Making Strategic Planning Work in Local Government:

An Empirical Study of Success And Failure

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Abstract

Since the 1990s, local governments all over Europe have launched reforms to improve local democracy, public management and efficiency in the provision of local services. Some of these reforms are inspired by what previously has worked in private management and some of them have also a macro-level approach, whose main aim is to introduce institutional reforms and reorganizations to ensure contextual problem solving by strengthening governance within the local public sector. In this context, Strategic Planning in public organizations has attracted interest among academic researchers and practitioners as an instrument for dealing with a complex environment and for the achievement of higher performance and the attainment of greater democracy. But the decision on how to introduce Strategic Planning might follow a different rationale.

The hypothesis maintained in this paper is that those that are based in an endogenous rationale are more likely to succeed. To test our hypothesis this paper draws on a comparative empirical analysis concerning the design and implementation of a Strategic Planning process within two Spanish city governments: one considered to have been a failure and the other a success. Focusing on the way in which the use of Strategic Planning has to face the trade-offs between urban and economic development and democracy, the paper explores how this formal mechanism of citizen’s and business’ participation serves to establish relational processes to reinvigorate local economic development, democracy and administrative modernization only when a strong political and administrative leadership is put into motion. Overall, the study yields evidence consistent with the notion that a successful Strategic Planning at the local level has to take into account not only institutional issues, but also the communal, social and political resources that frame the deliberations propelled by the Strategic Planning process.

Key words: Strategic Management, Strategic Planning, Local Government, Civic Participation.

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1. Introduction

Strategic Planning in public organizations has been at the core of academic research as an instrument for dealing with a complex environment and for the achievement of higher performance and the attainment of better democracy (Berry, 1994; Pollit and Bouckaert, 2004; Bryson, 2004; Bryson et al. 2013). Strategic planning in local government refers to the process of identifying the strengths, weaknesses, opportunities and challenges of the municipal administrative organization in order to define its mission and objectives, identify stakeholders and set up strategies that improve the efficiency of the administrative organization (Bryson, 2004; Mintzberg, Lampel, Quinn and Ghosal, 2003.) In another order of things, the complexity of local problems requires transfers of information and in this connection the strategic planning of cities allows to conceptualize a vision of the territory, formulate goals to achieve and develop projects for the achievement of the objectives. It is, indeed, an instrument for the contextual management of local governance, i.e. the creation of a process in which all city stakeholders (with their values, expectations and experiences), respecting their autonomy, are interactively linked by relations of mutual recognition that allow the intersubjective understanding and commitment.

But many strategic plans are a window dressing exercise and never become implemented, that is why the analysis of such processes are also important because they allow to prove that the success in the introduction within the local public arena of innovative governance instruments, does not only depend on the technocratic design rather more than on a participative design, implementation and evaluation of a Strategic Plan.

This research is based on a several year ethnographic study in the city Government of a medium size Spanish city and the documentary analysis of how a Strategic Plan was designed in a large Spanish city but was never implemented. In the first case and since its very first conception, the author was involved in the design and implementation of the Strategic Plan, and as such he has participated as a reflexive practitioner in public meetings and conducted near fifty interviews with the more engaged participants and organizers. These semi-structured interviews included past and current political and administrative local elites from the city as well as business
interests and citizens that participated in its design and implementation. An additional source of information in both cases has been the documents produced about the Strategic Planning Process. We have also analyzed internal documents from the Council as well as informational papers produced by civic and business associations. All of them have been, in the both cases, triangulated with the interview data and the primary information directly collected through personal observation.

Moreover, the two cases have been chosen because the process of strategic planning in the medium size city has been going on and evolved through time over the last 20 year even with the change of the political party in power. This means that both the political and administrative local elites have relied on the understanding of this mechanism of management as a channel for conveying local political objectives with citizens’ demands and city economic and social development. Also establishes a link between the political objectives and its administrative implementation that is made possible because of the relations between the political leadership and the Steering and technical. On the whole, evidence-based practice offers a learning potential that is worth to explore (Heinrich, 2007; Boaz et al., 2008) but also instrumental case studies have been considered by Barzelay (Barzelay, 2007) as a means to identify and generate knowledge. While there is a growing body of work examining Strategic Planning in general, there has been little research that closely examines how a local government has systematically and continually attempted to implement a particular Strategic Planning experience.

