



APPLYING THE STRATEGIC PLANNING PROCESS

Requirements



Each department and agency of state government must engage in the process of strategic planning and must produce a strategic plan to be used to guide its ongoing and proposed activities for the next five years.

"Agency" means any state office, department, board, commission, institution, division, officer or other person, or functional group, heretofore existing or hereafter created, that is authorized to exercise, or that does exercise, any functions of the government of the state in the executive branch, but not any governing body or officer of any local government or subdivision of the state, or any parochial officer who exercises functions coterminous with the municipality in which he performs those functions.



All departments and agencies must follow the Division of Administration's guidelines for the strategic planning process and strategic plan composition.

This document summarizes requirements for strategic plans. However, the state's management manual, *MANAGEWARE: A Practical Guide to Managing for Results*, contains detailed guidelines and information for strategic planning as well as "how to" instructions for plan components. *MANAGEWARE* is available on the Division of Administration Office of Planning and Budget (OPB) website (<http://www.doa.louisiana.gov/opb/index.htm>). Questions regarding preparation or revision of strategic plans should be directed to the Office of Planning and Budget analyst who is assigned to work with your agency.

There are, of course, many variations on the strategic planning process, and many of these alternatives are interesting and effective in certain settings. Because Louisiana's departments and agencies vary in size and complexity, the state's process allows a certain degree of flexibility. However, it is critical that all departments and agencies use the same strategic planning components, terms, and basic process. Required components are shown on the graphic on the following page.



NOTE: Under the provisions of R.S. 39:31.A.(2), higher education systems, institutions, or agencies may incorporate statutory provisions and Division of Administration guidelines for strategic planning into the master plan for higher education required by Article VII, Section 5(D)(4) of the Louisiana Constitution.



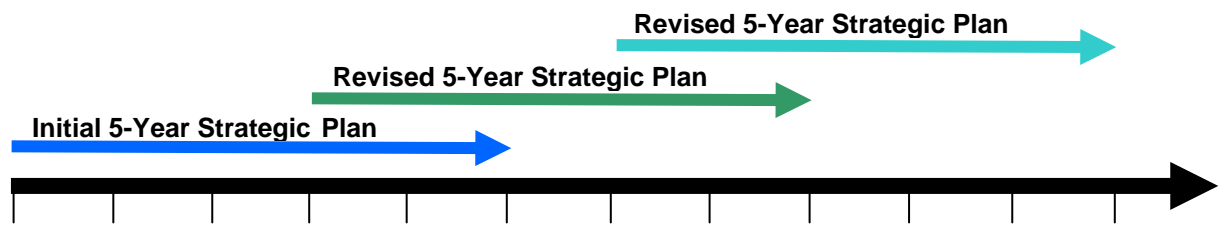
Some state departments or agencies contract with consultants for assistance in strategic planning. It is critical that such consultants be familiar with and use the state's strategic planning terminology and process. If some other process is used, the resulting strategic plan may not meet statutory requirements or Division of Administration guidelines. In such a case, the strategic plan would be unacceptable and have to be redone. This results in needless frustration and waste of time, energy, and money.



After the statutory deadline for completion of initial strategic plans—July 1, 1998—all plans must be revised and updated at least every three years.

At a minimum, strategic plans must be revised and updated every three years. (As a practical management maneuver, strategic plans should be evaluated on an annual basis for progress toward accomplishment of goals and objectives. This annual assessment may reveal the need to make a few adjustments or accommodations. However, unless extraordinary changes in internal capacity or external operating environment have occurred, it should not be necessary to overhaul or rewrite an entire strategic plan annually.) Revised and updated strategic plans must be prepared and submitted every three years.

As shown below, the plan remains a five-year plan but the update moves the plan three years into the future.



The span of each strategic plan revision—beginning and ending dates—is determined and announced by the OPB. See the OPB website for information on scheduled revisions and plan timelines as well as guidelines for strategic plan revision.

Revising the Strategic Plan

To revise and update the strategic plan revision and update, compare actual with expected results. Look at projected versus actual timetables and determine whether the plan is on time and on target.

IF review and evaluation show that:

- There are no major changes in internal capacity or external operating environment;
- Strategies and action plans are proceeding on schedule;
- Progress toward goals and objectives is being realized as expected; and
- Anticipated results are being achieved,

THEN the organization reaffirms goals, objectives, and strategies—adjusting, as appropriate, to continue or “grow” progress and accomplishments—and moves the plan ahead.

