expressly intended" in the original planning of strategy. It results from a series of actions converging into a consistent pattern (Mintzberg, 1994, p. 23-25). Please refer to the [Glossary of Terms](#) for a more complete definition of emergent strategies.

EVALUATION OF STRATEGY

Periodic evaluations of strategies, tactics, and action programs are essential to assessing success of the strategic planning process. It is important to measure performance at least annually (but preferably more often), to evaluate the effect of specific actions on long-term results and on the organization's vision and mission (Rowley, Lujan, & Dolence, 1997). The organization should measure current performance against previously set expectations, and consider any changes or events that may have impacted the desired course of actions.

REVIEW OF THE STRATEGIC PLAN

After assessing the progress of the strategic planning process, the university needs to review the strategic plan, make necessary changes, and adjust its course based on these evaluations. The revised plan must take into consideration emergent strategies, and changes affecting the organization's intended course.

STRATEGIC THINKING

With time, people in the university routinely make their decisions within the framework of the organization's strategic vision and mission. Strategic planning becomes an organizational norm, deeply embedded within the organization's decision-making process, and participants learn to think strategically as part of their regular daily activities (Lerner, 1999). Strategic thinking involves "arraying options through a process of opening up institutional thinking to a range of alternatives and decisions that identify the best fit between the institution, its resources, and the environment" (Rowley, Lujan, & Dolence, 1997, p. 15). See [Glossary of Terms](#) for more about strategic thinking.

Please click here for a complete list of [References](#)

Unique Aspects of Strategic Planning in Higher Education

The following section discusses unique aspects of strategic planning at universities.

DIFFERENCES BETWEEN A BUSINESS MODEL AND A UNIVERSITY MODEL

To ensure success of the strategic planning effort, universities need to adjust the “business strategy model” to higher education. As discussed below, university-based strategic planning differs from the business model in several specific ways. By recognizing these differences and changing the traditional model accordingly, universities can increase understanding of, and participation in the strategy process throughout its constituencies.

Time frame

In the “business world,” strategic planning model timeframe is 2 to 3 years; at universities, it usually takes 5 or more years.

Consensus

The business model is generally top down, although it is still necessary to get the support and involvement of people in the company. Because of the importance of shared governance in university management, faculty’s involvement is key, and building consensus right from the beginning becomes essential for university – based strategic planning. University faculty can’t be “directed” (i.e., command authority) in the same way as employees in a company, because “centralized power” at universities is not very strong.

Value system

Universities’ guiding principle - long-term investment in educating people - is different from business’ bottom line approach. Differences in the value system require a different approach to strategic planning at universities.

Customers

Universities do not have a clearly defined customer; students, employers, and the community may all be considered “customers.” As a result, defining goals and measuring effectiveness consistently with the university’s mission is problematic.

Context

Change is especially difficult to accept at the universities, because by nature universities are about preservation.

THE PROCESS OF STRATEGIC PLANNING

The process itself is important to opening the lines of communications, and engaging faculty and staff in the dialogue. The fact that we engage in “strategic thinking” is more important than the final product – the plan. The decision-makers can make choices in the context of their

understanding of the faculty's dialogue, different vantage points, and university's overall mission. It is similar to the empowerment in the corporate model. If participants understand the thinking around issues, then management can empower them to make decisions, because employees' decisions will reflect the overall context.

According to Barry Munitz, former CSU chancellor, universities need to establish where their strategic competitive advantage is. "As you begin your own strategic planning effort, be thoughtful and concise and specific about where you want to make this campus's mark. What do you do well, what do you do differently, what do you do better than most others. Those things that you care less about and you do less well should disappear" (Munitz, speech at CSUN, 1995).

Reward system

University's faculty are rewarded mainly based on research and teaching. For strategic planning to succeed, faculty should be rewarded for a broader range of things (i.e. initiatives related to strategic planning), while the essence of the university - teaching and research - is preserved. People participate in activities that get rewarded, so universities have to be willing to shift resources and allocate funds for strategic priorities. In essence, strategic planning goals and objectives should be linked to the reward system.

Commitment at the top

Commitment at the top is essential for success. The university president has to be willing to push and support strategic planning activities, and never lose focus on that. Similarly, high-level executives must be truly committed to and involved in it.

"Loosely coupled system"

The university is "a loosely coupled system of units that need to work together for a mutually beneficial future, but understand that their differences would often create tension. These units simultaneously seek autonomous distinctiveness and interdependence. The continued attention to the balancing of these two dimensions became the glue that held the strategic planning process together and provided the context for implementation" (Glassman & Rossy, n.d.). Designing a loosely coupled process recognizes uniqueness of each part of the university.

Participatory planning

The need for participatory planning stems from the universities' "shared governance" model. "Within colleges and universities, the major means of production (teaching and research) are ... the exclusive rights of the faculty, and ... top-level strategic decision making cannot be adequately accomplished without the advice and consent of professoriate... The faculty ... can exercise significant veto power over the options available to university administrative leadership" (Rowley, Lujan, & Dolence, 1997).