2. Strategic Planning In A Medium Size City: Background, Structure And Phases

2.1. Background

Democracy in Spain is very young, with its political transition to democracy occurring in the late 1970s. Since the early years of the Decade of the 80s of the last century, the newly elected democratic local government team in the city of Alcobendas, a medium size city of 110 inhabitants, acquires a commitment for the, enhancing of the provision of local public services for the improvement of the living conditions of its citizens. It adopts a model of public governance as a continuous process over time involving an overlap of actions for innovation management that are integrated, interlock and overlap with each other and that could be subdivided in three phases. The first
phase (1984-1991), is characterized by internal reforms to implement a new democratic organizational culture and to put into motion a series of policies addressed to particular sectors of the population (youngsters, women, deprived city areas, etc.). A second phase (1991-1995), is characterized by the development of a Strategic Plan of city from the experience of specific plans. This phase is characterized by the definition of a management model that emphasizes the comprehensive dimension of all the municipal organization. Due to its characteristics, we will stop in the analysis of this second phase that starts up the first Strategic Plan. Finally, a third phase (from 1995 to date), is characterized by the constant concern for quality as a continuous improvement. This third phase is that of the consolidation of the model of governance. It is noteworthy that in 2007 a change occurred in the political color of the ruling party, which has not changed substantially the process of administrative modernization, focused now on the drive of the quality from the guidelines designed in the latest Strategic Plan.

2.2. The Structure of the Strategic Plan

A structure is put into motion to provide participants with information at various levels related to the issues to be discussed. In Alcobendas, in the light of the experience with specific plans, especially the Plan for youngsters, posts up beforehand and they are implanted through a system of management and programming by objectives, strategic planning is the next link and aims to mobilize the main actors of politics, administration, the economy and the local citizenry to contribute to the city's economic and social development. This participation in the City Plan has enabled a global vision of local problems, assuming, in some way, at the local level the management of globalization. The main objective of the strategic planning in Alcobendas has been the institutional adaptation to the environment through the planning and organization of the local space through the integration of local civil society initiatives in the action of administrative organization.

Being an instrument for long-term planning, the municipal institution assumes the whole process and is defined as a Plan supported by the participation of different stakeholders: 'Alcobendas is a common and open project common that should be developed through a coordinated effort of all administrations, institutions, private sector and civil society' (City Council, 1984). Therefore, Strategic Planning in Alcobendas is based primarily on the mobilization of the following groups of strategic actors: a)
neighbors interested in public affairs and who are willing to act as representatives of a wider set of neighbors (associations) actors; (b) representatives of the interests in the city (entrepreneurs and NGOs); (c) elected officials and political parties; (d) managers and representatives of public employees; (e) expert technicians. That is, the strategic planning is conceived as a participatory process agreed by a broad number of agents of the political, economic and social framework of the city dealing with the issues that affect the future of the city beyond a legislature.

Moreover, in the elaboration of the Plan there are two levels of participation from the local civil society: (1) in the development of a "vision" of the city in the long term; 2) in the design of specific projects, which are carried out and that they do not create false expectations: the Plan presents 71 specific projects for their technical assessment, citizen and of the Executive Committee.

It is, therefore, a participatory process in which, taking into account also the query to a stratified random sample of 4,017 neighbors, define different strategic lines. In the process of elaboration and implementation of the Strategic Plan can be identified aspects of information and consultation. Participation also takes place in the level of processing of the specific projects and aspects of its implementation through the city’s associative network.

On the other hand, their strategies are linked to the Municipal action which, in turn, is incardinated to the Budget Plan. To be linked with the budgetary process make the actions envisaged in the Plan are possible and consistent.

2.3. Phases of the Strategic Plan

From a methodology that allows to make compatible both participation and effectiveness, various phases of action are established. At an early stage, the city’s local Government collects information and analysis of similar experiments carried out in other cities. In the first phase, which begins in July 1993 develops the methodology that is approved by the City Council, at the time created a technical Office of the Plan for a diagnosis about the social, economic and territorial reality of the city involving reports which give an account of the current situation of the city. The image of the City Plan is launched from this technical office and is linked to other projects underway. This action creates a mark to identify the process of reflection (Alcobendas City Plan) the technical
Office produces communicative actions through public hearings of the responsible politicians, press ads, billboards, radio wedges and municipal publications, among others.

During the second phase an organizational structure is created to support the process of elaboration, implementation, monitoring and evaluation of the Plan. Starting from there, a process of reflection is put into motion which engages stakeholders in order to define strategies that make up the "vision" for the future of the city. Finally, there is a phase of implementation, monitoring and evaluation of the set of actions that covers the Strategic Plan. To do this a series of indicators are laid down that allow to obtain information for the control of the degree of realization of the projects associated with each one of the strategic lines. From this information appropriate decisions are made to ensure its compliance.

