

Strategic Planning

A First Look

Division of Local Government Finance

TENNESSEE COMPTROLLER OF THE TREASURY



Goal

Make government work better by meeting the needs of your citizens through long-term planning.

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Learning Objectives

- Understand the integration of budgeting and long-term planning.
- Understand the use of strategic planning to achieve goals and satisfy citizen needs.
- Understand the relationship between strategic planning and achieving a Fiscally Well-Managed Government.

Purpose of Local Government

“We’re in the business of solving problems...and services are our means that we have now taken for granted as our end.”

-Rick Cole, former City Manager of Santa Monica, CA

(ELGL’s “Gov Love” Podcast, posted May 29, 2020, <https://elgl.org/podcast-creating-a-21st-century-government-with-rick-cole/>)

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Seven Keys to a Fiscally Well-Managed Government

- **Building A Strong Budget For A Resilient Government**

1. Structurally Balanced Budget
2. Cash Flow Management
3. Forecasting Budgetary Amounts

- **Planning For Unknowns**

4. Rainy Day Reserve
5. Contingency Spending Plans

- **Planning For Tomorrow**

6. Long-Term Liability Planning
7. Multi-Year Financial Planning

tncot.cc/7keys

City of Lakewood, TN

A Cautionary Tale



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OF THE TREASURY

What was the City a Lakewood?

- A former Dupont Company town incorporated in 1959 – Dupontonia (“Rayon City”)
- Reincorporated as Lakewood in 1961
- In the middle 2000s, the Dupont plant shut down.
- The City lacked business development and its business district was in decay.
- Citizens felt the City was in decline and not supporting them.
- Reputation as a speed trap.

What was the Tipping Point?

- No long-term plan
 - The City Council increased City employee salaries without sufficient revenue to support the increase [Structurally Balanced Budget] .(Refused to use multi-year budgeting to see impact on future budgets)
 - Lack of public participation in the budget process
 - No plan for the development of the City – services or economic development (Strategic Planning)
- On March 15, 2011, the Citizens voted to surrender the City’s charter.
- Why - Business and property owners in the City motivated the citizens of Lakewood to petition and carry out a successful referendum because the needs of the citizens were not met.

Where are we going?



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Where are we going?