Finding a mechanism to get faculty involvement at every stage, and particularly at the implementation stage, becomes essential to success; faculty can't be "commanded," but have to be willing to voluntarily participate.

Alignment

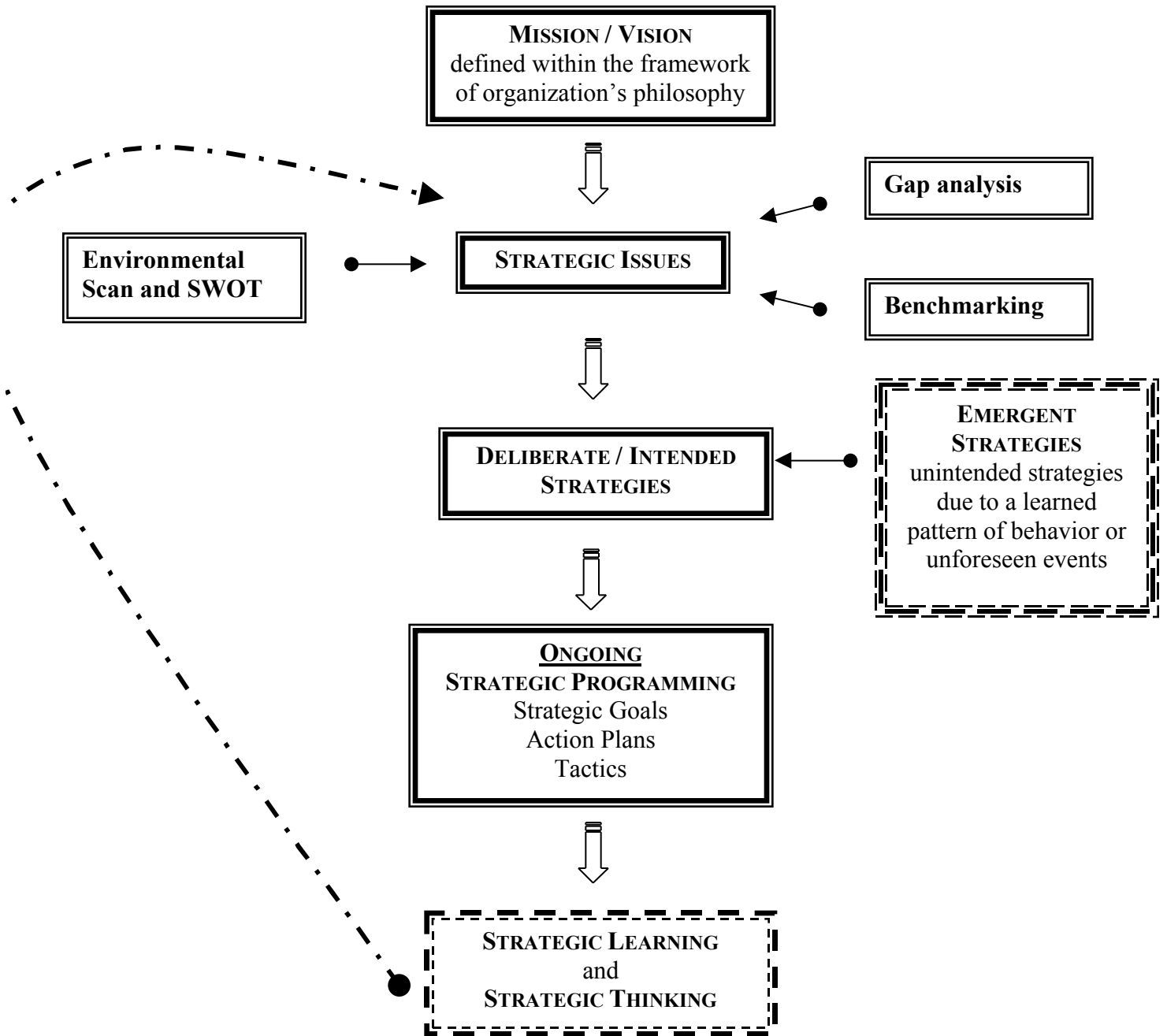
While allowing for flexibility, alignment means that universities within the system support strategic goals of the larger system, and that the units within the university support campus goals. Colleges and deans could define their own ways to establish goals, and choose what is important to them within the framework of the university-wide strategic planning process. This fosters a feeling of ownership of the process, and personal contribution to it.

Allow for differences

Design of strategic planning differs between the university level, the college level, and the department level. The process for each college needs to be customized to that college's unique environment, keeping in mind the high degree of heterogeneity of the population within the university. For example, CSUN, is not one homogenous university, but 9 colleges living on the same geographical turf.

Please click here for a complete list of [References](#)

Strategic Planning Process Model



Strategic Planning at CSU

For several years, CSU has been engaged in a strategic planning effort, documented in the *Cornerstones Report*. Cornerstones is an “umbrella effort” “designed to complement and support ... strategic planning activities that are ongoing on the CSU campuses” (Cornerstones, preface). One of CSU’s major challenges is to “secure adequate state resources for all Californians who desire a college education” (Cornerstones, appendix, p. 3). Within this framework, CSU aims to preserve the shared governance, support individual campuses in serving different communities with unique needs, and protect and regenerate superior faculty.

