



CENTRE FOR DEFENCE AND STRATEGIC STUDIES



Strategic Management Series

Strategic Management papers are written by course members as part of the Capability and Force Development Block of the Defence and Strategic Studies Course

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2011

**An Analysis of Strategic Planning – Four Ideas for the
Australian Defence Organisation**

INTRODUCTION

1. For the Australian Defence Organisation (ADO) 'strategy means the calculated relationship between ends, ways and means', and strategy, or strategic, planning is defined as a process that 'identifies goals [ends], determines how to pursue these goals [ways] and decides what resources are applied [means]'.¹ The ADO uses two types of military strategic planning to determine 'appropriate military options':²

- a. *capability development planning*, incorporating policy with conceptual and experimentation analyses into a guidance process aimed at ensuring that Defence develops the right capabilities for the future; and
- b. *joint or whole-of-government operations planning*, including deliberate and immediate planning.³

2. Strategic planning in the ADO usually works well for two reasons. First, ADO personnel are well trained, well led, and experienced in the art of strategic thinking. Second, the ADO's strategic planning process is well defined, technically robust, and adequately develops and implements 'plans to achieve goals and objectives'.⁴

3. Noting the strength of the ADO's people in the art of strategic thinking, this paper aims to enhance the ADO's strategic planning process. The strategic planning methods recommended in this paper support the view that an organisation's strategy should articulate 'not only what an [organisation] will do but also, implicitly, what it will not do', and that an organisation's strategy is 'not just a plan, not just an idea; it is a way of life'.⁵

¹ Department of Defence, *The Strategy Framework, 2010*, Australian Government, 2010, p. 1.

² Department of Defence, *Australian Defence Doctrine Publication—5.0 (Provisional)—Joint Planning (ADDP 5.0)*, Australian Government, January 2006.

³ Department of Defence, *Australian Defence Doctrine Publication—5.0 (Provisional)—Joint Planning (ADDP 5.0)*. Deliberate planning is 'planning for the possible' and is largely assumption-based, concerned with identifying potential military responses to possible scenarios. It is the start of a process to develop considered military strategic guidance for the employment of the ADF to achieve an end-state in support of Government national strategy. It relies on a mix of assumption-based planning against current strategic guidance and analysis of possible future strategic environments. Immediate planning is 'planning for the likely or certain' and is situation based, and normally time sensitive. It requires close monitoring of an emerging situation and the development of military options. Immediate planning is focused on developing military options to meet a developing crisis based on a whole-of-government approach.

⁴ Lester Young, Thomas Reynolds and Thomas Lee Harris, 'Organizational Strategic Planning and Execution—Should Governmental Organizations rely on strategic planning for the success of the organization?', *Naval Postgraduate School*, Monterey, California, June 2007, p. 8.

⁵ Cynthia Montgomery, 'Putting Leadership back into Strategy', *Harvard Business Review*, Vol. 86, No. 1, January 2008, pp. 56 and 58.

4. **Scope:** This paper concentrates on enhancing the effects of strategic planning to support an organisation's purpose. This emphasis on effects is derived from a definition of strategic planning (or strategy) as the 'skilful management in ... attaining an end'; and, [plan] as a 'project or definite purpose'.⁶ This paper uses methods and ideas from four leading strategic management scholars (Dietrich Dörner, Jeanne Liedtka, Henry Mintzberg and Igor Ansoff); and from two Australian businesses (the Australian Government Future Fund and BAE Systems).

AIM

5. The aim of this paper is to synthesise methods and ideas on strategic planning that support positive organisational effects, and to recommend four ideas to enhance ADO strategic planning.

AN ANALYSIS OF STRATEGIC PLANNING: FOUR IDEAS

6. **Idea 1: Planning for complex problems.** Strategic planning is undertaken to understand, scope and solve complex problems. Dietrich Dörner argues that the ADO's strategic planning process of combining the understanding and planning of a complex problem into a single ends, ways and means process is too linear. Instead, he argues that before starting to plan, to 'deal rationally with a complex problem', an organisation should 'define ... goals clearly', construct a 'model' of the system, and then 'observe the system for a while to understand the connections between its variables'.⁷ Once the definition, model building and systemic understanding of a problem have occurred, '[the organisation] can move onto the planning stage'.⁸

7. Dörner further argues that truncating the understanding of a strategic problem by rushing to the planning stage is dangerous because for complex problems 'our grasp on reality can only be partial'.⁹ Dörner would criticise the ADO's strategic planning process of ends, ways and means as too ready to solve, rather than to understand, strategic problems—a bias toward action rather than reflection. Instead, strategic problem-solving necessitates '[adjusting] the courses of action after we have launched them [by] analysing the consequences of our behaviour'.¹⁰

⁶ The Macquarie Dictionary Online, available at <<<http://www.macquariedictionary.com.au>>>, accessed 11 August 2010.