However, **IF** evaluation shows that:

- There are significant changes in internal capacity or external operating environment;
- Strategies and action plans are not proceeding on schedule or working as expected;
- Progress toward goals and objectives is not being made as expected;
- Anticipated results are not being achieved;
- Unexpected or undesirable consequences are being generated; or
- Current goals and objectives are inadequate or unrealistic,

THEN the organization modifies the plan as needed and moves the plan ahead. *Factors likely to drive revision include:*

- Significant changes in funding levels in either operating or capital outlay budget;
- Department or agency reorganization;

- Changes in program structure or mandated functions;
- Louisiana Workforce Commission coordination of statewide workforce development activities;
- Children’s Cabinet initiative to coordinate activities and services related to families and children;
- Department of State Civil Service workforce planning initiatives;
- Office of Information Technology standards and strategic planning initiatives;
- Hurricane preparedness and recovery initiatives;
- Other statewide initiatives;
- Changes in the master plan for higher education;
- Changes in leadership, including gubernatorial or other statewide elections and term limit impacts in legislature;
- Review of initial strategic plan by OPB and standing committees of legislature;
- Audit findings and recommendations;
- Input from other entities, such as federal government or courts and stakeholders (constituent, customer, expectation, or special interest groups);
- Knowledge and experience gained from living with the plan and reporting progress regularly;
- Statewide or regional disasters (natural or manmade); and/or
- Unanticipated, or over- or underestimated external factors.

Contents of the Plan



Each strategic plan must, at a minimum, contain the following at the department or agency level (which ever is the higher organizational level):

- ✓ Department (or agency) vision statement;
- ✓ Department (or agency) mission statement, which must provide a broad, comprehensive statement of purpose for the department (or agency);
- ✓ Department (or agency) philosophy (values) statement;
- ✓ Statement of goals that reflect the benefits the department (or agency) expects to achieve on behalf of the public or specific groups; and
- ✓ Statement of the department (or agency) strategies for development and implementation of human resource policies that are helpful and beneficial to women and families. This may include strategies, policies, or initiatives that affect internal human resource management (such as flexible work schedules and places, day care, and diversity training) or external service delivery (programs or services, such as TANF initiatives and food stamps that benefit or serve women and families).
- ✓ Statement from agency management that data shall be preserved and maintained for the period of at least three years from the date on which the LaPAS report was made, or according to the records retention laws applicable to each agency. The statement must include actual monitoring and evaluation processes. The data preservation and maintenance plan may be attached in the appendices.

**Each strategic plan may contain the following at the department (or agency) level:**

- ✓ Department-wide or agency-wide objectives
- ✓ Department or agency-wide strategies
- ✓ Additional descriptive information, including organizational charts, and program structure charts.

If your organization is large, your mission complex and carried out by multiple agencies, or you house agencies or programs with dissimilar functions or stakeholders, then your plan needs organization-wide objectives and probably organization-wide strategies to ensure coordination and efficiency of agency and program outcome targets, processes, performance measurements, and resource allocations. This may be the only way to coordinate agency and program efforts toward the accomplishment of objectives that cannot be accomplished independently by one agency or program.

**Each strategic plan must contain the following for each program of the department (or agency):**

- ✓ Mission statement (consistent with department or agency mission) and description identifying activities.
- ✓ Statement of performance goal(s)—the same as, linked with, or consistent with department and/or agency goal(s).
- ✓ Program activities.
- ✓ Program activity performance objectives. (Objectives must be SMART (Specific, Measurable, Aggressive but Attainable, Results-oriented, and Timebound) and there must be a clear flow between goals and objectives. Remember that objectives are milestones along the way to accomplishing goals. (As shown below, you must identify the principal persons who will benefit from or be affected by the accomplishment of an objective.)
- ✓ Performance strategies to achieve each stated objective.
- ✓ Specific and measurable performance indicators for each objective, which shall, at a minimum, at least one outcome-based indicator for each program activity, as well as indicators of efficiency, quality, input, and output, as necessary and relevant.

Each objective must be accompanied by a list of the performance indicators (name only, not values) that will be used to measure progress toward accomplishment of the objective. Performance indicators must be specific and measurable. That means that the indicator must be focused, clearly related to the objective, easily understood, and quantifiable (measurable in numbers). Five types of indicators (input, output, outcome, efficiency, and quality), three reporting levels (key, supporting, and general performance information) and explanatory notes may be used to build a balanced set of performance indicators. Note that Act 1169 of 1999 requires you to have at least one indicator of outcome, efficiency, or quality.