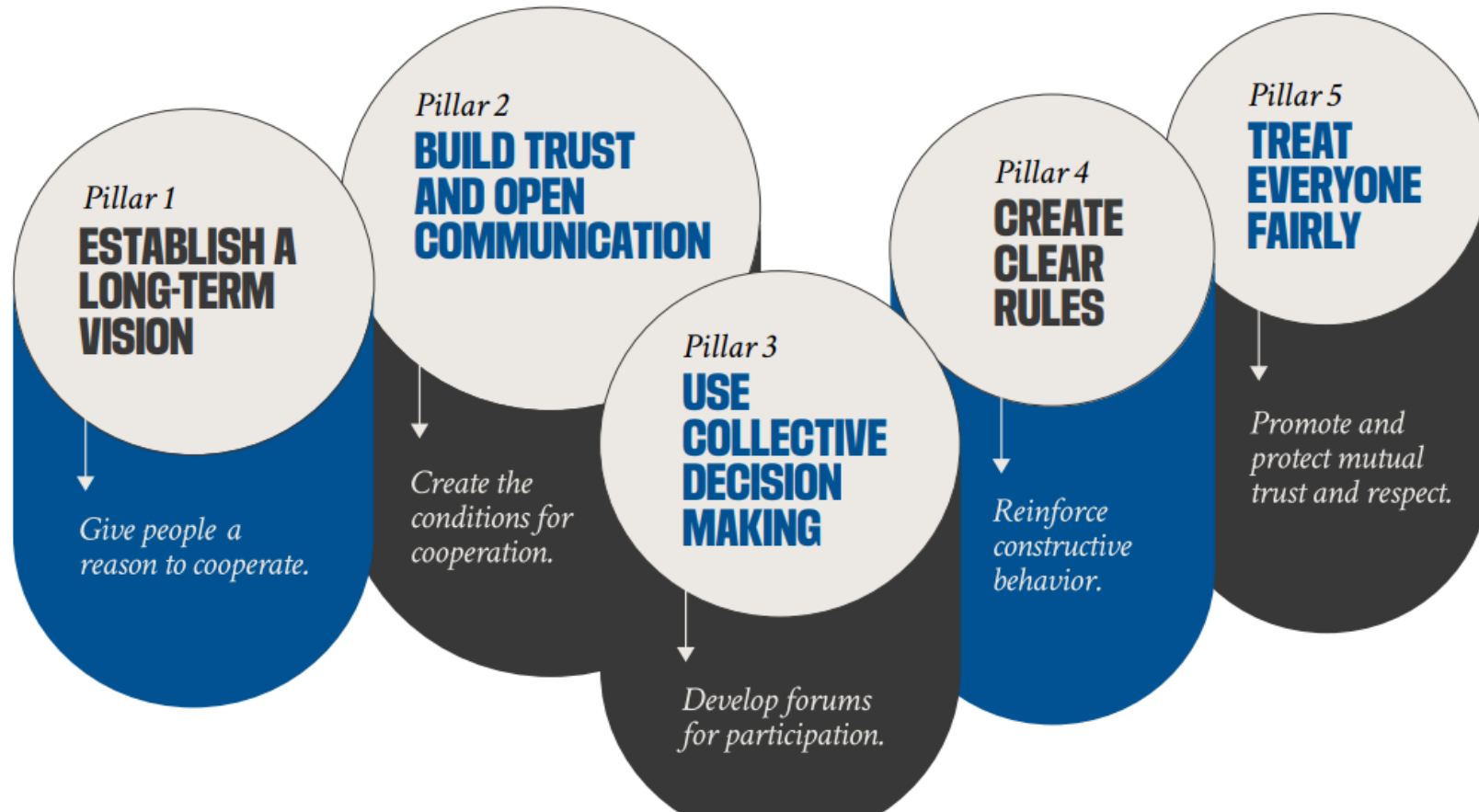
Progress

- Long-Term Planning
 - Strategic Plan
 - Policies and Procedures
 - Multi-Year Budget
 - Capital Improvement Plan

vs More of the Same or Less

- Do It Like Last Year (DILLY)
- Same As Last Year (SALY)

The Financial Foundation Framework



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Strategic Planning

Used in Long-Term Planning to determine where an entity is going and to develop how they are going to get there – Goals, Objectives, and Strategies

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What is a budget?

A *plan* for the allocation of resources for the provision of goods and services for a fiscal year.

Why do we budget?

Key Thought: To meet the needs of our citizens.



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Budgets

Remember:

If you fail to plan, you plan to fail.

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Purpose of Budgeting

- Identify needs
- Allocate resources
- Set spending priorities
- Legally authorize spending to:
 - Provide necessary services
 - Operate programs
 - Allocate resources