⁷ Dietrich Dörner, *The Logic of Failure—Recognising and Avoiding Error in Complex Situations*, Basic Books, New York, 1996, p. 153.

⁸ Dörner, *The Logic of Failure—Recognising and Avoiding Error in Complex Situations*, p. 153.

⁹ Dörner, *The Logic of Failure—Recognising and Avoiding Error in Complex Situations*, p. 178.

¹⁰ Dörner, *The Logic of Failure—Recognising and Avoiding Error in Complex Situations*, p. 178.

8. Supporting Dörner, Jeanne Liedtka argues that ‘formal [strategic] planning breeds bureaucracy and myopia, not curiosity and creativity’.¹¹ Instead, she argues for strategic thinking to support a less formal strategic planning system as a system in motion—a complex adaptive system that changes as planners, and other actors, interact with that system.¹² Liedtka’s strategic thinking is a useful approach for applying more dynamism to the ADO’s strategic planning process, especially when considering the ‘ends’ of a strategic plan. The ‘ends’ in a complex adaptive system are not static but change as the system receives new inputs and stimuli. For the system to excel, ‘system as a whole must adapt to change’.¹³ Unlike the ADO’s strategic planning process, strategic thinking employs a dynamic planning system that allows for non-linear feedback as planning evolves.¹⁴

9. Liedtka’s strategic thinking for organisations involves three tests:
- a. *Test 1: Image*—strategic thinkers ‘hold in mind an image, a mental representation of something not currently present’;¹⁵
 - b. *Test 2: Intention*—caring about ‘whether that image materialises, and channelling [organisational] efforts accordingly’;¹⁶ and
 - c. *Test 3: Flexibility*—after creating a ‘richly detailed, systems view of [the] world ... [and committing] to a role in making it happen ... be open to changing it’.¹⁷ In other words, flexibility in strategic thinking requires planners to develop and test hypotheses; that is, ‘you adopt a mindset that treats your method of accomplishing your purpose [strategy] as an experiment. If that experiment fails, you try something else’.¹⁸

10. Applying Liedtka’s approach, rigid ‘ends’ to a strategic plan such as the Defence Capability Plan to 2030 unnecessarily constrain Test 3 in strategic thinking. Flexibility is an organisation’s ability to respond to new and emerging conditions and circumstances.

¹¹ Jeanne Liedtka, ‘Everything I need to know about strategy I learned at the National Zoo’, in *Strategy Bites Back*, (eds.) Henry Mintzberg, Bruce Ahlstrand and Joseph Lampel, Prentice Hall, Harlow, United Kingdom, 2005, p. 173.

¹² Liedtka, ‘Everything I need to know about strategy I learned at the National Zoo’, pp. 173 and 180.

¹³ Fred T. Krawchuk, ‘Collaborative Strategic Planning and Action: A New Approach’, *Parameters*, Vol. 38, No. 2, Summer 2008, p. 69.

¹⁴ John Sterman, *Business Dynamics: Systems Thinking and Modelling for a Complex World*, Irwin McGraw-Hill, Boston, 2000, p. 27. Non-linear feedback includes the use of ‘red-teaming’ in dynamic problem solving.

¹⁵ Liedtka, ‘Everything I need to know about strategy I learned at the National Zoo’, pp. 173–80.

¹⁶ Liedtka, ‘Everything I need to know about strategy I learned at the National Zoo’, pp. 173–80.

¹⁷ Liedtka, ‘Everything I need to know about strategy I learned at the National Zoo’, pp. 173–80.

¹⁸ Liedtka, ‘Everything I need to know about strategy I learned at the National Zoo’, p. 180.

11. **Idea 2: Strategic programming.** Using the Henry Mintzberg approach to the ADO, we would find that the ADO's strategic planning process of identifying goals [ends], determining how to pursue these goals [ways] and deciding what resources are applied [means] is actually 'strategic programming'. While the 'ends, ways and means' strategic planning process provides a robust technical system for ADO planners to follow, it fails to deliver strategy as 'a way of life' for the organisation.¹⁹ In short, the ADO's strategic planning process favours the science of planning at the expense of the art of planning.