Use the Performance Indicator Matrix on the page 10 to help develop a balanced set of indicators.

As a practical point, you should consult the people who will ultimately use your performance information to make policy or budget decisions. Obviously you know your program processes and operations best, but decision makers know what information they need to make policy and budget decisions. The selection of a final set of performance indicators must include input from both agencies and decision makers. For example, you should discuss your proposed performance indicators with OPB and legislative staff before you finalize your strategic plan.



Each strategic plan must contain the following process documentation:

- ✓ A brief, general description of how the strategic planning process was implemented in your organization. **Use the Strategic Planning Checklist on page 11 to help guide and document the strategic planning process.**
- ✓ A brief statement identifying the principal clients and users of each program and the specific service or benefit derived by such persons.

Use the internal/external assessment to identify stakeholders (those organizations or individuals who have a vested interest in what your organization does and how it does it) and their interests as well as target group variables. Stakeholders may include customers, compliers, expectation groups, and others. Conduct your internal/external assessment early in the planning process. Remember that your mission statement contemplates “whom you serve” as well. Further, remember that you are required to identify those primary persons who will benefit from or be significantly affected by each objective within the plan (see below).

- ✓ Identification of the primary persons who will benefit from or be significantly affected by each objective within the plan.

As you formulate objectives, consider target group variables and use the customer identification information revealed in the internal/external analysis.



NOTE: Although Title 39 lists these “customer-oriented” requirements as separate requirements, they generally can be combined or collapsed into one discussion of customers/clients/other stakeholders.

- ✓ The statutory requirement or other authority for each goal of the plan.

Use the internal/external assessment to identify authorizations (state constitution or statute; executive order; federal law, guideline, or court order; or other authorization). For statutory authority, cite the revised statute. If your authority is more commonly referenced by act number, you may cite the act but be sure to include the legislative session in which it was enacted as well as its revised statute reference. Remember that you identify statutory and other authority for each program in your operational plan.

- ✓ An identification of potential external factors that are beyond the control of the department or agency and could significantly affect the achievement of its goals and objectives.

Use the internal/external assessment to identify both program variables (factors over which an entity or program can generally exercise control) and external variables (factors over which an entity or program generally has little or no control).

REMEMBER: Conduct your internal/external assessment early in the planning process. Use this information to help guide the setting of goals, formulation of objectives, and building of strategies.

- ✓ A description of any program evaluations used to develop objectives and strategies.

In addition, discuss other tools—performance audits, financial and compliance audits, internal audits, undersecretary’s annual management and program analysis reports (Act 160 Reports), internal/external assessments, benchmarking, strategy analysis sheets, cost/benefit analyses, master plans, statewide plans, etc.—used as well. The idea is to be able to show how you developed objectives and strategies. Keep records; retain a paper trail.

- ✓ An explanation of how duplication of effort will be avoided when the operations of more than one program are directed at achieving a single goal, objective, or strategy.

Strategic plans will be used not only to drive operational planning and budgeting (and capital outlay planning and budgeting) but will be evaluated as part of performance audits and sunset reviews as well. Remember that performance audits and sunset review look for duplication of effort, outmoded activities, and opportunities for privatization. Watch for all three as you plan.

Although you want to avoid duplication of effort, you also want to find opportunities to coordinate activities. If you have an organization-wide goal regarding the enhancement of human or technological resources, it should not be a surprise if each program has a goal, objective, and/or strategy addressing the same. However, there may be situations in which an organization’s senior executive team may discover unexpected common threads in the strategic plans of its various programs. Program strategic plans may hold implications for other programs in an agency. For example, one or more programs may set objectives or select strategies that will require action by or impact operations of the agency’s information management technology unit or human resources management unit.

- ✓ Performance Indicator Documentation Sheets for all existing and new performance indicators in the strategic plan. These updated documentation sheets will be reviewed closely to determine the rationale, relevance, and reliability of performance indicators, as well as the accuracy, maintenance, and support of reported data. Additionally, each department or agency must indicate how each performance indicator is used in management decision making and other processes.

REMEMBER: Performance-based budgeting is just one part of "managing for results." Strategic plans and performance accountability should be used to gauge and guide agency processes as well as inform and support management decision making.

