

STRATEGIC PLAN

INSTRUCTIONS

last revised in total 8/28/2012

GENERAL GUIDANCE

Please Remember

- Pursuant to Section 45.3 of Title 62, a new strategic plan for FY-2013 through FY-2018 will be due October 1, 2012.
- Agencies have the option of using the Oracle Budget Request/Strategic Plan system to enter their Strategic Plans or submitting an already established Strategic Plan format of their own. The requirements to by-pass the Oracle system are:
 - The Strategic Plan must meet all statutory requirements
 - The agency must submit the Strategic Plan in electronic (i.e. PDF, Microsoft Word, etc.) format to OMES and hard-copy format to House and Senate Fiscal Staff and their Cabinet Secretary.
- The Office of Management and Enterprise Services (OMES) has been tasked with developing a statewide strategic performance program. As part of this process, the Performance and Efficiency Division of OMES will be reviewing the 2014 Agency Strategic Plans and Performance Measures. We will be evaluating and revising requirements to align with the State's planning and transparency / accountability goals as part of the next bi-annual strategic plan and performance measurements submissions. To assist OMES with the review of these plans, your agency may be called upon for clarification to ensure we have a full understanding of the plan and your agency's mission. In addition, we may provide feedback in the preparation of meeting new or revised requirements for the FY-2016 Strategic Plans and Performance Measures. Please feel free to contact the Division at 521-2141 if you need further information.

STRATEGIC PLANNING:

October 1, 2012, is the due date for the next agency strategic plan. A Strategic Plan creates a long-term context for management. The vision, mission, goals and performance measures in an agency's strategic plan drive the type and quality of work achieved within an agency. An important component in developing a strategic plan is workforce planning. Workforce planning is a systematic process for identifying the human capital required to meet agency goals and developing the strategies to meet these requirements.

Decision-making requires you to formalize thinking previously conducted on an informal basis. Too often strategic planning is confused with other business functions which are actually part of planning. Some may believe that budgeting is planning. Others may confuse strategic planning with forecasting. These are both part of the strategic planning process. Many agencies currently have well-established program plans with performance measures but still are missing an overall integrated direction for the future of the agency and its functions.

Strategic planning is outward looking - customer focused. The primary concern is to reaffirm and / or reshape an agency in a way so that it best contributes to the lives of Oklahomans.

STRATEGIC PLANNING GUIDELINES

In past years the Budget Request instructions have required that each agency state its Mission and provide Performance Measures that indicate whether or not the agency is achieving its goals and objectives.

The following is an outline of the strategic planning document which agencies will provide:

1. Introductory Information and Description of Strategic Planning Process
2. Executive Summary
3. Mission Statement
4. Vision Statement
5. Values and Behaviors
6. Long-term Goals
7. Agency Key Performance Measures
8. Agency-wide Action Plans
9. Assumptions - Highlights of Environmental Scan
10. Financial Performance (budget request)

The sequences of the components of a Strategic Plan indicate a precision in the process. In actual practice, the steps are highly integrated and dependent upon each other. These instructions will explain in a general way the specifics of each of the components. In addition, they will detail the process for strategic planning and the requirements of an Executive Summary. Please do not consider these suggestions an exhaustive list, but rather a starting point upon which to build.

If agencies participate in the process outlined by OMES, agencies will develop an agency-wide strategic plan with all the proper components, including Mission, Vision, Long-term goals, Agency Key Performance Measures and Agency-wide Action Plans. If the agency administers multiple programs or is comprised of several different functions, then the same process followed to develop the Agency Strategic Plan should be used to develop the same components for other various programs.

The following material describes each of the Strategic Plan components.

1. Introductory Information and Description of Strategic Planning Process

Strategic planning is the process by which members of an organization envision its future and develop the action plans necessary to achieve that future. Because of rapid change at all levels of our society, the expected outcomes of any strategic plan are assumed to be different than the current situation in which we may find ourselves.

