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Strategic planning



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In local and regional planning practice, a return to the need for a methodical, integrated approach can be observed. The evident disadvantages of project-oriented planning give rise to a debate about the revival of strategic planning. The current turn to strategy should be seen as a response to the deficits in incremental planning through projects.

1 Strategic planning in urban and spatial development

Traditional planning thinking is based on a simple idea: if strategies are articulated and confirmed, they will actually be realized in the future. If this were true, ▷ *Spatial planning (Raumplanung)* would be strategic per se. But in fact we are observing ongoing implementation deficits in spatial planning, which has only a limited impact on the execution of spatially relevant measures due to its weak institutional position. Spatial planning can define the steps necessary to achieve its objectives only in exceptional cases. Evidently, strategies are created not only through planning. They also emerge intuitively through countless decisions of autonomous stakeholders. It is only the interaction of emerging strategies, the implementation or even the failure of calculated strategies, which comprehensively generates a pattern of decisions to steer spatial development.

1.1 The origins of strategic planning

In economics, strategic management has developed since the 1950s into an independent field along the foundations previously established in the military (cf. Mintzberg/Ahlstrand/Lampel 1999; De Wit/Meyer 2004). It experienced a rise in popularity in the 1960s and 1970s, when there was widespread belief that formalised strategic planning could offer a response to any problems of business management and organisational development. The boom years were followed in the 1980s by disillusionment and a phase of scepticism towards planning. Strategic planning experienced a revival only in the 1990s, albeit in a different form. The new models focused on the ability of a company to adapt to changing environments and organisational learning. Strategic flexibility became more important than the strategy itself. Emergent phenomena and organisational change became key issues of business organisation theory.

The transfer of strategic planning approaches from the corporate sector to the public sector has been the subject of intensive research since the 1980s, particularly in the fields of US American planning, administration and political science. Early application examples of strategic planning in municipal practice are the strategic plans of Dallas (1982) and San Francisco (1983). It is interesting to note that the preoccupation with strategic planning in the public sector in the US commenced exactly at the time when this approach was being increasingly criticised in the private sector. Characteristic of the U.S. debate, apart from the lack of a regional planning system in the German sense, is the competitive perspective of public action. Cities and regions are generally expected to act from a more commercially-oriented perspective. In close alignment with *corporate planning*, strategic planning is understood as a disciplined effort to bring about fundamental decisions (Bryson 2004). Criticisms of the transposition of private-sector steering concepts into the public sector in general, and into cities and regions in particular, are only rarely voiced in the US literature. Strategic planning is perceived as a practical set of standards for the successful steering of private sector, non-profit and public organisations and for the adaptation of specific measures to a complex and dynamic environment.

The European debate on strategic planning for cities and regions only commenced about ten years later than the US debate and pursued a different focus and agenda (Salet/Faludi 2000). While the term *strategic planning* was used at first synonymously with *structure planning* and ▷ *Regional planning* in the United Kingdom, the European discussion since the end of the 1990s has been marked by a broad and heterogenous understanding of strategic planning. The revival of

strategic planning is interpreted as a response to the deficits of uncoordinated sectoral planning and *planning through projects*, which has been in widespread use since the 1980s. Strategic planning is intended to provide an integrative framework for both sectoral planning and individual projects to create synergies. As in the U.S. debate, approaches of communicative planning are taken up. However, strategic planning is not understood as a formalised procedure, but rather as a social process (cf. Healey 2009).

The European debate on *strategic spatial planning* differs from the US debate on *strategic planning* in the public sector and in *local governments* through the emphasis in Europe on discussing strategic planning as an integrative, development-oriented form of planning, while in the US it is understood as a planning-based form of strategy development. Accordingly, strategic planning in Europe is primarily distinguished from other forms of planning, e.g. the traditional, legally binding ▷ *Preparatory land-use plan* (cf. Albrechts 2004). In the US, however, and in line with the debate in management theory, the primary focus is on whether cities and regions should plan integratively at all and or if there are other, more efficient ways of setting priorities, such as negotiation processes.