Use the performance indicator documentation sheet on page 12 to document the validity, reliability, and appropriateness of each performance indicator. The requirement that agencies indicate how indicators are used internally has been folded into the documentation sheet.

Documentation sheets enable both internal and external users of performance data to understand the rationale for, as well as the strengths and limitations of, performance indicators. For example: the Office of the Legislative Auditor uses these documentation sheets during audits of performance data; the Office of Planning and Budget uses the sheets to evaluate both strategic and operational plans as well as proposed performance standards; internal agency and program data users can ensure continuity and consistency of data reporting by using the sheets.



Process documentation materials should be placed in an appendix to the strategic plan or, if appropriate and helpful, with relevant components in the plan.

Inclusion of process documentation is mandatory. Placement of documentation materials (in the appendix or with relevant plan components) is up to the planning entity. However, to keep the strategic plan clear and simple, the OPB recommends use of an appendix for process documentation.

Along with the strategic plan itself, process documentation materials must be placed on agency websites.

As required by Act 1078 of 2003, you must provide a statement of agency strategies for development and implementation of human resource policies that are helpful and beneficial to women and families. Include this statement in the appendix or identify and explain such strategies as they occur in the plan.

Format of the Plan

There are various options available for organization and presentation of department/agency strategic plans. The plan must, of course, fulfill statutory requirements, but should also fit the needs and organizational structure of the department or agency. See *MANAGEWARE, STRATEGIC PLANNING*, Part I, for information on the organization and format of a strategic plan.

Submitting the Strategic Plan



All strategic plans must be submitted to the commissioner of administration (through the Office of Planning and Budget) and the standing committee of

each house of the legislature having responsibility for oversight of the department or agency.

In addition, your plans should be provided to other entities that have responsibility for review and evaluation of performance information: House Fiscal Division, Senate Fiscal Section, Legislative Fiscal Office, Joint Legislative Committee on the Budget, and Office of the Legislative Auditor. Further, strategic plans are public documents.

To submit your revised strategic plan, post your strategic plan (including process documentation) on your department/agency website by the deadline established by OPB, which is typically July 1 in the year that the plan is due. Provide electronic notification of the availability and web address of your plan to the OPB and the other entities identified above. Send e-mail notices to the OPB analyst, OPB budget manager, and legislative committee staff members who are assigned to work with your agency; also send an electronic notice to the director of the Performance Audit Division of the Office of the Legislative Auditor. If you do not know whom to contact or do not have e-mail addresses for these individuals, consult the OPB website (<http://www.doa.louisiana.gov/opb/index.htm>), the Louisiana Legislature's website (<http://www.legis.state.la.us/>) and the website for the Office of the Legislative Auditor (<http://www.la.state.la.us/>) or contact these offices directly for information.

Website publication of your strategic plan and process documentation is required. Unless your agency lacks website capability, hard copy or other electronic submission does not substitute for website publication. Agencies that do not have a website capability must submit two (2) hard copies of their strategic plans and plan documentation to the OPB and one (1) hard copy each to each of the other entities identified above. Agencies in this situation should notify the OPB immediately that hard copy submission will be necessary.

Resources for Strategic Planning

Detailed information on the strategic planning process and formulation of strategic plans is available in *MANAGEWARE: A Practical Guide to Managing for Results*, the state's management manual. *MANAGEWARE* is available on the OPB website ([MANAGEWARE](#)).

Questions about strategic planning should be directed to the OPB budget analyst (or budget group manager) assigned to work with your agency. You may contact OPB budget analysts at 225-342-7005.

PERFORMANCE INDICATOR MATRIX						
Program Goal:		Date:				
Program Activity:						
	INPUT	OUTPUT	OUTCOME	EFFICIENCY	QUALITY	
Objective 1:						
Objective 2:						
Objective 3:						

STRATEGIC PLANNING CHECKLIST



Planning Process

- General description of process implementation included in plan process document
- Consultant used
 - If so, identify: _____
- Department/agency explanation of how duplication of program operations will be avoided included in plan process documentation
- Incorporated statewide strategic initiatives
- Incorporated organization internal workforce plans and information technology plans

Analysis Tools Used

- SWOT analysis
- Cost/benefit analysis
- Financial audit(s)
- Performance audit(s)
- Program evaluation(s)
- Benchmarking for best management practices
- Benchmarking for best measurement practices
- Stakeholder or customer surveys
- Undersecretary management report (Act 160 Report) used
- Other analysis or evaluation tools used
 - If so, identify: _____