Budget Documents

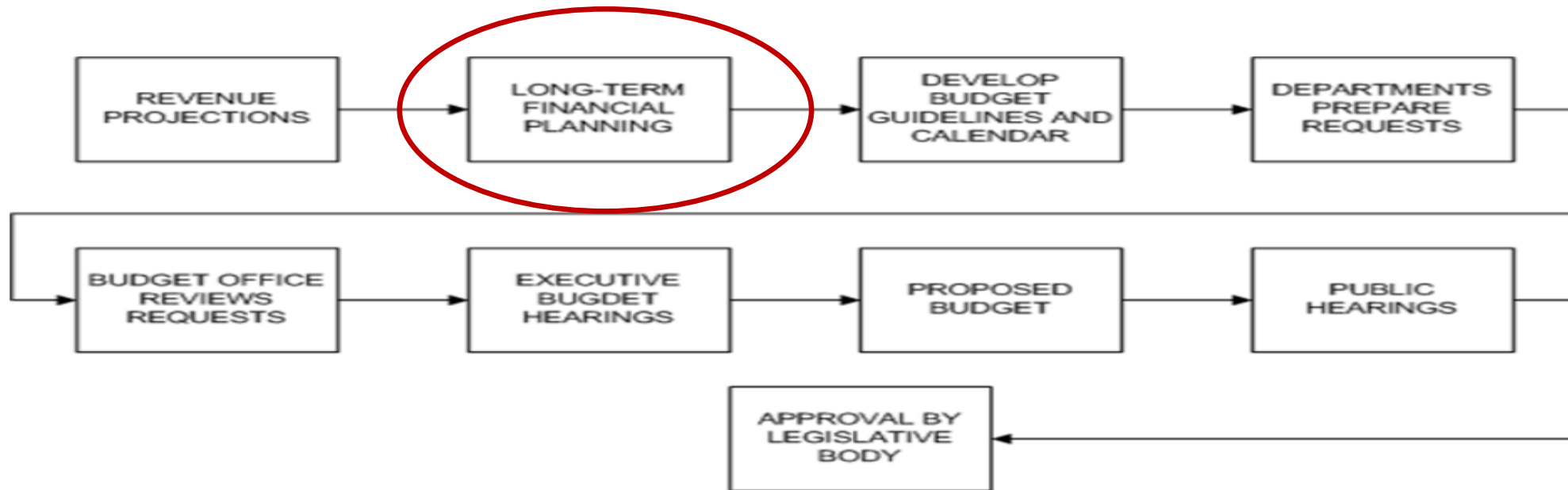
Key Thought: Governmental budgets are political documents that:

- **Establish policy**
- Provide a means to control
- Provide accountability

Structure of the Budget

- Annual Operating & Capital Budget
 - Multiyear Budget →
 - Multiyear Capital Improvement Program →
- Planning

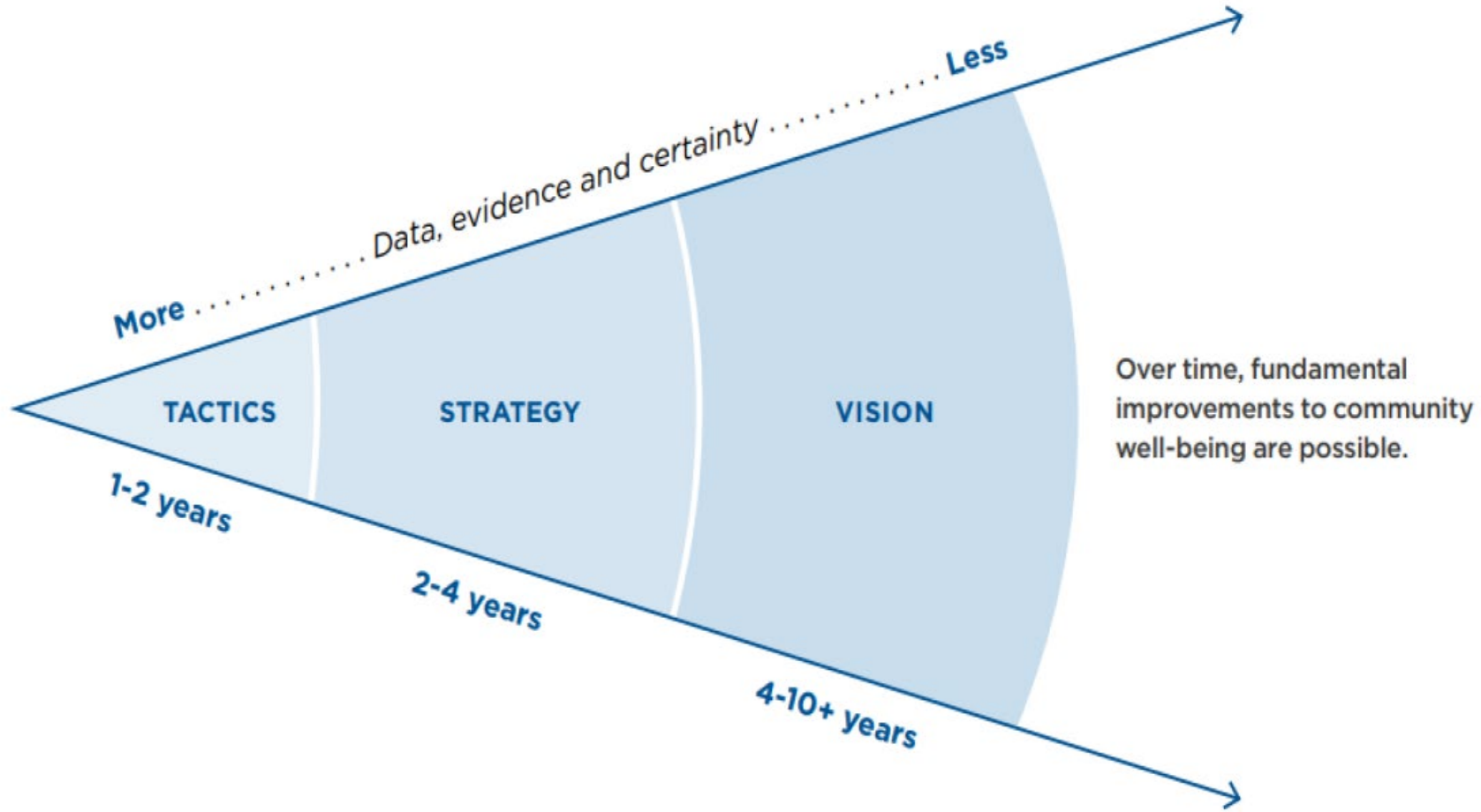
GFOA Vision of Long-Term Financial Planning in Budget Development



