

## RPA as a Strategic Planning Process

Strategic planning sets the basic direction and focus of an organization. It is an attempt to define missions, goals, and objectives, and to develop broadly the means by which best to achieve them. Proponents of strategic planning emphasize its value in long-range thinking. The Forest Service has described the 1990 RPA Program as a strategic plan, and its effort to think and plan more strategically is evident in its more extensive treatment of issues, discussion of agency roles, and inclusion of proposed initiatives. The agency has tried to provide the Administration and Congress with a clearer picture of the current and expected future state of the Nation's forests and rangelands, of current and future needs, and of the recommended course of action. However, some observers have expressed skepticism over whether the Final 1990 RPA Program will be a strategic plan which can be implemented, while others have questioned whether any Federal agency can develop an effective strategic planning system at all.

This chapter discusses the nature of strategic planning and its strengths and weaknesses, examines business and State experiences, and then addresses these specific questions:

1. Does RPA authorize or require the Forest Service to engage in formal strategic planning?
2. What are the limitations to effective strategic planning within the Forest Service? Notwithstanding those constraints, is strategic planning an efficient means by which to accomplish the purposes of RPA?

### NATURE OF STRATEGIC PLANNING

Companies and other organizations in the private and public sectors choose to develop formal strategic planning systems for a variety of reasons. (See box 5-A.) The section on principles and objectives of strategic planning is followed by a discussion of prerequisites for strategic planning and its potential problems and limitations.

#### *Principles and Objectives*

While most frequently associated with corporate or business planning, strategic planning involves general principles applicable to the public sector as well (boxes 5-B and 5-C). Experience with formal strategic planning may be somewhat limited at the Federal level, but increased use of strategic planning by Federal agencies could serve the public interest by enhancing long-range policies that can adapt to change, and by reducing the risks associated with short-sighted, incremental decisionmaking (97).

Strategic planning in any organization is a function of top management, not solely of generic planners. It is a process that enables an organization

#### *Box 5-A-Common Reasons for Using Formal Strategic Planning*

- . To provide a road map to show where the [organization] is going and how to get there.
- . To change the direction of the company [or organization].
- . To develop situation analyses of opportunities and threats to provide better awareness of [an organization's] potential in light of its strengths and weaknesses.
- . To concentrate resources on important things and to allocate assets to areas of best potential.
- . To provide awareness of the changing environment in order to adapt better to it.
- . To develop a sense of security among managers coming from a better understanding of changing environment and [the organization's] ability to adapt to it.
- To develop better information for top managers to make better decisions.
- . To develop a frame of reference for budgets and short-range operating plans.
- To develop better internal coordination of activities.
- . To gain control of operations.

SOURCE: G.A. Steiner, *Strategic Planning* (New York NY: The Free Press, 1979).

**Box 5-B—Principles of Strategic Planning**

- . The highest social purpose, or mission, of an organization provides the framework for strategic planning and management.
- . Strategic planning defines measurable goals and objectives, each of which are variable rather than constant.
- . Strategic planning deals with a long-run of time.
- . Strategic planning applies to a clear enough field of action that plans can be linked to performance.
- . Strategic planning focuses on a few fundamental essential forces, objectives, and actions.
- . Strategic planning is a line management function for which training in strategic analysis and participative skills is usually necessary.
- . Participative strategy development, a prerequisite for successful strategy execution, often requires cultural change at the upper levels of organization and their management units.
- . A unit's concept of the business it is in must be formulated in the context of its social, economic, and political setting.
- Strategic business [or management] units need to be defined so that one manager can control the key variables essential to the execution of the strategic plan.
- . Well-managed organizations must be both centralized and decentralized—centralized so that strategies and control systems can be integrated, and decentralized so that units can act and be treated individually.
- . Organizational structure should be reevaluated, and revised if necessary, to ensure that the structure supports the execution of the strategic plan.
- . Strategic planning includes measuring the results of decisions through coordinated and systematic feedback.
- . Strategic planning and internal control systems must be integrated in a consistent whole if strategies are to be executed effectively.
- . Action plans for achieving program objectives are the key to implementing and monitoring strategy. They require extensive lower-level participation and special leadership skills. Action plans are complete when underlying assumptions, allocation of responsibilities, time and resource requirements, risks, and likely responses have been made explicit.
- Over time, strategic planning done well becomes a mind set, a style, and a set of techniques for running an organization—not something more to do but a better way of doing what has always had to be done.

SOURCES: D.H. Gray, "The Uses and Misuses of Strategic Planning," *Harvard Business Review* 86(1): 89-97 1986. P.F. Drucker, *Management: Tasks, Responsibilities, Practices* (New York, NY: Harper & Row, 1974). L.C. Irland, *RPA as Strategic Thinking: Background, Comparative Experiences, and Some Implications*, OTA background paper, Feb. 21, 1990.

to chart its direction by identifying short- and long-term goals and objectives and to develop the most appropriate means to accomplish those ends. Before determining where it wants to go, when it wants to get there, and how best to get there, an organization must *clearly* define its general mission or purpose (59). The mission statement expresses an institution's general purpose or reason for being; goals and objectives should be defined in accordance with the mission and therefore necessarily follow it. Rather than attempting to make future decisions today, strategic planning designs a desired future, then identifies ways of bringing it about (97). The likely consequences of today's decisions are evaluated by systematically identifying opportunities and threats that lie ahead.

In his treatise on management, Peter Drucker defines strategic planning as:

... the continuous process of making present entrepreneurial [risk taking] decisions systematically and with the greatest knowledge of their futurity; organizing systematically the efforts needed to carry out these decisions; and measuring the results of these decisions through organized, systematic feedback (26).

Explicit in this definition is that strategic planning is not a discrete act, but rather an ongoing process that links planning with implementation, feedback, and control. Strategic planning does not necessarily require an organization to change its existing direction, but it encourages innovation and allows a more systematic approach for evaluating whether changes

**Box 5-C—What Strategic Planning Is Not**

- Strategic planning does not make future decisions and does not set multi-year budgets.
- Strategic planning is not an attempt to blueprint the future.
- Strategic planning is not necessarily the preparation of massive, detailed, and interrelated sets of plans.
- Strategic planning is not an effort to replace managerial intuition and judgment.
- Strategic planning is not a simple aggregation of functional plans or an extrapolation of current budgets.
- Strategic planning is not synonymous with scientific, rational decisionmaking.