THE CORNERSTONES REPORT

The CSU’s Cornerstones project identified four policy goals for the California State University campuses, which include (1) educational results; (2) access to higher education; (3) financial stability; and (4) university accountability. Aligning strategic planning efforts at individual CSU campuses with these policy goals will allow each university to “contribute to a larger statewide public and policy audience” ([Cornerstones Report, Preface](#)), advancing the overall, comprehensive effort of California’s higher education system to respond to emerging challenges.

Educational results

“The CSU seeks to ensure that each graduate of the university meets high expectations regarding what graduates should know and do, and ... will be held accountable to achieve these expectations.” CSU will provide educational excellence, while responding to the needs of Californians, both young, and older and working adults. These will be accomplished through “innovation in the use of its facilities, the methods of teaching and learning, the development of flexible academic schedules, the nature and duration of programs, the locations where education takes place, and the ease with which students get services” ([Cornerstones Report, Educational Results](#)).

Access to higher education

“The very structure of public higher education is predicated on the idea that every resident competent to benefit from instruction has some place to learn.” CSU’s role is key in meeting this commitment. This will be accomplished through outreach programs, retention efforts, support of K-12 efforts, strengthening relationship with community colleges, providing education beyond baccalaureate, including career transition education and lifelong learning ([Cornerstones Report, Access to Higher Education](#)).

Financial stability

CSU aims to provide an “environment where resources are stable enough that campuses can make plans, determine priorities, and successfully implement them.” It is essential for students to be able to count on predictable fees and adequate aid in planning completion of their education. While State of California’s commitment to provide CSU with necessary funding is essential, “it must be matched by our own efforts to produce excellence. Financial stability will only be

achieved through a combination of increased revenues and increased productivity and savings” ([Cornerstones Report, Financial Stability](#)).

University accountability

CSU has moved to become “a community of distinct and diverse campuses,” “ in a context of shared goals and broad commitments to the people of California,” allowing campuses a “greater flexibility and autonomy.” CSU will account for its performance through “assessment of student achievement, and ... reports [of CSU’s performance] to the public.” The reporting system will focus on achievements of each university based on the diverse nature of each campus and its students” ([Cornerstones Report, University Accountability](#)).

Implementation plan

In an effort to “create a truly student-centered university, in which every member of the University community – faculty, staff, and administration – has a responsibility for contributing to student success,” the Cornerstones implementation plan “addresses the [following] key issues of system-wide concern.” Each initiative suggests several proposed implementation steps, available in the detailed text of the implementation plan draft on the Cornerstones web site.

1. “Each university will strengthen baccalaureate education through student learning outcomes and assessment.
2. Each university will assure the quality of the baccalaureate experience and process.
3. Each university will examine its programs to ensure that current programs are needed, effective, and have appropriate and understandable requirements.
4. Universities will make their service more accessible in time and place, by removing, to the extent possible, constraints on teaching and learning caused by time or location.
5. The CSU will support system and university-wide efforts to increase the number and proportions of high-school students who are prepared for college-level study upon entry, and in the process, reduce the percentages of students needing remedial education.
6. The CSU will increase access to education beyond the baccalaureate, including degree and certificate programs as well as other forms of continuing and professional education.
7. The CSU and each university will make systematic progress toward achieving the conditions that will allow faculty to play their integral role in implementing the plan” ([Draft Cornerstones Implementation Plan](#)).

RESOURCE “GAPS”

CSU anticipates several gaps between expected need and available resources. By year 2005 CSU’s deficit resulting from insufficient revenues to meet enrollments needs is projected to be between \$58 to \$240 million. An estimated need for necessary technology, replacement of obsolete equipment, maintenance of laboratories, library acquisitions, mandatory price increases, and maintenance for new space is about \$680 million. Additional resources are necessary to accommodate a 26% projected increase in enrollments. Funds available to students in need of financial aid are declining, while the number of such students is expected to increase to about 60% of total enrollments by 2005 ([Cornerstones Report, Appendix](#), p. 6).

Please click here for a complete list of [References](#)

Limitations

Universities may encounter a multitude of problems as they go forward with their strategic planning process. This section discusses several of these difficulties and offers ways to minimize or avoid them.

POTENTIAL PROBLEMS

Strategic planning is an involved, intricate, and complex process that takes an organization into the uncharted territory. It does not provide a ready to use prescription for success; instead, it takes the organization through a journey and helps develop a framework and context within which the answers will emerge. Literature and research has documented extensively the possible problems that may arise during the process. Being aware of these issues and prepared to address them is essential to success: organization's strategic planning effort may fail if these potential pitfalls are ignored. To increase universities' awareness, this section reviews some of these limitations.