The New Strategic Planning Approach

- Accept uncertainty
- Define the problem before defining the solution
- Provide focus by introducing constraints
- Develop a rolling planning process
- Make sure planning is collaborative
- Make sure planning is fair

EXHIBIT 1 | THE TIME CONE*



DOTS

Depends on the Situation
Things Change Rapidly



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Strategic Planning Questions

- Who are we?
- Whom do we serve?
- What do we do?
- What are our goals?
- How do we get there?

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Who are we?

- Counties
- Metropolitan Governments
- Municipalities
- Special Purpose Governments and Instrumentalities (Special Purpose Entities [SPE])
 - Utility Districts and Water Authorities
 - Special School Districts
 - Energy Authorities
 - Industrial Development Boards

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What defines who we are?

- Constitution
- Enabling Legislation
 - General Laws adopted by the State Legislature
 - Private Acts of the State Legislature
 - Local Acts (Municipal Ordinances and County Resolutions)

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The Constitution and Enabling Legislation

- Tells us what we are
 - Political Subdivisions
 - General Purpose Governments
 - Counties
 - Municipalities
 - Special Purpose Governments
 - Government Instrumentalities
- Tells us why we exist
 - Provide Services – Solve problems to meet needs
 - Whom we serve

Why Know Who We Are?

- It tells you whom you serve
- It tells you what you can do
 - Constraints – Legal and Financial
 - Parameters – Physical and Political



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Whom do we serve?

- **General Purpose Governments**
 - Citizens
 - Customers - Utilities & Enterprise Funds
 - Other Stakeholders
- **Special Purpose Entities**
 - Creating government
 - Citizens & Customers
 - Other Stakeholders
- **Special Purpose Governments**
 - Utility Districts
 - Customers (Creators)
 - Other Stakeholders
 - Special School Districts
 - Citizens & Students (Creators)
 - Other Stakeholders

What do we do for those we serve?