SOURCE: G.A. Steiner, *Strategic Planning* (New York NY: The Free Press, 1979).

in direction are desirable. Thus, the process must be sufficiently flexible to absorb and integrate new information and to respond to changing and/or unanticipated conditions (97). Further, the plans should articulate a few specific and measurable goals and direct courses of action so that the plans can be linked to performance.

Strategic planning is an important centralizing agent—it helps an organization take a comprehensive look at its situation and plot an overall direction by examining its individual units collectively. Large organizations must be centralized so that strategies and control systems can be integrated. They must also be decentralized so that individual units can act and be treated with appropriate differentiation (40).

Also, strategic planning is a subjective and political process that is not based solely on scientific rationality. Better technical data and more thorough analysis are important elements of strategic planning, because they provide a more accurate and agreed-upon picture of what is, and thus a common foundation for the debate on what should be. However, better data do not automatically lead to improved planning and management. Strategic planning involves value judgments and its solutions are more correctly thought of in terms of *better* or *worse*, rather than *true* or *false* (2).

**Prerequisites of Effective Strategic Planning**

A strategic plan must be sensitive to the particulars of organizational structure and purpose. Before developing a strategic plan (especially in the public sector), top managers must examine and weigh those institutional, organizational, and political constraints and limitations, peculiar to their organizations, which might thwart effective planning and implementation if not detected and addressed up front (97). Plotting a desired future requires some understanding of the present situation. In strategic planning, therefore, it is imperative that sufficient time and energy be devoted to collecting and assessing the kinds of data needed to evaluate the present situation in terms of resources and capabilities. Failure to devote adequate attention to this present situation analysis, or “situation audit,” can lead to a finished plan of little or no practical use as a guide for present and future action.

Strategic planning also presumes the ability “to narrow the agenda” —to subdivide the whole into manageable pieces (40, 48). In businesses or organizations with multiple purposes, this means an ability to divide the whole into several business or management units (or “strategy centers”), and to develop a strategy for each unit. Each unit can then address relatively clear and well-defined problems or objectives. Although there is a need for an overall direction, organizations which attempt to assault all of their problems comprehensively and simultaneously (or try to accomplish all of their objectives at once) frequently find that the approach is unmanageable (40, 48). Thus, a strategic plan must set priorities for addressing problems and accomplishing objectives.

Controlling agendas and maintaining focus on given tasks are also crucial to successful strategic planning (48). Longer-term control is inherently more difficult in the public sector because of changing administrations and agendas, shifting political pressures, and changing perceptions of the public demands and priorities.

If strategic planning is to be successful, planners and managers must be trained in strategic analysis and participative skills (40). Strategic planning often begins as a separate function with a separate staff. If done well, it explains external factors to managers and evolves into strategic management “which treats strategic thinking as a pervasive aspect of

running [an organization] and regards strategic planning as an instrument around which all other control systems—budgeting, information, compensation, organization—can be integrated” (40). Sound strategic planning demands the intimate involvement of line managers and a strong commitment to the process by the top officers. Balanced interplay between officers and management is critical to successful plan implementation (40, 97). In a well-managed organization, “top management knows the direction; those below know the terrain” (40).

Finally, the progress of strategic planning must be carefully monitored, using performance indicators that clearly measure the effectiveness of the plan. “Planning and doing are separate parts of the same job; they are not separate jobs” (97). Failure to effectively monitor progress prevents collecting the feedback needed to evaluate the strategic decisions and adapting the plan to new information and changing conditions.

### *Problems in Strategic Planning*

Strategic plans that break down or are withdrawn frequently suffer from faulty design, preparation, or implementation. Others fail because of a lack of commitment by top officers or managers of an organization or from a variety of other internal or external factors. Gray (40) examines a variety of experiences with strategic planning in the corporate sector, and identifies six factors which most commonly cause difficulty in plan implementation:<sup>1</sup>

1. vaguely formulated goals;
2. inadequate information bases for action planning;
3. poor preparation of line managers;
4. faulty definition of business units;
5. badly coordinated business unit plans; and
6. inadequate linkage with other control systems.

Gray also suggests some workable solutions to each of these problems. The first problem, vague goals, is probably the most common obstacle to effective strategic planning. Legion are the stories of planning that went awry because directions imposed from above were too vague and provided little or no real guidance to those responsible for implementation. For example, broad, imprecise goals such as

“improve asset conditions’ or ‘optimize balance of resource uses” are subject to vastly different interpretations, and give no guidance to unit chiefs on how to deal with “cross impacts and tradeoffs” (40). Conceivably, such a broad goal could lead two managers to pursue diametrically opposed actions. Goals should be specified in more concrete and concise terms, the success of which could be measurable in quantity, quality, and time.

One way to move beyond broad, general goals and into actual strategy is through “action detailing” (40). “Action detailing” involves developing specific, detailed plans that set forth options and opportunities for accomplishing the various objectives and is frequently considered a part of operational, rather than strategic planning. However, after the strategic direction has been determined, organizations could use action detailing as a way to further test a strategy’s feasibility, and to refine the strategic plan, if necessary. Once an organization has determined its basic “strategic thrusts,” it can then use task forces to weigh options for reaching particular objectives and to recommend actions necessary to accomplish an advocated option. Gray describes this process as follows:

The team’s job is to explain and defend what it considers the best way of bringing this option to life. Each team must deal with time frame, risk analysis, allocation of responsibility, resource requirements, organization obstacles, and monitoring devices. In mapping out and testing strategic options, managers begin to think explicitly about assumptions, alternatives, contingencies, and what competitive reactions to expect. Failure to come to grips with these details can undermine the execution of the strategy (40).

Some assert that the process of developing the strategic plan can be as valuable as the plan itself. Strategic planning forces managers to think and act in accordance to the organization’s missions and goals—strategic planning is a thought process and if done well develops into strategic management (97).