12. Despite this criticism, Mintzberg acknowledges that strategic programming has a role. He describes strategic programming as a three-step process; and these three-steps parallel the ADO's strategic planning process:

- a. *codifies*—goals through clarification, articulation, and calibration (identify the ends);
- b. *elaborates*—goals into sub-strategies, ad hoc programs and action plans (ways to pursue goals); and
- c. *converts*—sub-strategies, ad hoc programs and action plans into routine budgets and objectives (how resources are applied—the means).²⁰

13. Unwelcome characteristics of strategic programming include:

- a. the organisation using strategy rather than vision to guide organisational planning;
- b. budgetary processes being confused with strategic planning processes;
- c. planners becoming obsessed with the right strategy;
- d. leaders ceding responsibility for strategic issues to specialists or consultants;
- e. stakeholders perhaps not understanding the entire system that supports the strategy; and
- f. strategic planning becoming overly detailed with no clear outcome.²¹

Based on this analysis of the unwelcome characteristics of strategic programming, it is recommended that the ADO review the ends, ways and means approach to strategic planning to ensure the ADO is less rigidly scientific, and more open to new ideas, intuition and continuous feedback.

¹⁹ Montgomery, 'Putting Leadership back into Strategy', pp. 56 and 58.

²⁰ Henry Mintzberg, *The Rise and Fall of Strategic Planning*, 2nd ed., Prentice Hall, Harlow, United Kingdom, 2000, p. 336.

²¹ Gerry Johnson, Kevan Scholes and Richard Whittington, *Exploring Corporate Strategy*, 7th ed., Prentice Hall, Harlow, 2005, pp. 572–73.

14. **Idea 3: Strategy as a plan and a pattern.** Mintzberg argues that a strategy has two interdependent variables: a plan as an intended or deliberate strategy—a direction guide, or course of action; and a pattern as a realised or emergent strategy—consistency in behaviour over time.²² The ADO’s strategic planning process of ends, ways and means is biased toward an intended strategy that seeks to create a direction guide or course of action.

15. Mintzberg is critical of organisational preference for intended strategic planning to formalise, detach, quantify and predetermine assumptions. He argues that strategic planning is weakened when the ‘strategy making process can be programmed by the use of systems’, where planning seeks to reduce ‘intuition to a series of delineated steps’.²³ The Australian Government Future Fund recognises the risks associated with quantified and predetermined assumptions in an intended strategy. The Fund notes that while ‘quantification of returns ... are necessary ... the difficulty and limitations of these assumptions mean qualitative considerations are also important’.²⁴

16. Mintzberg argues that a realised strategy ‘focuses on making the strategy work’—that strategic planning rarely ‘creates’ strategy but instead ‘produces evolving strategic patterns’.²⁵ Mintzberg’s realised strategy is described as a grass-roots model of strategy formulation, containing six attributes:

- a. Sometimes it is more important to let patterns emerge than over-manage the process of strategy formulation;
- b. Organisations cannot always plan when their strategies will emerge; let alone plan the strategies themselves;
- c. Strategies become organisational when they become collective—when the patterns proliferate to pervade the behaviour of the organisation at large;
- d. Processes of proliferation may be conscious and managed; likewise proliferation may be unconscious and unmanaged;
- e. New strategies, which may continuously emerge, tend to pervade organisations during periods of change: during periods of stability, organisations tend to exploit prevalent and established strategies; and

²² Mintzberg, *The Rise and Fall of Strategic Planning*, pp. 23–24; and J. Richard Falshaw, Keith W. Glaister and Ekrem Tatoglu, ‘Evidence on formal strategic planning and company performance’, *Management Decision*, Vol. 44, No. 1, 2006, p. 11.

²³ Mintzberg, *The Rise and Fall of Strategic Planning*, p. 222.

²⁴ Australian Government Future Fund, *Annual Report 2008/09*, Future Fund Board of Guardians, 5 October 2009, p. 13.

²⁵ Mintzberg, *The Rise and Fall of Strategic Planning*, pp. 235 and 287; and Falshaw, Glaister and Tatoglu, ‘Evidence on formal strategic planning and company performance’, p. 11.