Agency leaders who have completed strategic plans in the past have indicated that the process of strategic decision making is as important as the product. Strategic planning is the opportunity to tap the insights of agency personnel at all levels. In the process outlined by OMES, over a time period from 45 to 90 days, agency leaders will meet, analyze and

make very important decisions about the future of Oklahoma. In developing your planning process, strive for every member of the agency to have clear answers to the following questions:

- **Why are we here? (Mission)**
- **Where are we going? (Vision and goals)**
- **How do we work together? (Values)**
- **What are we doing to bring about a new future? (Agency-wide action plans)**
- **How can we show that we are accomplishing our goals? (Performance measures)**

The process outlined by OMES will result in an agency-wide strategic plan indicating where the agency wants to be in five years. In the same way that an agency's strategic plan contributes to the administration's vision and goals, the divisions within an agency should develop programs that launch an agency toward its vision and goals. Agency management and program managers should subject those programs to the same challenging questions identified above in order to clarify and define their short and long-term contribution to the success of the agency.

In this section, please describe the process the agency followed to establish the vision and goals, identify the values and behaviors, and establish action plans for accomplishing your mission. If the agency prepares a more detailed version than the one provided through the OMES system, provide copies of those plans. Also, provide the name of someone who can be contacted to obtain a more detailed copy of the strategic plan.

The other information requested in this section (identification of board/commission members and agency management and program directors) is information that is requested in the budget request. The OMES system automatically pulls this information into the Strategic Plan. Agencies need to update information regarding program managers by title and name.

2. Executive Summary

The purpose of the Executive Summary is to present a one to three-page overview of the strategic plan. Describe the agency's direction and provide highlights of agency-wide action plans of highest visibility and / or impact in contributing to the quality of life in Oklahoma.

This section should:

- provide a summary of the environmental assessment conducted by your agency;
- describe the new conditions that will exist in the short and long-term future;
- summarize agency-wide action plans to address state needs;
- include key numbers showing the financial implications of the plan;

a. Environmental assessment:

The "Eight Element Situation Analysis" included in the process outlined by OMES will help identify environmental factors that will affect agency operations. These factors are grouped in the following categories: economy, social/demographic, government and regulatory, competition, technology, markets/customers, industry trends and best practices, and factors of production and internal environment. This section provides an opportunity for agencies to review workforce needs and develop a workforce plan. Given the social and demographic changes of Oklahoma's workforce over the next decade, it is important to create and incorporate a workforce plan in the strategic planning process.

A workforce plan translates strategic thinking into concrete action in the area of workforce staffing and training needs. It attempts to answer the following questions:

- How many and what types of jobs are needed in order to meet the performance objectives of the organization?
- How will the agency develop worker skills?
- What strategies should the agency use to retain these skills?
- How have retirements, reductions in force, and/or hiring freezes affected your agency's ability to get the work done?

b. New conditions / issues:

Summarize new conditions and issues that the agency believes will exist during the time period covered by the strategic plan.

c. Agency-wide action plans:

Summarize the agency-wide action plans developed for the agency. These are explained in more detail later in the document.

d. Financial plans:

Present a brief summary of the financial resource changes that will be needed by the agency over this time period. Discuss at a summary level anticipated changes in fees, increases and decreases in operating levels, reorganizations, federal funds, state appropriations, etc.

3. Mission Statement

A Mission Statement can be written in various ways. Mission statements can define the scope of the agency's business – what you do, how you do it, and for whom:

- What do we do?
- For whom?
- What characteristics separate us from other organizations in similar business (how do we accomplish our mission)?

These answers establish agency "self concepts". Each of these answers aids in determining the overall direction (vision, values and goals) as well as the specifics when implementing programs.