Another common problem, poorly prepared line managers, results because top officers often do not realize that strategic planning is a management function. Line managers (or unit heads) who are not prepared to think and plan strategically frequently perceive plans as a burden imposed on them, rather than as “a better way of doing things.” Top officers

<sup>1</sup>In his essay, Gray examines experiences with strategic planning in the corporate world. The preparation and implementation problems he discusses are not peculiar to the business world, and his prescriptions for overcoming these common problems are valuable to planners in the public sector.

must assure that a good climate for planning is established, and thus it is essential that line managers are involved in strategy development and are trained how to think and plan strategically for their particular management units (97).

Frequently, an organization begins the strategic planning process without questioning its existing structure to determine whether the units are appropriate "centers for strategy." Organizational structure should not be taken for granted, and organizations must reevaluate existing boundaries prior to formal planning.<sup>2</sup> "The main purpose of organization (including both structure and process) is to support the development and execution of strategy. Thus organization should come after strategic planning" (40).

In an organization with multiple management units or strategy centers, it is essential that the individual unit strategies conform to and promote the organization's overall strategy. Also, since an organization is inevitably constrained somewhat by budgets and other limiting factors that may prevent it from fulfilling the demands of each unit plan, it is important to aggregate the individual plans to resolve conflicts between them and to establish priorities for action. This process of aggregation is known as the reconciliation stage, or the "face-off." This stage involves "queuing, down sizing, redirection, and recycling," so that the unit plans can fit into the overall plan.

A final common problem is the poor linkage of strategic plans with other control system, such as budgets, monitoring systems, and incentive and reward systems (40). These controls should be designed to guide behavior and performance; if not in harmony with the strategic plan, they can slow down or even prevent successful implementation. For instance, managers are typically rewarded with bonuses and/or promotions tied to specific outputs, programs, or accomplishments. If these targets do not conform to the strategic direction, the incentive to adhere to the strategy is greatly reduced (97). Likewise, budgets are frequently produced independent of the strategic plan, leading to inconsistent emphases and priorities. Spending which is inconsistent with the strategy can easily derail long-term planning.

## LESSONS FROM BUSINESS AND STATE GOVERNMENT

Strategic planning has been practiced by corporations since the early 1950s and became popular with State governments in the 1970s. A look at experiences with strategic planning in business and in State governments can provide meaningful lessons to the Forest Service in its efforts to think and plan strategically.

### *Business Experience With Strategic Planning*

Formal modern strategic planning in the business sector began in the 1950s when large companies, especially corporations involved in many businesses, began to develop "long-range planning systems" (97). Strategic planning gradually evolved and spread to smaller companies around the United States and the world, and became especially popular in the 1970s. While many companies have reported problems with or failure of strategic planning, the process continues to be a valuable planning system for many corporations today (40).

As described above, failures with strategic planning have resulted less from inherent weaknesses than from poor development and implementation of the plans. Some companies established separate strategic planning departments which, instead of providing necessary support and training to line managers, tended to usurp management's planning responsibilities. In several instances, failure has been blamed on management's unwillingness to follow through with tough decisions and risky resource commitments. Once planning became bureaucratized, management confidence in elaborate plans and analyses often declined (4, 59, 73). In other cases, companies have continued to confuse budgeting with strategic planning; although budgeting is an element of planning, a multi-year budget is no substitute for a comprehensive, long-range plan (59, 72). Despite shortcomings in preparation and frustration in implementation, however, most corporations that have tried strategic planning express a firm commitment to the concept and continue to practice it in some form today (40).

In the private sector, corporate planning is considered the "umbrella" for the more detailed planning

<sup>2</sup>Gray (40) explains that some existing business units "may owe their boundaries to many factors that make them inappropriate to use as a basis for strategic planning: geography, administrative convenience, . . . or old ideas about centralization and decentralization."

in which a corporation engages. Generally, the corporate plan is:

... a statement concerning the long-term destiny of a company. The destiny of any company, whatever its size, will normally depend upon two or three or four absolutely huge decisions. Corporate planning consists of identifying what those decisions are for any given company and getting them right (59).

As a top management planning tool, strategic planning is often the most critical component of the corporate plan. It is at this stage that the company engages in a 'situation audit' to answer some basic, but essential questions, such as: "What business are we in? What business should we be in? What is our distinctive competence? In what areas are we the weakest?" (59, 97).

A basic tool in business strategic thinking is the WOTS UP analysis—a short, focused review of a firm's *weaknesses, opportunities, threats, and strengths underlying planning* (97). This analytical approach is strategic because it focuses on the dominant internal and external forces affecting an organization's prospects for survival and growth. Many companies consider this analysis to be so essential that they begin the planning process with it (97). Corporations with multiple units typically undertake a WOTS UP analysis for each unit.

A strategic plan should be written with sufficient clarity to guide operations. Once the plan has been completed and implementation has begun, corporations typically engage in an annual review, or recycling process to evaluate whether the plan is being implemented as conceived, whether the plan is still viable, and whether changes need to be made. According to Steiner (97), shortly after formal strategic planning was developed in the 1950s, many companies failed to review or revise their plans until long after the plans were obsolete. Since then, however, the awareness of the importance of monitoring performance and implementation has been growing, and most companies today systematically review their plans.

Why should the Forest Service design a planning system based on the corporate model, when its purposes and objectives are fundamentally different from those of private companies? Lessons from strategic planning in the corporate sector are not valuable as specific prescriptions for action for a

public agency. Rather, they provide valuable lessons in strategic thinking that are generic in nature and can be applied to organizations not motivated primarily by financial profit. Lessons from strategic planning in business can be adapted by the Forest Service (as well as other public agencies), if the similarities and dissimilarities between the private and public sectors are recognized and the significance of those differences is carefully evaluated (72, 97). (See box 5-D.)