Commitment

One of the major challenges of strategic planning is ensuring commitment at the top, because in some ways, strategic planning reduces executive decision-making power. It encourages involvement throughout the organization, and "empowers" people to make decisions within the framework defined by the strategic planning process. As a result, this shifts some of the decision making from the executive office to the participants.

Commitment of the people throughout the university "grows out of a sense of ownership of the project" (Mintzberg, 1994, p. 172). Such commitment is essential to success. Strategic planning implies organization-wide participation, which can only be achieved if people believe that their involvement counts, and that they will benefit from the process.

Inflexibility of plans and planning

Strategic planning might inhibit changes, and discourage the organization from considering disruptive alternatives (Mintzberg, 1994, p. 178). Planning might inhibit creativity, and "does not easily handle truly creative ideas" (Mintzberg, 1994, p. 180). A conflict lies with a desire to "retain the stability that planning brings to an organization ... while enabling it to respond quickly to external changes in the environment" (Mintzberg, 1994, p. 184).

Control

Strategic planning, if misused, might become a tool for gaining control over decisions, strategies, present, future, actions, management, employees, markets, and customers (Mintzberg, 1994, pp. 201-202), rather than a comprehensive and integrated instrument for bringing the organization to its desired future.

Public relations

Strategic planning may be used as a tool to “impress” “influential outsiders” (Mintzberg, 1994, p. 214), or to comply with requirements for strategic planning imposed from the outside, such as accreditation requirements.

Objectivity

Strategic planning dismisses intuition and favors readily available, interpretable “hard” data (Mintzberg, 1994, p. 191), and assumes that all goals are “reconcilable in a single statement of objectives” (Mintzberg, 1994, p. 193).

Politics

Strategic planning might increase “political activity among participants” (i.e. faculty and administration, or individual participants), by increasing conflict within the organization, reinforcing a notion of centralized hierarchy, and challenging formal channels of authority (Mintzberg, 1994, pp.197, 200).

AVOIDING LIMITATIONS

“Opportunistic planning”

Opportunistic planning allows organizations to be flexible and open to making changes to the strategic planning process, if it becomes necessary in the face of unexpected events and changes in the initial assumptions. “Organizations need a good combination of formal and opportunistic planning. “Organizations that rely exclusively on formal planning could trap themselves in unbearable rigidities.” Those who’s decision-making capability is entirely opportunistic will be constantly reacting to external forces, without a clear sense of direction” (Hax & Majluf, 1996, p. 35-36).

Planners as facilitators

“Planners should not plan, but serve as” facilitators, “catalysts, inquirers, educators, and synthesizers to guide the planning process effectively” (Hax & Majluf, 1996, p. 34).

Participation

Organizations should encourage active participation of as many people as possible, including the faculty, administration, students, and alumni), engaging them in the ongoing dialogue, and involving them in the strategic planning process, to generate a feeling of ownership of the process and the outcomes throughout the organization.

Creativity

Using “a series of incremental steps that build strategies” and integrating them into the entire organization will help to adjusting the course of action of strategic planning with overall

organizational vision and strategic issues, while allowing for creativity and flexibility for change (Hax & Majluf, 1996, p. 35).

Flexibility

Strategic tasks should be interpreted “not as rigid hierarchical sequences of actions, but as a useful conceptual framework” for addressing issues essential to the successful operation of the organization (Hax & Majluf, 1996, p. 36).

Please click here for a complete list of [References](#)

Glossary of Terms

Here are some important terms for understanding the strategic planning process, its purpose, functions, and practices. This list begins by defining strategic planning as it applies to any organization (business or educational), moves on to define strategic planning as applied specifically to higher education, and concludes with an overview of building blocks common to any successful strategic planning effort.

PLANNING, STRATEGY, AND STRATEGIC PLANNING

Definitions of planning

“Planning is a formalized procedure to produce an articulated result, in the form of an integrated system of decisions.” Thinking about and attempting to control the future are important components of planning (Mintzberg, 1994 p.12). “Planning is required when the future state we desire involves a set of interdependent decisions; that is *a system of decisions*” (Ackoff, 1970 in Mintzberg, 1994, p. 11).

Definitions of strategy

Arnoldo C. Hax and Nicolas S. Majluf (1996, p. 14) provide one of the most comprehensive definitions of strategy available:

“Strategy

1. determines and reveals the organizational purpose in terms of long-term objectives, action programs, and resource allocation priorities;
2. selects the businesses the organization is in, or is to be in;
3. attempts to achieve a long-term sustainable advantage in each of its businesses by responding appropriately to the opportunities and threats in the firm’s environment, and the strengths and weaknesses of the organization;
4. identifies the distinct managerial tasks at the corporate, business, and functional levels;
5. is a coherent, unifying, and integrative pattern of decisions;
6. defines the nature of the economic and non-economic contributions it intends to make to its stakeholders;
7. is an expression of the strategic intent of the organization;
8. is aimed at developing and nurturing the core competencies of the firm;
9. is a means for investing selectively in tangible and intangible resources to develop the capabilities that assure a sustainable competitive advantage.”