Examples:

- **"Dedicated to lifelong learning for communities, agencies, tribes, families and individuals -- promote positive change through capacity building, training and development, and the application of knowledge."**
- **"Efficiently and effectively manage and protect the water resources of the state and plan for our long-range water needs in a responsive, innovative, and professional manner."**

Incomplete examples and corrected examples:

- **"We protect the public health and safety."** Missing the component of how we are different than other organizations in a similar business.
- **improved: "Through professional and thorough enforcement of the State's traffic laws, create a safer driving environment, protecting the public health and safety of Oklahomans."**
- **"The mission of the XYZ Board is to carry out the duties include in Title 97 of the Oklahoma Statutes."** This one is missing everything. No one should have to refer to any other document to understand your mission.
- **improved: "The mission of the XYZ Board is to protect the investments of Oklahomans by providing educational opportunities and through regulation of investment companies desiring to do business in the State."**
- **"The mission of the Phonehome Commission is to meet the needs of all the constituents we serve."** This one is too vague. It needs to include a description of whom they serve and how they do it.
- **improved: "Improve the health of our citizens by efficiently and effectively educating all Oklahomans in need of health care about where and how to get the services they need."**

An alternative to the above examples is writing a mission statement that succinctly conveys the agency's key functions, values and goals, such as, "To protect and to serve" or "Quality is Job One". In these shorter, pithy and more "motto like" mission statements, the customer is often implied.

4. Vision

Vision is the answer to the question -- "For what significant contribution to the quality of life of Oklahoma do we want to be known in the coming five years?" The answer to this question directs every employee's creative energy and acts as a springboard for major structural changes, and program changes.

Some of the focuses of Vision might be:

- Add value or provide services to clients/customers
- Differentiate from other organizations (potential competitors)
- Maximize a current strength
- Institutionalize deeply-felt personal values

Examples:

- **"Nationally recognized hub for innovative continuing education programs and services."**
- **"Leaders of water issues: the first choice of Oklahoma in solving problems with our ever more complex water issues."**
- **"Innovative procedures and systems that deliver our commitments; 'wow' our customers."**

5. Values and Behaviors

Values and behaviors are an organization's rules of conduct -- "regardless of the business endeavor of the day or hour, this is important around here."

Robert Levering, author of The 100 Best Companies to Work for in America, reports that more than half of all U.S. organizations have some such statement.

No empty phrases, please (such as "We will be fair"; or "Our employees will not steal"). Explicit statement of what values are important to the agency as it provides services in a fast-paced, rapid-fire environment.

Values and behaviors can be accomplished daily and can address the following characteristics as well as others:

- quality
- customers
- teamwork
- reputation
- timeliness
- employees
- creativity
- agency image

Examples:

- **"Teamwork: Through cooperative, effective communication, trust, and promotion of new ideas we will succeed."**
- **"Diversity, inclusiveness and equal opportunity"**
- **"Deliver Commitments: Highest quality information and responses within the time period negotiated"**

6. Long-term Goals

Agency goals are declarative statements that define outcomes or results to be achieved at some point in the future. Goals are definitions of conditions that are different from what currently exists. They are the general areas where things will be made to happen in order to direct the agency toward the vision.

Often, after agency leaders have agreed to long term goals, one or two may elevate to "primary" -- in these areas rests the agency's future and possibly even survival.

Categories:

- Innovations
- Customers
- Internal Operations
- Financial

Examples:

- **Improve student math scores by 50%.**
- **Introduce new child care services in 50% more of our largest employers.**
- **Develop competencies in all programs that support us being the best in the nation by 2018.**
- **Increase revenues for the division by 20% by 2018.**
- **Improve performance by developing the best leadership and staff by providing development opportunities and through aggressive recruiting of the best qualified personnel.**
- **Key positions essential for their technical expertise are vacant no longer than 30 days; new hires meet or exceed competency requirements.**
- **Customer satisfaction indexes will improve 20% by FY-2018 over baseline survey conducted in FY-2013.**

Goals define the general areas where things will be made to happen. They direct us toward the organization's vision.

Each long-term goal will have action plans / strategies that you develop to help you achieve them. Each long-term goal will also have performance measures to provide benchmarks against which you can measure your progress.

7. Agency Key Performance Measures (KPM)

Agency performance measures contain the short-term and long-term quantifiable outcomes. At the conclusion of the five year planning cycle they define the conditions that will exist, thus making the agency's vision a reality. In the shorter term they provide indicators of the progress the agency is making towards achieving its goals.

Long-term goals are elaborated and detailed with key performance measures. Each goal needs at least one key performance measure.