### *Strategic Planning by State Governments<sup>3</sup>*

Since the late 1970s, there has been a strong interest in strategic thinking and planning in State governments. This interest has been fostered in part by large-scale economic dislocations in the Frost Belt States, as well as by the oil boom-and-bust in the Western States. In many instances cities and States began discovering the need for longer-term and more comprehensive planning only after all of the most serious adverse economic consequences had already occurred; "the incremental approach to annual planning and budgeting [had] failed to surface the critical issues, despite the recognizable portents of decline" (72). These changes stimulated public concerns, raised many public policy issues, and uncovered an intellectual and political void that elected officials and senior staff rushed to fill. In a few instances, governors from successful business backgrounds were attracted to the idea of strategies in public policy.

An interest in strategic thinking was also fostered by a growing unease at the high cost and uncertain results of past *ad hoc*, smorgasbord schemes designed to attract new jobs. A body of literature arose, narrowly focused on economic development planning, with statistical compendia and feasibility studies, but without the overall vision of what should be done. Many were just lists of programs.

Many States found that their offices charged with policy development had the capacity to plan strategically. The increased use of "blue ribbon commissions" to elevate issues and focus public and political attention led many governors to establish task forces to study economic conditions and to recommend development strategies. In contrast with the laundry list of inducements many States inherited from the 1950s and 1960s, new initiatives were

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<sup>3</sup>This section is taken from Irland (4S).

### *Box 5-D—Key Similarities and Dissimilarities Between the Public and Private Sectors*

#### Key similarities

- . Managers in both sectors recognize that strategic planning is an integral part of good management. Business and agency managers/planners are concerned about future impacts on their organizations, and must spend time looking ahead to identify critical issues.
- . Business and agency managers feel an increasing need to engage in long-term thinking and planning.

#### Key dissimilarities

- Politics and public concerns dominate the government sector, whereas economic factors are central to business decisions.
- . Individuals and interest groups exert significant power in the decisionmaking process of government agencies (pluralism), leading to a more open and fragmented decisionmaking process than in the private sector.
- Missions, goals, and objectives have typically been expressed in broad terms for government agencies, whereas strategic planning is facilitated when they are more specifically defined, as is more common in the private sector.
- . In business, decisionmaking criteria are usually specific economic measures, whereas in government the three most common decisionmaking criteria are: a) the public interest (a vague and shifting concept, conceptually useful, but operationally difficult); b) political expediency (i.e., will it have sufficient public support?); and c) benefit-cost analysis (fiscal efficiency).
- . In the public sector, the chain of command is frequently not as clear as in the private sector, and total control of implementation mechanisms (e.g., budgets) is frequently lacking.

SOURCE: G.A. Steiner, *Strategic Planning* (New York, NY: The Free Press, 1979).

increasingly oriented to measures designed to improve the operation of capital markets and to support the development and application of new technologies.

Several States identified target industries to receive special support. This concept emerged from frustration with the weak results from spreading limited financial assistance across the State's economy. Geographic targeting was already well established in many traditional assistance programs, such as Federal programs aimed at rural, low-income, and/or high unemployment areas.

Finally, as economic development thinking and policy analysis improved during the late 1970s and 1980s, it became clear that generic weaknesses in State or regional economies, such as inadequate infrastructure or lack of skilled labor, were important long-term obstacles to development. Several low-income States made dramatic efforts to upgrade the quality of their education systems. Others made major commitments to eliminating backlogs in infrastructure construction and maintenance. The many efforts at strategy development kept coming back to these basics as the important areas in which the State government could promote and support economic growth. From a political standpoint, this new emphasis on the significance of "getting the basics right" had a major advantage: the moves

required were generic in nature and did not require the choosing of winning firms, industries, or regions.

These efforts in strategic planning have been only qualified successes, however. Commissions and strategies do not end the political partisanship that major initiatives frequently encounter. Several sound initiatives, strongly supported by governors, have failed legislatively or in referenda on key financial proposals. State development strategies have encountered implementation difficulties, as well. Unwieldy coordinating committees smother proposals as unresolved conflicts reemerge. Multi-agency "packaging" efforts struggle with practical and political difficulties. In some instances, economic development has proven to be nearly as resistant to strategic planning as it was previously to untargeted programs of loans and grants. Also, States still frequently fail to distinguish long-range planning from budgeting. "Budgeting has been the principle vehicle for management innovation in State government, and at the same time perhaps the greatest barrier to innovation" (72). All too often annual, incremental budgeting overrules plans, making planning either less productive or completely ineffective (72).

Despite setbacks in implementation of strategic plans at the State level, the process of developing strategy as a means to make policy has been

beneficial to many States. The strategic planning movement, taken across all States, has elevated awareness of the complexity of economic development and the dependence of local areas on national and international developments. Strategic planning has enhanced awareness of the critical importance of sound foundations: infrastructure, trained workers, flexible markets, and entrepreneurship in economic development. Strategic planning has reinforced skepticism as to the efficacy of previous smorgasbord approaches to attracting businesses by loading their plates with inducements and subsidies. Finally, the strategic planning experience has led most observers to acknowledge the limitations of industrial targeting strategies.

The hoped-for benefits of strategic planning are sometimes difficult to measure in terms of the stated objectives of job creation, diversification, and stabilization. But thinking strategically has led State officials to reach and publicize important and basic insights about their State economies. Many instances exist in which broad strategic analyses created the information base and climate of opinion that enabled States to make useful policy moves that had previously been considered politically impossible. In sum, the benefits of strategic planning have been in the unanticipated lessons learned, in the involvement of wider groups in thinking about economic policy, and in forging alliances capable of making policy changes.

Lessons learned from States' experience with strategic planning should provide encouragement to the Forest Service to continue its long-term planning efforts through RPA, and to work towards forging programs which are more strategic in nature. Examples from the States show that the process of strategic planning can sometimes be valuable in and of itself, because it allows a State (or an agency) to see itself in the context of the national and international arenas. Because the Forest Service is a public agency, it is necessarily constrained by some of the same political and institutional limitations faced by State planners; politics and budgets can effectively override plans long before implementation. But where strategic planning at the State level has generally been driven by the governor's office, only to falter from the lack of legislative embrace, Congress has provided the Forest Service with legislative sanction for long-range strategic planning through RPA. This statutory "license" to engage in a long-term planning process is an

invaluable justification for thinking and planning strategically.