Definition of strategic planning

Strategic planning is a complex and ongoing process of organizational change. The following attributes, when combined, effectively define a successful and comprehensive strategic planning process.

Strategic planning:

- Is oriented towards the future, and focuses on the anticipated future. It looks at how the world could be different 5-10 years from now. It is aimed at creating the organization's future based on what this future is likely to look like.
- Is based on thorough analysis of foreseen or predicted trends and scenarios of the possible alternative futures, as well as the analysis of internal and external data.
- Is flexible and oriented towards the big picture. It aligns an organization with its environment, establishing a *context* for accomplishing goals, and providing a *framework* and *direction* to achieve organization's desired future.
- Creates a framework for achieving competitive advantage by thoroughly analyzing the organization, its internal and external environment, and its potential. This enables organizations to respond to the emerging trends, events, challenges, and opportunities within the framework of its vision and mission, developed through the strategic planning process.
- Is a qualitative, idea driven process. It integrates "soft" data, not always supported quantitatively, such as experiences, intuition, and ideas, involves the organization in the ongoing dialogue, and aims to provide a clear organizational vision and focus.
- "Allows organizations to focus, because it is a process of dynamic, continuous activities of self-analysis" (Doerle, 1991, in Rowley, 1997, p.37).
- Is an ongoing, continuous learning process, an organizational dialogue, which extends beyond attaining a set of predetermined goals. It aims to change the way an organization thinks and operates, and create a learning organization.
- When successful, it influences all areas of operations, becoming a part of the organization's philosophy and culture.

Differences between conventional planning and strategic planning

One of the major differences between conventional planning and strategic planning is that "conventional planning tends to be oriented toward looking at problems based on current understanding, or an inside-out mind set. Strategic planning requires an understanding of the nature of the issue, and then finding of an appropriate response, or an outside-in mind set" (Rowley, 1997, p. 36).

"Long-range planning is a projection from the present or an extrapolation from the past. Strategic planning builds on anticipated future trends, data, and competitive assumptions. Long range planning tends to be numbers driven. Strategic planning tends to be idea driven, more qualitative; it seeks to provide a clear organizational vision/focus." (CSUN strategic planning retreat booklet, April 1997).

STRATEGIC PLANNING IN HIGHER EDUCATION

“Strategic planning is a formal process designed to help a university identify and maintain an optimal alignment with the most important elements the environment... within which the university resides.” This environment consists of “the political, social, economic, technological, and educational ecosystem, both internal and external to the university” (Rowley, Lujan, Dolence, 1997, p. 14-15).

Learn more about [Strategic Planning in Higher Education](#).

STRATEGIC PLANNING BUILDING BLOCKS

Vision and mission

Organization’s vision sets out the reasons and purpose for organization’s existence and the “ideal” state that the organization aims to achieve; the mission identifies major goals and performance objectives. Both the vision and mission are defined within the framework of organization’s philosophy, and are used as a context for development of intended strategies and criteria for evaluating emergent strategies. The mission includes identification of (a) market (and other – social, political) needs the organization fulfills, (b) business scope (i.e. products and markets) required to fulfill organization’s purpose and (c) unique competencies that distinguish the organization from competitors. The organization’s philosophy consolidates its values, relationships with stakeholders, policies, culture, and management style (Hax & Majluf, 1996, p.27; Hax & Majluf, 1991; CSUN strategic planning leadership retreat, April 1997; Hill & Jones, 1992).

Gap analysis

Gap analysis evaluates the difference between the organization’s current position, and its desired future. Gap analysis results in development of specific strategies and allocation of resources to close the gap (CSUN strategic planning leadership retreat, April 1997).

As an example, lets consider a completion issue: how long does it take students to complete their education. A university may aim to graduate 60% of each class’ first time freshmen after 4 years. If the campus is currently at 40% it constitutes a 20% gap between the existing situation and desired one. Understanding the nature of this gap will allow the university to develop specific strategies to achieve the desired 60% completion rate.

Benchmarking

Benchmarking is an ongoing systematic process of measuring and comparing organization’s operations, practices, and performance against the others within and outside of the industry, including evaluation "the best" practices of other organizations. It is used within the strategic planning process to guide the management of organization’s human, social, and technical resources (Lerner, Rolfes, Saad, & Soderlund, 1998); CSUN strategic planning leadership retreat).

Let's go back to our completion example. The universities may research and learn what are the completion rates at other, *similar* universities. How do our rates compare to those of similar universities? What are the best completion rates in the universities we evaluated?

A CSU campus may research completion rates at other campuses in the system, and benchmark (compare) against the best rate among them. Knowing the "best" rate will help the campus set its own completion goals.

Emergent strategies

Although organizations can, and should, evaluate their environment, no one can foresee the future. Events occur that challenge our assumptions and contradict our forecasts. Also, bright ideas often come spontaneously, outside of the formal strategic planning process's framework, and between planning events.