Key performance measures, short- and long-term, can be synonymous with short-term and long-term objectives. There are several different approaches to strategic planning as well as different terminology in measuring performance. Thank you in advance for accommodating and adapting language for sake of uniformity and clarity among agencies.

Establish key performance measures, the anticipated conditions in five years, then establish yearly benchmarks by which the agency can measure progress. In this section, provide a narrative summary of the agency's long-term goals and key performance measures. Then, provide objectives, along with the measures and associated data for each goal. The system is set up so that agencies can provide multiple long-term goals and multiple measures for each.

A goal must convey what the agency is trying to accomplish or achieve. An increase in appropriations is not an acceptable goal. An example of a goal that is aligned with an agency's mission is to reduce the number of child abuse cases or juvenile arrests.

Examples:

- **GOAL: FY-2013 through FY-2018 will average a 2% reduction in confirmed child abuse/neglect incidents per year.**
- KPM: annual reduction in confirmations
- description: this measure will simply compare the annual confirmed incidents of child abuse/neglect to the previous year and calculate the change in confirmations.

Total Confirmations:

- KPM: percentage change in confirmations from previous year:
- description: this measure will compare the percentage change in confirmations from one year to the next year.

GOAL: Key positions essential for their technical expertise are vacant no longer than 30 days; new hires meet or exceed competency requirements.

- KPM: number of days that these technical positions are vacant.
- description: our current situation is that these positions are vacant for 60 days on average. We plan on reducing that by nine days each of the first two years and then by four days each of the remaining three years.
- KPM: competency evaluation of new hires based on standard examination.
- description: scores for new hires will be higher than 85% on the QRS Competency Exam, and the average of all new hire test scores will increase by 10% by FY-2018.

GOAL: Customer satisfaction indexes will improve 20% by FY-2018 over baseline survey conducted in FY-2013.

- KPM: annual percentage of satisfied customers compared to total customers.
- description: each year, a customer satisfaction survey will be conducted. The measures will represent the percentage of customers that are satisfied with our service in this area.

8. Agency-wide Action Plans

Agency-wide action plans involve people throughout the organization. They contain the specific measurable objectives for achieving the goals, implementing the strategy and therefore making the vision a reality. Each agency-wide action plan contains milestones for monitoring.

Integration of the thinking and decision-making that has occurred in the planning process to date happens when planning team members commit to agency-wide action plans. The agency-wide action plans are those activities requiring an elevation of resources and attention. Prioritization and scheduling are essential because there are always more implementation needs than there are resources.

Agency-wide action plans may change from one planning cycle to another. Vision, mission and goals remain basically stable over a number of years.

The titles of agency-wide action plans often include words and directions already expressed in long-term goals and/or performance measures. The action plans provided here should be fairly high-level. Each should have more detailed strategies and tasks designed to carry-out the action plan identified within the agency.

Examples of Action Plan titles:

- **"Alliance/collaboration among programs"**
- **"Management Development/Succession Planning"**
- **"Implementation of SB 549 to reduce drug abuse by teenagers"**
- **"Improve customer relations"**
- **"Identify best practices and apply them to operations of program xyz"**
- **"Design and distribute a survey or other method to receive customer feedback"**
- **"Retain and grow critical expertise"**
- **"Form alliances outside state government"**

9. Assumptions

Preplanning assignments in the OMES facilitation for strategic planning include a situational analysis of the factors that impact the agency's future direction. Analysis of the economy, demographics, regulatory and legal trends, etc., produce a number of facts and trends from which direction is established. The most significant of these factors should be recorded here.

If assumptions change, the strategic direction will probably need to change. Assumptions should be monitored closely as agency-wide action plans are implemented.