- f. Preconceived strategies are not required in the grass-roots model of strategy formulation; instead organisations must recognise when strategies and patterns emerge and intervene when appropriate. Mintzberg notes that ‘it is the excesses of either—failure to focus (running blind) or failure to change (bureaucratic momentum)—that most harms organisations’.²⁶

17. Despite his grass-roots model of strategy formulation, Mintzberg acknowledges that there is a continuum along which ‘real-world strategy making must lie’, including where organisations must undertake deliberate planning or intended strategy, especially when the future seems ‘roughly predictable’.²⁷ Mintzberg’s view of ‘real-world strategy’ would best align with the ADO’s immediate planning process of ‘planning for the likely or certain’ within joint and whole-of-government operations planning contexts.²⁸

18. **Idea 4: From strategic planning to strategic management.** Igor Ansoff argues that ‘strategic planning [focuses] on making optimal strategy decisions, while strategic management [focuses] on producing strategic results: new markets; new products; and/or new technologies’.²⁹ Rather than designing plans, strategic management aims to integrate planning throughout an organisation.³⁰ Like Mintzberg’s ‘grass-roots model of strategy formulation’, which emphasises that strategies become organisational when they become collective, strategic management ‘recognises the central role played by individuals and groups and the influence of corporate culture’.³¹ Other authors emphasise that strategic planning should be ‘more about collective wisdom than top-down or bottom-up planning ... [and] should have a creative component’.³²

19. One example of Ansoff’s strategic management approach is the Total Performance Culture used by BAE Systems. BAE Systems aims to capture the collective wisdom of the business through the development of four elements: customer focus; financial performance; programme execution; and responsible

²⁶ Mintzberg, *The Rise and Fall of Strategic Planning*, pp. 233 and 287–89.

²⁷ Mintzberg, *The Rise and Fall of Strategic Planning*, p. 289.

²⁸ Department of Defence, *Australian Defence Doctrine Publication—5.0 (Provisional)—Joint Planning (ADDP 5.0)*.

²⁹ Igor Ansoff, *The New Corporate Strategy*, John Wiley, New York, 1988, p. 235.

³⁰ Owen Hughes, *Public Management & Administration—An Introduction*, 3rd ed, Palgrave-Macmillan, Basingstoke, 2003, p. 135.

³¹ Graham Toft, ‘Synoptic (One Best Way) Approaches to Strategic Management’ in *Handbook of Strategic Management*, (eds.) Jack Rabin, Gerald Miller and W. Bartley Hildreth, Marcel Dekker, New York, 1989, pp. 6–7.

³² Chan Kim and Renee Mauborgne, *Blue Ocean Strategy*, Harvard Business School Press, Boston, 2005, p. 99.

behaviour.³³ In emphasising collective rather than centralised ‘wisdom’, BAE Systems favours strategic management thinking over strategic planning to give the company a commercial advantage over competitors.

20. The ADO would benefit from moving away from the rigid ends, ways and means strategic planning model to a model under strategic management that incorporates collective development and production of strategic results. Strategic management could also integrate a more consultative ADO strategic planning process into the whole-of-government environment.

CONCLUSION

21. This paper has examined methods of strategic planning that create positive organisational effects to suggest ways of enhancing ADO strategic planning. Taking ideas from Dörner, Liedtka, Mintzberg and Ansoff, and from two Australian businesses, this paper now identifies four recommended ways for the ADO to strengthen its ends, ways and means approach to strategic planning.

RECOMMENDATIONS

22. The ADO could improve its strategic planning model and processes by employing the following four ideas.

- a. The ADO could **build** a strategic thinking process that accounts for complexity and uncertainty in problem solving, and enhances the ADO’s ability to respond to new and emerging conditions and circumstances (Dörner and Liedtka—Idea 1).
- b. The ADO could **apply** the less-rigid strategic programming to complement the ‘ends, ways, and means strategic planning process’. The ADO could also ensure its strategic planning is open to new ideas, intuition, and continuous feedback (Mintzberg—Idea 2).
- c. The ADO could **review** the ‘ends, ways, and means strategic planning process’, to ensure a balance between two interdependent variables: an intended strategy and a realised strategy. As a guide for this review, the degree of predictability about the future should influence the emphasis assigned to either type of strategic thinking (Mintzberg—Idea 3).
- d. The ADO could **design** a flexible strategic planning model that incorporates the collective development of strategic results, including the integration of a consultative ADO strategic planning process into whole-of-government planning (Ansoff—Idea 4).

³³ BAE Systems, ‘Positioning the Company for the Future—Focus for leadership and engagement’, *BAE Systems News*, Issue 1, 2010, p. 5, available at <<http://www.baesystems.com/BAEProd/groups/public/documents/bae_publication/baes_pdf_baesnews_issue1_2010.pdf>>, accessed 27 September 2010.

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