Emergent strategy is a set of actions, or behavior, consistent over time, "a realized pattern [that] was not expressly intended" in the original planning of strategy. When a deliberate strategy is realized, the result matches the intended course of action. An emergent strategy develops when an organization takes a series of actions that with time turn into a consistent pattern of behavior, regardless of specific intentions. "Deliberate strategies provide the organization with a sense of purposeful direction." Emergent strategy implies that an organization is learning what works in practice. Mixing the deliberate and the emergent strategies in some way will help the organization to control its course while encouraging the learning process. "Organizations ...[may] pursue ... *umbrella* strategies: the broad outlines are deliberate while the details are allowed to emerge within them" (Mintzberg, 1994, p. 23-25; Hax & Majluf, 1996, p. 17).

For example, a university may decide to recruit new students from high schools, which becomes an intended strategy, and develops certain tactics to achieve this goal. However, during the course of the recruitment process, it may realize that community colleges are responding better than high schools to its recruitment efforts. As a result, the university's recruitment practices may change to emphasize attracting students from community colleges. This becomes a university's emergent strategy, which may later get formalized within the strategic plan.

Organizations must be alert to recognize advantageous emergent strategies, and flexible to accept them. Otherwise, an ineffective intended strategy may not bring the desired results, and a beneficial emergent strategy will not be allowed to thrive.

Strategic issues

Strategic issues are the fundamental issues the organization has to address to achieve its mission and move towards its desired future. They contain "specific and meaningful planning challenges," and result from the previous analyses carried out by the organization (Hax & Majluf, 1991). Examples of strategic issues include "the ubiquitousness and acceleration of technological change" (Hax & Majluf, 1991), and "professional development of faculty, staff, and administrators" (CSUN leadership retreat materials, 1997).

Strategic programming

Deliberate strategies for achieving organization's mission and addressing strategic issues are developed through strategic programming, which involves developing strategic goals, action plans, and tactics.

Strategic goals are the milestones the organization aims to achieve that evolve from the strategic issues. They transform strategic issues into "specific performance targets that impact the entire" organization. "Goals are stated in terms of measurable and verifiable outcomes," and challenge the organization to be more responsive to the environment to achieve its desired future (CSUN retreat booklet; Rowley p. 106).

"Action plans ... define how we get to where we want to go," the steps required to reach our strategic goals. They identify "who will do what, when and how; how we address current issues and emerging trends as unforeseen contingencies arise" (CSUN retreat booklet).

Tactics are specific actions and deeds used to achieve the strategic goals and implement the strategic plans. They are specific and measurable activities that keep the organization moving toward fulfilling its strategic themes and achieving its desired future (Rowley, p.106).

Strategic thinking

Strategic thinking "is predicated on involvement" of key participants. "To think strategically, ... they must be active, involved, connected, committed, alert, stimulated. It is "the calculated chaos" of their work that drives their thinking, enabling them to build reflection on action as an interactive process." "Such thinking must not only be informed by the moving details of action, but be driven by the very presence of that action" (Mintzberg, 1994, p.291).

According to Liedtka (1998), following are the major attributes of strategic thinking.

- "A systems or holistic view. Strategic thinking is built on the foundation of a systems perspective." It includes "a mental model of the complete end-to-end system of value creation, ... and an understanding of the interdependencies it contains." It involves looking at each part "not as a sum of its specific tasks, but as a contribution to a larger system that produces outcomes of value..."
- "A focus on intent. Strategic thinking is intent-driven. ... Strategic intent provides the focus that allows individuals within an organization to ... leverage their energy, to focus attention, to resist distraction, and to concentrate for as long as it takes to achieve a goal."
- "Thinking in time. Strategic thinkers link past, present, and future. ... The gap between today's reality and intent for the future ... is critical."
- "Hypothesis-driven. Strategic thinking ... deals with hypothesis generating and testing as central activities... and avoids the analytic-intuitive dichotomy; ... it is both creative and critical in nature." As such, strategic thinking allows to "pose ever-improving hypotheses without forfeiting the ability to explore new ideas."
- "Intelligently opportunistic. The dilemma involved in using a well-articulated strategy to channel organizational efforts effectively and efficiently must always be balanced against the risks of losing sight of alternative strategies better suited to a changing environment. ...

There must be room for intelligent opportunism that not only furthers intended strategy but that also leaves open the possibility of new strategies emerging.”

Click on these links for more information about the

[**Steps in a Strategic Planning Process**](#)

[**Brief History of Strategic Planning**](#)

[**Limitations of Strategic Planning**](#)

Please click here for complete list of [**References**](#)

Basic Models

The following three models are a foundation upon which the subsequent strategic planning models were developed. Please refer to the [Glossary of Terms](#) for definitions.

These models were created for the business world. However, many universities have found them to be useful, and were able to adopt them not only to the needs of higher education in general, but to the special needs of specific universities. One of the most important benefits of these models is flexibility and adaptability. They can be used in a variety of ways, using approaches specific to a particular setting, to create a unique picture of the institution's distinctive environment.