1.2 The German reception of the debate

In the German-speaking spatial planning debate, the term *strategic planning* played no role prior to the beginning of the new millennium, even though the issues encompassed by the term were of course discussed. These issues were included in other terms and concepts, such as integrated development planning, the development of guiding principles and ▷ *Regional management* or regional development strategies. The term *strategic planning* has found its place in German-speaking countries only since the turn of the millennium. While reference is occasionally made to the historical and military roots of strategy studies, other authors primarily consider the notion to be a reception of business management principles for private companies in the sphere of ▷ *Urban development* and ▷ *Regional development*. There are also occasional links with the principles of perspective incrementalism (▷ *Incrementalism/perspective incrementalism*) developed by Karl Ganser and his colleagues as part of the International Building Exhibition Emscher Park. There is, however, no consensus on whether strategic planning is to be equated with this approach (Kühn 2010) or, conversely, understood as a response to its conceptual deficits (Ritter 2006). The dynamic further development of the concept of *strategic planning* which was observed in the European and US discourses has only been received late in German-speaking countries (cf. Hutter 2006; Wiechmann 2008).

The terminological shifts resulting from the increased use of the term *strategic planning* in the German debate on planning are more than a merely passing fashion. They also reflect a changed planning reality. It also demonstrates a need for reclaiming the strategic dimension and a return of the big plans. Public administrations are under growing pressure to resort to business management methods to enhance the competitiveness of their cities and regions. The 'new public management' steering model may serve as an example. The practice of spatial planning, too, increasingly uses tools from managerial practice, such as planning management, scenario planning (▷ *Future scenarios*) and ▷ *Evaluation*. The demanded greater focus of the planning system on its development function requires new, integrative strategies, which specifically take actors from business and ▷ *Civil society* as well as public agencies into account.

2 Conceptual foundations of strategic planning

2.1 The term strategy

If a survey were conducted about the meaning of the term 'strategy', most people would probably reply that a strategy is either a plan or a concept to achieve certain objectives. Or, following Clausewitz, they would point out that a strategy encompasses fundamental, long-term decisions, and that short-term tactics serve to implement them. If business consultants were asked, they would possibly state that strategic planning is a formalised process to determine the objectives and means necessary to allow a company to position itself successfully in its environment. In game theory, in turn, a strategy means a complete set of instructions for action for a player, which takes all conceivable game situations into account. In politics, 'strategic' frequently simply means long-term and important. All of these answers are correct in their context, yet fall short. Strategies evidently mean different things in different contexts.

The common ground of the different usages of the term in the military, politics, in business, civil society and planning administrations must therefore necessarily remain an abstract notion. Yet a certain basic consensus as regards the current meaning of strategy can be discerned. Strategies generally provide simplifying concepts. According to Patsy Healey (2006: 244), they organise the thinking about certain issues. They indicate priorities and provide the related reasons. They provide reference points that stakeholders can use for orientation in certain situations. Strategies are expected to reduce complexity and foster consistent behaviour. They should provide answers to the big questions and assist the acting stakeholders to allow them to focus on specific actions and routines (Mintzberg/Ahlstrand/Lampel 1999: 31). Depending on their degree of abstraction, strategies can also be manifested in guiding principles (▷ *Guiding principles for spatial development*; ▷ *Guiding principles for urban development*) and visions, as well as in overarching categories of objectives, programmes and plans or in specific projects and individual actions.

2.2 The old dispute between rationalists and incrementalists

The theoretical foundations of strategy development and strategic planning elaborated over the past five decades largely originate from organisational and management theory. Here, two diametrically opposed strategy models are generally distinguished: the linear and the adaptive model (Wiechmann 2008). They correspond essentially to difference in ideal types between the logical decision concept and the incremental, pragmatic concept made in the planning discussion. The tradition of the linear strategy model perceives strategy development as a rational, analysis-based planning process, which is steered top-down. Criticism of such approaches builds on the actually observed emergence of strategies and emphasizes the limited rationality of actors who often act spontaneously.