There is a growing awareness in the public sector that long-term planning is an integral part of good management (97). Despite this awareness, annual incremental budgeting, not long-range planning, is still the "preeminent management tool and executive decisionmaking process in the public sector" (72). Since executive agencies must necessarily respond to changing administrations and agendas, agency managers rarely have the realistic capacity to plan independently for the long term; seldom does a new administration want to be tied to the policies and priorities of its predecessor. Nonetheless, sound strategic thinking can provide a firm foundation for setting direction that can be adapted to differing political views. Perhaps most importantly, if the Federal Government is to engage in strategic planning at all, there must be some real commitment from the "top" (i.e., the Administration and Congress) to do so.

## RPA AND STRATEGIC PLANNING

### *RPA as a Strategic Planning Statute*

RPA maybe the most ambitious Federal planning statute ever enacted by Congress. The Act directs the Forest Service to collect, analyze, and evaluate vast amounts of information on: resource quantity, quality, and outputs; the interrelationships of renewable resources; present and future supplies and demands; and a host of other social, economic, and political factors affecting land and resource use, ownership, and management. RPA then requires that the Forest Service use this comprehensive Assessment as a basis for developing the recommended RPA Program, charting short- and long-term goals and directions for Forest Service activities. The President is required to transmit these documents to Congress together with a Statement of Policy, that is to be used to guide the formulation of annual budget requests. The Act also requires the Secretary to prepare an Annual Report informing Congress of its progress in implementing the RPA Program and accomplishing policy objectives.

Since RPA was enacted in 1974, much discussion has focused on the nature of the RPA process and its potential to shape responsible, far-sighted resource policy. Many saw RPA's chief virtue as providing Congress with a greater oversight role in resource policy as well as establishing an orderly means by

which the Forest Service could present to the Administration and Congress a clearer picture of its annual budget needs and priorities. Others stressed the Act's potential as the agency's long-range goal-oriented planning tool: the RPA process, by providing insight into future demands and supplies of resources and by examining a range of alternatives for action, could provide for more efficient and balanced uses of the Nation's resources. Still others interpreted RPA's main strength as directing the Forest Service to engage in policy analysis by examining particular contemporary problems, developing alternative ways of addressing and correcting those problems, and presenting their findings to the Administration and Congress.

Despite establishing extensive standards and guidelines on procedure, Congress did not clearly specify whether it expected the RPA process to serve primarily as a budget guide, as policy analysis, or as a strategic planning system. These different objectives for RPA compete for limited time and money, and failure to distinguish them may lead to a product or process that does not serve any function very well.

### **Budget Guide?**

A primary impetus behind the development and passage of RPA was a widespread belief in Congress that planning for and management of the Nation's forests and rangelands was too fragmented and short-sighted, and that long-term objectives and goals either did not exist or were obscured by shorter-term objectives and recurring budget limitations. Sponsors of the legislation believed that the Administration's budget requests were consistently inadequate and unresponsive to growing demands on the resources and that work backlogs were increasing. To correct this, they sought to reform the budget process by requiring a more open planning process and by reasserting more congressional control over Forest Service budget and policy (145). Upon delivering the conference report to the Senate, Senator Humphrey explained, "As the initiator of this renewable resource reform legislation, one of my goals was to assist in strengthening the linkage of goal setting and budget performance' (145). Congress expected that the RPA Program would strengthen this linkage through a clear presentation of a set of short-and long-term goals, objectives, and priorities for Forest Service activities. The President would then use the Program to write the Statement

of Policy, which in turn would be used to guide the budget.

Congress envisioned a flexible process whereby new data would be collected on a continuous basis, with policy and budgets adjusted as necessary to accommodate and reflect new information, changing conditions, and changing priorities. Congress did not direct the Program to be a 5 year budget nor did it intend to force Presidential commitment to a 5 year budget; the Program was designed to guide annual budget decisions, not dictate them. It is equally important to note that improving the linkage between budgets and goals was only one of several motivations Congress had in passing RPA.

### **Policy Analysis?**

Some argue that it is simply too difficult for a government agency to engage successfully in strategic planning, and recommend that planning efforts under RPA emphasize policy analysis instead. Planning and analysis are two related but distinct disciplines, and some suggest that efforts by an organization to plan comprehensively for the long-term can impede its ability to engage in "more useful and practical" policy analysis. "A common model for [policy analysis] is to define a problem, select criteria for evaluating it, lay out alternatives, predict and value outcomes, and recommend a course of action" (53). The two approaches are distinguished by their viewpoints: policy analysis tends to strive "for understanding of the present through consideration of policies other than those in place"; whereas planning, as a forward looking "scheme of action," places more emphasis on decisionmaking than on understanding (53). Policy analysis focuses on finding solutions to particular policy issues or problems, typically deals with the short-term, and usually addresses simpler problems (3). Policy analysis generally places less importance on design and emphasizes instead analysis and comparison of alternatives (3). Strategic planning, on the other hand, involves establishing broader goals and charting the means to accomplish those goals (12). Planning generally deals with the long-term, typically involves complex multi-sectoral problems with a large measure of uncertainty, and has traditionally emphasized design of solutions and innovation (3).

Leman (53) asserts that RPA, as an exercise in long-range planning, has been too rigid, and recommends that the agency discard formal planning in

favor of “more flexible and rational” policy analysis. He argues that the agency has sacrificed thorough and penetrating analysis by its attempts to plan comprehensively. “Another barrier to analysis in the RPA as so far conducted has been the insistence that each alternative include policy questions that are present in several regions. The problem is that because of the diversity of the National Forests, the key issue in a region may not be present in many, or any other regions” (53). He also blames RPA’s ineffectiveness on the Program’s tendency to “sidestep” some of the most controversial issues facing the agency, and suggests that more focused analytical efforts on specific activities could deal more effectively with touchy issues (53).