SWOT

SWOT analysis identifies factors that may affect desired future outcomes of the organization. The SWOT model is based on identifying the organization's internal strengths and weaknesses, and threats and opportunities of the external environment, and consequentially identifying the company's distinctive competencies and key success factors. These, along with considerations of societal and company values, lead to creation, evaluation, and choice of strategy. SWOT's objective is to recommend strategies that ensure the best alignment between the external environment and internal situation (Andrews, 1980, Christensen et al., 1982 in Mintzberg, p. 36-37; Hax & Majluf, 1996, p.27; CSUN strategic planning leadership retreat, April 1997; Hill & Jones, 1992, p. 14).

SWOT analysis is usually presented in the following form:

Strengths	Opportunities
Weaknesses	Threats

ANSOFF

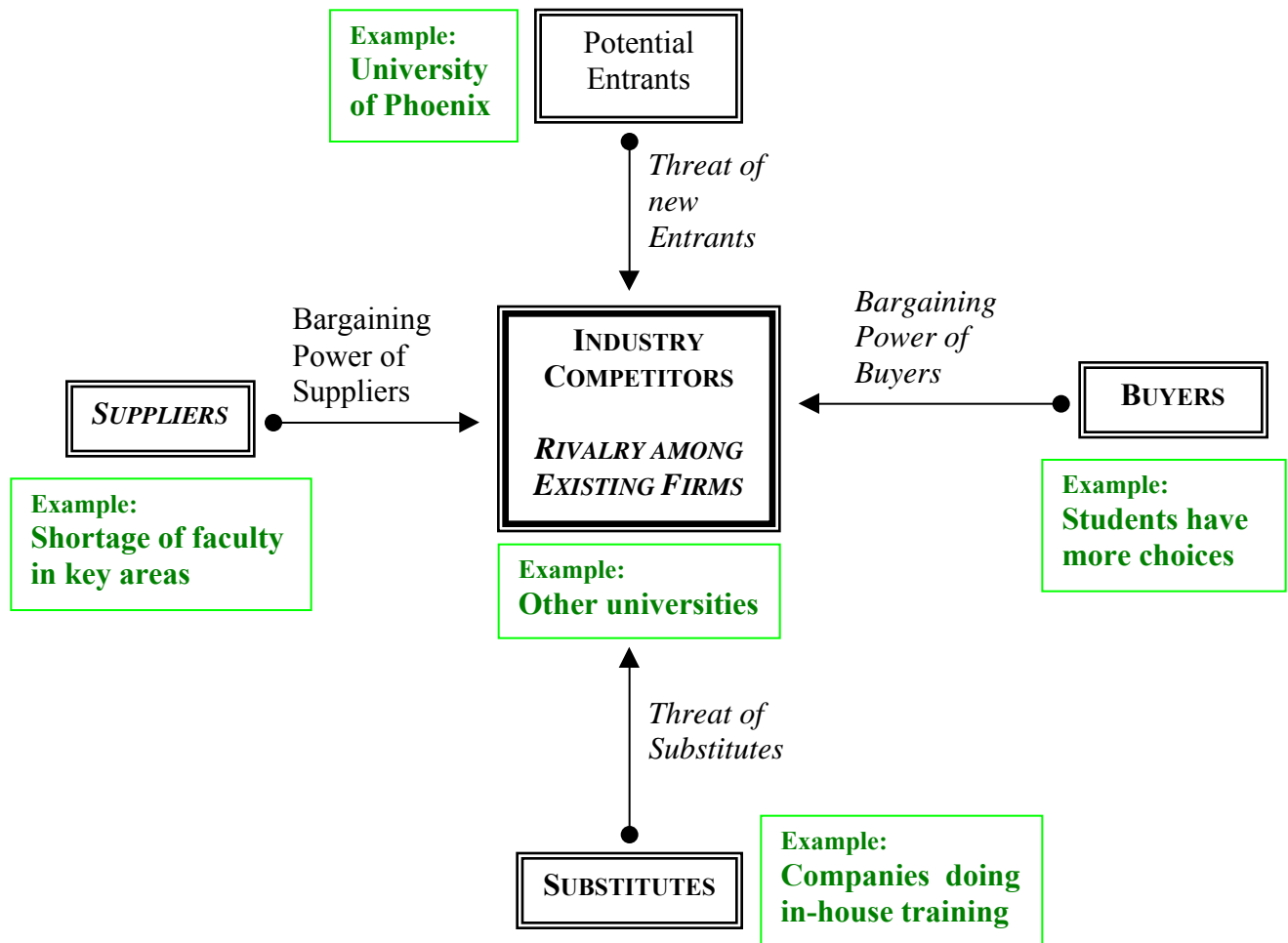
In Igor Ansoff's model, "strategy ... is designed to transform the firm from the present position to the position described by the objectives, subject to the constraints of the capabilities and the potential" of the organization. This model specifically stresses two concepts. *Gap analysis* is designed to evaluate the "difference (gap) between the current position of the firm and [its] objectives." The organization chooses the strategy that "substantially closes the gap." *Synergy* refers to the idea that firms must seek "product-market posture with a combined

performance that is greater than the sum of its parts,” more commonly known as “2+2=5” formula (Ansoff, 1965, in Mintzberg, p. 43-45).