The difference between the two strategy models is above all linked to the key question of strategic planning processes: To what extent can and should long-term plans be made in dynamic environments? This poses the fundamental question of when and to what extent formalised planning can be useful for an organisation, or what role ▷ *Planning* can and should play in strategic decision-making processes. The quite different responses to this question provided by

the proponents of the linear model, the *rationalists*, and the protagonists of the adaptive model, the *incrementalists*, have triggered a productive debate, which still continues today.

2.3 The linear strategy model

The term ‘strategy’ is often associated with a plan, a systematic intention. This corresponds essentially to the most widespread, conventional notion of strategy development – the paradigm of linear strategy development. This is based on the idea that strategies are implemented purposefully through a deliberate and conscious planning process. This linear process consists of a formalised analysis, a conception based on this (formulation of strategy) and a subsequent implementation phase (strategy implementation). Accordingly, strategies represent planning and decision-making aids for decision-makers.

Linear approaches are based on a number of premises:

- The formulation of a strategy is a conscious decision-making process of rationally acting actors that must be controlled.
- Strategies must be based on a comprehensive analysis.
- The formulation of strategies falls within the sphere of responsibility of the strategist, who, as someone working at the executive level, is part of the upper echelons of the organisation and controls the process.
- The strategies emerging from the decision-making process must be explicit and complete.
- The implementation of the strategy is the final work step.

To cope with the complexity of the real world, the proponents of linear approaches propose constructing models reflecting the factors that are important for the strategist. Assuming a complete supply and processing of information, the complex issues must be controlled through targeted planning and a regulatory system to achieve the objectives.

In the linear strategy model, the strategic planning process is structured into sequential acts, which give rise to a linear cycle of planning steps (see Fig. 1): The preparation and design of the planning process is followed by a strategic analysis, often by means of the SWOT method, and a strategic orientation through the definition of guiding principles, objectives and priorities. Measures and projects are derived from this analysis before the actual strategic plan is prepared and disseminated. In the final instance, the planned measures and projects are implemented, often accompanied by an audit of the implementation of the strategy through ▷ *Monitoring* and evaluation and an update of the plan, if appropriate.

Figure 1: Linear cycle of a strategic planning process

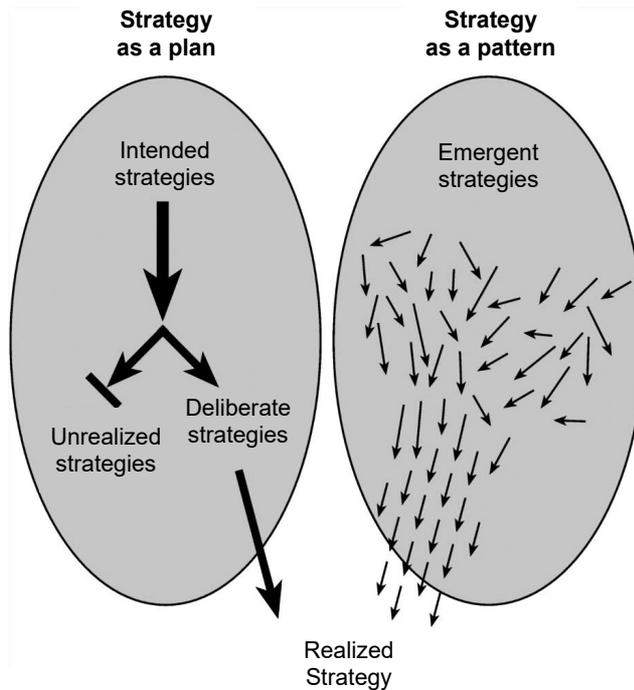


Source: adapted from Wiechmann 2008: 19

2.4 The adaptive strategy model

The paradigm of adaptive strategy development starts specifically with the empirical observation that linear planning approaches frequently fail. If strategies are not considered in terms of their future goals and what they are supposed to achieve, but in terms of their actual results, it usually turns out that only a part of the strategies realized was consciously planned. The term strategy thus takes on a new meaning: in retrospect, it stands for a decision pattern, a consistent behavior. Some aspects of the intended strategies are successfully realised (deliberate strategies), while others are not implemented (unrealised strategies). Realised strategies are based to a considerable extent on emergent strategies (see Fig. 2). This is the case if a realised pattern of decision-making shows consistent behaviour over time, without this having been planned explicitly in advance.