Other critics have also questioned RPA’s value as a strategic planning tool, asserting that a host of political and institutional limitations, such as limited budgetary control, constrain the agency’s ability to plan strategically. They typically suggest that problem-solving through policy analysis would be both more feasible and more practical. RPA could serve as a “distant early warning system” helping the agency to spot future problems and issues which might warrant special attention by itself, Congress, or the private sector (12). Once the agency identified likely problems, it could establish priorities for dealing with those problems according to their proximity and likely consequences.

Most of the above criticism of RPA (e.g., failure to address significant issues, lack of regional differentiation) focuses on shortcomings of previous agency planning efforts rather than on the strategic planning model itself. Strategic planning done well provides a set of guiding principles and priorities as well as a framework on which to confront issues and base future operations. Such direction setting is generally missing from policy analysis models. “The focus on specific issues or programs, . . . and the absence of a rigorous process hardly qualify policy analysis to meet the pressing need for governments to set priorities and to make painful choices among broad courses of action” (72). The RPA as policy analysis alone may well prevent the Forest Service from responding to Congress’ express desire for better, more integrated long-range management of the Nation’s forest and rangeland resources.

### **Box 5-E—Strategic Elements in RPA**

#### **Assessment**

- Strategic planning of the desired future direction requires definition of the organization’s present situation (*Present Situation Analysis*)
- Strategic planning frequently includes a WOTS UP analysis (*Weaknesses, Opportunities, Threats, and Strengths Underlying Planning*).
- . Action planning depends on adequate information bases.

#### **Program**

- . Strategic planning deals with a long time period, where goals and objectives are variables, and can be revised or modified.
- . The strategic plan provides a forum for defining missions, goals, and objectives and provides broad direction (i.e., recommended course of action) on the best means to achieve those ends.
- . Unit plans (individual agency programs) should be integrated with the strategic whole.

#### **Statement of Policy**

- Top-level commitment to the plan is essential.
- . Budget process should be directly linked to the plan. Missions and goals are variables and can be revised or modified.

#### **Annual Report**

- . Monitoring is needed to evaluate performance and feasibility; feedback should be organized and systematic.

SOURCE: Office of Technology Assessment 1990.

### **Strategic Planning Process?**

It is apparent that Congress intended that RPA result in more than a budget guide or a tool for policy analysis. The language of the Act clearly reflects Congress’ intent for a long-range renewable resources planning system. Although the framers did not use the term strategic planning per se, the requirements of the Act closely parallel basic principles contained in strategic planning models. The four documents required—the renewable resources Assessment, the renewable resources Program, the Presidential Statement of Policy, and the Annual Report—when taken together, provide the framework for a strategic planning system (box 5-E). Furthermore, the Forest Service has interpreted the Act to require strategic planning, and has expressly dubbed the 1990 RPA Program as its “strategic plan.”

The Assessment provides the information base and the present situation analysis which are critical starting points to effective strategic planning. The strategic value of the Assessment lies especially in its intended comprehensiveness, treatment of the interrelationships of agency units or programs, and analysis of issues and other external forces which influence agency decisionmaking and direction setting. It parallels the WOTS UP analysis used in strategic planning by the private sector, forcing the agency to take a close and systematic look at where it is now, ' and 'where it can go. " The Assessment provides the agency with sufficient information to see itself in both the national and international context. If done well, the process of preparing and updating the Assessment can provide valuable insights into internal strengths and weaknesses, and can serve as a catalyst for innovation and change.

The RPA Program is the strategic plan itself. It is intended to be a short- and long-term course of action—to cover the 5-year period immediately following its release as well as the subsequent 4 decades. It is to include the definition of goals and objectives and a discussion of priorities, and to provide the general framework needed to guide operations and the direction on how to address important issues. Ideally, it should be crafted with simplicity and clarity so that performance can be measured against it.

As RPA is written, the Program could serve one of two strategic functions. First, by including a series of alternative courses of actions or initiatives, the Program could function as a choice document for decisionmakers in the Administration and Congress. Rather than setting forth a recommended plan, it could present several feasible alternative courses of action, each with a different emphasis or balance. If the Administration embraced one of these alternatives in its Statement of Policy, then the Program could serve as the strategic plan for the chosen direction. Alternatively, and probably more reflective of Congress' intent, the Program could function as a decision document. In this case, the Forest Service would develop and present to Congress one recommended Program which reflected its professional view of the proper strategic direction for the agency. This professional view would be tempered by public desires for natural resources, and by broader public concerns, such as controlling Federal spending. Successful implementation of the chosen plan would then largely depend on commitment to

the plan from both branches of government through the appropriations process.

Regardless of which strategic function is chosen, effective strategic planning requires that the top-level officers of an organization participate in the planning process and be firmly committed to implementing the plan. RPA's inclusion of a Presidential Statement of Policy represents Congress' effort to obtain top-level Administration commitment to the plan and contemplates a commensurate level of involvement and commitment from itself as well.

Also, strategic planning will not be effective unless plans are directly linked to key control systems. Control systems, such as budgets, should be adjusted as necessary so that they are consistent with and promote the goals and objectives set forth in the strategic plan. All too often, the priorities which emerge from the budget process are significantly different from those established in the planning process. Congress intended that RPA would lead to greater consistency between planning and appropriations. In order to secure a greater commitment from the Administration to improving this linkage between plans and budgets, RPA requires the President to publicly explain how and why the budget requests deviate from the direction set in the program and Statement of Policy. As previously discussed, RPA does not mandate the formulation of a 5-year budget; not only would such a commitment be difficult to secure politically, it is not appropriate for strategic planning. Rather than making future policy today, strategic planning evaluates the future impact of present decisions and provides guidance for future policy and spending decisions. RPA is consistent with this strategic principle, because it contemplates that each Program inform and guide the annual budget process rather than mandate specific spending levels.

Finally, in a strategic planning system, monitoring is essential. There must be a direct connection between plans and actions. As intended in the statute, the Annual Report was to ensure that this link is made and maintained. The Annual Report could provide the agency, the Administration, and Congress with sufficient information to answer several questions: is the Program still feasible? is the Program being implemented as conceived? are annual budgets (and other control systems) consistent with the program's objectives? what adjust-

ments in the Program and/or in its implementation are needed?