** Attach analysis projects, reports, studies, evaluations, and other analysis tools.

Stakeholders (Customers, Compliers, Expectation Groups, Others) identified

- Involved in planning process
- Discussion of stakeholders included in plan process documentation

Authorization for goals

- Authorization exists
- Authorization needed
- Authorization included in plan process documentation

External Operating Environment

- Factors identified and assessed
- Description of how external factors may affect plan included in plan process documentation

Formulation of Objectives

- Variables (target group; program & policy variables; and external variables) assessed
- Objectives are SMART

Building Strategies

- Organizational capacity analyzed
- Needed organizational structural or procedural changes identified
- Resource needs identified
- Strategies developed to implement needed changes or address resource needs
- Action plans developed; timelines confirmed; and responsibilities assigned

Building in Accountability

- Balanced sets of performance indicators developed for each objective
- Documentation Sheets completed for each performance indicator
- Internal accountability process or system implemented to measure progress
- Data preservation and maintenance plan developed and implemented

Fiscal Impact of Plan

- Impact on operating budget
- Impact on capital outlay budget
- Means of finance identified for budget change
- Return on investment determined to be favorable

PERFORMANCE INDICATOR DOCUMENTATION

Program:

Activity:

Objective:

Indicator Name:



Indicator LaPAS PI Code: (Cite LaPAS PI Codes for indicators that have been reported in LaPAS at any time past or present; indicate "New" for indicators that have never been reported in LaPAS.)

For each performance indicator in the strategic plan, address the following:

1. **Type and Level:** What is the type of the indicator? (Input? Output? Outcome? Efficiency? Quality? More than one type?) What is the level at which the indicator will be reported? (Key? Supporting? General performance information?)
2. **Rationale, Relevance, Reliability:** Why was this indicator chosen? How is it a relevant and meaningful measure of performance for this objective? Is the performance measure reliable? How does it tell your performance story?
3. **Use:** How will the indicator be used in management decision making and other agency processes? Will the indicator be used only for internal management purposes or will it also surface for outcome-based budgeting purposes?
4. **Clarity:** Does the indicator name clearly identify what is being measured? Does the indicator name contain jargon, technical terms, acronyms or initializations, or unclear language? If so, clarify or define them.
5. **Data Source, Collection and Reporting:** What is the source of data for the indicator? (Examples: internal log or database; external database or publication.) What is the frequency and timing of collection and reporting? (Monthly, quarterly, semi-annual, or annual, basis? How "old" is it when reported? Is it reported on a state fiscal year, federal fiscal year, calendar year, school year, or other basis? Is frequency and timing of collection and reporting consistent?)
6. **Calculation Methodology:** How is the indicator calculated? Is this a standard calculation? (For example, highway death rate is the number of highway fatalities per 100,000,000 miles driven. This rate is a standard calculation used by the National Highway Traffic Safety Administration.) Provide the formula or method used to calculate the indicator. If a nonstandard method is used, explain why. If this indicator is used by more than one agency or program, is the method of calculation consistent? If not, why not?
7. **Scope:** Is the indicator aggregated or disaggregated? (Is it a sum of smaller parts or is it a part of a larger whole? Examples: If the indicator is a statewide figure, can it be broken down into region or parish? If the indicator represents one client group served by a program, can it be combined with indicators for other client groups in order to measure the total client population?)
8. **Caveats:** Does the indicator have limitations or weaknesses (e.g., limited geographical coverage, lack of precision or timeliness, or high cost to collect or analyze)? Is the indicator a proxy or surrogate? Does the source of the data have a bias? Is there a caveat or qualifier about which data users and evaluators should be aware? If so, explain.
9. **Accuracy, Maintenance, Support:** Have the indicator and subsequent performance data been audited by the Office of the Legislative Auditor? If so, what was the result? If not, what evidence is available to support the accuracy of the data? How will the reported data be maintained to ensure that it is verifiable in the future?
10. **Responsible Person:** Who is responsible for data collection, analysis, and quality? How can that person or organization be contacted? Provide name, title, and all contact information (including telephone, fax, and e-mail address).

(Use as many pages as necessary to fully respond to these documentation items. Be sure that each sheet carries the name and, for existing performance indicators, the LaPAS PI Code.)