PORTER’S FIVE FORCES MODEL

The five forces model developed by Michael E. Porter guides the analysis of organization’s environment and the attractiveness of the industry. The five forces include the risk of *new competitors* entering the industry, threat of potential *substitutes*, the bargaining power of *buyers*, the bargaining power of *suppliers*, and degree of rivalry between the *existing competitors* (Porter, 1985). Environmental scan identifies external opportunities and threats, evaluates industry’s overall attractiveness, and identifies factors contributing to, or taking away from, the industry attractiveness (Hax & Majluf, 1996, p.27). Through organization’s choice of strategy it can alter the impact of these forces to its advantage.

This is a graphical interpretation of Porter’s five forces model (Porter, 1985, p. 5), including examples relevant for higher education:



Please click here for a complete list of [References](#)

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BENJAMIN, R. & CARROLL, S. J. (1998). BREAKING THE SOCIAL CONTRACT: THE FISCAL CRISIS IN CALIFORNIA HIGHER EDUCATION. RAND: COUNCIL FOR AID TO EDUCATION. (CAE-01-IP).

This report presents finding of a RAND study of California higher education. It describes challenges facing California public post-secondary education, including a potential inability of public universities to meet growing demand.

The authors discuss trends in California and higher education, including increasing need for higher education, decreasing public funding, and changing demographics, and suggest ways in which the State of California, together with the institutions of higher education may be able to correct the problems.

AVAILABLE FROM: RAND Distribution Services, P.O. Box 2138, Santa Monica, CA 90407-2138. Phone (310) 451-7002 310); Fax (310) 451-6915; www.rand.org.

BRENEMAN, D. (1995, APRIL). A STATE OF EMERGENCY? HIGHER EDUCATION IN CALIFORNIA. SAN JOSE, CA: CALIFORNIA HIGHER EDUCATION POLICY CENTER.

This report reviews current issues in California higher education, including increased enrollment demand, budgetary problems and prospects, and resistance to change within the university community. The author offers suggestions for addressing these challenges, stressing a need for a strategic perspective in planning the future of higher education in California. The author also suggests 12 actions for increasing Californians' opportunities for undergraduate education.

AVAILABLE FROM: California Higher Education Policy Center, 160 W. Santa Clara St., Suite 704, San Jose, CA 95133. Or ERIC Document Reproduction Service, 7420 Fullerton Road, Suite 110, Springfield, VA 22153-2852. Phone: (800)-443-3742 or (703)-440-1400; Fax: (703)-440-1408, <http://edrs.com>.

HAX, A. C. & MAJLUF, N. S. (1996). THE STRATEGY CONCEPT AND PROCESS, A PRAGMATIC APPROACH. UPPER SADDLE RIVER, NJ: PRENTICE HALL.

The authors present a clear and comprehensive approach for strategy development at all business levels and functions, providing step-by-step guidance for engaging in a successful strategic management process.

The book offers specific methodologies and tools for development of strategy, suggests tools for effective communication throughout organization, and incorporates the most current developments and advances in the practice of strategic management through integrating several frameworks essential for successful strategy formation.

LIEDTKA, J. M. (1998, SEPTEMBER-OCTOBER). LINKING STRATEGIC THINKING WITH STRATEGIC PLANNING. STRATEGY AND LEADERSHIP, 26, 30-36.

In discussing this complex relationship, the author considers how strategic planning can be used to further strategic thinking in organizations. The article provides a thorough definition of strategic thinking, discusses impediments, and examines the differences between the two “models.” The author suggests that integrating the two processes is essential to developing a successful strategy

MINTZBERG, H. (1994). THE RISE AND FALL OF STRATEGIC PLANNING. NEW YORK, NY: THE FREE PRESS.

In this book, one of the most prominent authors on strategy provides a comprehensive and extensive history and evaluation of strategic planning, and research literature related to strategy.

The book candidly exposes the major problems and limitations of strategic planning, and provides a framework for successful strategic planning effort in a role of “strategic programming.”

ROWLEY, D. J., LUJAN, H. D., & DOLENCE, M.G. (1997). STRATEGIC CHANGE IN COLLEGES AND UNVIVERSITIES. SAN FRANCISCO, CA: JOSSEY-BASS PUBLISHERS.

This book discusses application of strategic planning to institutions of higher education, providing a detailed, step-by-step description of a strategic planning model suited for an academic institution. The authors suggest how strategic planning may be used to create a more effective institution, and discuss the differences in the strategic planning models suitable for businesses and universities.

TRAIB, J. (1997, OCTOBER 20 & 27). DRIVE-THRU U: HIGHER EDUCATION FOR PEOPLE WHO MEAN BUSINESS. THE NEW YORKER, 114-123.

The article illustrates a new model of higher education by discussing one of the most successful for-profit institutions of post-secondary education - University of Phoenix, which exemplifies new and untraditional competition facing public universities.

Please click here for a complete list of [References](#)

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