Examples:

- **Growth rates of U.S. Gross Domestic Product and Oklahoma's Gross State Product have run parallel since 1990 and are expected to do so through 2018.**
- **Technologies are changing more rapidly than state government can possibly keep up. Second and third generation technology is acceptable.**
- **Unemployment is at a 25 year low. Attracting and retraining skilled professionals will require creative energies and investment.**
- **Ever reducing federal funds requires the state to carry the burden.**
- **OSHA regulations set to be effective on July 1, 2013 will require an increase in program staff.**
- **The introduction of new technology will enable us to reduce staff by ten percent over this period.**
- **The increased availability of services in the private sector will allow us to outsource the abc program at a savings of fifteen percent over the next five years.**

10. Financial Performance

The Financial Performance information should summarize the revenues and expenditures that are related to implementing the agency and program action plans described in the strategic plan over the next five years. The budget request portion of the plan will provide much more detail regarding revenues by fund and program as well as expenditure information by program and information about what the agency intends to accomplish.

All of the financial information represents estimates of what it will take for the agency to achieve its agency goals and goals established for the agency by the Governor and the Legislature.

Here are some examples of statements to include in the financial performance section:

Financial Performance:

In order to achieve the goals established in the five year strategic plan we estimate an overall increase in expenditures of \$10 million over the five year period. Part of this growth in expenditures will be funded with internal reallocations of resources, resulting in a net increase in expenditures of \$9 million as explained below.

This growth in expenditures can be attributed to our desire to accomplish

Funding to cover this increase in expenditures will need to come from four sources. The first would be the anticipated increase in federal funding through the XYZ program. Revenues from this program over the next five years will fund approximately 20% of the expenditure growth, or \$2 million more in FY-2018 than in FY-2013.

We also anticipate increased revenues from user fees during this period to cover the costs of several inflationary increases and program expansions. Estimated increases in fee generated revenues of \$2.5 million dollars, or enough to cover 25% of our increased costs over the five year period are planned. These fees will address the goals and action plans in the ABC program area.

The Commission has also indicated a strong desire to reallocate existing resources from less productive areas to programs that will help Oklahoma continue to grow economically. Our five year strategic plan includes reallocations of more than \$1 million from existing programs that either aren't performing or are simply low-priority. These funds will be used to offset costs associated with some of the anticipated increased costs for programs that will provide a better return on investment to our citizens. Programs being eliminated include the QRZ program and the STU program. The LMN program funding is being reduced due to program restructuring outlined in the strategic plan.

Finally, this budget anticipates increases in state provided appropriations of \$4.5 million by FY-2018 in order to meet the aggressive challenges outlined in the five year strategic plan.

11. Definitions

Mission: Statement of purpose of the organization; includes the business the organization is in, its customers, and the products/services; clarifies the nature and scope of the organization's product/service offerings and broadly outlines the primary emphasis.

Key Questions: Why are we here? What is it we do, how do we do it and who are our customers?

Vision: Description of the ideal future contribution and/or state of the organization; a consciously created image of what you would ideally like the organization to be.

Key Question: What do we want to be in five years?

Values: Definitions of the organization's rules of conduct. Includes professional behaviors that demonstrate the values being practiced.

Key Questions: How do we work together? What's important around here?

Goal: Broadly-defined strategic positions or conditions which your agency desires to reach. Goals close the gap between the organization's preferred vision and its current situation.

Key Questions: What do we want to do? By when? How much?

Key Performance Measures: Measurable statements of achievement that lead to the accomplishment of a goal; synonymous with "objectives".

Key Question: How will we know if we did it (the goal)?

Action Plans: Statements of how the organization deploys resources to accomplish goals and achieve specific performance measures. Includes task accountabilities.

Key Questions: What are we doing (to reach the goal / achieve the performance measure)? Who is responsible for doing it?

E. HOW TO RETURN YOUR FY-2013 – 2018 Strategic Plan

Remember, if you are using the Oracle Budget Request/Strategic Planning System, to change the status of the Strategic Plan in the system from "working" to "complete" once it has been finalized. Otherwise, you may submit your Strategic Plan as an email attachment to your Budget Analyst. No paper copy is required to OMES. However, the following entities have requested a paper copy:

Send one copy of the Strategic Plan to each of the following entities:

Your agency's Cabinet Secretary

Appropriated Agencies - Send two copies of your Strategic Plan to:

Senate Fiscal Staff
2300 North Lincoln, Room 309
Oklahoma City, OK 73105