III. Strategic planning

The conventional view of strategic planning involves the elaboration of a blueprint or grand design for the future. Such documents usually start with a mission statement which expresses the expectations and fundamental beliefs and values that drive the institution. The mission is translated into a vision by the leader, who expresses, through a vision statement, the issues and values which he or she sees as important in the real world. Mission statements can be internalised into images which determine the culture and behaviour of the institution, and which can lead to an almost obsessive commitment to certain values. Missions generally relate to concepts such as quality, customer service, integrity, openness, equal opportunities, and attitudes towards people, employees, the environment, profit, etc. – all of which inform policy. A good example of this applied to distance education is to be found in Paul (1990), with his call for a link between open education and open management.

Mission and vision set up a picture of what the institution and its leader want to be at some point in the future. To achieve this end, institutions develop long-term plans or strategies which lay down the broad courses of action which they will follow over the next three to ten years. Typically, these will be framed as goals which are drawn up in the light of environmental scans, SWOT (strengths, weaknesses, opportunities, threats) analysis, and business portfolio techniques. These will look as appropriate, at broad academic developments, new market opportunities, opportunities and threats posed by possible government legislation, new technologies, broad competitor threats, opportunities to improve the competitive performance of the institution, and opportunities to be derived from collaboration (see Rumble, 1986, for an example of a directional policy matrix applied to distance education). The overall point of the process is to identify the key success factors and generate strategic options open to the institution. Analysis of the options enables the institution to decide which one(s) best fit the institution and its environment. Those which offer the best fit are then chosen to form the strategy.

The strategic plan is then translated into a financial plan which is based on projections of students, course development and production, and capital expenditure over several years (say three to five years). Segal (1990) provides a brief description of the strategic planning process now in place at the Open Learning Agency, British Columbia, while Rumble (1986) describes the overall process, with examples based on his experience in a number of distance teaching universities.

The strategic planning process is supported by a regular, formal planning procedure by which strategic plans are prepared and regularly updated to take account of changes. The whole process tends to be centralist, since decentralised structures are unlikely to identify the synergies which need to take place across organisational boundaries if competitive advantage is to be achieved, or business (i.e. course) portfolios rationalised.

The blueprint which is the end-product of this process is supposed to act as a point of reference when it comes to dealing with particular strategic issues, as and when they arise. In point of fact, of course, this rarely happens – and for very good reasons. SWOT and directional policy analysis show quite clearly the large number of variables which affect planning: demographic trends; market size; market growth rates; market diversity; competitive structure (i.e. range and costs of other providers); political trends; government legislation and initiatives; technological trends; developments in media and communications; attitudes of business to training and education; employment prospects for students; environmental and cultural factors; cost; relationship of these factors to institutional strengths.

While some of these factors (e.g. demographic trends) can be forecast to an extent, many are impossible to forecast with any accuracy. The volume of the information apparently required (for example, information on the course offerings and prices of all potential competitors), means that the information is often biased and inaccurate. Long-term strategic planning often fails to identify opportunities because they are not there when the plan is being drawn up. For example, the National Extension College (NEC) took over the administration of British Telecommunications' Technician Training Scheme in 1984. For NEC, this acquisition was both innovative and highly significant: it was its first major link with industry (NEC, 1990). But no amount of environmental scanning and SWOT analysis would have led NEC to the conclusion that British Telecom might have wanted to divest itself of the scheme in a move designed to improve its financial efficiency prior to privatization.

Underlying formal, analytical strategic planning processes – and particularly forecasting – is the belief that both the factors affecting the institution and the quantitative values attached to those factors are relatively stable. Stacey (1990) argues convincingly that this is not the case. Institutions face change situations in which both the sets of variables affecting them and the parameters within which they operate are highly volatile. In these circumstances, conventional strategic management will not work. Further, empirical evidence suggests that institutions do not use their strategic plans to handle the problems and opportunities thrown up during the period between one review and the next.

If this is so, why are strategic plans prepared? Stacey's answer is that the preparation of a plan gives an impression of structure and control, and provides an opportunity for communication, which raises managers 'comfort levels'. In educational institutions, they may also increase the confidence of the government that the institution is being well-managed. Stacey's argument is that institutions cannot know where they are going. They do, however, know (a) that they are starting from the here and now, and (b) that change will happen whether they like it or not. To succeed, they must:

- define the area of operation within which they will operate. This includes the markets they choose and the technologies or methods they will employ;
- define the set of values (attitudes, beliefs, ideology, culture) of the institution;
- define the direction of the institution, not in terms of where it is going, but in terms of clarity, continuity and coherence. Clarity involves the combination of quality, service levels and price which is being delivered; continuity means backing key activities with resources, and determining to succeed in core activities; coherence means not moving in a large number of mutually contradictory directions;
- continually test the area of operation, direction and values by experimenting with new markets, new technologies, new methods, small-scale investment, etc. If the risks are too high, then the experiment does not take place. If it succeeds, then it shapes the future of the institution. If it fails, the initiative is abandoned and something else is tried.

Such changes are generally small, and their ultimate meaning is unclear. Examples might include, for example, piloting the use of a new technology on a particular course; initiating a scheme whereby the inmates of a particular prison can take a course; advertising in languages other than the official languages of a country, in order to attract students from immigrant groups, etc. *Detecting changes and opportunities in the markets requires* managers to be close to the action where change is occurring in the environment. Stacey argues that successful detection requires these managers to piece information together, draw inferences and make judgements - and to have ready access to top management who will need to 'feel' the changes, champion change within the organisation, lobby for change and push through decisions accordingly. This requires the use of political processes to place issues on the agenda and focus attention on them. The outcome of a decision can be experimentation, or the appointment of a task group to see the project through. As the project develops, so new

structures may emerge, new roles be devised and new controls imposed.

Stacey concludes that 'in reality, strategic management is not about a grand plan which predetermines everything'. Rather, 'it is the planning of experiments ... [that test] the boundaries of the business' that lies at the heart of strategic management. In this process, the role of the leader and of the top management team is crucial. As Stacey puts it, 'the cutting edge of real strategy is determined by the manner in which [the] political system works, not by the sophistication of long-range planning procedures'. While this can involve formal structures, it is very much about the exercise of power and leadership.

Given this, is there anything to be gained from the planning process? While grand plans have little value in environments subject to high levels of change, the processes of scanning the environment serve a purpose, in that they make managers more aware of the need to do this constantly. Equally, the articulation of organisational cultures through mission and vision statements is an important cohesive force, which should not be underestimated. Strategic management can help managers ask the right questions. It cannot help them fix the future.