### ***RPA as a Strategic Planning System: Potential and Limitations***

RPA provides legislative sanction for strategic planning within the Forest Service and establishes a statutory framework sufficient to drive such a system. Done well, the RPA Program can provide a clear strategic direction and vision for the future, not solely in terms of outputs but also in terms of resource conditions. The Program should set forth priorities and provide the Administration and Congress with information needed to reflect these priorities in annual appropriations, regardless of the agency's budget level. The Program could also effectively serve as a conceptual guide for day-to-day decisionmaking within the agency. The Annual Report could then be used to gauge progress in implementation and to alert the Administration and Congress to new priorities, changing conditions, and emerging issues.

However, while the strategic planning model may be sound in theory, its principles are often difficult to apply in practice. Faulty preparation, inadequate implementation, and lack of commitment to the process are frequently cited as the leading causes of problems or failure with strategic planning. However, such problems can usually be reduced or avoided, if precautions are taken.

While it is essential for the Forest Service to anticipate and address those potential problems common to corporate planning, it is of special importance that the agency closely examine and evaluate institutional constraints peculiar to planning in the public sector. Some have argued that the RPA process has failed to produce effective strategic plans, because a host of organizational and political pressures impede effective and innovative long-term planning within the Forest Service (12, 23, 53). Some suggest that unless some basic changes are made either legislatively or administratively, RPA simply cannot function effectively as a strategic planning system.

#### **Decision Criteria**

Government planners must examine and understand the basic differences between private and public sector entities before engaging in strategic planning (72, 97). (See box 5-D.) First, business

goals and objectives are primarily motivated by financial considerations, and planning success is largely measured and reported in financial terms. On the other hand, political demands dominate public sector programs and activities. While economic efficiency is an important concern, a host of other dynamic social and political factors influence the policymaking process. Therefore, success of public strategic planning can rarely be measured solely in monetary returns.

RPA requires the Forest Service to consider benefits and costs in the planning process, but not to be controlled by them. For example, execution of the laws is strongly influenced by the agenda of the particular Administration and by various interest groups and individuals, whose interests are not necessarily satisfied by simply achieving high economic returns. Since the Forest Service is formally required to include public participation in the process, success of agency decisions and plans is at least related to the degree of public support. Thus, the criteria for decisionmaking within the Forest Service are generally more vague and more subjective than those used in the private sector, making strategic planning more difficult and time-consuming. Nonetheless, the dual measures of improved efficiency and public acceptance do provide reasonable criteria for successful strategic planning in the public sector.

#### **Missions, Goals, and Objectives**

Missions, goals, and objectives for government agencies tend to be expressed in broad terms, again making strategic planning more difficult (box 5-F). This is understandable since the ultimate mission of any public agency is to serve the public interest, which rarely lends itself to a narrow or precise definition. However, unless there is an effort by policymakers, inside and outside of the agency, to define more concretely how the public interest might best be served in a given context, agency managers will have little guidance on how to implement the plans. This is especially important in the Forest Service where important goals and objectives may conflict with one another. The mandate of multiple-use and sustained-yield provides only the most general direction, without any guidelines on how to resolve conflicts, to determine trade-offs, or to set output levels. There must be some effort in the planning stage to articulate goals and objectives and to set clear priorities. The regional foresters, forest

### **Box 5-F—Missions, Goals, Objectives**

Strategic planning requires an organization to define its *mission, goals, and objectives*. Although closely related, and often used interchangeably, these are distinct concepts. The definitions below illustrate these distinctions as commonly used in strategic planning. Some organizations use different words; what is important is that, once terms are applied to a particular definition, they are used consistently throughout an organization (97).

**Mission:** *The chief function or purpose of an organization. The mission typically is expressed in a short, general statement and often is not directly measurable. A mission guides the development of goals and objectives.*

**Goal:** *A condition or state to be brought about through a course of action. Goals are typically expressed broadly, but are typically measurable in quantity and/or quality for a specified time period or in terms of a deadline. Goals should conform to an organization's mission and should guide the development of objectives.*

**Objective:** *Something toward which effort is directed. Objectives are usually defined in specific task and time terms, and must be directly measurable. Objectives should be set according to the goals of an organization.*

Below are examples of missions, goals, and objectives in the context of Forest Service strategic planning, based on the initiatives contained in the Draft 1990 RPA Program:

**Forest Service Mission:** "Caring for the land and serving people." (This mission statement is defined in more depth through three enabling statutes which prescribe Forest Service authorities and responsibilities: the Multiple-Use Sustained-Yield Act of 1960; the Forest and Rangeland Renewable Resources Research Act of 1978; and the Cooperative Forestry Assistance Act of 1978.)

**Goal I:** Increase the level of outdoor recreation opportunities on National Forest System lands by X percent within the next 4 decades, and maintain that higher level.

**Objective IA:** Eliminate all deferred maintenance on recreation facilities and trails by 2000.

**Objective IB:** Fully implement the challenge cost-sharing program designed to create partnerships with recreation customers by 2000.

**Goal II:** Increase population levels of critical wildlife and fish species by at least X percent within the next 4 decades, and maintain healthy populations of each of those species.

**Objective 11A:** Accomplish all salmon and steelhead habitat restoration plans by 2000.

**Objective IIB:** Complete recovery plans for all current threatened and endangered species by 2000.

supervisors, and district rangers cannot be expected to effectively resolve local and regional conflicts without such guidance.

The current Forest Service mission--caring for the land and serving people--by itself is too broad to be useful; in decisionmaking. In past RPA programs, the Forest Service has failed to translate this mission into clear and measurable goals and objectives. In the Draft 1990 RPA Program, the Forest Service has attempted to provide clearer direction through the discussion of issues, roles, and initiatives. However, as discussed in more detail in chapter 7, this treatment of issues falls short of providing strategic guidance to those responsible for implementation. If RPA is to serve as a strategic planning system, in which activities are more closely integrated and implementation is closely linked to the plan, agency policymakers must devote more attention to addressing timely issues by

defining goals and objectives with sufficient clarity to guide managers at all levels.