Figure 2: Linear versus adaptive concept of strategy



Source: The author, based on Mintzberg/Ahlstrand/Lampel 1999: 26

The inclusion of emergent strategies within the concept of strategy has far-reaching consequences for strategy development. It is no longer a matter of merely defining an objective and deploying the means necessary to achieve it. Instead, strategies can emerge even without a plan from everyday routines and spontaneous decisions – ‘of the top off one’s head’. This means that strategies may arise and develop unchecked, lending significance to the task of detecting emergent strategies. In addition to formal planning, there are several other options for developing a strategy. This includes visions and guiding principles as well as organised learning through trial and error and the gradual merging of individual decisions into a consistent pattern.

The linear approaches, just as the adaptive approaches, rely on certain premises:

- A monocausal cause-and-effect chain or ends-means notions cannot do justice to the interdependencies in complex systems.
- It is impossible to consciously control the complex, real environment.
- Strategy development must take the form of a process, in which formulation and implementation will eventually become indistinguishable.
- Strategy development does not proceed in a top-down manner, but through collective learning and adaptation.
- The strategist’s task is not to design deliberate strategies, but to shape the process of strategic learning so that new strategies can emerge.

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In adaptive strategy approaches, the analytical, rational ends-means process is inverted into a means-ends process. A continuous, evolutionary process of adaptation to the environmental requirements is used to select only those ends that can be reasonably assumed to be realizable. This concept of strategy is necessarily conditional on a departure from a linear planning school of thought. Strategic behaviour is rather defined through routines, the cognitive limits of actors and institutional constraints.

2.5 Integrative perspectives

Table 1 shows the two schools of thought in strategy research juxtaposed in a comparative synopsis. The challenge of strategic planning consists of combining the contradictory requirements and steering logic into an integrated approach.

More recent schools of thought are no longer solely based on either of the two strategy models. Instead, a clear convergence can be observed in the debate, which was conducted through polemic on the part of the protagonists of both camps as late as the 1980s. The currently prevailing view believes that for a proper understanding of strategies both the intended and the emergent notions are indispensable. In strategy development, both formal and informal (▷ *Informal planning*) processes co-exist side by side.

Table 1: Comparison of linear and adaptive strategy models

	Linear	Adaptive
Strategy (concept)	strategy as a plan	strategy as a pattern
Actors	rational and informed	boundedly rational, intuitive
Starting point	internal and external analysis	discovery of consistent actions
Time perspective	prognostic	retrospective
Method	formal planning	collective learning
Formulation of strategy	complete and explicit	incomplete and implicit
Steering mode	central implementation	adaptive, gradual adjustment
Interaction	limited to strategists and experts	participative in collective processes
Ends-means relationship	from ends to means	from ends to means
Strategy content	defined ends and the required means	behavioural patterns and routines
Purpose	decision support, intentional guidance	decision heuristics, mobilisation

Source: adapted from Wiechmann 2008: 44

3 Application examples

The work of spatial planners traditionally centres around spatial plans regulated by law, such as federal state spatial plans (▷ *Federal state spatial planning/federal state development*), regional plans (▷ *Regional planning*) or land-use plans. These plans are subject to a political system logic. The planning processes take place in legally standardised sequences. In this context, both the direct links with action in the sense of measures and projects and the implementation of the plan are factored out. This type of planning is thus clearly distinct from the basic models of strategic planning. At the same time, practice shows that apart from the statutory ▷ *Instruments of spatial planning (Raumplanung)*, mostly linear strategy development approaches are used.