Solve Problems by Providing Services

- **Safety**
 - Law Enforcement
 - Emergency Services/Fire
- **Health**
 - Water and Sewer Systems
- **Welfare**
 - Transportation
 - Education
 - Parks and Recreation
 - Economic Development

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What is our goal?

To meet the needs of our citizens

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How do we get there?

Strategic Planning



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Strategic Planning



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Things to Remember

1. Daily operations do go on during a strategic planning process.
2. Strategic planning is not about predicting the future – it's about understanding the present & building the strength to meet the future.
3. A five-year plan, for example, will need to be refreshed along the way as objectives are met and new priorities arise.

Strategic Planning

- **Comprehensive and systematic management tool designed to help organizations:**
 - assess the current environment
 - anticipate and respond appropriately to changes in the environment
 - envision the future
 - increase effectiveness
 - develop commitment to the organization's mission and
 - achieve consensus on strategies and objectives for achieving that mission.

Establishment of Strategic Plans

1. **Initiate the Strategic Planning Process**
2. **Prepare a Mission Statement**
3. **Assess Environmental Factors**
4. **Identify Critical Issues**
5. **Agree on a Small Number of Broad Goals**
6. **Develop Strategies to Achieve Broad Goals**
7. **Create an Action Plan**

Establishment of Strategic Plans (cont'd)

8. **Develop Measurable Objectives**
9. **Incorporate Performance Measures**
10. **Obtain Approval of the Plan**
11. **Implement the Plan**
12. **Monitor Progress**
13. **Reassess the Strategic Plan**

EXHIBIT 2 | ROLLING PLAN, THE BUDGET, AND A COMPARISON TO OTHER APPROACHES



Initiate the Strategic Planning Process

- Entity's CEO (e.g. Mayor, City Administrator) initiates & authorizes the development of the strategic plan
 - Plan not supported by CEO has little chance to influence the future
- Include other stakeholders

Public Participation

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Prepare a Mission Statement (Vision)

- Broad but clear statement of purpose for the organization
- Helps organization decide what it should do and should not do
- Goals, strategies, programs and activities should logically follow the mission statement

Assess Environmental Factors

Thorough analysis of the government's internal & external environment to set stage of effective plan

SWOT Analysis

- Internal environment:

- Strengths
- Weaknesses

- External environment:

- Opportunities
- Threats

Identify Critical Issues

Assess environmental factors so you can identify the most critical issues, which should reflect:

- Stakeholders' concerns, needs & priorities, and
- Other environmental factors that affect the community

Agree on a Small Number of Broad Goals

- Written goals that address the most critical issues facing your community
- Define priorities to effectively allocate resources

Develop Strategies to Achieve Broad Goals

- Design strategies to choose high priority services & activities
 - Using flowcharts or strategy mapping is helpful
- Create opportunities for affected populations to provide input

City or Municipal Government

Strategy Map is Modified for Educational Purposes

To be recognized by citizens and neighbors as a welcoming community that is full of opportunity.

Citizens

"This is a safe, secure, and healthy Community"

"There is an abundance of talent and opportunity in this Community"

"Culture and the arts connect our Community"

Management and Finances

Listen to the Community

Act responsibly & provide transparency

Justify the return for each fee and tax imposed

Internal Processes

Safety

Minimize traffic delays and accidents

Provide a trusted local police presence

Provide safe water & reliable sanitation svcs.

Ensure each citizen has safe housing

Health

Provide ample area for fitness & recreation

Encourage healthy and locally grown food choices

Ensure EMS and Medical Services meet local demand

Education

Support local educators as they raise the next generation of leaders

Partner to provide in-demand continuing and technical education svcs.