2.4. Implementation and evaluation of the Strategic Plan

The implementation is a key aspect since, as stated at the beginning, many local strategic plans fail beyond the design phase. On the other hand, evaluation is necessary not only because the planning process requires the efforts of multiple stakeholders and need to know its results, but also because the transparency must be inherent to public action. With this in mind, in Alcobendas the projects approved within the Strategic Plan are put in place to be carried out within a period of ten years by its inclusion on successive municipal yearly plans.

In April 1998 an Advisory Forum of the City Plan was established in order to form a space for participation, debate and drive of the City Plan. This forum was constituted in order to carry out the monitoring of the implementation of the Strategic Plan. This Forum encompasses all that at the time constituted the General Assembly of the Plan as well as new additions.

In this way, the City Forum, which is conceived as an instrument to make the monitoring and evaluation of all projects of the Strategic Plan, but at the same time, an instrument of participation, articulated with the rest of instruments in Alcobendas, from which is intended to give accounts to citizens about the achievements of the City Plan to issue evaluations and assessment. This assessment is required so that citizens are able to evaluate that what has already been implemented, thus keeping alive and updated the Strategic Plan. The first Forum met for the first time in March 1999, almost two years
after the completion of the Strategic Plan design and continues to meet on a biannual basis. It is composed of citizens, associations, entrepreneurs, traders and foundations.

3. Strategic Planning In A Large City: Background, Design And Structure

3.1. Background and Design

In 2012 the local government of the city of Madrid decided to design and implement a Strategic Plan on Culture. The city of Madrid has above three million inhabitants and the cultural offer is a major issue for the economy as it accounts for 9% of the GDP of the city and generates near two thousand jobs.

The city of Madrid has done over the last 30 years a considerable financial investment in cultural infrastructure by restoring buildings, new constructions and renovations of buildings that were dedicated to other uses. This has borne positive results in that it has made a more attractive city both for foreign investors and its citizens.

With this in mind the local government decides to put into practice a Strategic Plan in order to identify projects with potential to contribute to the development of the cultural aspects of Madrid, favoring the artistic and the economic life of the city in order to improve urban regeneration and employment. The Plan proposes a common reflection on how the city would like the culture in Madrid in 2020, providing that the city itself has gone under big socioeconomic changes, with many transformations in the cultural sector. The Strategic Plan is thought to become an instrument of analysis and reflection on local cultural policies in the long term and is deemed to promote strategic thinking between cultural agents and other public institutions related with cultural policies.

Therefore, through the Strategic Plan of Culture, the municipal authorities try to identify” what things are important and which are not to introduce more consistency in the cultural management of the City, and so making our management more effective and fruitful. It is an ambition of great significance, especially if we consider that, often, strategic plans of cities remain a dead letter and are not really put in place…” (Ayuntamiento de Madrid, PECAM, 2012.)

Thus, the municipality designs a Strategic Plan of Culture with the collaboration of forty-one professionals and experts in culture which is finalized at the end of 2012 and from there on is open for suggestions, comments and proposals that citizens can make to the document previously prepared by the experts.
During several months the Plan is published on the municipal web page for public consultation and, also, proposals can be sent by mail and through an online questionnaire. Furthermore, and during three days, citizens are invited to be present in a particular municipal facility to debate on the document that outlines the strategic lines of the Strategic Plan of Culture. The municipal government claims that as a result of the whole process a "Strategic Plan for Culture in Madrid 2012 -2015" will emerge to mark the guidelines to follow in the coming years. One of the main aims of the Plan is to identify those citizens that are not committed with the present cultural agenda of the city.

3.2. Structure

In order to achieve greater cooperation between the local government and other public administrations, the municipality draws on the following working groups:
1. One internal working group composed of ten specialized professionals responsible for the cultural management of the City Council of Madrid.
2. External Advisors: a group of experts both from the different areas of the municipal organization and representatives of other administrations (regional and central)
3. An Committee of the City of Madrid comprised of 16 managers and technicians of different areas of the City Government: Government Area of Deputy Mayor, through the Office of Tourism of Madrid, Madrid Visitors & Convention Bureau, SA and the General Department of International Relations; Government Department of Family and Social Services, with the participation of three General Directorates: Family, Children and Volunteering; Education and Youth and, finally, Equal Opportunity and Immigration. They are also present the General Department for the Elderly and Social Services; the Government Department of Planning and Housing; the Government Department of Finance and Public Administration, through the Directorate General of Quality and Citizen and Evaluation Service; the Government Department of Economy and Citizen Participation, through the Economic Development Agency "Madrid Emprende". Also it involved the Madrid 2020 Foundation, through its Directorate General for Communication (Ayuntamiento de Madrid, PECAM 2012).