While clear goals and objectives are needed to provide a conceptual guide for decisionmakers throughout the agency, a strategic plan should be sensitive to regional differences. Some critics assert that past RPA planning has been overly centralized and that the process has consequently not elicited meaningful participation and support from local managers or local publics (85). Strategic planning contemplates that organizations should be centralized so that strategies and controls can be integrated, yet decentralized so that components can act individually and be treated with appropriate differentiation. Input from field managers and staff, and information from the individual national forest plans should provide the agency planners with sufficient information to assure that an appropriate degree of decentralization is maintained.

## Control of the Process

A third major difference between public and private sector strategic planning is the amount of control an organization has over its planning process. As a mechanism for developing goals, options, and a broad course of action, strategic planning presumes that a single decisionmaker (or a small group) will act on the recommendations and control the resources needed to implement the plans (48, 97). Corporate strategic planning is generally the product of top officers and managers, and usually takes place behind closed doors. Part of the strength of strategic planning in the private sector is the proprietary nature of the process.

This control over the planning process is lacking in Federal management of renewable resources. While the Forest Service, as the primary actor in the RPA process, prepares the Assessment, Program, and Annual Report, the Secretary of Agriculture is ultimately responsible, and thus has the authority to revise or modify the documents. OMB also plays a role in developing the recommended RPA Program and the President is officially responsible for the Statement of Policy.

The Forest Service does not completely control its budget. Administration and congressional control of the Forest Service budget limits the agency's ability to control the resources needed to implement the plan's recommendations. Thus, the plans require a strong commitment from the Administration and Congress, if they are to be successfully implemented. Also, because the agency lacks total control over its budget, the plans necessarily take more time to develop, and are more vulnerable to outside influences than is generally true in the private sector.

By law the RPA process is also open to public participation and review, making the planning process necessarily even more fragmented and time-consuming. This does not suggest that because planning is more fragmented and time-consuming, it is not feasible or desirable. If the agency uses public participation effectively, it could produce a plan which responds to the "public interest," and which has a high degree of public commitment and support.

Finally, the Forest Service shares management responsibilities over some renewable resources with other Federal and State agencies. For example,

States, along with the U.S. Fish and Wildlife Service, have primary authority over fish and wildlife in national forests, the Environmental Protection Agency exercises jurisdiction over air and water quality, and the Department of the Interior has jurisdiction over hard rock minerals and oil and gas on all Federal lands. Because the Forest Service shares resource management authority with other Federal agencies, it has limited jurisdiction to fully implement and control resource plans.

## Organizational Maintenance

Part of effective strategic planning is a reevaluation of the organizational structure and a willingness to change the structure to conform to the strategy if necessary. As discussed earlier, organizational structure should be consistent with the strategy, and support its development and execution. Therefore, decisions on organization should follow decisions on the strategic direction (40). However, Federal agencies tend to be especially resistant to changes in organizational structure, and some use planning as a means to justify the status quo rather than as a mechanism for exploring alternative approaches or for setting strategic direction:

Because all units seek to protect their present roles in the organization and to build expanding roles in influencing the future, planning becomes a vehicle to "sell" staff programs and to obtain additional visibility and influence within the organization. Significant reductions in any traditional area of emphasis can be achieved only at a substantial internal cost to the agency (23).

RPA directs that the Assessment include a description of the three branches of the Forest Service—research, cooperative assistance, and land management; of their interrelationships; and of the relationship of each of them to public and private activities. The Act also requires that the Program include a "discussion of priorities for accomplishment of inventoried Program opportunities." Implicit in these requirements is that with each RPA effort, the agency will reexamine and reevaluate its organizational structure and make any changes necessary to execute the recommended Program. If RPA is to function as an effective strategic plan, the agency must be willing to reevaluate the existing balance of funding and emphasis among its three branches.

## CONCLUSIONS

Strategic planning is a systematic process that enables an organization to develop along-term plan to guide present and future management decisions. It begins by assessing the present situation and evaluating internal strengths and weaknesses as well as external threats and opportunities. Strategic planning designs a future by defining missions, goals, and objectives and by developing the general approach to action. Goals and objectives are set according to the overriding mission and should be considered as variables rather than constants. Done well, strategic planning helps managers predict the likely consequences of present decisions and establishes clear guidelines on which to premise future decisions. Also, strategic planning is a fluid process; it provides a mechanism for continuously monitoring implementation and for revising plans as conditions change or as new information is collected.

Organizations adopt strategic planning systems for a variety of reasons—to change the direction or emphasis; to adapt more quickly to a changing environment; to develop a better frame of reference for budget decisions; to assist top managers in making better decisions. It is a particularly useful tool for large organizations with multiple units, because it helps to coordinate the activities of the various units, ensuring that each promotes the general direction of the organization as a whole.

Although the term “strategic planning” does not appear in the wording of the Act, RPA clearly directs the Forest Service to engage in a long-term planning

process modeled after the principles of strategic planning. Most problems experienced with strategic planning in business and in State governments have resulted from poor preparation and/or implementation rather than from deficiencies in the planning model itself. The inherent limitations of an open process and the lack of control over significant inputs complicates the Forest Service’s task. However, concerns about the long-term conditions of renewable resources have grown since RPA was enacted, especially in the global context. Furthermore, efforts to restrain the burgeoning Federal debt could increase the potentially “penny-wise, pound-foolish” budget-driven decisions that concerned Senator Humphrey and his colleagues. Thus, the need for strategic planning for the Nation’s renewable resources may even be greater now than it was in 1974.

Past RPA efforts have fallen short of effective strategic planning, causing many to question whether RPA can function as a strategic planning system. However, many of the flaws appear to have resulted not from poor direction in the Act, but rather from the agency’s interpretation and implementation of the Act and from insufficient commitment to the process by the Administration and Congress. To plan strategically, the Forest Service must carefully and critically address those political, organizational, and contextual limitations which impede successful planning. Because the agency lacks total control over the process, however, strategic planning can only be successful if the Administration, Congress, and the public become more actively involved in and committed to the RPA planning process.