Economics

Invest in beneficial infrastructure

Understand and support local business needs

Understand and support local workforce needs

Culture

Support creative expression and support artistic venues

Protect local treasures

Lead by example, with respect and selfless service

Culture & Capacity

Promote the Growth & Development of City Staff and Leadership

Cherish the many volunteers who donate their time and energy to support our city

Maintain a Positive Culture of Respect, Action, And Accountability

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Create an Action Plan

- Describe how strategies will be implemented
- Include:
 - Activities & services to be performed
 - Associated Costs
 - Designation of responsibilities
 - Order of priority
 - Time frame for achievement of goals

Develop Measurable Objectives

- Develop specific, measurable results to be achieved
- Objectives are guidelines, not set in stone
- Express objectives in quantifiable terms that include time frames

Incorporate Performance Measures

- Performance measures link between goals, strategies, actions & objectives in the strategic plan to programs & activities funded in the budget
- Provide information on whether goals and objectives are being met

Obtain Approval of the Plan

- Policymakers should formally approve the strategic plan to provide context for policy and budget decisions

Implement the Plan

- Stakeholders work together to implement the plan
- Strategic plan should drive:
 - The operating budget
 - The capital plan, and
 - Other financial planning efforts

Monitor Progress

- Monitor progress at regular intervals
- Develop systematic review process to evaluate which goals are met

Reassess the Strategic Plan

- Assess long-term impact of environmental factors
- Adjust goals, strategies and actions to address changes, if necessary
- Changes in stakeholders' needs or results may require adjustments to strategy
- Minimize number of adjustments to preserve credibility
- Conduct interim reviews every 1-3 years
- Conduct comprehensive strategic planning every 5-10 years, according to environmental conditions
- Review performance measures more often than strategic plan

Work Strategically

Strategic plans are only good if they are implemented, utilized, reviewed and updated. Things change!

A plan can be built incrementally!

Keep in mind the idea of a Rolling Strategic Plan!

Work Strategically

- Endorse the Strategic Plan
- Base policy & operating decisions on the Strategic Plan
- Link the Strategic Plan to other planning documents (Budgets, CIPs, etc.)
- Incorporate the Strategic Plan into the budget process to ensure compliance with the Vision
- Associate the Strategic Plan with departmental/staff performance reviews
- Integrate the Strategic Plan's performance reports into other reports (e.g., financial statements)
- Engage the Governing Body, Staff & Citizens in achieving action strategies
- Celebrate and report successes!

You Can Do It!

As always, your team here in the Division of Local Government Finance is here to help.

If you have any questions, always feel free to reach out to your financial analyst!

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Division of Local Government Finance

CONTACT INFORMATION BY REGION

REGION 5

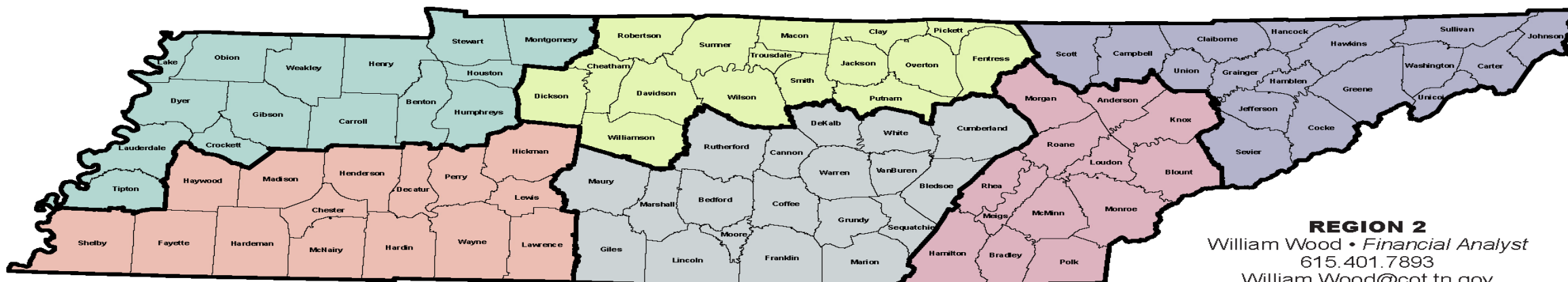
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