All in all, it is a vertical structure whose main task is to work closely with market interests (mainly tourism) rather than with other forms of social culture and not articulated with the districts and neighborhoods.
Finally, within this rather technocratic Strategic Plan, the Council organized several public events with cultural experts but the Plan itself never got implemented. As regards the on-line participatory process it is not known the number of individual citizens that actually participated.

4. Criteria For Success And Failure

4.1. Success of the Strategic Planning Process

Together, our findings suggest that the success of the process is based on the following:

- A Plan that is perceived as useful to the city: in addition to instrument for bringing together the initiatives of local actors and for the determination of priorities, the Strategic Plan takes into account the set of local problems, including the most visible aspects and which affect the daily life of citizens.

- A realistic Plan: it adapts to the characteristics of the city of Alcobendas and, according to them, defines clear political goals with the commitment and involvement of the Mayor and the city management.

- The existence of a professional management. The Administration has capacity to exercise the leadership that is required in the different phases of the Plan. Thus, the planning and coordination Directorate deals with the follow-up and is responsible for works and implementation and an active and transparent information about the project and management really open to local civil society.

- Interaction and communication. The Plan is conceived as a process continued over time and involving stakeholders with specific weight in the city in the search for consensus. Certain topics are not articulated in the first phase of the process. A document, drawn up by the technical Office of the Plan, delineates the purposes thereof: optimization of the position of the city in the territory of the areas Metropolitan to improve social cohesion, productive efficiency and the quality of life of its citizens; designing a project for the future of city integrating large urban economic and socio-cultural projects and achieve the set of administrative organization to work in an integrated manner to the achievement of the global objectives. In relation to the inclusion and exclusion of stakeholders, the Planning Committee develops and decides who participates. The participants were selected on the basis of the structure of power in Alcobendas. All were invited to participate and, practically, all accepted. Once chosen, the participants to work on
specific issues although key decisions about strategic planning in its different stages are made by the Government team. In this way, on the strategic issues decides, ultimately the Executive Committee together with the technical Office on the basis of criteria and in relation to the control of information, at the first meeting of the Plan, spreads a lot of it, so that each table theme provides a range of comprehensive data, although accessible, of interest to the participants.

- High level of implementation. This gives credibility and continuity to the Plan and generates a climate of confidence which in turn mobilizes new actors.

- Participation. Although assessing the real impact of the mobilization of local civil society it is not easy, indeed strategic reflection out of the circle of technicians and becomes permanent and increasingly involves a larger number of actors and citizens who are satisfied with the process. Therefore it can be said is that the participatory process has been a priority to defining strategies and projects, thinking that its implementation would be dependent on the quality of participation in the process, which has served as instrument for integrating fragmented relationships.

- Cooperation and collaboration. Implementation has relied extensively on commercial partners. Some private actors have been crucial in supporting the municipality’s efforts, particularly with respect to the development of infrastructures. Therefore, the Plan is aware of the importance of identifying the relationships of interdependence between public and private actors. It brings together the able general synergies of local knowledge to solve local problems, so the process of participation has prioritized the definition of strategies and projects, not without taking into account that the implementation of these is dependent on the extent and quality of private actors’ participation in the process. The process of strategic planning in Alcobendas reveals how conflicting interests can be integrated through a public decision-making process. None of the interests received particular attention. The selection of participants in the Strategic Plan highlights the balance of economic interests, small and medium-sized enterprises and large, for example. Both the municipality and the interest groups in the city are interested in participating in the Strategic Plan.
In terms of the power structure there is an exercise of the leadership from the local administration, but priority is given to the participation process. The City Council has the capacity to exercise the leadership that demands the elaboration, execution and implementation of the Strategic Plan, but other local actors with weight in the Strategic Plan such as business organizations, large companies located in the municipal territory, trade unions, retailers and neighborhood associations.

4.2. Failure of the Strategic Plan

Looking to what causes a failure in Strategic Planning in city government, it is clear that they can basically be split into two. The first is related to issues of methodology and processes used, and the other are concerned with resources.

To mention the most important: There is no Strategic Management process agreed between the areas or actors involved.