Regional development strategies, for example, have been used since the late 1980s to reduce the implementation deficit in spatial planning. These strategies typically have the characteristics of a planning process based on a linear strategy concept. An analysis of strengths and weaknesses, a guiding principle, development objectives and a catalogue of measures scheduled according to priorities are typically the minimum requirements for regional development strategies. The elaboration of the strategy should swiftly be followed by the implementation of the project. It is interesting to note that the increased use of linear strategic planning instruments since the late 1980s is in stark contrast with the debate in planning theory, which from the late 1970s sharply criticised the comprehensive planning model for being an authoritarian ‘God the Father’ model (Siebel 1989). In the light of this fundamental criticism, it seems remarkable that this approach is still today the one which most closely approximates everyday planning processes. What are the reasons for its unbroken popularity? On the one hand, the techniques and instruments used (e.g. SWOT) are unquestionably an essential foundation of planning practice. On the other hand, one of the strengths of this approach is the fact that its arguments are problem-based rather than analysis-based.

Despite the dominance of the linear model, there are also numerous examples of the adaptive model in planning practice. This includes the ‘hands-off, let it lie’ strategy of the International Building Exhibition Emscher Park in regard to brownfield sites in shrinking urban regions (Ganser 2001). From the perspective of their origins, there are even more numerous examples of urban or regional strategies being promoted, which were not created intentionally but rather emergent. The example of the five-pillar model of the Bonn/Rhine-Sieg/Ahrweiler region illustrates this (Wiechmann 2008: 195 et seq.). A pattern of the past, which hardly relied on a specifically formulated urban or regional strategy – given the haphazard nature of the selection of the seat of government in 1949 or the establishment of companies in the telecommunications sector, which resulted from the privatisation of the Deutsche Bundespost (the German federal postal services) and which are now decisive elements in the economic structure of Bonn – was adopted and transformed into a guiding principle for the future.

4 Evaluation of strategic plans

Spatial planning is considered to be an effective way of preparing for strategic decisions and to thereby affect the political governance of society in a rational manner. A planning approach has prevailed since the 1960s which understands planning as a search for the means which lead from a given starting point to a set goal. While the initial idea was to take the most rational possible decisions with the help of planning, planning theory of the 1980s and 1990s emphasises the reflective and communicative nature of planning. The focus of planning was no longer on technical rationality but on the function of planning as a communicative action and learning tool.

If one leaves the linear strategy model aside and understands strategic planning as a social process following a political logic, the relevance of strategic planning is not simply limited to the coincidence of the stipulations of the plan and the eventual actions. It is quite possible, if not even the rule, that stakeholders will review and correct their objectives and measures in the course of a planning process. To the extent that this is a manifestation of a learning process, it would be inappropriate to conclude automatically that the planning process has failed (see Fig. 3).

Figure 3: Evaluation of strategic planning

		Was the intended strategy realized?	
		yes	no
Was the realized strategy successful?	yes	Deliberate success (hurrah for rationality)	Emerging success (hurrah for learning)
	no	Failure of deliberateness (efficient, but not effective)	Failure of everything (try again)

Source: Wiechmann 2008: 83 (after Mintzberg/Ahlstrand/Lampel 1999: 79)

According to Faludi (2000), the yardstick for the evaluation of strategic planning should be ‘performance’, i.e. efficiency, not ‘conformance’. Instead of mechanical plan implementation, he calls for plan application, i.e., influencing the insights and attitudes of actors in spatial

development, regardless of whether the results of this influence are consistent with the goals and measures formulated in the plan. The impact of strategic planning in this case is indirect at most. The acting stakeholders do not simply implement the plan; they act more or less autonomously, in line with their own premises and making maximum use of their discretionary latitude for action. The performance of the strategic plans in this case is primarily measured by whether they are helpful in clarifying alternative courses of action and defining decision-making situations. This may be the case even when the operational decision deviates from the plan while the reasons for this deviation refer to the plan.

5 Conclusions

Planners who do not merely pursue intentional, rational strategies but also emergent strategies follow a less technical and more political logic. Through the public discourse on issues they advance collective learning processes and affect structures of thought; in this way, they provide frames of reference for the actors in decision-making situations. Strategic planning concerns both a rational process of searching for the means that lead from a given starting point to a set goal and the discussion of issues to steer public perception. The term *planning* captures these aspects only to a limited extent. If planners focus in their work also on the gradual adjustment to emergent strategies, retrospective interpretations and collective learning in addition to collectively defining objectives, plan-based approaches and technical solutions, their active role extends far beyond the scope of planning.

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