- Lack of a strategy or lack of reliable communication at all levels of the municipal.
- Poor citizens’ orientation and understanding of the needs and desires of citizens. In doing this, the Plan is aimed to liberalize the sector and transform the culture into commodities and resources.
- There is not a prior evaluation (political, economic, financial, technical and regulatory) before beginning the process.
- Requirements nonconsensual, incomplete or nonexistent strategic lines or products that they are being developed or want to develop.
- Lack of support (sponsorship) by the management of the organization projects innovation.
- Lack of "empowerment" in team members or persons engaged in the process.
- Focusing on business goals of existing cultural neglecting projects of new products or processes.
- An organizational structure based on functional areas instead of a formalized matrix structure based on collaboration.

All in all, the Strategic Plan of Culture in Madrid:
1. Relies only on a group of political officials and public managers that are the driven forces together with the participation of local business interests, but not of the residents.
There is a lack of leadership to integrate collaboratively differing interests and motives.
2. The participants in the process have mainly economic interests and do not conform to the characteristics of the city of Madrid.
3. The design and purposes are controlled by municipal political and administrative elites.
4. It is a close-ended process, in which citizen’s associations, neighborhoods, and freelancers, among others are only formally invited to participate but no real participation is sought.
5. The Strategic Planning in Madrid neither allows the definition of new goals that are compatible with the particular actors, nor facilitates the various actors the design of common strategies and identify common priorities.
6. The emphasis is placed on the Plan rather than on the process. On-line participation has to be accompanied by other deliberative instruments if it is to allow local elites to shape and reinterpret the definition of local public problems.
7. Finally, it is not only a Plan for the development of the whole city. It lacks a process of involving a set of actors with interests in the city so that they can identify political demands.

5. Conclusions

Strategic Planning will play a critical role in the future since public managers are confronted to anticipate and manage change and address new issues that seem to emerge with increasing rapidity. This means that local governments will need to think about future directions regarding emerging trends, issues and forces beyond their control. But the empirical analysis of the two cases here studied demonstrates that the analysis of strategic issues must be based on extensive intelligence gathering, and strategy formulation should be influenced by experience, intuition, inspiration as well as a sense of political feasibility. In the first case, we have shown that the strategic planning process needs to facilitate understanding of the forces driving issues and develop genuine consensus around strategies among the stakeholders or "power players" within the organization and outside. This implies inviting key external stakeholders to become involved in part of the process or making greater efforts to solicit inputs from outsiders through surveys, focus groups, executive sessions, or other forums. Furthermore, and given that public policy is often determined and carried out in networked environments
rather than by single agencies, strategic planning will need to be applied increasingly to collaborative enterprises.

This article has argued that Strategic Planning in local government leads to a better local governance. Overall, the two cases case of Strategic Planning illustrates many lessons for scholars and practitioners of local government. First, it can significantly shape local policy implementation. Our findings also highlight as despite the multiple difficulties of political, organizational and cultural, a public organization with a bureaucratic culture is able to reinvent itself to redirect their activities in order to face the challenges of the environment to providing greater welfare for their citizens.

Third, it also shows the importance of political and administrative leadership in local governments to the search for consensus and collaboration among local elites to promote not only economic but also social development, with a capacity to mobilize the economic interests and the local associative tissue which are used as inputs in the process of formulation and implementation of local public action. In this way, in the first case, considered to be a success, the driving force for the implementation of the Strategic Plan is a coalition of political and managerial positions rather than a technocratic enterprise as in the second.

Finally, the structure of the deliberation is important and although the political elites of the municipality delimit all the procedures of the Strategic Plan to act as framework for the interaction with the economic interests and the civic networks, both remain favorable during the whole process since economic and participation interests in public decisions have been favored.

Altogether, in the process of formulation and implementation of strategic planning a broad system of interaction that is not but a system of governance has to be constructed. This system has to include a set of actors (public and private) with different status and different degrees of interests and strategies which are introduced in the process of public decision-making, in such a way that implied decisions to the formulation implementation and evaluation of policies and local public programs derived from the strategic planning process is the result of the interaction of various actors with an interest in the city, thus setting up a model of democratic governance. An elitist approach lacks of legitimacy and, as the second case shows, is unlikely to have any success.
Certainly the role of Strategic Planning as a local government instrument deserves further investigation. A case study has some limitations and thus, our findings may not apply to a different political culture or institutional design, but our study provides some initial empirical support for the use of Strategic Planning in local government as a tool of democratic innovation and administrative modernization in a context where the political class still displays both a weak democratic culture and institutionalization of public governance.

References: