



Strategic Planning and the U.S. Air Force

Characteristics of Success

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Preface

This report summarizes the findings of a RAND study on the future of strategic planning in the U.S. Air Force. The study's purpose is to evaluate the history and current practice of strategic planning in the service, culminating in the 2015 Strategic Master Plan (SMP), and to offer insight and recommendations on routes to effective strategymaking and planning in general and with regard to the SMP in particular. In order to do this, the study has pursued various lines of inquiry and examined a range of data, literatures, and empirical evidence. Its goal is not to generate a specific finding about a "right" or best answer but instead to offer an ongoing stream of insight to senior Air Force leaders to help them shape the future of the SMP and associated documents and processes.

This research was commissioned by the Director of Strategy, Concepts and Assessments, Deputy Chief of Staff for Strategic Plans and Requirements, and conducted within the Strategy and Doctrine Program of RAND Project AIR FORCE. It is part of a larger study, entitled "Support for USAF Strategic Master Plan Implementation," that assists the Air Force with executing the SMP.

This report should be of value to the national security community and interested members of the general public, especially those with an interest in strategic plans and Air Force organizational culture.

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Summary

The U.S. Air Force has embarked on a new round of strategic planning, under the auspices of its 2015 Strategic Master Plan (SMP), to help set the future direction of the service. Many public and private enterprises use strategic planning to adapt to the environment and improve their ability to meet goals. Refining the Air Force’s strategic planning process may help the service align itself to its environment and to keep key initiatives on track.

Over the last year, RAND has researched and analyzed a number of issues to help inform an assessment of the SMP and make recommendations for using the document and the process it represents. The study’s purpose was to generate findings and recommendations for the Air Force. More broadly, however, this report represents a general survey of the state of the art in strategy and planning that could be of use to a wider audience.

In order to offer the Air Force actionable findings on strategic planning, we surveyed a number of major topics and literatures for common themes and findings. In both existing literature and in new case studies and dialogues, we looked for clear evidence that specific approaches to strategic planning could have identifiable outcomes.¹ We assessed the limited empirical evidence that exists, surveyed a number of literatures in relevant fields, found examples of how large organizations had been able to achieve specific results with their planning processes, and examined the testimony of senior leaders in government and business about the results of their strategic planning efforts.

The basic concept and approach of the SMP has promise. Our review of history and theory supports the idea that a consistent, ongoing planning structure would offer important advantages to any military service. And our review of current thinking on strategic planning strongly supports the essential theme and objective of the SMP and the larger *Call to the Future* strategy of 2014: “Promoting Agility and Adaptability in the Face of Accelerating Change.”

Yet we also found that the actual design and execution of the SMP could potentially obstruct, rather than facilitate, these objectives. The SMP retains many elements of an old-style strategic planning process—forecasting an identifiable future, building an exhaustive, preset plan, identifying hundreds of specific tasks, focusing on execution over creative and flexible responses—in the name of creating innovation and agility. In its current incarnation, notwithstanding its many important achievements and useful elements, some aspects of the

¹ We placed special emphasis on planning-oriented research that was grounded in either extensive case studies or actual data-based efforts to trace relationships between planning and outcomes. One early survey of such disciplined work is Henry Mintzberg, *The Rise and Fall of Strategic Planning*, New York: The Free Press, 1994, especially pp. 91–158. Two important recent studies grounded in empirical work are Rita Gunther McGrath, *The End of Competitive Advantage*, Boston: Harvard Business School Press, 2013, and Wouter Aghina, Aaron De Smet, and Kristen Weerda, “Why Agility Pays,” *McKinsey Quarterly*, December 2015.

SMP's design represent a contradiction: an industrial-era approach to solving an information-age strategic challenge.

One particular line in the SMP reflects this tension perfectly. “It is the element of speed—the pace of change—that drives the imperative for agility,” the document states—a sentiment that matches much recent thinking in business practice and the theory of strategy. But a second statement follows: “This implies anticipation over reaction, shaping over responding.”² In fact, every major study and corporate practice consulted for this analysis suggests that the *inverse* more accurately reflects emerging evidence and practice. In faster-moving, more-uncertain times, accurate anticipation becomes nearly impossible and effective shaping of a rapidly evolving context extremely difficult. Organizations are cultivating an ability to react and respond, decisively and thoughtfully, as the fundamental answer to the speed of change, using flexible, innovation-oriented planning processes to structure these efforts. We thus recommend that the Air Force build on the concept of the SMP by revising its intent, design, and execution to maximize its responsive, adaptive value.

Definitions and Study Design

Most fundamentally, strategic planning deals with the future: It envisions one or more plausible futures and assesses these futures' inherent challenges and opportunities. A strategic planning process creates or identifies a strategy to guide an organization's approach to those potential futures. It allocates resources to achieve the strategy and organizes a coherent process to ensure and track its execution.

The fundamental character of strategic planning, then, involves translating a long-term vision into practical steps and creating a systematic process to implement them. The SMP represents such an effort designed to guide the Air Force toward the future outlined in other documents, including the Air Force Strategic Environment Assessment and the Air Force Operating Concept. This study evaluates the SMP as an example of strategic planning in this larger context.

It is important to stress what this study was—and was *not*—designed to do. It represents an evaluation of the SMP as an example of strategic planning. Its goal is to give Air Force leaders a sense of the characteristics of successful strategymaking and planning processes as well as the possible pitfalls of SMP implementation. It is, therefore, a broad-based review and assessment of the nature—and changing qualities—of strategic planning as a discipline.

This study was *not* an effort to “grade” the degree of actual implementation of specific SMP objectives. We did not work with the Air Force to track which offices were responsible for which tasks or to determine if the hundreds of SMP objectives are being accomplished. Air Force staff are responsible for that particular tracking effort. We did, however, engage in regular

² U.S. Air Force, *Strategic Master Plan*, May 2015b, p. 60.

conversations about high-level benchmarks that give a general sense of whether the implementation process is occurring as planned.

We selected a method designed to provide meaningful insight, grounded in empirical and theoretical analysis, within this inevitably qualitative and subjective issue area. We chose a number of fields of research and topics that bear on the larger question (summarized below). In each case, we performed a combination of secondary and original research, surveying existing analysis in such areas as the general field of strategic planning or change management as well as conducting original case studies, semistructured interviews with subject matter experts and gathering of information about the role of planning. Our goal was to look for common themes and findings that would provide useful insight for senior Air Force leaders.

We first conducted detailed *literature reviews* of a number of fields related to strategic planning. These included strategy, strategic planning, public sector strategic planning, implementation and execution, change management, innovation, and leadership transition. These literatures, grounded in decades of academic research, including some empirical comparison of firms, contained a number of primary themes or lessons—principles for effective strategy development and strategic planning. Chapter Two of this report summarizes these lessons.

Second, we conducted a number of *case studies* of corporations and government services or agencies, supported by both research and background dialogues with people involved in the planning efforts at these organizations. We chose organizations known in their respective fields for having planning processes that were deeply thought through or contributed in measurable ways to their success (or both). The full-scale cases included General Electric (GE), Intuit, the U.S. Navy, and the U.S. Agency for International Development. Chapter Three of this report summarizes the cases and outlines common lessons.

Third, we *performed semistructured dialogues with experts on planning or strategic planning practitioners* in major firms. These included individuals at University of California–Los Angeles Anderson School of Business, the Wharton School, University of Chicago Booth School of Business, Stanford Business School, Procter and Gamble, Intel, Yum Brands, and Embraer Aircraft. The results of these dialogues are integrated throughout the report. In many cases, the specific experts are not cited by name because the dialogues were conducted on a not-for-attribution basis.

Fourth, we performed a detailed evaluation of *prior cases of strategic planning in the U.S. Air Force*. This study is being published as an independent report. Chapter Four of this report offers a brief summary of that historical survey.

Fifth and finally, we conducted a study of *the specific qualities of agility and adaptability and the way cutting-edge strategic planning processes are used to advance these goals*. The specific goals were chosen because of their prominence in the SMP. Chapter Five of this report offers a summary of this analysis.

The Evolving Character of Strategic Planning

The SMP and its associated process offer a tremendous opportunity for the Air Force. It has begun to provide a common framework for organizing the service's thinking about its future. At the same time, we conclude that the current the SMP concept and design have significant risks that could undermine the SMP's value and create counterproductive outcomes. Our essential finding is that the Air Force has an opportunity to use the planned 2017 review of the SMP as a chance to refine and revise the approach to maximize its value and eliminate areas of potential risk.

Specifically, we recommend that the Air Force follow emerging practice in the private sector and employ its strategic planning process in service of what the SMP itself identifies as the leading imperatives for the future: agility and inclusiveness. Our research points to a significant evolution in the theory of strategy and planning, in terms of both academic research and private-sector practice. Enterprises are increasingly looking to their planning processes not primarily to ensure execution of detailed agendas, but to generate agility and adaptability in the face of a rapidly shifting strategic environment. Especially given the emphasis on agility (and the supporting goal of inclusiveness) in the SMP and other top-level documents, the Air Force has an opportunity to employ the SMP in ways that take advantage of this new model.

Historically, strategic planning sought out competitive advantage by building a precisely choreographed series of steps toward a well-defined future. The effort would begin by envisioning that future—anywhere from ten to 30 years ahead—and then mapping out an array of actions necessary to compete and thrive within the anticipated environment. Success was measured by how well the resulting series of actions was accomplished. This fairly rigid, prepackaged approach was a hallmark of industrial-era management that presumed an ability to forecast futures, comprehend the causal relations of actions, and control outcomes.

Some aspects of the current Air Force planning process and associated documents reflect this mindset. The SMP and its annexes, for example, offer hundreds of objectives designed to fashion an Air Force more capable of succeeding in a clearly specified long-term future. The emphasis of the overall effort is on executing specific tasks.

In Chapter Six, we offer our evaluation of the current SMP, and highlight a number of these factors as risk areas. Based on the testimony of former Air Force leaders experienced with previous planning efforts, the example of cutting-edge private-sector planning processes, and the views of many current senior Air Force leaders, we conclude that the SMP—with the best of intentions for providing service direction, and with some notable benefits that are already becoming evident—has nonetheless become too expansive, detailed, and top-heavy. In this it shares a problem with the broader suite of Air Force strategy documents, which offer a confusing array of functions, missions, objectives, imperatives, vectors, and tasks.

This approach would be appropriate if the purpose of strategic planning were to spell out, in detail and in advance, all the steps an organization must take over the coming decade. However,

the theory, research, and especially corporate practice of strategic planning increasingly have shifted from linear, industrial-era models of organizational life to the use of complex, nonlinear dynamics in strategy and forecasting. Cutting-edge planning theory no longer assumes an ability to accurately scope the emerging strategic environment. Instead, it accepts that the future emerges from the gradual unfolding of hundreds of variables. Planning, therefore, needs most of all to be *agile, responsive, and ongoing*, rather than rigid and preplanned. The necessary actions cannot all be spelled out in advance. Instead, strategic planning's most important function is to provide an opportunity to react, respond, and update based upon a fluid, changing context.

In this new model, planning does not become entirely reactive or short-term. This is absolutely critical to understand: Especially for an organization as large, complex, and mission-driven as the Air Force, deliberate, day-to-day execution will always be the immediate priority. Our research does not point to valuing agility, innovation, or inclusiveness *over* effective deliberate planning and execution. The issue is one of *balance*: Whereas older planning concepts were dominantly prepackaged, deterministic, and focused on checking the boxes of planned tasks, many new approaches aim to catalyze an ongoing, agile, and responsive engagement with a changing environment.

Planning efforts are increasingly viewed as the basis for a dynamic posture able to respond to emerging futures—none of which are certain. They define a clear strategy for competitive advantage and outline a few, high-level strategic objectives in service of that strategy, but avoid micromanaging of objectives or programs. The ongoing *process*—of assessing the changing environment and discerning implications for strategic priorities—becomes much more important than generating lists of objectives and their associated metrics. Strategy development serves as a catalyst for dialogue among senior leaders and for enterprise-wide innovation and experimentation.

Recommendations

Our research and the perspectives of Air Force officials involved in the SMP therefore point toward four basic recommendations.

Recommendation One: Clarify the Strategy's Concept of Competitive Advantage

Our research found that effective strategic plans seek to implement strategies that reflect a clear and concise statement of organizational competitive advantage. Diligently executing dozens or hundreds of tasks in a plan is useless if the plan does not embody a clear strategy for success. It is a hallmark of strategy and planning at many successful organizations, and of effective strategy in general, to state a clear theory of why a given set of actions will provide lasting competitive advantage. Without such a theory, leaders of an organization cannot expect that a plan's actions will achieve the intended result.

Our review of the SMP, and the *Call to the Future* from which it is derived, suggests that additional clarity is needed. Both documents lay out the sort of challenges the Air Force will face and include a number of key areas of emphasis, including imperatives and vectors. The SMP lays out hundreds of specific objectives or aspirations designed to fulfill these various areas of emphasis. But neither offers what could be described as a true strategy for achieving competitive advantage. A common theme in our discussions with Air Force leaders subject to the SMP has been an uncertainty of what it is really telling them to do, and the absence of a sense of clear strategic direction.

All of the supporting elements of thinking and analysis have been built into the SMP and associated documents. What is required is a clearer statement of the core strategy that motivates current Air Force thinking about future competitive advantage. This can then enable adoption of other recommendations below: It can allow the Air Force to streamline the SMP, for example, significantly reducing its explicit objectives in favor of more general, but more focused, guidance.

Recommendation Two: Streamline the SMP and the Surrounding Ecosystem of Strategy Documents

Our study of current strategic planning approaches tied to goals of agility and adaptiveness points to a clear finding about the scope and ambitions of such efforts. Traditional planning efforts could be exhaustive in their reach and detail, including hundreds of specified tasks to march an organization toward an expected future. More recently, this industrial-era mindset has given way to greater appreciation for the nonlinear, emergent characteristics of strategy and planning. The result has been a growing reliance on planning processes that are far more streamlined. These processes have a few major objectives and directions but also incorporate very significant elements designed to help—indeed force—an organization to constantly evaluate a changing environment and adapt with strategic responses.

Strategic planning processes oriented toward agility tend to avoid micromanaging and weighing down the planning process with massive catalogues of tasks. They focus on outlining a core strategic concept and a handful of top-level objectives that will help achieve it. Our analysis, therefore, points to the value of a more-streamlined top-level strategic planning document and process for the SMP. This document would begin, as put forth in Recommendation One, with a clear statement of strategic competitive advantage. It would identify a number of major themes or areas of emphasis necessary to realize the strategy—the imperatives and vectors of the current version, for example. And it would highlight no more than five or six high-level objectives—stated as clear and measurable goals rather than mere generic aspirations—which the Air Force needs to achieve to fulfill its strategic vision. The resulting document might be only ten to 15 pages in length. It would be used as the baseline for an ongoing process of analysis and reevaluation, rather than undergo revisions every year or two.

The document would then fit into a larger ecosystem of Air Force strategy documents that had been similarly streamlined.

Recommendation Three: Rebuild Forums for High-Level Strategic Dialogue

Our research suggests that strategic planning efforts prized by institutions focus on generating a high-level dialogue within the organization about the evolving strategic environment and the organization's role within it. The ultimate purpose of strategic planning is to support senior leader judgment; the planning process can aid such judgment by offering numerous opportunities for strategic dialogues and debates. The message from current literature and the testimony of a number of corporations is clear: In a fast-moving context, it is the regular, open, no-holds-barred dialogue and debate about strategy and implementation that offers arguably the most important advantages in a planning process. The value of this debate can be difficult to quantify, but leaders in both the public and private sectors prize such debate.

This function has become somewhat atrophied in the Air Force, our research suggests. Most senior-level conferences and meetings are now devoted to very discrete, Program Objective Memorandum-oriented planning sessions dominated by complex PowerPoint presentations. There are precious few opportunities for the top leaders of the Air Force to engage in such free-wheeling strategy discussions.

Our analysis supports a recommendation to use the SMP as a framework around which to build such dialogues. One option would be to use the established CORONA series of Air Force leadership meetings as the basis for such dialogues. Another option would be to create a purpose-built series of two or three sessions during the year; each session would be one or two days long.

Recommendation Four: Use the SMP to Catalyze a Network of Innovation

Finally, our research has indicated that organizations can employ strategic planning processes as the supporting structure for a network of initiatives or processes designed to enhance innovation and agility. The goal is not to replace stable hierarchies with informal networks, but to create a balance between the two—a “dual operating system,” in John Kotter's phrase, in which a hierarchy devoted to day-to-day operations, stability, and incremental change can incorporate a parallel network of innovators.³ Using the SMP in this way would fulfill the core purpose of strategic planning in a fast-moving environment—generating responsiveness to a shifting context. It would fulfill the Air Force's leading goal of agility, as documented in the SMP itself.

If the Air Force decided to use the SMP for this purposes, our research uncovered a number of potential examples of such innovation nodes. Chapter Seven describes these in detail. They include designating senior leaders as innovation catalysts, making greater use of external

³ John Kotter, *Accelerate: Building Strategic Agility for a Faster Moving World*, Cambridge: Harvard Business School Press, 2014.

skunkworks, building informal peer-to-peer networks, establishing rapid experimentation labors or temporary problem-focused teams, or creating a leadership center on the model of the GE Crotonville facility.

Conclusion

The U.S. Air Force has taken an important step forward with the SMP in its effort to create a comprehensive process linking strategy, planning, and programming. Our assessment of the characteristics of effective strategic planning and the role that strategic planning can play for organizations suggests that something like the SMP can indeed become an important part of the hierarchy of Air Force strategy documents. As currently conceived, however, the SMP—and the broader suite of strategy, planning, and programming documents and processes—may not achieve the Air Force’s goals. Notwithstanding its emphasis on agility, the SMP risks imposing an inflexible framework and set of objectives onto a strategymaking and planning process that aims to be flexible and responsive. This study recommends a number of modest but important steps to bring the structure and approach of the SMP into line with its goals.

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Abbreviations

AFFOC	Air Force Operating Concept
AFSEA	Air Force Strategic Environment Assessment
CDCS	Country Development Cooperation Strategy
CEO	chief executive officer
CFL	Core Function Lead
CFSP	Core Function Support Plan
CNO	Chief of Naval Operations
CS21	Cooperative Strategy for 21st Century Seapower
CSAF	Chief of Staff of the Air Force
GE	General Electric
GM	General Motors
MAJCOM	Major Command
NWC	Naval War College
POM	Program Objective Memorandum
QDDR	Quadrennial Diplomacy and Development Review
SMP	Strategic Master Plan
SOP	standard operating procedure
USAID	U.S. Agency for International Development

1. Introduction

The U.S. Air Force has embarked on a new round of strategic planning, under the auspices of its 2015 Strategic Master Plan (SMP), to set the direction of the service. Many enterprises, both public and private in nature, believe that strategic planning is useful to help large, complex organizations adapt to their environment and improve their ability to meet goals. Refining the Air Force's strategic planning process may hold the potential to help the service align itself to its environment and to keep key initiatives on track.

Both the business and academic communities have produced a vast, growing field of literature dedicated to strategy, in terms both of development and execution. This literature includes topics such as strategic planning, strategic implementation and execution, change management, organizational innovation, and leadership transitions. The Air Force asked RAND to evaluate the implementation and execution of its SMP from this broad strategic standpoint and to develop lessons for Air Force strategic planners.

In this context, the project's focus was not to assess the implementation of specific SMP goals by commands or divisions. Instead, it was to inquire about the characteristics of successful strategic planning processes in general and develop general insights, specific principles of success, and—ultimately—recommendations that could help make the SMP a success. More broadly, the findings could be of interest to any military service interested in using strategic planning to build a path to the future.

Our research points to a dramatic change in the theory of strategy and planning, in terms of both academic research and private-sector practice.¹ Enterprises are increasingly looking to their planning processes not primarily to ensure execution of detailed plans, but to generate agility and adaptability in the face of a rapidly shifting strategic environment. Especially given the emphasis on agility in the SMP and other top-level documents, the Air Force has an opportunity to employ its SMP in ways that take advantage of this new model.

Historically, strategic planning sought out competitive advantage by building a precisely choreographed series of steps toward a well-defined future. The effort would begin by envisioning that future—anywhere from ten to 30 years ahead—and then mapping out an array of actions necessary to compete and thrive within the anticipated environment. Success was measured by how well those actions were accomplished. This fairly rigid, prepackaged approach was a hallmark of industrial-era management; it presumed an ability to forecast futures, comprehend the causal relations of actions, and control outcomes.

¹ Many of these sources are cited below, but one outstanding example, grounded in empirical research on factors that empower long-term business success, is Rita Gunter McGrath, *The End of Competitive Advantage: How to Keep Your Strategy Moving as Fast as Your Business*, Boston: Harvard Business Review Press, 2013.

Some aspects of the current Air Force planning process and associated documents reflect this mindset. The SMP and its annexes, for example, offer hundreds of objectives designed to fashion an Air Force more capable of succeeding in a clearly specified long-term future. The emphasis of the overall effort is on execution—the accomplishment of specifically enumerated tasks.

Increasingly, however, the theory, research, and especially corporate practice around strategic planning have begun to reflect a major change in thinking: a shift from linear, industrial-era models of organizational life to a growing appreciation for the role of complex, nonlinear dynamics in strategy and forecasting. Cutting-edge planning theory no longer assumes an ability to accurately scope the emerging strategic environment. Instead it accepts that the future will emerge from the gradual unfolding of hundreds of variables. Planning, therefore, needs most of all to be *agile, responsive, and ongoing*, rather than rigid and preplanned. Planning cannot prescribe every necessary action. Instead, its most important function is to provide a continuing opportunity to react, respond, and update based upon a fluid context.

In this new model, planning does not become entirely reactive or short term. Even ongoing, responsive planning identifies key principles or objectives designed to shape and prepare for the long term. Execution is still essential—though ensuring accomplishment of objectives can be more decentralized. The issue is one of *balance*: Whereas older planning concepts were dominantly prepackaged, deterministic, and focused on checking boxes for planned tasks, many new approaches aim to catalyze ongoing, agile, and responsive engagement with a changing environment. This approach has become a common refrain from management experts, such as John Kotter, Henry Mintzberg, and James March; consulting firms, such as McKinsey and PwC; and private-sector companies, including General Electric (GE) and Intuit.

Planning efforts are increasingly viewed as the basis for a dynamic posture able to respond to emerging futures. They define a clear strategy for competitive advantage and outline a few, high-level strategic objectives in service of that strategy, but avoid micromanaging levels of objectives or programs. The ongoing *process*—of assessing the changing environment and discerning implications for strategic priorities—becomes much more important than generating lists of objectives and their associated metrics. Strategy development serves as a catalyst for dialogue among senior leaders and for enterprise-wide innovation and experimentation.

Definitions and Categories

For the purpose of this study, we examined various definitions of strategic planning. In the most basic sense, strategic planning involves a process to bring an organization's vision to life—to set priorities, coordinate activities across an organization, ensure implementation of key steps, and track the achievement of specific objectives associated with the strategy. One prominent consulting firm defines strategic planning as “an organizational management activity that is used to set priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders are working toward common goals, establish agreement around intended

outcomes/results, and assess and adjust the organization's direction in response to a changing environment."²

Many definitions stress that the strategic planning process itself includes two other components. One is outlining and identifying the future context against which the strategy is being benchmarked. Fundamentally, strategic planning is about the future: It encompasses envisioning one or more plausible futures and assessing the challenges and opportunities inherent in them for the organization. A strategic planning process involves creating or identifying a strategy that will guide an organization's approach to those potential futures. It allocates resources to achieve the strategy, and organizes a coherent process to ensure and track its execution. In U.S. military terms, the assessment of a future strategic environment is typically separated from strategic planning *per se*: In the case of the Air Force, the Air Force Strategic Environment Assessment (AFSEA) is a distinct document from the SMP, and the two were developed by different offices and groups of people. But the two elements should properly be viewed as parts of a larger whole—identifying a future, designing a strategy to deal with it, mapping out key actions and choices necessary to achieve that strategy, and tracking achievement of those actions.

Second, the task of strategymaking itself is often viewed as part of the planning process. But the planning component is only relevant if it is conducted *in service* of a strategy. Ultimately, success must be measured by whether the strategy itself is effectively adopted, not by whether the plan itself is followed. A properly designed strategic plan will make the distinction between these two things as narrow as possible; implementation of the plan would equate to achievement of the strategy. But in actual cases, plans can become so detailed that they take on a life of their own. One of the dangers uncovered by our research is that an organization can become obsessed with the execution of hundreds of discrete plan actions—and lose sight of the bigger themes and imperatives of its strategy.

Strategic planning, then, entails and necessitates the translation of a long-term vision into practical steps, and the creation of a systematic process to implement them. Yet the discipline is not purely scientific or absolute. Some definitions and characterizations stress the fact that strategic planning tends to be somewhat more abstract than other efforts, such as business planning: It does not lay out detailed estimates of future costs and revenues, for example.

The multiple elements of strategic planning make it challenging to evaluate the effectiveness of a disparate set of activities. When evaluating a strategic plan, for example, should an analysis focus on an assessment of the strategymaking process, the development and execution of the plan—or the strategy itself? From this study's perspective, this analytical challenge is exacerbated by the multiple documents that are part of the overall Air Force strategy process. One of the challenges for the study as a whole is that the SMP and its associated documents—especially the Air Force's 2014 vision statement, "America's Air Force: A Call to the Future"—

² Balanced Scorecard Institute, "Strategic Planning Basics," undated.

embrace many components of the strategymaking, strategic planning, and strategy implementation disciplines. They do so in a manner that applies a traditionally business-focused process to a military service to generate regular agility and innovation. These considerations help to explain the range of literatures that we surveyed, but they add to the difficulty of assessing any one part of that whole in isolation from the others.

For the purposes of this study, we followed the Air Force in treating the SMP as inseparable from the *Call to the Future*. Moreover, the SMP also exists in a diverse ecosystem of Air Force strategies and documents, which includes the Air Force Operating Concept (AFFOC), the AFSEA, the Core Function Support Plans (CFSPs), flight plans covering specific Air Force functions or issues, and other documents.³

Due to this complex mosaic of documents and by the Air Force's clear effort to use the SMP to chart a strategic path identified in the AFFOC, we determined that there was no way to easily and conveniently separate out the elements of strategymaking and strategic planning. The SMP reflects both, and the first step toward an effective strategic plan is a valid strategy to begin with. This study did not examine the *substance* of the strategic expectations in the AFSEA or AFFOC or the basic strategic claims or goals of the *Call to the Future* or SMP. This was an institutional analysis—the ways effective organizations use strategic planning—not a strategic one. Nonetheless, our focus became broader than mere execution. The study is not merely about whether the SMP is effective in compelling the Air Force to check a series of boxes, but also whether and how the SMP reflects a design and process likely to achieve the wider and more encompassing goals the service has set for itself.

Finally, our discussions with leaders of strategic planning efforts in a number of companies, as well as a range of recent literature on the subject, suggest one other central characteristic of the discipline. Because strategic environments are evolving more quickly than they did in the past, strategic planning should be viewed as an exercise in priority setting and decisionmaking in an environment where the pace of change is inexorably accelerating.⁴ It should be viewed, in other words, as a source of agility and responsiveness, as much or more than it should be viewed as a rigid, disciplined execution plan. The SMP reflects this emphasis by isolating agility as its first “imperative” and highlighting that factor as the leading objective of the entire plan.

³ One of the difficulties in this process, however, was that the schedule of documents ran slightly backward from what classic strategic analysis would suggest. The strategy and SMP were developed first, and the AFFOC and updated AFSEA were produced afterward. Ideas common to all three were in circulation during development, but in terms of the analytical path the Air Force took, it ended up first developing a strategy to succeed in a far future—and only then defining that expected shape of that future. The AFFOC, moreover, is a highly speculative and aspirational document grounded more in possibilities inherent in current technologies than in detailed analysis of the most likely outcomes over the next three decades.

⁴ Andrea Ovans, “What Is Strategy, Again?” *Harvard Business Review*, May 12, 2015.

Methodology

This study undertook several parallel and concurrent lines of research and analysis to address its central questions. All focused on the use of strategic planning to achieve institutional goals.

General Study Methodology

Early on in this research, we came to the conclusion that no single data-based line of research would provide the necessary insight to senior Air Force leaders about the ways in which strategic planning could contribute to organizational goals. The specific effects of organizational initiatives such as strategic planning are notoriously difficult to quantify. Separating one variable from the numerous influences on organizational outcomes is seldom feasible.⁵ The problem is complicated—within the Air Force and other organizations—by the existence of multiple, sometimes competing values and goals. No single causal relationship (such as the effect of a given strategic planning method on profits) will provide senior leaders with a comprehensive view of planning's effect on organizational effectiveness.

Therefore, we selected a method designed to provide the most reliable findings within this inevitably qualitative and subjective issue area. We chose a number of fields of research and topics related to strategic planning. We then performed a combination of secondary and original research, surveying existing analysis (in areas such as the general field of strategic planning or change management) and assembling original case studies, conducting interviews with subject matter experts, and gathering information about the role of planning. Our goal was to look for common themes and findings that would provide useful insight for senior Air Force leaders.

Issue Areas and Literatures Examined

We first conducted detailed *literature reviews* of a number of fields related to strategic planning. These included strategy, strategic planning, public sector strategic planning, implementation and execution, change management, innovation, and leadership transition. These literatures, grounded in decades of academic research (including some empirical comparison of firms), converged on a number of primary themes or lessons—principles for effective strategy development and strategic planning. Chapter Two of this report summarizes these lessons.

Second, we conducted a number of *case studies* of corporations and government services or agencies, supported by both research and background, off-the-record dialogues with people involved in planning efforts at their particular organizations. We chose case studies of organizations known in their respective fields for having planning processes that were deeply

⁵ See, for example, Richard M. Steers, "Problems in Measurement of Organizational Effectiveness," *Administrative Science Quarterly*, Vol. 20, No. 4, December 1975; Pierre J. Richard, Timothy M. Devinney, George S. Yip, and Gerry Johnson, "Measuring Organizational Effectiveness as a Dependent Variable," *SSRN Electronic Journal*, September 2009; and Gregory G. Dess and Richard B. Robinson, Jr., "Measuring Organizational Performance in the Absence of Objective Measures: The Case of the Privately-Held Firm and Conglomerate Business Unit," *Strategic Management Journal*, July 1984.

thought through, contributed in measurable ways to success, or both. The cases included GE, Intuit, the U.S. Navy, and the U.S. Agency for International Development (USAID). Chapter Three of this report summarizes the cases and outlines common lessons.

Third, we *performed semistructured dialogues* with experts on planning or strategic planning practitioners in major firms. These included individuals at University of California–Los Angeles Anderson School of Business, the Wharton School, University of Chicago Booth School of Business, Stanford Business School, Procter and Gamble, Intel, Yum Brands, and Embraer Aircraft. The results of these dialogues are integrated throughout the report.

Fourth, we conducted a detailed evaluation of *prior cases of strategic planning in the U.S. Air Force*. This study has been published as an independent report.⁶ Chapter Four of this report offers a brief summary of that historical survey.

Fifth and finally, we conducted a study of *the specific qualities of agility and adaptability and the way cutting-edge strategic planning processes are used to advance these goals*. The specific goals were chosen because of their prominence in the SMP. Chapter Five of this report offers a summary of this analysis, which is being published as a separate report.

Analytical Challenges and Sources of Reliable Findings

Two analytical challenges immediately presented themselves: Defining effectiveness in strategic planning, and understanding what the Air Force is trying to get out of the SMP. The two are obviously interrelated, in the sense that it is impossible to understand whether any organization's planning process is effective without knowing what purposes that process is designed to serve.

As noted above, understanding organizational effectiveness in general is a complex venture. Enterprises, whether corporate or military, public or private, are typically judged against a complex array of outcomes. This is, of course, even more true for a military service than for a business, which at least theoretically can identify shareholder value or profitability as dominant objectives. The variables that contribute to particular outcomes are sometimes difficult to identify; sources of institutional effectiveness, from structure to leadership to culture, are difficult to untangle.

Distinguishing effective strategic planning—and the principles or practices that lead to it—from ineffective planning efforts can therefore be as much of an art as a science. In fact, prominent research is skeptical of the ability to identify the effects of strategic planning at all.⁷ Surveys of firms or corporate leaders indicate that many view strategic planning with suspicion and have a difficult time identifying clear wins or revenues from the activity. A common finding

⁶ Raphael S. Cohen, *Air Force Strategic Planning: Past, Present, and Future*, Santa Monica, Calif.: RAND Corporation, RR-1765-AF, 2017.

⁷ Roger L. Martin, "The Big Lie of Strategic Planning," *Harvard Business Review*, Vol. 92, No. 1–2, January–February 2014, pp. 78–84; Henry Mintzberg, *The Rise and Fall of Strategic Planning*, New York: The Free Press, 1994.

is that enterprises get deeply involved in detailed tracking of objectives instead of focusing on major choices and outcomes from planning. The association of strategic planning with organizational success is uneven and sometimes inversely correlated.

Nonetheless, the study required some basis for judging whether strategic planning was effective or whether approaches appear more effective than others. In order to do so, this study did not attempt to develop a single, quantifiable index for assessing the effectiveness of strategic planning efforts. Instead we relied on several criteria drawn from theoretical, empirical, and historical analysis.

1. Corporate case studies and evaluations of strategic planning tend to look for ways in which planning efforts enhance specific institutional goals (innovation, profitability, adaptability) in identifiable ways. Strategic planning can be said to be effective when it is producing measurable or identifiable contributions to desired objectives.
2. There is some limited empirical research associating specific corporate objectives with specific planning techniques. Some work has been done, for example, on the relationship between competitive success in certain business fields and the use of planning and strategymaking techniques that marry agility and stability.
3. In some published cases and in some of our dialogues, strategic planning efforts have led to identifiable changes in habits, culture, or institutional practices in areas such as execution and innovation. In this case, we generally relied on the testimony of leaders in these firms or institutions.
4. Some of the literature, and some leaders of firms experimenting with new planning processes, have made compelling theoretical arguments for why planning ought to generate certain outcomes.

A related difficulty is that not all organizations use strategic planning for the same purposes. Measuring “effectiveness” as a general quality can be difficult when considering very distinct planning processes designed to achieve differing goals. Some organizations use planning largely to ensure execution of tasks, for example, whereas others view it primarily as a source of strategic innovation. We handled this potential problem in two ways. First, when we discuss the effectiveness of strategic planning, we have in mind initially the basic definition of that function and its associated elements. For example, a planning process that does not outline a vision of the future and steps necessary to benefit from it cannot be considered effective. Second, and perhaps more importantly, our analysis focuses on the goals that a specific organization sets for itself, and asks whether the planning process effectively serves them. In the case of the Air Force, these include agility and inclusiveness.⁸

⁸ More broadly, as we will discuss especially in Chapter Three in the cases of the Navy and USAID, government departments and agencies view strategic plans through many internal and external lenses. The plans aim to serve many purposes, including outreach to external stakeholders and even shaping public understanding of the organization. In our discussions with former Air Force senior leaders, captured in part in the summary of Air Force strategic planning history in Chapter Four, this theme was strongly emphasized: Chiefs of staff tend to think of their strategic planning documents as first and foremost a marketing tool. However, the goal of this analysis was to evaluate the SMP as a strategic plan in classic terms: a mechanism for aligning an organization to its competitive environment and preparing it for the future strategic context. Therefore, this study does not offer specific guidance

The second general analytical challenge was being clear about the objectives the U.S. Air Force is trying to achieve with the SMP. While the general surveys in this study provided insight onto the universal factors that characterize effective strategic planning, it is impossible to evaluate the effectiveness of a specific effort without knowing its unique goals.

Applicability of Commercial Business Analysis and Cases

We significantly draw upon the literature on strategic planning, which stems almost entirely from the corporate world. Many of the case studies of enterprise strategic planning we have examined or conducted are also from the private sector. The connection between the business world and the Air Force makes sense: Large businesses, like military services, operate under conditions of uncertainty, serve a variety of functions, and provide inspiration and far-reaching vision to their employees. Dozens of business books have appeared on the reading lists of senior Air Force leaders.

Yet we also recognize that the Air Force should think carefully about which lessons it can and cannot learn from the business world. Prevailing in combat or deterring a would-be adversary represents a distinct challenge from producing the next great product or raising share value. We therefore conducted two analyses to inform a comparison between private corporate and military institutions. One analysis focuses on the direct similarities and differences between the two, and the second is a literature review of strategic planning in the public (as opposed to private) sector.

Perhaps the most productive way to compare Air Force and business strategic planning is to compare and contrast the two endeavors across three basic elements of strategy: ends, ways, and means. Ends are the goals or objectives of strategy; means are the tools used to perform the strategy; and ways are courses of action that employ means according to some specific concept. As summarized in Table 1.1 below, there are significant differences in the ways businesses and militaries conceive of these elements of strategy.

Table 1.1. Military–Business Comparisons

	Business	Military	Applicability
Ends	Maximizes profit	Achieves national objectives	Fundamentally different
Means	Raises capital	Acquires appropriations	Fundamentally different
Ways	Creates products, provides services	Creates products, provides services	Similar

on using strategic plans for wider political and bureaucratic purposes. However, our research strongly suggests that rigorously developed plans and effective, adaptive planning processes serve both purposes very well. Excelling at the institutional role of planning will only contribute to the wider roles of such plans.

Corporations exist to generate profit in a competitive environment. Their leaders typically have wide latitude to redefine the ways in which they do this—their fundamental business strategy—and can take bold risks (“bet the company”) in order to achieve dramatic results. Military services serve a more profound mission—protecting the country—and have much less latitude to make institutional bets. As a result, militaries tend to have less risk tolerance, and they stress stability and incremental change. The gravity of their missions tends to make them conservative organizations, in both culture and strategy. The whole concept of risk differs between the two: For businesses, it is a planning function to be embraced in relation to reward; for services, risk is a danger to be avoided (usually a measure of insufficiency of capacity or capability to achieve some mission).

The two types of organizations also differ in the degree of control and authority exercised by their leadership. Boards of corporations exercise significant influence in some cases, but very often chief executive officers (CEOs) have wide latitude to define their objectives and make decisive choices about the strategy and structure of a firm. They answer to a relatively short list of stakeholders: their board, customers (to some degree), shareholders (for a public company), and employees (to varying degrees). Few of these groups will regularly exercise direct authority over a firm’s operations, however.

Militaries, on the other hand, must serve a shifting kaleidoscope of objectives dictated by outside stakeholders, sometimes against the military’s advice. Services must answer to a range of stakeholders who regularly impose very specific guidance: the Joint Staff, the Office of the Secretary of Defense, and Congress. Corporations can make bold decisions to constrain ends (abandoning a product line) or boost means (raising more capital); military services control neither their ends nor their means, and ends-means gaps may be imposed on them. Because militaries do not control their resources, they have less incentive for efficiency than businesses do. They build capabilities that could be used against militaries from other countries, but in a day-to-day sense, military services in the United States compete against one another for budget share. The idea of “return on investment” also has no clear analogue in the military sphere: Given multiple objectives and stakeholders, as well as the qualitative nature of many ends, the relationship between inputs and outputs is unclear.

And yet one component of strategymaking that seems similar between the two types of institutions is in the area of “ways.” These are courses of action for the coherent application of means—essentially, strategies or concepts. Both corporations and militaries develop such ways. Indeed, formulating strategy is the essential strategic task of organizations—developing the “guiding policy” of a strategic concept for applying means to ends.⁹

This requirement speaks to an even more essential similarity between corporations and military services. Both organizations are seeking competitive advantage in a broader strategic context. To do so, they must understand that context and how it is changing; formulate their key

⁹ Richard Rumelt, *Good Strategy, Bad Strategy*, London: Profile Books, 2011.

objectives; assess the means at their disposal; and develop concepts to guide the application of those means in order to achieve the objectives. In other words, they must make strategy.

Both types of organizations, moreover, must implement those strategies. The problem of execution has significant parallels between civilian and military organizations.¹⁰ Both are large, complex bureaucracies that must ensure follow through and shared vision in order to put their strategies into effect. Both face similar challenges of hierarchy, bureaucratic politics, and organizational culture.

In this sense, the fundamental basis for strategic planning is indeed similar between businesses and military services. They both confront complex competitive environments and must develop strategies, and they must implement those strategies through some form of planning and execution process. It is no surprise, then, that numerous studies have examined the unique challenges of strategic planning in the public sector, and in some cases, specifically called out the importance of strategic planning for military organizations.¹¹

The remaining question is whether, even given this significant similarity in the basic challenge of strategymaking and strategic planning, lessons and findings from the corporate world might somehow be inapplicable to military organizations. Here we would distinguish between the basic principles of effective organizational management and the specific *type* of strategic planning that is pursued. We are persuaded—by the broad literature on public sector strategic planning for organizations with similar mission-driven requirements, by the long experience of military organizations with strategic planning, and by the clear overlap in basic organizational management demands between the two—that key principles of effective strategic planning raised in the corporate world apply to military organizations. Much of the analysis of this report, beginning with the characteristics of success outlined in Chapter Two, draw on this essential comparative validity.

Yet some of the strategic planning literature, especially more recent analyses, propose very particular approaches to the task that may or may not be appropriate for organizations with a low risk tolerance, such as military services. When dealing with such recommendations, especially in Chapter Five’s discussion of the sources of agility in strategic planning, we have been mindful to qualify the application of such findings. Chapter Five discusses the potential limitations on modern strategic planning techniques, which stress rapid responsiveness and risk taking, for a military organization such as the Air Force.

¹⁰ See, for example, Larry Bossidy and Ram Charan, *Execution: The Discipline of Getting Things Done*, New York: Crown, 2002. The basic principles in this work mirror closely many ongoing challenges military organizations face.

¹¹ For just a few examples of this enormous literature, see Sergio Fernandez and Hal G. Rainey, “Managing Successful Organizational Change in the Public Sector,” *Public Administration Review*, Vol. 66, No. 2, 2006; Theodore H. Poister, “The Future of Strategic Planning in the Public Sector: Linking Strategic Management and Performance,” *Public Administration Review*, Vol. 70, December 2010; and Mackubin Owens, “On Strategy and Strategic Planning: Repairing America’s Strategic ‘Black Hole,’” Heritage Foundation Index of Military Strength, 2017.

Judging the Effectiveness of the SMP

The SMP is organized in seven main categories—two “imperatives,” which tend to be more institutional in character (agility and inclusiveness), and five “vectors,” which tend to refer to operational goals of the service, such as deterrence and full-spectrum operations. In general terms, then, the SMP aims to help the Air Force realize the goals of its own long-term vision: to become institutionally responsive and operationally effective through continued predominance in a number of operational areas.

In service of these components, the SMP itself has a daunting—and constantly evolving—set of major objectives (152 at initial count). Its annexes add hundreds more. Many were intentionally written in vague and aspirational terms to allow down-the-line operating units (commands, Headquarters Air Force divisions) to determine the specific actions needed to achieve them. The result, however, is a profusion of objectives.

In discussions with current Air Force leaders and staff, it became clear that there are two primary perspectives on the fundamental objectives of the SMP. One school of thought treats its basic themes (and the parallel themes in the *Call to the Future*) as the most important aspect of the document. This school of thought would see the SMP as effective if it offered a clear strategic vision for the Air Force. The other school of thought focuses mainly on the SMP as an execution plan. According to this viewpoint, the SMP is in the end merely a list of tasks, and its effectiveness is a function of how many are accomplished.

Based on our research on effective strategic planning processes, we believe that these two components are ultimately inseparable. It is the *combination* of vision and execution that characterizes effective strategic planning. This study therefore sought to evaluate the SMP—both the document itself and its associated implementation process—as a strategic planning effort. We will endeavor to clarify the distinction when it is especially critical; for the most part, we evaluated the SMP as a statement—what the document specifically says about its goals and the specific objectives and accountability for achieving them. In a handful of cases our analysis focused particularly on the resulting implementation process within the Air Force.

Taking these lines of analysis together, this study moved toward the following set of broad criteria for judging the effectiveness of the SMP as a plan and process.¹² Again, these criteria include elements from all the major components of strategic planning—strategic vision, actual strategy, and implementation plan.

1. Does it outline or reflect/reiterate a clear strategy—a concept for institutional competitive success?
2. Does it provide, perhaps along with the distinct service strategy document, a clear vision of the strategic future and the service’s role in it?

¹² As we have emphasized, this study’s purpose was not to evaluate the effectiveness of the SMP in achieving its specific objectives, even at the level of imperatives and vectors, but rather to assess its validity as a strategic planning effort.

3. Does it map out a set of actions likely to fulfill that strategy, based on some theory of how individual actions accumulate to achieve larger results?
4. Does the process require and track the achievement of those actions?
5. Does it provide clear institutional guidance that allows the setting of priorities?
6. Does it provide a concise and understandable template that leaders throughout the service can use to make key choices?

As we will argue in Chapter Six, our basic conclusion is that despite its many advantages, there are real reasons for concern that the SMP will meet any of these criteria to the degree that will satisfy Air Force senior leaders and justify the very substantial investments of time to develop and implement the process. The problems are correctable, however, and in Chapter Seven we propose a number of recommendations for the second phase of the SMP.

Common Themes

As we conducted our different lines of analysis and synthesized their insights, the research produced a number of cross-cutting themes. These reflect the intersection between our analysis of the characteristics of strategic planning and our evaluation of the SMP. Not every line of analysis endorsed each of the themes directly, but these themes reflect the most consistent messages of our research. They closely parallel the basic insights of the literature listed in Chapter Two, but also integrate lessons primarily derived from other analysis. Table 1.2 lays out these themes and indicates the sources of support. A checkmark indicates that a given theme finds empirical, theoretical, or expert endorsement for that line of analysis.

One of the important lessons of research along multiple lines of analysis was that these different lines of analysis produced consistent findings. Very often, the lessons of the case studies or the Air Force history with planning illustrated the same basic results as the literature review. The analysis of the requirements of agility uncovered many of the same themes as other lines of analysis. This consistency helps support the validity of the basic themes offered below.

These themes provide the essential basis for our findings in Chapter Six and especially our recommendations in Chapter Seven. Table 1.2 briefly indicates the connection of specific themes to those findings and recommendations.

Table 1.2. Evaluating the SMP as Strategic Planning: Common Themes

	Supporting Evidence: Lines of Analysis					Connection to Findings (Recommendations)
	Literature Survey	Case Studies	Dialogues with Experts	History of Planning in Air Force	Concept and Demands of Agility	
Strategymaking and planning efforts need a clear, simple central strategy or concept	✓	✓	✓			SMP needs a stronger core concept (Recommendation One)
There must be a clear need or justification for the strategy and planning process	✓	✓	✓	✓		No urgency; changing strategic environment
The process (ongoing dialogue) is as important as the product (document)	✓	✓	✓	✓		Streamline (Recommendation Two) Create senior strategic dialogue (Recommendation Three)
Strategy and planning efforts should allow for grassroots initiative under few baseline objectives	✓	✓	✓	✓	✓	Streamline (Recommendation Two) Use as platform for innovation nodes (Recommendation Four)
Planning processes must balance stability and agility, emergent and deliberate strategy	✓	✓	✓		✓	Use as platform for innovation nodes (Recommendation Four)
It is critical for senior leaders to be involved in strategy and planning processes	✓	✓	✓	✓	✓	Continue Chief of Staff of the Air Force (CSAF) leadership; build wider coalition
Strategic planning must have clear purpose and demonstrate value through achievements, set clear priorities	✓	✓		✓		Limited early wins; too much detail, not enough decision
Strategy and planning efforts must have ties to internal and external stakeholders	✓	✓		✓		Not enough communication; need stronger coalition
The cycle and schedule of the effort shapes its character; ongoing planning encourages responsiveness	✓	✓				Build into ongoing strategic dialogue (Recommendation Three)

2. Insights from the Literature

This study catalogued key findings from several associated areas of research related to strategy in large organizations. This includes the development, execution, and implementation of sound strategy in both the private and public sectors. It also covers change management and leadership transitions as well as innovation. These summaries suggest that there is no surefire formula for achieving strategic success or avoiding failure, but some consistencies do emerge. This chapter briefly summarizes these themes.

Both the business and academic communities boast a vast and growing literature dedicated to questions related to development and execution of strategy. This literature spans topics including strategic planning, strategic implementation and execution, change management, organizational innovation, and leadership transitions. We have consulted this literature in an effort to understand how it can inform the Air Force's implementation and execution of its SMP and to develop broader lessons for Air Force strategic planners in the future.

In this chapter, we present a summary of this literature. This effort is not intended to be exhaustive. It does not reflect an evaluation of the SMP itself—only a roster of the key lessons drawn from various literatures. It is designed to serve as a general guide to some of the critical factors commonly associated with effective strategymaking and strategic planning. There is no absolute consensus on the steps necessary to achieve strategic success, nor is there a singular approach suitable for all occasions. There are, however, best practices, lessons, and insights that should be relevant to many large organizations. We relate key findings to Air Force leadership as it moves forward with its own strategic initiatives.

In addition to reviewing several literatures bearing directly on the issue of strategic planning and strategy implementation, we reviewed several other sources of insight that relate to the question of aligning an organization to its environment. We pursued literature reviews in a number of areas:

1. academic and business literature on strategic planning, execution, and implementation
2. academic and popular literature on strategic planning for the public sector
3. academic and popular literature on change management
4. academic work related to innovation within organizations
5. research dedicated to leadership transitions.

There were obvious areas of overlap among these categories. This was intentional, as it allowed us to conduct a more-thorough review of what is admittedly a broad and polymorphous concept.

One of the more daunting findings from several literatures is that, in spite of major initiatives, strategic planning efforts most commonly fail to achieve their self-defined objectives. A combination of empirical and anecdotal evidence suggests that it is difficult to identify clear

outcomes or benefits from most planning efforts. The change management literature agrees that only the rare change program succeeds in reorienting an organization in major ways. The odds appear to be stacked against those who would use a strategic plan to achieve major organizational change.

To beat those odds, the literature suggests that ten factors are especially critical in determining the success of a program of strategy and strategic planning:¹

1. perceived urgency or need
2. a widely accepted vision that provides a clear storyline for the effort
3. creating an ongoing, recurrent strategy dialogue rather than only making isolated, periodic efforts
4. extensive communication of the need, vision, and strategy
5. commitment of senior leaders
6. development of a coalition of stakeholders to see the plan through
7. building cross-functional coordination and cooperation
8. alignment of the planning process to organizational values and culture
9. generation of early wins and clear momentum
10. sufficient flexibility to respond to changes in the environment.

The collective message of these lessons is clear enough: Generating a coherent vision of the future and aligning an organization to it is a difficult challenge, one that typically engenders a wide range of resistance within an enterprise. If leaders want to create a process with any chance of success, they need to address each of these areas with focused, coherent approaches.

As suggested in the tenth factor above, a major implication of these lessons is that effective strategic planning cannot be rigid and predetermined. Agility and responsiveness are key qualities in effective strategymaking in a fast-paced, constantly changing environment. But this produces a dilemma, because strategic planning is all about anticipation, structure, and a partially predetermined approach to the future. Pure improvisation would not count as planning, and yet the spirit of strategy in rapidly changing, highly uncertain environments must be significantly improvisational. An important overarching lesson of this review, then, is the importance of finding ways to balance structured and preplanned strategy elements with support for innovation and “emergent” responses to a changing context. The danger in strategic planning efforts is that they can become rigid and directive, quashing creative responses to unfolding situations. As it has evolved over the last decade, strategic planning has come to incorporate elements of responsiveness and agility. An important theme in the literature is that planning efforts must embrace elements of emergent strategy and empower idea entrepreneurs within organizations, even while creating a coherent long-term plan.

Another important overarching lesson of the literature is that strategic planning is more of a human and political endeavor than a technical one. Some efforts seem to assume that lining up the right objectives and assigning a responsible office to each of them represent the needed

¹ In Chapter Six, we evaluate the SMP using these categories.

“strategic planning” component of organizational strategy. In fact, however, strategic planning and associated endeavors, such as change management, are ultimately efforts to persuade stakeholders, both inside and outside organizations. They are exercises in communication and coalition-building, not just creating spreadsheets, tracking specific goals, or reworking organizational charts. (Strategies and plans can be mandated to organizations, especially hierarchical ones, but the research suggests that such directive strategymaking is the least-successful option.) In this sense, the most important effect of strategic planning may not be on structure, but rather on strategy dialogues, organizational culture, communication, and shared visions of the future.

Urgency

The foundation for any effective strategic planning process designed to reorient an enterprise to its environment is a clear perceived need—a sense that the existing direction or strategy is insufficient or dangerous, and a shared belief that a new plan is required. Creating a sense of urgency is almost always essential to justify and gain buy-in for a new strategy or broad-based change initiatives.² Organizations therefore typically require some objective reason that justifies the required level of urgency, such as a need for resources or changes to the organization’s strategic environment; leaders must be able to point to some clear reason for needing to change or implementing strategic visions. Without this, calls for change ring hollow. Urgency, and even at times crisis, can compel people within institutions to work toward change or a specified strategic goal.

The urgency theme is prominent in the work of John Kotter, whose series of work is arguably the most influential modern treatment of change management. Kotter lists failure to create a sense of urgency as a key component to strategic failure. This may happen for several reasons. Complacency is often the product of “too much happy talk from senior management,” or it is caused by the absence of a major crisis. This can engender a low-candor culture. It may also be the result of human nature, personal habits, or a lack of performance feedback clarity. Organizational structures that focus employees on narrow functional goals may also contribute to this effect.³

A long list of initiatives unmotivated by a sense of urgency is a poor substitute for strategy. Initiatives, change, and innovative leaps forward generally do not spring from a typical planning process or “business as usual.”⁴ More often, they are cultivated from a profound persistent sense

² Arnoud Franken, Chris Edwards, and Rob Lambert, “Executing Strategic Change: Understanding the Critical Management Elements that Lead to Success,” *California Management Review*, Vol. 51, No. 3, 2009, pp. 49–73.

³ John P. Kotter, *Leading Change*, Boston: Harvard Business School Press, 2014, p. 40 and p. 135.

⁴ On the strategic “trap” of producing long list of initiatives, see Roger L. Martin, “Don’t Let Strategy Become Planning,” *Harvard Business Review*, February 5, 2013.

of imperative. Without this imperative, employees may fail to see or accept the need to implement change or contribute to the pursuit of strategic visions.

Urgency also helps encourage what one scholar of change management refers to as “change readiness.” Readiness is a product of perceived need and urgency: “In essence, if organizational members do not recognize that something is broken (i.e., a need), they will not embrace a fix (i.e., a change).”⁵ Moreover, the fix should suitably move the organization toward its desired end state. Simply putting out a message is not enough to make that happen.

Clear Vision to Guide the Strategy

A second theme that emerges through many of these literatures is the importance of a coherent and succinct vision that explains the future outlined by the planning effort. This vision should have a clear storyline that places the organization within that story.⁶ The literature on strategic plan implementation, for example, suggests that a simple, widely understood statement of the logic behind an organization’s strategy is essential for effective execution.⁷ A vague core strategy and generic, bureaucratic phrases lead to failure.⁸ Clear visions are important for at least two reasons: They justify the change that is almost always necessary as part of large-scale strategic planning efforts, and they provide the basis for prioritization.⁹

In this sense, the required vision must be fairly general, able to encompass many different aspects of an unfolding future. But it must also be precise enough to specify a particular approach to that future. More than anything, a vision must succinctly embody a single big theme, story, or choice; a vision with dozens of claims and elements will not provide the necessary focus for a complex future. For this reason, much of the literature warns against lengthy strategic vision statements.

The emphasis on simplicity crops up again and again in these literatures: The basic elements of a strategic plan or change agenda, and the metrics used to track it, must not become so complex as to defy easy understanding by either senior leaders or stakeholders within an

⁵ Daniel T. Holt, Ellen L. Dorey, Landon C. Bailey, and Brian R. Low, “Recovering When a Change Initiative Stalls,” *OD Practitioner*, Vol. 41, No. 1, 2009.

⁶ Franken, Edwards, and Lambert, 2009.

⁷ Martin, 2013.

⁸ Beer and Eisenstat note that an unclear strategy could lead to conflicting priorities and thus undermine its implementation (Michael Beer and Russell A. Eisenstat, “The Silent Killers of Strategy Implementation and Learning,” *Sloan Management Review*, Vol. 41, No. 4, 2000, pp. 29–40). Hrebiniak’s surveys of executives also found that a poor or vague strategy was a significant impediment, one that even a strong execution effort could not overcome (L. G. Hrebiniak, “Obstacles to Effective Strategy Implementation,” *Organizational Dynamics*, Vol. 35, 2006, pp. 12–31).

⁹ A related theme in some of the literature stresses that the strategy itself has to be at least somewhat effective. For the purposes of this analysis, we are assuming that the strategic choices themselves are valid. Strategic planning and plan implementation depend on a valid strategy to serve their overall objectives for the organization, but they are somewhat distinct disciplines and have been examined independently.

organization. A few key themes, choices, and priorities must stand out above the blizzard of more-specific initiatives and objectives in any plan, reflecting the core vision or story being told.

Moreover, this theme of clarity spans both public- and private-sector industries. One influential study of strategic planning for public and nonprofit organizations argues that “ultimately strategic planning is about purpose, meaning, values, and virtue. Nowhere is this more apparent than in the clarification of mission and the subsequent development of a vision for success.”¹⁰ Mission clarification specifies “the purposes of the organization and the philosophy and values that guide it.”¹¹ Understanding an organization’s mandate clarifies “what is explicitly required, explicitly forbidden, and not explicitly ruled out.”¹² In all of these cases, a clear, well-understood statement of strategic competitive advantage is the foundation on which effective strategic planning must be built.

An Ongoing Strategy Dialogue

Several relevant literatures strongly suggest that organizations gain the most benefit from an ongoing, persistent dialogue on strategy rather than periodic, isolated documents or events. Strategic planning often runs in cycles—for example, a two-year planning process, which builds to the issuing of a major document. Studies on strategy implementation suggest that such one-time strategy formulation does not prepare organizations for responsiveness or agility; work on the effects of strategic planning repeatedly finds that processes that generate an ongoing dialogue have greater long-term success.¹³

A number of the studies point to the value of an iterative loop approach, in which major strategic issues are under constant debate and review, a dialogue that is integrated with ongoing feedback regarding existing initiatives. For example, Raffoni recommends packaging communications in a form of dialogue or hands-on, iterative discussion, rather than a one-way message.¹⁴ This approach may also help to avoid the perception of top-down leadership or micromanagement. The best planning processes should be thought of as circles, not arrows—mechanisms to constantly reassess an organization’s strategic posture, rather than just assessing “once in a while” and then “returning” to execution. Strategymaking, planning, and execution

¹⁰ John M. Bryson, *Strategic Planning for Public and Nonprofit Organizations*, San Francisco: Josey-Bass, 2011, p. 128.

¹¹ Bryson, 2011, p. 128.

¹² Bryson, 2011, p. 124.

¹³ See Mintzberg, 1994.

¹⁴ Melissa Raffoni, “Three Keys to Effective Execution,” *Harvard Management Update*, Vol. 13, No. 6, 2008, pp. 3–4.

should be thought of as an interlinked set of ongoing activities, not a serial process in which one follows another.¹⁵

This theme is closely related to the issue of “deliberate versus emergent” strategy.¹⁶ The research suggests that organizations achieve the most agility and responsiveness when they combine ongoing execution with a constant, high-level debate about the “big issues.” This is combined, in the most agile firms, with a readiness to change some degree of direction, drop underperforming initiatives, and start new experiments as a result of the dialogue’s findings. A major challenge, specified by many of the studies, is to balance stability and agility—to have an ongoing strategy process spark powerful, but not destabilizing, degrees of change and innovation. Failing to revisit assumptions as part of the iterative dialog process can drive organizations into what one study calls the “comfort trap”—deliberately sticking to a fixed strategy in the face of changes to the environment in which they operate.¹⁷

Communication

The importance of effective communication mechanisms for effecting positive change within and throughout organizations would be difficult to overstate. A good strategy is not sufficient to motivate its execution; it must be effectively communicated within and across organizational levels. Some strategies never come to fruition because they remain exclusive to a select group of top-level individuals. They must be shared with the workforce in order to create the necessary basis for shared vision and change. Successful strategists communicate their vision across the organization in a way to make it feel real, achievable, applicable to employees, and valuable to those they serve. Communication related to strategic implementation is also intended to improve comprehension and use of rewards, measurement systems, and structure to build commitment.¹⁸

The change management literature suggests that the absence of credible communication leaves employees and key members of organizations unconvinced of the need for change or unpersuaded by their leaders’ vision. Communication, one survey suggested, should be frequent and transparent.¹⁹ Work in strategic implementation also highlights this theme as a critical factor.²⁰ For example, Raffoni recommended packaging communications in a form of dialogue or

¹⁵ For a related argument specific to public sector organizations, see the Federal Benchmarking Consortium, “Serving the American Public: Best Practices in Customer-Driven Strategic Planning,” study report, February 1997, which argues that strategic communication should ideally be a “multidirectional dialog.”

¹⁶ Wouter Aghina, Aaron De Smet, and Kristen Weerda, “Agility: It Rhymes with Stability” and “Why Agility Pays,” *McKinsey Quarterly*, December 2015a and 2015b; Mintzberg, 1994.

¹⁷ Martin, 2013.

¹⁸ Steven W. Floyd and Bill Wooldridge, “Managing Strategic Consensus: The Foundations of Effective Implementation,” *Academy of Management Executive*, Vol. 6, No. 4, 1992, pp. 27–39.

¹⁹ Tim Creasy and Tracy Taylor, “Seven Greatest Contributors to Change Management Success,” *People & Strategy*, 2014, Vol. 37, No. 1.

²⁰ For example, Raffoni (2008) encouraged leaders to focus on the key points, which is especially important in light of the Harvard Business Review survey finding that many people (43 percent of respondents) could not clearly and

hands-on, iterative discussion rather than a one-way message.²¹ This approach may also help to avoid the perception of top-down leadership or micromanaging. The literature on innovation indicates regular communication is also a key component of innovative organizations. Business literature also highlights that if a strategy cannot be clearly articulated and expressed to employees, it is likely to fail.

Information related to the strategy or change initiatives should flow freely across these organizational boundaries as well.²² These strategy-related communications and coordination should include the actions, benefits, and incentives necessary to engender buy-in by managers and other key employees. It is critical that employees within organizations understand not only how the strategy affects them, but also how they can affect it. They should have an appreciation of the decisions and actions for which they are responsible. That is, the strategy should articulate assessable objectives to guide conduct or behavior. A lack of clarity about responsibilities and decisions can impede the flow of information and ultimately undermine strategic or change initiatives.²³

However, caution is in order when establishing communication tools related to strategy. Organizations transmit large amounts of information to employees on a regular basis. This deluge of material can potentially drown out important messages and information related to strategy. When espousing strategic or change initiatives, leaders should be sensitive to the wealth of materials and data their employees are already accustomed to receiving. Success and failure can hinge on how leaders communicate their strategic vision or the need for important change. Strategy should not be swamped by other data constantly passed along communication channels.

Leadership

The totemic role of leadership in innovation and strategic pursuits strongly emerges from the literature. Successful programs of strategy, change, and innovation within organizations almost always originate at the top. Studies of implementation, for example, suggest that success is not only unlikely without the strong engagement of senior leaders but that leadership is a critical

completely state their organization's strategy. Sull, Homkes, and Sull similarly found that many middle managers are unable to name just one of their company's main priorities (Donald Sull, Rebecca Homkes, and Charles Sull, "How Conventional Wisdom Derails Strategy Execution: Interaction," *Harvard Business Review*, Vol. 93, No. 5, 2015, p. 16).

²¹ Raffoni, 2008.

²² Relatedly, Beer and Eisenstat (2000) identified poor coordination across functions, businesses, or other formal boundaries as a "killer" of strategy implementation. In a recent survey of executives, failure to coordinate across business units was the second most-frequently identified "greatest challenge" to strategy execution (Sull, Homkes, and Sull, 2015). Crittenden and Crittenden identified facilitating cross-functional integration and collaboration as an important "lever" of strategic implementation (Victoria L. Crittenden and William F. Crittenden, "Building a Capable Organization: The Eight Levers of Strategy Implementation," *Business Horizons*, Vol. 51, No. 4, 2008, pp. 301–309).

²³ Gary Neilson, Karla L. Martin, and Elizabeth Powers, "The Secrets to Successful Strategy Execution," *Harvard Business Review*, June 2008.

factor in making or breaking implementation success.²⁴ Research on change management similarly shows the essential role of leadership,²⁵ and studies on leadership succession have demonstrated that effective messaging from the top is paramount to strategy continuity.²⁶ And the theme also extends into strategic planning within the public sector.²⁷

The literature suggests that committed leaders are not only the *source* of vision, they *communicate* vision as well. They remain critical for imbuing the workforce with a sense of purpose and direction. Technical innovation is practically impossible without dedicated leadership regularly communicating a commitment to innovation. Organizational leadership also remains a critical component of strategic innovation, change management, and strategic success. In sum, a wide range of studies agree on a central point: Change, strategy, and innovation endeavors must be decisively led if they are to provide a framework for an organization's engagement with the future. One study summarized the point as follows:

Remember there is no substitute for leadership. The concepts, procedures, tools, and practices that strategic planning comprises cannot think, act, or learn by

²⁴ Sull, Homkes, and Sull, 2015. The literature in this area is indeed quite rich and also includes the following efforts: Beer and Eisenstat, 2000; Crittenden and Crittenden, 2008; Donald C. Hambrick, "The Top Management Team: Key to Strategic Success," *California Management Review*, Vol. 30, No. 1, 1987, pp. 88–108; Richard G. Hamermesh, "Note on Implementing Strategy," Harvard Business School Background Note 383-015, September 1982, revised October 1988; James M. Higgins, "The Eight 'S's of Successful Strategy Execution," *Journal of Change Management*, Vol. 5, No. 1, 2005, pp. 3–13; Paul C. Nutt, "Tactics of Implementation," *Academy of Management Journal*, Vol. 29, No. 2, 1986, pp. 230–261, and "Leverage, Resistance, and the Success of Implementation Approaches," *Journal of Management Studies*, Vol. 35, No. 2, 1998, pp. 213–240; and C.A. O'Reilly, D. F. Caldwell, J. A. Chatman, M. Lapid, and W. Self, "How Leadership Matters: The Effects of Leaders' Alignment on Strategy Implementation," *Leadership Quarterly*, Vol. 21, No. 1, 2010, pp. 104–113.

²⁵ Relevant studies include Kotter, 1996; Philip Decker, Roger Durand, Clifton O. Mayfield, Christy McCormack, David Skinner, and Grady Perdue, "Predicting Implementation Failure in Organizational Change," *Journal of Organizational Culture, Communications and Conflict*, Vol. 16, No. 2, 2012; and Philip Atkinson, "How to Implement Change Effectively," *Management Services*, Autumn 2014.

²⁶ Again, the literature in this area is vast. Important studies include E. Romanelli and M. L. Tushman, "Organizational Transformation as Punctuated Equilibrium: An Empirical Test," *Academy of Management Journal*, Vol. 37, No. 5, 1994, pp. 1141–1166; W. Boeker, "Strategic Change: The Influence of Managerial Characteristics and Organizational Growth," *Academy of Management Journal*, Vol. 40, No. 1, 1997, pp. 152–170; T. Lant, F. Milliken, and B. Batra, "The Role of Managerial Learning and Interpretation in Strategic Persistence and Reorientation: An Empirical Exploration," *Strategic Management Journal*, Vol. 13, No. 8, 1992, pp. 585–608; S. Gordon, W. Stewart, R. Sweo, and W. Luker, "Convergence Versus Strategic Reorientation: The Antecedents of Fast-Paced Organizational Change," *Journal of Management*, Vol. 26, No. 5, 2000, pp. 911–945; C. Fee and C. Hadlock, "Management Turnover Across the Corporate Hierarchy," *Journal of Account Economics*, Vol. 27, 2004, pp. 3–38; R. Hayes, P. Oyer, and S. Schaefer, "Co-worker Complementarity and the Stability of Top Management Teams," *Journal of Law Economics and Organization*, Vol. 22, 2006, pp. 184–212; I. Kesner and D. Dalton, "Top Management Turnover and CEO Succession: An Investigation of the Effects of Turnover on Performance," *Journal of Management Studies*, Vol. 31, No. 5, 1994, pp. 701–713; and T. Sakano, and A. Lewin, "Impact of CEO Succession in Japanese Companies: A Coevolutionary Perspective," *Organization Science*, Vol. 10, No. 5, 1999, pp. 654–671.

²⁷ Bryson, 2011; Michael Barzelay and Colin Campbell, *Preparing for the Future: Strategic Planning in the U.S. Air Force*, Washington, D.C., Brookings Institution Press, 2003; Robert F. Grattan, *The Strategy Process: A Military-Business Comparison*, Basingstoke, UK: Palgrave, 2002; Federal Benchmarking Consortium, 1997; and Mintzberg, 1994.

themselves. Nor can they inspire and mobilize others to act on behalf of what is best for an organization . . . Only concerned and committed people—leaders and followers—can do that.²⁸

One of the most common themes in this range of literatures is the indispensable role of the top leader's commitment to a process. Without a clear sense that the most senior leadership not only accepts but also vigorously advocates for the proposed strategy and change, organizations will not make the difficult commitment necessary to change. Another major common theme is the importance of developing a coordinated effort from the whole senior leadership team. If the most senior leaders are perceived as divided on an initiative, its chances for success dwindle.

Guiding Coalition/Stakeholder Engagement

However, a single top leader is likely insufficient for translating strategy and change initiatives into successful execution. Strategic planning conducted and executed primarily or exclusively by an organization's upper echelon of leadership can impede strategic pursuits. Much of the literature surveyed here indicates that the creation of "guiding coalitions" is central to strategic success, and top-down management styles and micromanaging can be ineffective for strategy implementation. Engagement at multiple levels remains essential,²⁹ and without stakeholder buy-in, organizations will struggle to implement strategic plans.³⁰

A lone CEO or executive cannot effect change or propel strategic imperatives. The literature on strategy implementation and change management, for example, strongly suggests that it is not enough to have a handful of the most senior leaders bought into a strategy or planning process—the guiding coalition must extend down through an organization. A core team of change managers—with diverse qualifications—is usually essential.³¹ Committed teams may be especially salient when organizations expect pushback, countervailing forces, or institutional inertia. A collaborative and dedicated leadership team that is unified around the strategy may be the most important necessary condition for successful strategy execution. Getting the right people in the right seats is therefore a prerequisite to successful strategy execution because strategy typically requires new levels of cross-functional integration. The leadership team is also essential for building support throughout the organization for the vision or strategic initiative. And because strategy and change usually affect organizations at multiple levels, this implies that strategic leadership teams should employ people with a diversity of skills, expertise, credibility, and other attributes directly related to the strategy.

²⁸ Bryson, 2011, p. 394.

²⁹ Decker et al. (2012) emphasize this point. See also Creasy and Taylor's (2014) survey-based study of change efforts, where three of the top seven factors determining success in change management dealt with engagement at various levels.

³⁰ Barzelay and Campbell, 2003.

³¹ Kotter, 1996.

By contrast, eschewing teams and coalitions of champions by focusing exclusively on top-down directives or micromanaging is also likely to produce counterproductive results. A purely top-down approach to managing strategic endeavors may prevent lower-tier managers and ranking employees from developing the necessary skills to lead implementation efforts. Frequent direct guidance from senior executives may also encourage lower-ranking leaders to escalate problems, rather than solve them.

Cross-Functional Coordination and Cooperation

A theme that emerges especially strongly in the strategy implementation literature, but which also echoes across all these sources, is the importance of using strategic planning to generate coordination across the functional areas of an enterprise. The tendency for organizations to divide into silos—sometimes mutually suspicious and competitive—can be very strong, especially in large institutions. A number of studies have identified poor coordination across functions, businesses, or other formal and structural boundaries as major threats to strategy implementation.³² One recent survey suggested that failure to coordinate across business units was the second most-frequently identified “greatest challenge” to strategy execution.³³ Relatedly, facilitating cross-functional integration and collaboration has been identified as an important “lever” of strategic implementation.³⁴

If the natural tendency to silo within functional areas and other structural divides is not broken down, at least to a degree, it may hamper the effectiveness of an effort to pursue organization-wide strategy. This is especially dangerous at a time when so many issues are breaking down the boundaries between functions; without such collaboration, on both the design of the plan and its implementation, organizations will not be able to pursue truly effective strategies.³⁵

Alignment to Organizational Values and Culture

Several of the literatures point out that if a planning process is not aligned with the values and culture of the organization, it is likely to fail. It will sacrifice or forfeit potential areas of support and generate unnecessary opposition. The literature on change management, for

³² On this topic, see especially R. Drazin and P. Howard, “Strategy Implementation: A Technique for Organizational Design,” *Columbia Journal of World Business*, Vol. 19, No. 2, 1984, pp. 40–46, and Higgins, 2005, which focus on the importance of aligning key organizational factors, such as structure, with the strategy. According to Higgins, structure includes five components: jobs, the authority to do those jobs, the clustering of jobs in a logical order (e.g., into departments), managerial span of control, and coordinating mechanisms.

³³ Sull, Homkes, and Sull, 2015.

³⁴ Crittenden and Crittenden, 2008.

³⁵ Hrebiniak (2007) suggested that having a model to guide implementation steps promotes implementation success. A model or road map could include not only guidance but also measures to indicate adherence to or agreement with the road map.

example, is very clear about the role of culture as the context in which change initiatives must operate. When change goes against the grain of the prevailing culture, the culture will usually win, and change initiatives must be carefully designed (if at all possible) to build on elements of the culture rather than directly challenging it.

An appreciation for an institution's organizational culture—generally understood as the mindsets that shape behavior, such as artifacts, espoused values, underlying beliefs, and assumptions—is essential.³⁶ Habits reflect underlying beliefs—“the way we do things around here”—and changing habits can be a way to pursue organizational change without formally confronting those beliefs. Change processes should identify and target “keystone habits,” those that determine large organizational outcomes.³⁷

The literature on strategy implementation similarly emphasizes the importance of organizational values and culture.³⁸ If an implementation process is not aligned to the existing structures and processes and their cultural roots, it is likely to grind to a halt. This is often known as a strategy's “cultural receptivity.”³⁹ Research on public sector strategic planning makes the same point, suggesting that strategic planning can sometimes merely reproduce existing habits and values rather than providing any basis for change. What this means will depend on specific cases, but in general both the substance and structure of a strategic plan and its implementation must align well with the institution. Tying the strategy back to the spirit of the institution is critical in the public sector. One prominent study suggests “ultimately strategic planning is about purpose, meaning, values, and virtue. Nowhere is this more apparent than in the clarification of mission and the subsequent development of a vision for success.”⁴⁰

Short-Term Wins/Experimentation/Momentum

The literature also suggests the great importance of generating momentum behind a strategic planning or implementation effort by achieving clear early actions.⁴¹ Unless an implementation plan becomes established in a meaningful way, organization members can easily decide that it reflects more rhetoric than reality.

Research on change management is especially clear on the critical role of short-term wins. Without clear evidence that a change program is generating meaningful results and advantages

³⁶ Schein, 1985; National Defense Research Institute, *Sexual Orientation and U.S. Military Personnel Policy: An Update of RAND's 1993 Study*, Santa Monica, Calif.: RAND Corporation, MG-1056-OSD, 2010.

³⁷ Daniel Denison and Levi Nieminen, “Habits as Change Levers,” *People and Strategy*, Vol. 37, No. 1, 2014, pp. 23–27.

³⁸ See especially Crittenden and Crittenden, 2008; Hamermesh, 1982; Higgins, 2005; S. Miller, “Implementing Strategic Decisions: Four Key Factors,” *Organisation Studies*, Vol. 18, No. 4, 1997, pp. 577–602; and Sull, Homkes, and Sull, 2015.

³⁹ Miller, 1997.

⁴⁰ Bryson, 2011, p. 128.

⁴¹ Kotter, 1996.

within a relatively short period, the energy for change can dissipate. Moreover, in the absence of any short-term wins, strategic endeavors fail to build the credibility necessary to sustain them over the long haul.⁴² Change programs must integrate plans for short-term wins, and leaders must work hard to ensure that they occur.

The more early actions or decisions occur to institutionalize the effort and provide momentum—and the more early wins can show benefit to an organization—the more the organization as a whole will fall into line with the proposed direction. Early wins or positive outcomes can enforce or engender a kind of positive path dependent process as the strategic initiative moves forward.

Flexibility in Implementation and the Importance of Feedback

The literature on strategy implementation suggests an important lesson that finds support in many other literatures as well: The need to develop a process that remains flexible and able to entertain changes in emphasis and direction even while continuing to express the basic insights of the vision. The future that a strategic plan envisions or anticipates may not be the one that materializes. Over time, an organization will discover that some of the specific approaches it had selected to pursue a given priority are not working; entrepreneurs in the organization will develop new, sometimes boldly innovative ways of achieving the plan's goals. Strategic plans can become so complex and densely structured that they impede responsiveness during implementation. Feedback mechanisms can help identify what is working and what might need redress.⁴³

This theme becomes especially important given the repeated emphasis in the literature on strategy as an emergent, iterative process rather than a one-time endeavor. As such, leaders are often encouraged to think of strategy as an iterative process that enables and incorporates a process where revisions can take place. The strategic environment does not remain static, and organizations seldom conduct a strictly objective and rationalistic treatment of their relationship to that environment. As Henry Mintzberg and others have emphasized, genuine strategymaking tends to be much more organic and gradual.⁴⁴ It does not generally proceed in a linear fashion. A rigid process will not suit the necessary improvisations and incremental changes demanded by a

⁴² Kotter, 1996, p. 119.

⁴³ For example, Beer and Eisenstat (2000) and Kotter (1996). See also P. Micheli and J. F. Manzoni, "Strategic Performance Measurement: Benefits, Limitations and Paradoxes," *Long Range Planning*, Vol. 43, No. 4, 2010, pp. 465–476, and K. F. Pun and A. S. White, "A Performance Measurement Paradigm for Integrating Strategy Formulation: A Review of Systems and Frameworks," *International Journal of Management Reviews*, Vol. 7, No. 1, March 2005, pp. 49–71, for insights on strategic performance measurement systems. Relatedly, see S. Danks and J. Allen, "Performance-based Rubrics for Measuring Organizational Strategy and Program Implementation," *Performance Improvement Quarterly*, Vol. 27, No. 1, 2014, pp. 33–49, and Robert S. Kaplan and David P. Norton, "Linking the Balanced Scorecard to Strategy," *California Management Review*, Vol. 39, No. 1, 1996, pp. 53–79, which offer a more holistic view for managers to gain perspective.

⁴⁴ Mintzberg, 1994.

more emergent approach to strategy. Feedback loops that process information about the changing strategic environment can enable leaders to adjust their strategic initiatives.

Combining Deliberate and Emergent Strategy

One especially important theme to emerge from this analysis is the distinction between *deliberate* strategymaking—linear, goal-directed, detailed catalogues of objectives that reflect intended and realized goals—and *emergent* strategies. Emergent strategies come about because of various adaptations to events and developments, and are often rather different from what was initially anticipated. Planning for such adaptations is strategymaking through gradual innovation over time.

The deliberate approach is an objective, tightly planned reflection of intended goals. Emergent strategy reflects gradual strategic innovations in response to the changing environment, usually fed by a significant degree of bottom-up, grassroots innovation. The strategic planning literature, for example, suggests that perhaps the greatest risk of such initiatives is the danger of falling into the trap of laundry-listing objectives.⁴⁵ Implementation systems can become rigid and generate rote behavior in service of pre-planned outcomes. The strategic implementation literature makes similar arguments. For instance, Micheli and Manzoni note that overly rigid systems—those that include a larger number of indicators—can lead to organizational inertia, triggering potentially serious problems for organizations operating in dynamic environments.⁴⁶

Strategic judgment is an intuitive, creative process, not a linear or objective one. When strategic planning becomes a linear, data-driven mechanism, it risks having counterproductive results. For example, it can quash unplanned innovations, which are the essence of dynamic strategy. It can also stifle creativity and lead to breakdown in change efforts.⁴⁷ Encouraging strategic judgment can pose special challenges to military services, where creativity and innovation are seldom essential for career advancement.

Emergent strategymaking is common, in part because organizations tend not to follow a rigid strategize-plan-act model, but instead engage in an ongoing process of thinking and acting at the same time. A leading example of such thinking comes from GE, which moved from an elaborate, deliberate planning process in the 1980s to a more streamlined approach that seeks comparative advantages and engages managers in an ongoing dialogue to identify “big wins.”

As the GE example suggests, the distinction between deliberate and emergent strategy does not imply that one is “better” than the other. Even while embracing agile, decentralized judgment and an ongoing strategic dialogue characterized by full candor, GE restored a conscious process

⁴⁵ Mintzberg, 1994.

⁴⁶ Micheli and Manzoni, 2010.

⁴⁷ Andrew H. Van de Ven and Kangyong Sun, “Breakdowns in Implementing Models of Organization Change,” *Academy of Management Perspectives*, August 2011.

of deliberate forethought and used complex planning mechanisms to track execution. Organizations that effectively embrace emergent approaches do not become passive and abandon the responsibility to lead, anticipate, or execute. But without incremental responses to the environment, strategymaking becomes rigid and unresponsive. The trick is to develop approaches that take best advantages of *both* deliberate and emergent strategy.

Summary

This chapter has summarized the first phase of research in this study, surveying relevant literatures for findings relevant to the Air Force’s employment of the SMP and strategic planning more broadly. As suggested above, we discovered a number of common themes even across dissimilar literatures on the basic building blocks of success in strategymaking and planning in large and complex organizations.

An important subsidiary theme was the interdependence of these building blocks. An organization can get two or three right and still fail to implement its goals, because the advantages gained in strategic clarity or communication will be undermined by a lack of top-level buy-in or the absence of a strong enough guiding coalition. Using strategic planning to achieve significant organizational goals that involve meaningful amounts of change—which almost any serious planning process will entail—demands attention to each of these factors.

The flip-side of this analysis points to potential sources of failure in strategic planning efforts, as summarized in Table 2.1.

Table 2.1. Common Features of Failed Strategy Implementation

• Lack of clarity on plan objectives or goals. • Absence of perceived need for or sense of the benefits of change. • Poor oversight of the process; too little coordination, too much bureaucracy. • Weak senior leader support. • Lack of change champions throughout the organization. • Low commitment/involvement throughout the organization; no coalition for strategy. • Weak engagement strategy—top-down dictates, no broad participation or buy-in, no opportunity for expression of doubts. • Lack of trust in change process or change managers or the process as a whole. • Recent or imminent leadership change.
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These are important clues that an organization might be undertaking its strategymaking and strategic planning processes in a manner likely to fail. We examine these factors in relation to the SMP in Chapter Six.

Finally, in Table 2.2 we connect the findings of this line of analysis to the general themes that emerged from the study as a whole. The table repeats the major themes from the review of

characteristics of effective strategic planning processes (in the left-hand column); it briefly mentions some of the supporting evidence for these characteristics; and it lists the recommendations in the report relevant to each of those characteristics. (This table reflects the broader themes of this report; it embodies each of the categories in this chapter, but does not use their precise wording as the framework for analysis.) In subsequent chapters, we will include tables that apply the specific analysis of that section to these themes, to show the connection between individual parts of the analysis and the overall argument.

Table 2.2. Evaluating the SMP as a Case of Strategic Planning: Literature Survey

	Supporting Evidence: Lines of Analysis	
	Literature Survey	Connection to Findings (Recommendations)
Strategymaking and planning efforts need a clear, simple central strategy or concept	- Guiding concept essential for coherent strategy - Empirical evidence: Firms with clear strategy for competitive advantage more effective - Strategy/planning processes fragment without guiding concept	SMP needs a stronger core concept (Recommendation One)
There must be a clear need or justification for the strategy and planning process	Without sense of need or urgency, any change or planning effort is running uphill to gain buy-in	No urgency; changing strategic environment
The process (ongoing dialogue) is as important as the product (document)	- Ultimately complex strategic issues are judgment calls; dialogue and debate among senior leaders on strategic foundations improve judgment - Details of final document seldom decisive	Streamline (Recommendation Two) Create senior strategic dialogue (Recommendation Three)
Strategy and planning efforts should allow for grassroots initiative under few baseline objectives	- Planning processes can either crush initiative with weight of requirements and goals or empower it with broad guidance - Some empirical evidence that grassroots inputs improve planning processes	Streamline (Recommendation Two) Use as platform for innovation nodes (Recommendation Four)
Planning processes must balance stability and agility, emergent and deliberate strategy	Strategymaking can be either deliberate or emergent, or a blend of the two; only a process that allows emergent strategies can be agile	Use as platform for innovation nodes (Recommendation Four)
It is critical for senior leaders to be involved in strategy and planning processes	Leader engagement theoretically and empirically associated with strategymaking success	Continue CSAF leadership; build wider coalition
Strategic planning must have clear purpose and demonstrate value through achievements, set clear priorities	- If planning processes do not support specific judgments/priorities, the organization will not understand their value - Early wins are critical to change processes	Limited early wins; too much detail, not enough decision

Supporting Evidence: Lines of Analysis		
	Literature Survey	Connection to Findings (Recommendations)
Strategy and planning efforts must have ties to internal and external stakeholders	- Communicating purpose and intent of planning process critical to long-term success - Building supporting coalition is critical	Not enough communication; need stronger coalition
The cycle and schedule of the effort shapes its character; ongoing planning encourages responsiveness	Long lead-time efforts allow organizations to ignore strategy and planning until specified annual or biannual planning events	Build into ongoing strategic dialogue (Recommendation Three)

3. Lessons of Case Studies

As part of this study, RAND conducted case studies on several organizations, both private and public, that need agility in today's world. Strategic planning is an imperfect art, not a science, and successful processes depend on the nature of a particular organization and the environment in which it operates. Despite these unavoidable idiosyncrasies, a number of best practices and lessons learned emerge from a review of organizations with records of successful strategic planning.¹

RAND researched and conducted interviews with the following organizations: the U.S. Navy, USAID, GE, and Intuit. We also conducted less-formal examinations of planning processes at a number of other firms and organizations; these included Intel, General Motors (GM), Procter and Gamble, Nokia, and some firms whose representatives preferred not to be named. We also conducted discussions with over a dozen experts on business management and strategic planning in the academic and consulting sectors, and some results of these discussions are mentioned here as well.

These cases represent organizations with new, established, and evolving strategic planning processes. This chapter will review best practices and lessons learned from these organizations, present abbreviated case study examples, and provide recommendations for the Air Force's strategic planning process.

This chapter first summarizes the basic facts of the strategic planning history at each of the four major case study organizations. It then offers the lessons and insights from those cases in thematic form, drawing examples from each case. Many of the themes discussed below echo and reinforce one another. Where appropriate, the analysis includes comments from the individual dialogues conducted outside the formal case studies.

One dominant theme that emerged from the cases was the changing character of strategic planning, as mentioned in Chapter One. All of these organizations strive to balance stability and agility, day-to-day execution and innovation, in their overall operations. But what was most impressive in our discussions was the degree to which organizations—especially private sector firms, but even government departments and agencies—increasingly look to strategic planning as a catalyst for agility and adaptability. The case studies strongly suggest that the SMP provides an opportunity for the Air Force to employ its own planning processes to pursue this leading objective of the current service strategy.

¹ We selected these cases based on an extensive review of the literature and private discussions with business strategy experts, trying to identify firms and organizations known for the effective use of planning processes. We aimed for organizations that were large and complex, to provide some degree of parallel with the Air Force. The literature does not offer a clear set of criteria to guide such a selection, and our eventual choices reflect a certain degree of subjective judgment.

Case Summary: U.S. Navy

The U.S. Navy's strategic planning process reflects the desires of the service chief as a function of the global strategic environment of the time. Evidence of this dates back to 1970, when the Navy's most senior officer at the time, then–Chief of Naval Operations (CNO) Admiral Elmo Zumwalt, Jr., put forth his ambitious planning effort—one representing a complete agenda change.² This classified document was known as *Project SIXTY*, which prioritized four Navy capabilities that took aim at a perceived evolving threat—away from North Vietnam and toward the Soviet Union.³

While Zumwalt's program was a novel initiative at the time, strategic visions and plans have become more commonplace in the Navy since the Zumwalt era. The extent to which each new Navy strategy document has been regarded as influential, however, has varied greatly over time. For example, *Missions of the U.S. Navy*, written in 1974, continues to remain relevant because it defines key missions that the service must perform. Other strategies have been considered influential for only a year or two, due to revision of priorities, evolving leadership vision, or dramatic shifts in the strategic environment.

Since the 1970s and Zumwalt's initial effort, the CNO has been primarily responsible for tasking the organization to develop a new strategy or to revise the existing one(s). This brief case study focused on the new strategic effort initiated in 2005 by then–CNO Admiral Mike Mullen. As a result of the changing role of the U.S. maritime services in a post–Cold War era, Mullen charged his deputy with creating a new maritime strategy and developing a strategic communications plan to accompany it.⁴ In 2007, after two years of development, the result was an unclassified document signed by the Navy, Marine Corps, and Coast Guard service chiefs, titled *A Cooperative Strategy for 21st Century Seapower (CS21)*.

The strategy was directed in large measure to deal with the changes in the strategic environment accompanying the end of the Cold War and the onset of the War on Terror. By 2005, the year Mullen commissioned *CS21*, ongoing wars in Afghanistan and Iraq left the U.S. Navy without a strategic compass and with only limited demand for a sea-centric service. One of the key authors of *CS21* reflected that in 2005–2006, “we were knee-deep in the *war on terror*. That's not what navies do.”⁵ The Navy's challenge was to define its post–Cold War role and relevancy in a way that resonated with the American people and with Congress. Another difficulty for those charged with crafting the new maritime strategy was the inclusion of both the Marine Corps and Coast Guard, an unprecedented effort that required more socialization, buy-in,

² Peter Swartz, “Reflections on US Naval Strategy Before 2007,” U.S. Naval War College, EMC Chair Conference paper, 2016, p. 1.

³ Swartz, 2016.

⁴ Peter Swartz, *U.S. Navy Capstone Strategies and Concepts (1970–2010): Comparisons, Contrasts, and Changes*, Vol. 1, Alexandria, Va.: Center for Naval Analyses, December 2011.

⁵ RAND interview, name withheld, May 17, 2016.

and integration among the leadership of multiple services. It also created more potential areas of disagreement.

As it sought to develop a new strategy, the Navy confronted the very difficult challenge of responding to multiple audiences and purposes. These challenges are inherent to developing a high-level strategy document. Such capstone documents may be used to address a changing world, to advocate CNO priorities, to implement new leadership ideas, and/or to codify current thinking.⁶ To a lesser extent, other rationales for these types of documents may include influencing U.S. government policy, winning support from allies, influencing adversaries, demonstrating Navy intellectual capability, and gaining advantage over concepts of other services. Others believe that strategy is driven by four often-competing cycles: presidential, congressional, budget, and 24-hour news cycles.⁷ Being responsive to all of these purposes and all four cycles can be extremely difficult, and this was precisely the nature of the challenge confronting Navy strategists as they set out to craft CS21.

Phases of Strategy Development

The CS21 project was broken down into three main phases. The first involved developing maritime strategy options. This phase was overseen by Naval War College (NWC) president Rear Admiral Jacob Shuford and led by wargaming department chairman “Barney” Rubel.⁸ NWC was charged with developing a range of maritime strategy alternatives for the tri-service executive committee to consider in Phase II. The CNO’s guidance was clear: NWC would not be constrained by existing force structure assumptions or previous strategic guidance. This freedom of thought allowed NWC to think more in the long term in a world surrounded by uncertainty.

Concurrent to the NWC effort, flag officers, as well as senior civilians, conducted a series of CNO-inspired outreach opportunities called “Conversations with the Country” to generate American public interest and a national dialogue in matters of maritime and U.S. security. These one-day forums, symposiums, and seminars ranged in scale and scope but were generally presented by senior flag officers of the three invested services, NWC professors, and members of the core writing team.⁹ These conversations provided a key insight to Bryan McGrath, CS21’s lead drafter, that explaining the merits of a maritime strategy to society at large was no simple task. Before beginning the endeavor, McGrath had assumed that Americans understood more than they actually did about the Navy, but he later learned that society “equated national security with protecting the homeland from threats.”¹⁰

The second phase of the study refined and narrowed the options developed in the first phase.

⁶ Swartz, 2011, pp. 76–78.

⁷ RAND interview, name withheld, April 28, 2016.

⁸ Peter Haynes, *Toward a New Maritime Strategy: American Naval Thinking in the Post-Cold War Era*, Annapolis, Md.: Naval Institute Press, 2015, p. 217.

⁹ Haynes, 2015, p. 223.

¹⁰ Haynes, 2015, p. 224.

After an executive committee meeting was held to evaluate all five Phase I options, only three made the cut for further socialization and refinement. These three options were sent to all of the Navy's three- and four-star admirals for input, while adjudication took place among the core team members. The admirals were then given five days to individually respond to four follow-up questions about which "strengthened" strategic option best aligned with their vision.

One of the document's drafters described the endeavor to adjudicate all the comments and feedback from Navy three- and four-star admirals as a "rowdy process." But it was also important that each three- and four-star admiral be familiar with the emerging strategy and have the opportunity to shape it.¹¹ As the endeavor continued, the core writing team had to solicit concurrence from every four-star admiral in the service. If an admiral had objections, the CNO—after a full briefing by the writing team—possessed final adjudication authority, which he exercised on several occasions.

The third and final phase involved the actual writing of the new maritime strategy. In June 2007, it was announced that Mullen, the current CNO, would become chairman of the Joint Chiefs of Staff later that year.¹² This announcement was unexpected—at least to those tasked with drafting CS21—and led to uncertainty surrounding the ongoing work. Despite this uncertainty, the core writing team pressed forward with peer reviews, discussions, and rewrites.

Throughout summer 2007, several drafts had been vetted by the three services' leaders. The draft strategy, however, did not sit well with then-Secretary of the Navy Donald Winter, who was intentionally left out of the initial buy-in process. This was, as one person familiar with the process noted, "by design." It also proved to be a problem, as Winter did not agree with the ordering of the document's strategic imperatives and threatened to "stop the train" altogether.¹³ The list placed high-end conflict at the top, and Winter believed that this ordering implied that winning the nation's current, more irregular wars was at the bottom of the Navy's priority list. He feared that such a message might be misconstrued and used as justification to challenge the current fleet architecture. Thus, he threatened to cancel the whole CS21 project unless action was taken to amend the strategic message. This guidance was also supported by the incoming CNO, Admiral Gary Roughead.¹⁴

Fortunately, Roughead still believed in the merits of a new maritime strategy and worked closely with the core writing team to reshape the message. As the former commander of U.S. Fleet Forces Command and U.S. Pacific Fleet, he was already intimately familiar with the strategic initiative started by his predecessor. Again, every three- and four-star admiral was afforded an opportunity to personally revise the strategy and to make suggestions.¹⁵

¹¹ RAND interview, name withheld, May 17, 2016.

¹² Haynes, 2015, p. 226.

¹³ RAND interview, name withheld, May 17, 2016.

¹⁴ Haynes, 2015, p. 229.

¹⁵ RAND interview, May 17, 2016.

Outreach and Implementation

The CS21 strategy development and communications plan was devised by the CNO's deputy (N3/N5), Vice Admiral John Morgan. His initial task was to gain key internal stakeholder buy-in by reshaping the Navy's purpose in terms of national interests (i.e., the "value proposition"). Toward this end, Morgan personally delivered a series of compelling presentations to Navy admirals in the summer of 2006. In them, he explained the "how" and the "why" of his strategic vision in the context of present-day challenges and opportunities.¹⁶ Morgan also emphasized to his audience that the CNO desired the strategy development process to be based on a "competition of ideas" that are "inclusive," "open," and "transparent."¹⁷ He challenged the flag officers in his audiences to "elevate the discussion" about the Navy's purpose. In structuring the strategy development process in this way, Morgan believed that it would achieve a broader, more balanced end result.¹⁸

Since the 1970s, Navy strategy development has been socialized through both official and unofficial channels and venues. Today, official in-house gatherings include the International Sea Power Symposia, the Current Strategy Forums, the Navy Flag Officer and Senior Executive Symposium, and the Global N5s/N39 Conferences.¹⁹ Institutionally, maritime strategic thought largely resides at NWC, the Naval Postgraduate School, the Federal Executive Fellowship Program, the Politico-Military Masters' Program, and Office of Chief of Naval Operations/Operational Navy. External channels include various think tanks, academic institutions, scientific institutions, the Navy Strategy Discussion Group, and international partners. In summary, there are many organizations responsible for maritime strategy development, but very few are aligned to coordinate their outputs.

According to Peter Haynes, "The project to develop [CS21] was by far the most comprehensive, inclusive, organized, and expensive of any of the Navy's post-Cold War era efforts to devise a strategic statement."²⁰ Many of the organizations outlined above played a key role in CS21's socialization and development.

¹⁶ More specifically, Morgan laid out how economics determines the fate of nations, and why globalization was altering the security calculus. This effort was critical because the Navy's new strategic vision centered on the Navy's vital role in safeguarding the global economy through seapower. At one Navy three- and four-star flag officer conference, Morgan showed a video clip from a Public Broadcasting Service series called *The Commanding Heights: The Battle for the World Economy*, which told the story of the global economy's birth and how trade, capital flows, and resources shaped the destinies of great powers. He also quoted from then-head of IBM Samuel Palmisano: "Among the most urgent of the challenges facing emergent global institution in all spheres of society is global security and order. Without them nothing is possible." See Haynes, 2015, pp. 212–215.

¹⁷ Haynes, 2015, p. 215.

¹⁸ Haynes, 2015, p. 216.

¹⁹ RAND interview, May 17, 2016.

²⁰ Haynes, 2015, p. 216.

Case Summary: USAID

USAID presents a unique case for how to conduct a decentralized approach to strategic planning. As a decentralized organization, its strategic plan offers guidance and only sparingly dictates requirements. Instead, agency personnel typically look toward the more decentralized, and operationally relevant, country strategies for their day-to-day reference. This allows the strategic plan to maintain a high-level look at agency priorities while still allowing, and indeed encouraging and facilitating, flexibility and innovation at the lower levels of the organization.

Cultural themes of adaption, collaboration, and analysis and evaluation guide many of USAID's defining characteristics when it comes to developing strategy and were a consistent topic throughout our interviews. The presence of these themes and the 2010 planning process exemplify a case of emergent strategic planning versus a structured process.

Planning at USAID: Sources and Documents

USAID strategy closely adheres to national level authorities for guidance, particularly those that played a role in the 2010 reforms.²¹ These include Presidential Policy Directive 6, then—President Barack Obama's directive on Global Development and the first of its kind by an administration. Another is the Quadrennial Diplomacy and Development Review (QDDR), which “identifies major global and operational trends that constitute threats or opportunities, [and] delineates priorities and reforms.”²² The third most-cited authority is Obama's 2010 National Security Strategy, which included development as a highlighted component for U.S. national security interests.

Within the agency, USAID's planning process relies on a complex web of documents organized in a rough hierarchy. At the top lie the organization's mission and vision statements, whose priorities and language inform lower-level planning efforts. The vision statement alone runs to 40 pages and is well researched, analyzed, and documented. This research informs USAID country teams and development officials in the relevant countries on areas they should focus and provides targeted statistics the agency wants to change. The agency then builds on its vision with its institutional strategy (of roughly similar length), “USAID Policy Framework 2011–2015.” This document serves USAID staff and global partners with “a clear sense of [USAID] core development priorities,” and seeks to “translate [Presidential Policy Directive 6] the QDDR (as well as future iterations of the QDDR and relevant Presidential directives) into more detailed operational principles, and explain how [USAID] will apply these principles

²¹ This description of the USAID strategic planning process relies heavily on a number of April 2016 discussions with the responsible senior USAID staff.

²² U.S. Department of State, “The Quadrennial Diplomacy and Development Review,” undated.

across [its] entire portfolio.”²³ USAID has a separate strategy for institutional reform, “USAID Forward,” as well as formal agency policies in 22 separate issue areas.

Finally and perhaps most importantly, USAID develops dozens of specific country development strategies, the Country Development Cooperation Strategies (CDCSs). Despite the agency establishing a top-level strategic plan, most of the agency, particularly members in the field, operates from the guidance of various CDCSs. As a field-oriented organization, these country strategies are more relevant for missions as they design programs to achieve development goals. Because political, economic, and social context is so important in the creation of these tactical-level initiatives, missions look to the strategy that takes their particular environment into consideration. The strategic plan certainly informs the CDCSs, and the CDCSs follow stipulated requirements, but day-to-day references to strategy are informed by a CDCS and not the strategic plan.

The agency’s internal process for establishing priorities within the strategic plan exemplifies USAID’s culture of collaboration. While senior leaders at headquarters may ultimately determine or communicate priorities, their decisions are informed from input by sectors throughout the agency, the field missions, the public, and partner nations. Priorities are more or less enforced through specific guidance that the CDCSs must incorporate. For example, each CDCS must have a program for biodiversity and for gender equality. Selection of additional policy priorities is up to the individual missions. A local, country-based focus helps discipline the planning process: The USAID planning office is mindful to keep the strategic plan from becoming too prescriptive and to allow missions to craft CDCSs appropriate for the operating environment.

The resulting planning process can be described as more emergent than structured. This does not appear to be the result of a conscious decision made at a senior level. Instead, it seems to derive from cultural themes that resonate within all of the interviews conducted and the documents themselves. USAID’s culture of encouraging adaptation in a changing world and its emphasis on collaboration allow for strategic priorities to emerge from discussion and field feedback, instead of being dictated from the top of the agency to the designed projects at the very bottom. Another cultural theme is the imperative within all levels of strategic planning for analysis and evaluation: The culture of the agency is to constantly check and assess activities against evidence, creating a habit of review, feedback, and analysis that contributes to an emergent, ongoing form of planning.

USAID provides mechanisms to alter CDCSs as realities on the ground change. For example, a country mission team for a country in conflict may only write a transition strategy, which requires the same amount of analyses and planning but only lasts up to three years. For more unexpected changes or multiple changes in a short time frame, each CDCS also undergoes a midterm review. This allows the mission team to reassess the CDCS to determine if alterations

²³ USAID, “USAID Policy Framework 2011–2015,” 2011.

are necessary. The agency encourages adaption over the five-year lifespan of the CDCS and provides structure for how to conduct alterations.

In terms of outreach, USAID leverages three broad means of communicating a new strategy internally. The first is part of the agency's collaborative culture; the numerous offices involved in offering input on priorities naturally create an awareness of an impending document release even before it occurs. Second, a new strategy is subject to internal reviews, the USAID front office, and other senior staff. Third, after the document is published, it is posted on a webpage, and USAID's administrator sends out a one- or two-page memo over email to the entire agency describing the new document.

Yet this emergent sensibility exists within a highly structured context. Even while allowing country-based flexibility, USAID produces an avalanche of guiding documents. Worse yet, it appears from the comments of USAID staff that no hierarchy exists on which someone could map these different documents, as some deal with completely unrelated issues or run parallel to each other. Each of these documents needs resources, such as time and personnel. One interviewee worried that USAID spends too much time in developing the documents instead of delivering the services they provide. USAID's process for strategic planning requires a lot of input from many different groups, requiring months of coordination and collaboration. However, this also increases the amount of time spent on dialogue concerning the issues and priorities and gains buy-in. The trade-off lies between getting out the documents that can guide agency activities versus spending more time and resources developing the priorities and gaining buy-in.

Case Summary: GE

GE created, defined, and reinvented the concept of strategic planning. For decades, this industrial manufacturing powerhouse used strategic planning as a guiding force internally and externally to influence its position in the marketplace. Today, GE is in the midst of redefining its strategic plan and planning process once again as it moves into a digital era defined by the Internet of Things. This case study will discuss the evolution of strategic planning at GE, examine how GE continues to use strategic planning today to maintain its global presence, and explore potential lessons for the Air Force as it implements its SMP.

In the 1950s, GE was one of the first—if not the first—major company to conduct and release a strategic plan. Since the 1970s, GE's legacy of long-term and strategic planning is widely acknowledged as the model of corporate planning. Following GE's lead, other companies soon began to develop their own strategic plans and practices.

Informal strategic planning at GE began with then-President Charles E. Wilson in the 1940s. Although strategic planning remained ad hoc and unstructured under Wilson, his assistant and successor, Ralph Cordiner, was tasked with corporate planning oversight. Cordiner began to formalize planning at GE by creating two staff positions designated specifically to long-range corporate planning. One of those positions, held by Fred Borsch, was vice president of marketing

services. This introduced the importance of sales and profitability into corporate strategy, and Borch ultimately became CEO. Under Borch, a more formalized and integrated version of strategic planning took hold at GE during the 1960s. He created a corporate strategic planning unit that was tasked with coordinating the entire process, along with an annual review.

After a period of low profitability, Borch enlisted the help of Vice President of Finance Reginald Jones, whose help turning GE around showed that finance was critical to effective strategic planning. Jones later went on to become the next CEO of GE, and he made the existing strategic planning processes completely integrated with the company. Jones created several executive planning bodies charged with strategic planning and oversight which continue to exist to this day, such as the Corporate Executive Council and the Corporate Policy Board (Board of Directors). These bodies, and the communication channels between them and GE business units, still play a pivotal role in corporate strategic planning at GE.

Beginning with the 1980s, there was a notable change in strategic planning. Then CEO Jack Welch (1981–2000) instituted a new style of corporate management that was much more decentralized and operations-centric than before. His style of “command-and-control” from the top meant a greater focus on acquisitions and divestiture, particularly related to GE Capital. Still, although formal strategic planning was virtually eliminated, the framework for planning—the committees and communication channels—remained.

Under current CEO Jeff Immelt, who took over in 2001, formalized strategic planning has again flourished. To complement the existing planning bodies, Immelt established several new bodies, including the Commercial Council and the Operating Council. The Commercial Council is charged with strategic planning for growth and developing targeted corporate initiatives, while the Operating Council has oversight in the operational aspects of implementing the decided growth strategies.²⁴

Characteristics of Strategic Planning at GE

Strategic planning at GE has always started with corporate leadership. It is the executive team, led by the CEO, which drives the strategic and operational planning environment and sets the cultural tone. Whether responding to a changing marketplace and industry, or instituting a personal philosophy, how a CEO approaches strategy determines the role of strategic planning in the company.

At GE, the impact of the CEO on the development and execution of strategic planning is evident. Beginning with Wilson, long-term strategic planning has been an important component of the GE operating environment. With each successor, strategic planning became more integrated into the corporate structure. Even though Welch was less inclined to use “strategic planning” in the formal sense, he maintained and actively used the communications channels by

²⁴ William Ocasio and John Joseph, “Rise and Fall—or Transformation? The Evolution of Strategic Planning at the General Electric Company, 1940–2006,” *Long Range Planning*, June 2008.

which corporate planning is designed and shared with business-unit management and the board of directors.

More recently, in designing the major corporate strategy transition toward a “Digital GE,” Immelt recognized that strategic planning at GE also had to be redefined. A company aligned with rapid technological change means strategic design and evaluation processes must be similarly adaptive and responsive. This was the main rationale for Immelt implementing “GE Blueprint Reviews,” which replaced annual or biennial reviews of new strategies with quarterly reviews.²⁵ These reviews are intended to enable more regular evaluation and modification of the annual strategic plan and to encourage more interaction across operating units on growth, trends, and other opportunities.²⁶

The new era of strategic planning at GE embraces constant feedback; regular discussion occurs between executives, leadership, and business units. These feedback loops occur through the same channels set up by Jones: Growth Playbook (formerly Session 1), and Operating Plan (formerly Session 2). In addition, the Commercial Council and Operating Council discussed above also play a role in strategic planning governance and in relaying information to corporate managers. These councils also provide an important forum for managers to come together to discuss business outlooks and ideas for growth strategy.

At the core of GE’s strategic planning overhaul to enable agility is simplification. There are fewer bureaucratic processes that cause time and delays—“fewer layers, fewer processes, fewer decision points.” Importantly, there is also significantly less control from the top. As Immelt describes in a McKinsey interview, GE had to make drastic changes across the board. Specifically, Immelt

Unplugged anything that was annual. The notion is that, in the digital age, sitting down once a year to do anything is weird, it’s just bizarre . . . strategic planning is [now] in a much more continuous way. We still give a lot of feedback. We still do a lot of analysis of how you’re performing. But we make it much more contemporary and much more 360-degree. So somebody can get interactions with their boss on a monthly basis or a quarterly basis. Data is being collected in a much more accurate and fluid way.²⁷

Crotonville in a Digital GE

A major factor in effective strategic planning at GE can be credited to Crotonville, GE’s leadership training institute for company executives. Crotonville was founded in 1956 on 59 acres of land just north of New York City,²⁸ and is described in the company’s most recent annual report as a “global leadership institute at the forefront of leadership, culture, strategy, and

²⁵ General Electric, *GE 2015 Annual Report*, undated.

²⁶ See, for example, Raghu Krishnamoorthy, “GE’s Culture Change After Welch and Immelt,” *Harvard Business Review*, January 26, 2015.

²⁷ McKinsey & Company, “GE’s Jeff Immelt on Digitizing the Industrial Space,” October 2015.

²⁸ Seth Stevenson, “How Do You Make Better Managers?” *Slate*, June 2014.

innovation.” Although the nature of training offered at Crotonville has evolved over the years, it remains GE’s hub for teaching leadership skills, explaining corporate culture, and sharing and developing new strategic initiatives. Not surprisingly, other companies, such as Boeing and Deloitte, have followed suit, creating their own leadership institutes.²⁹

Several major strategic and operational initiatives have sprung out of brainstorming sessions at Crotonville. For example, GE credits Crotonville with facilitating the development of “Six Sigma,” a long-used approach to strategic management at GE. It emphasized control and quality by requiring the number of defects in a production process to get to as close to zero as possible.³⁰ WorkOut and Simplification, two other initiatives designed to enhance speed and efficiency of operational processes, also came out of the institute.³¹ More recently, a new approach to product development called FastWorks, spun out of Silicon Valley, has replaced Six Sigma as GE embraces the data-driven economy.³²

Crotonville continues to play an important role in how GE sets its strategic agenda. As Ocasio and Joseph note in their historical account of GE, Immelt

has utilized the firm’s training facility at Crotonville to introduce strategic planning-related tools to manager, including scenario planning and system dynamics modeling, as well as classes on how to create new lines of business.³³

A separate article highlighting GE’s shift discusses the institute’s importance, saying it is “not an easy feat to reshape a 300,000-person company every few years to keep pace with a rapidly changing world . . . Crotonville is where that propagation begins.”³⁴

One of the more notable recent initiatives out of Crotonville is FastWorks, which emphasizes a Silicon Valley approach to product innovation. FastWorks is an operational strategy created to be an agile way to develop and test new products. The FastWorks method is one of rapid prototyping and iterative trials with consumer focus groups. It encourages regular interaction with stakeholders and is adaptable to feedback throughout the design process.

FastWorks is in stark contrast to the long-held Six Sigma operating philosophy at GE, which had a relentless emphasis on minimizing product costs and defects before release. With FastWorks, product innovation is not about a new design unveiled once every five years that is kept tightly held in the meantime. FastWorks represents a complete change in course regarding operational strategy and implementation.³⁵

²⁹ Andrew McIlvaine, “GE Opens the Doors to Crotonville,” Human Resource Executive Online, November 2009.

³⁰ Stevenson, 2014.

³¹ General Electric, undated.

³² Krishnamoorthy, 2015. See also Art Kleiner, “GE’s Next Workout,” *Strategy + Business*, Winter 2003.

³³ Ocasio and Joseph, 2008.

³⁴ Stevenson, 2014.

³⁵ Brad Power, “How GE Applies Lean Start-up Practices,” *Harvard Business Review*, April 2014.

Case Summary: Intuit

Intuit is a Silicon Valley–based computer software company whose products, which include Quickbooks, TurboTax, Quicken, and Mint, target three distinct market segments: consumers, small businesses, and tax professionals. Founded in 1983 by Scott Cook, the company reported net revenue of \$4.2 billion in fiscal year 2015 and has 8,000 employees who serve customers around the world. The company is listed on Fortune’s World’s Most Admired Companies (ranked fourth among computer software companies in 2016 and second in 2015), and has spent 15 years on Fortune’s 100 Best Places to Work list (ranked 34th in 2016 and 31st in 2015).

Strategy and Innovation History

In the early 2000s, Intuit was successful but also perceived as not realizing its full potential (e.g., less profitable than it should have been, missing marketing opportunities). At that time, Steve Bennett became CEO and implemented a process improvement-oriented strategy with “stretch objectives” and plans to achieve those objectives. His efforts were viewed as successful given large increases in revenues, operating profits, operating margins, and stock prices in the years that followed. Higgins attributes Bennett’s success to the following aspects of strategy implementation:

1. clearly defined strategy and purpose, with stretch goals that were “demanding but doable”
2. organizational structure changes intended to improve efficiency, such as cutting the CEO’s direct reports and making product business units responsible for entire product processes
3. alignment information and rewards systems to match the implementation plan (e.g., rewarding performance as described in the new strategy)
4. leadership-related changes including a more performance-oriented leadership style and stronger relationships with managers around the new quality-focused vision
5. changes to employee attitudes about quality and efficiency
6. resources-related changes, including increased investment in research and development (R&D) and acquisitions and greater emphasis on efficient uses of resources (including time)
7. developing a set of shared values that the majority of managers and employees came to hold.³⁶

Although quality and efficiency may have improved over the 2000s, there was a sense that Intuit’s innovative edge was waning, as indicated by data such as customer recommendations of new products. As founder and CEO Steve Cook tried to jump-start Intuit’s innovation processes, he and his staff discovered that PowerPoint presentations by management were no longer an effective way to motivate managers and inspire change (if they ever had been). Instead, an approach that relied on experimentation and interactions with customers proved more successful

³⁶ Higgins, 2005.

in both energizing Intuit personnel and yielding innovative designs. This new approach made use of “innovation catalysts,” design-focused coaches who worked with different teams across Intuit to facilitate product and process innovations. As the number of innovation catalysts grew, so too did the number of customer experiments. For example, in 2006, the TurboTax unit ran one customer experiment and in 2010, it ran 600. This in turn helped Intuit become more agile and better-positioned to act on new market opportunities (Martin, 2011).

Developing the Strategy/Vision

Traditionally, Intuit has held its planning process every June for the July board meeting in which business units communicate their three-year strategies. The three-year plan was developed once a year; there was also a one-year plan that was more of an operations review on a quarterly basis. More recently, however, Intuit’s leadership has come to believe that corporate strategy now needs to be more adaptable and revisited more often than once per year. The plans of specific business units are now expected to evolve significantly even over the course of a year. Intuit has introduced six-month rolling forecasts; business units now have to do more planning on an ongoing basis, thinking one-and-a-half years out at any given time. In general, more decisions are made throughout the year. The annual July board meeting is now more of a focal point and an opportunity for reflection than a single, static decision point.

Intuit leadership maintains that a centrally dictated strategy does not work for the company. Instead, the strategies are owned by each of the business units. This ownership creates an opportunity for business units to focus internally and coordinate within the unit. Two other sets of players are involved, though: the senior leadership and the corporate strategy team.

Senior leaders play an important role in the strategic planning process. They provide input, analysis, ask questions, and disagree and debate on where to deploy resources. Their role is to support and flesh out the strategy, not to reconceive it at every meeting. But senior leaders are responsible for the macro-level strategic choices that guide and inform the strategies—Intuit’s shift, for example, from an app company to a platform company, and from desktop to Internet to mobile.

Nonetheless, the significantly decentralized character of Intuit’s process recognizes that while senior leaders make such macro-level decisions, specific business units must implement them. Senior leaders monitor that execution and assist, in part by generating questions that can help the units shape their strategies. For example, the chief corporate strategy and development officer might meet with the CEO and founder to put together a short list of critical questions for each business unit to consider in its planning.

The Intuit process therefore reflects an ongoing dialogue or interaction between senior-level reflection and strategic guidance and business-unit execution. The two levels aim to reinforce one another, in part through the sharing of information and perspectives.

This approach tends to reduce the significance, in the Intuit case, of special programs to gain buy-in for resulting strategies and implementation processes. The company makes every effort to

ensure that the key stakeholders, at both the corporate and division level, are involved in generating the strategy, which reduces the risk of disconnect or the need to take subsequent steps uniquely designed to gain buy-in.

In terms of communication and outreach, strategy changes at Intuit have typically been announced through a series of meetings and offsites, where the agenda is driven by the CEO, with the chief corporate strategy and development officer also playing a role. The firm has hosted a spring leadership conference offsite of the top 200 leaders to review themes with a broader group, to further build awareness and buy-in of the strategy's primary direction and themes. This event also provides leaders with an opportunity to test concepts, and the results of those tests inform the agenda for a fall leadership conference. Finally, the end results are telecast to the entire company.

An important theme that emerged from our research on Intuit was the central role of experimentation and innovation in its conception of strategy. The firm makes extensive use of formal mechanisms to build such values into its culture, such as its famous "innovation catalysts" and customer-based experiments. One senior Intuit official stated that the firm's strategic planning process is *intended* to rely upon experimentation. That experimentation, in turn, must be grounded in data, rather than catchphrases or rough ideas. The firm consistently emphasizes the need for robust data to justify a course of action.

Lessons of the Cases: Purpose of a Strategic Plan

Different organizations use their strategic plans for very different purposes. These purposes help provide the criteria for what success means for an organization because they determine how a strategy will be measured. Despite differences among the cases, a trend from all of them reveals a resistance to using a strategic plan to direct lower-level objectives within the organization.

In particular, the two public-sector cases make clear the multiple purposes to which leaders in government departments and agencies put their strategic plans. They are internal guidance documents, to be sure, but also, and often just as importantly, tools to make the case for budgets and programs to Congress and even the American public. Public-sector strategic plans must speak to many audiences, and this makes them more complex endeavors than most private-sector strategy and planning processes.

Defining Success

Peter Swartz, a senior analyst at the Center for Naval Analysis, believes there are three overarching rationales for writing strategy documents for the Navy:

1. to explain the need for a Navy (why)
2. to explain how the Navy meets that need (how)

3. to explain where the Navy is heading.³⁷

As evident from the emphasis on “explaining,” Swartz and the Navy focus on the targeted audience of the documents as their primary purpose. The last two strategic efforts for the Navy—CS21 and follow-on strategy CS21-R—reveal a singular focus on influencing and speaking to Congress. This is perhaps why these documents exhibit a lack of formal metrics or lower-level implementation directives. As one former Navy strategist noted: “There is only one way to measure the success of a strategy: does it move money? That’s the only metric.”³⁸

Others do not have as clear of a sense of a strategy’s purpose. A senior administrator within USAID mused there are two ways to define a strategy’s success, and by extension its purpose. A bureaucratic definition of success would show that employees and missions are complying with the strategy and following prescribed guidelines. However, he found this definition deficient in showing *substantive* success, proving the strategy made an impact.³⁹ Because of USAID’s reintroduction to conducting its own strategic planning, its planning office has theories for how to measure impact but as of yet no clear definition for determining success of a strategy.⁴⁰ When asked if the current strategy was a success, one senior official within the strategy office stated it proved a success in communicating priorities and what the agency is about. However, it did not necessarily shape or direct development outcomes in recipient countries.⁴¹ While the Navy would have considered this a success, USAID appears to have a different *purpose* in mind for its document.

Emergent Versus Deliberate Process—Importance of Culture

Many of the cases displayed a struggle in finding the balance between dictating strategy according to a predicted future and allowing strategy to evolve as part of an ongoing, responsive dialogue. Organizations that have been successful in developing a truly emergent strategic planning process exhibit an organizational culture that allows for strategic redirection when needed.

USAID’s strategic planning process, although in its nascent phases, can certainly be described as more of an emergent strategic planning process as opposed to a deliberate one. This does not appear to be the result of a conscious decision made at a senior level. Instead, it seems to derive from cultural themes that resonate with all of the respective interviews conducted and the documents themselves. USAID’s culture of encouraging adaption in a changing world and its emphasis on collaboration allow for strategic priorities to emerge from discussion and from field

³⁷ Swartz, 2011, p. 75.

³⁸ RAND interview, May 17, 2016.

³⁹ RAND interview, April 11, 2016.

⁴⁰ Due to policies in 2006 and 2010 removing and returning, respectively, strategic planning in USAID, the current strategic plan and processes are a nascent case.

⁴¹ RAND interview, April 11, 2016.

feedback, rather than from priorities sent from the top of the agency to the projects at the very bottom. Another cultural theme that buttresses these is the imperative at all levels of strategic planning for analysis and evaluation. It affords the agency accountability and validation for its choices and justifies any subsequent alterations made. The cultural theme allows for creativity without chaos. While USAID has a vision and sets long-term goals, the strategic plan does not attempt to dictate lower-level objectives in pursuit of these long-term goals.

Raghu Krishnamoorthy, responsible for directing GE's cultural environment, attributes GE's ability to remain competitive as an organization for over 130 years because of its ability to evolve, not only strategically, but operationally and culturally as well. As he stated in the *Harvard Business Review*, "Many organizations get into trouble not because of a failed strategy but because of a frozen culture."⁴² Both need to take their cue from one another. Similarly, authors Yves Doz and Mikko Kosonen frame the importance of strategic agility succinctly:

many companies fail, not because they do something wrong or mediocre, but because they keep doing what used to be the right thing for too long, and fall victim to the rigidity of their business model.⁴³

Getting the "Right" Strategy

Crafting the "right" strategy for an organization relies heavily on its particular needs and environment. The cases affirm that strategic planning can become overcome by events if left to a prescribed timeline. Instead, strategic planning needs to occur according to when an organization needs it, whether that is quarterly or depending on the developments within the national policy environment. In addition to this, the cases argue that both leadership and the lower levels have a role to play in constructing the "right" strategy and should not be dominated by a top-down approach.

Strategic Planning Cycle

The cases offer different approaches to timing—choosing the correct time to construct a new strategic plan. One of the private companies previously planned according to a set cadence. As a senior leader within the strategy office noted, this served the company well during a period when markets were more stable.⁴⁴ Now, the company reevaluates once a quarter. In a McKinsey interview, GE aptly summarized the idea behind more frequent strategic evaluations:

⁴² Krishnamoorthy, 2015.

⁴³ Doz, Yves, and Mikko Kosonen, "Embedding Strategic Agility: A Leadership Agenda for Accelerating Business Model Renewal," *Long Range Planning*, Vol. 43, No. 2–3, 2010, pp. 370.

⁴⁴ RAND interview, May 9, 2016.

The notion is that, in the digital age, sitting down once a year to do anything is weird, it's just bizarre . . . strategic planning is [now performed] in a much more continuous way.⁴⁵

A former president of Nokia echoed a similar sentiment:

Five to ten years ago, you would set your vision and strategy and then start following it. That does not work anymore. Now you have to be alert every day, week, and month to renew your strategy.⁴⁶

Intuit and GM offer hybrid options. Intuit develops a three-year plan once a year and reviews a one-year plan on a quarterly basis. This allows the company to test new ideas within a flexible strategy but also one that continues toward a broader vision for the business. On a similar but shorter-termed scale, GM's strategy board meets once a month, though usually more frequently, with the rest of the organization continuously feeding into its review process.

One study characterizes the Navy's strategic planning process as "ad-hoc-ery"⁴⁷ which was corroborated by the controversial Naval Postgraduate School report released in June 2015.⁴⁸ After the Navy's lauded CS21 strategic plan reoriented the service in a post-Cold War world, the follow-on strategy (CS21-R) attempted to refocus to international developments that occurred within the intervening years, such as China's increased desire to play a more aggressive role in the South China Sea and Russia's deployment of troops to Georgia in support of local separatist movements. The decision for a new strategic plan derived from a perceived need and from new national interest.

USAID desires a more regular process but follows a similar pattern to the Navy. It aims to craft a new strategy once every four years to "closely track" the QDDR.⁴⁹ However, interviews with seniors in USAID's strategy office explained that the current strategy will receive an addendum until the new presidential administration takes offices and sets new policy direction for them. Although at first glance, the U.S. Navy and USAID appear to stand juxtaposed to one another in planning process cycles, both tend to follow the national policy environment in crafting new strategy.

Establishing Priorities—Centralized Versus Decentralized

Who establishes priorities within an organization and degree of centralization versus decentralization can reveal how open or free an organization is to innovation within its strategy. Many of the cases employ a combination of both, keeping the long-term strategic goals at the

⁴⁵ McKinsey & Company, 2015.

⁴⁶ David Ibson, "Nokia's Discreet but Potent Influence," *Financial Times*, December 4, 2006.

⁴⁷ Swartz, 2011, pp. 5–6.

⁴⁸ James Russell, James Wirtz, Donald Abenheim, Thomas-Durrell Young, and Diana Wueger, *Navy Strategy Development: Strategy in the 21st Century*, Monterey, Calif.: Naval Postgraduate School, June 2015, p. 4.

⁴⁹ USAID, 2011.

senior leadership levels while allowing for innovation at lower levels in pursuit of the core goal(s). Additionally, the purpose of an organization's strategic planning office plays a noteworthy role in determining how centralized or decentralized its process will prove.

Direction and creation of new strategy come from the very top in senior leadership for USAID, within both the agency and the U.S. government (such as directives from the QDDR). While these policies and senior leadership may ultimately determine or communicate priorities for the strategy, their decisions are informed from input by sectors throughout the agency, the field missions, the public, and partner nations. Additionally, determining priorities also derives from the research and analysis USAID conducts for all of its guiding documents and mission projects. For example, "USAID Policy Framework 2011–2015" notes that previous efforts to fight disease focused too much on disease rather than patient treatment, producing specialized clinics that did not meet the needs of the local populations.⁵⁰ This spurred a directional change for USAID's strategy regarding healthcare.

For the U.S. Navy, aligning its strategy to an administration's foreign and defense policies helps to ensure the Navy's share of the defense budget.⁵¹ However, this alignment brings its own complications. Since the end of the Cold War in particular, a lack of consensus among civilian leadership about the national strategy at large and the resources required to mitigate major regional contingencies has further contributed to the Navy's strategic challenges.⁵²

The private companies present a mixed account of where priorities evolve and the degree of involvement of their leadership. At GE, the executive team, led by the CEO, drives the strategic and operational planning environment and sets the cultural tone. Each prior CEO's approach to strategy determined the role of strategic planning in the company. However, GE recognizes staff must play a critical role in its strategy execution given today's fast-changing technology-driven business climate. For GE, a core tenant of its strategic plan implementation is to regularly engage staff and empower them to innovate and adapt to the changing global environment.

One company historically placed greater emphasis on the CEO until more recently. The CEO would take data collected from an internal conference looking at future trends, threats, and opportunities and go off to review them independently. After a few weeks, he would emerge from his office with a set of priorities for the next five years.⁵³ That periodic and idiosyncratic process had significant limitations, in terms of both the objective identification of trends and gaining buy-in from the organization. The firm has replaced it with a rolling process, in which others within the company play a larger role in working on targeted strategies in individual units. General managers of business units became responsible for their own strategies while the CEO maintains corporate strategy. In conjunction, the strategic planning office *assists* strategy

⁵⁰ USAID, 2011, p. 17.

⁵¹ Russell et al., 2015, p. 10.

⁵² Russell et al., 2015, pp. 7–8.

⁵³ RAND interview, May 9, 2016.

creation by working closely with the CEO, executive team, and individual business units and by looking to the company's future: "We facilitate the process and strategic content, but we don't dictate . . . that's not our culture."⁵⁴

Similarly, another company puts ownership of strategies at the business-unit level. Its corporate strategy teams help facilitate the planning instead of crafting it independently; senior leaders provide input and analysis, ask questions, and debate on where to deploy resources. These activities *aid* strategy but do not *dictate* the strategy. That stated, there are some macro-level themes developed centrally. When a major shift occurs, the push comes from senior leadership, but the business units must realize the shift. So senior leadership may pose a question or theme to challenge business units to shape the shift, but ultimately, it remains within the context of business unit-driven strategy.

Communication, Outreach, and Feedback

Strategic planning requires many types of communication to varying audiences. Our evaluation of the case studies points to the importance of including stakeholders throughout the process, familiarizing them with the strategy's message and allowing opportunities for feedback. Organizations should carefully plan their communication strategies according to their specific audiences. For example, shaping messages to internal versus external audiences may convey different messages of what the strategy means for them.

Another form of communication lays in the relationship between the centers responsible for generating innovation and the rest of the organization. Senior leaders must make conscious efforts to tie them together or risk losing the benefits afforded by the centers.

Internal and External Stakeholders

Several cases noted that if a strategic planning process includes incorporating input from the rest of the organization or strategies at lower levels such as business units, much of the effort of communicating the new strategy has already occurred. For example, the Navy's CS21 went through a series of "phases" before its actual creation. During each phase, the service engaged different stakeholders such as the American public and the Navy's three- and four-star generals. But as one senior in USAID put it, collaboration does not mean consensus.⁵⁵ Buy-in must still be generated, and shaping that message to its intended audience is key. When Morgan presented the plan to key stakeholders, he had to reframe the Navy's purpose in terms of national interests.⁵⁶

⁵⁴ RAND interview, May 9, 2016.

⁵⁵ RAND interview, April 11, 2016.

⁵⁶ Haynes, 2015, p. 214.

A senior within one company's strategic planning office explained that much of his time is spent doing the "old dog and pony show."⁵⁷ Those at the business-unit levels crave to understand why the strategy matters to them, and the company experiences some difficulty with strategy execution at those levels. This issue highlights the importance for the company to have the strategy dovetail with and support the business-unit operations. "We are a company driven by hundreds of thousands of individual decisions. We want to make sure everyone understands their role, and that involves a lot of face-to-face meetings."⁵⁸

At GM, the mindset on communication starkly departs from the example above. Instead of publishing a strategic plan, the company perceives strategy as an evolving concept. One senior official within the company described its communication goals by commenting that if GM spent the time to make sure the entire company completely understood the strategy, the strategy would be overcome by the fast-paced nature of today's world.⁵⁹ Strategy does not have to be entirely grassroots or comprehensible to everyone in the firm.

Connecting Innovation to the Core Business

When creating space for innovation, senior leaders must remain wary of the issue of disconnect between their centers of innovation and the rest of the organization that performs core functions or missions. If not, the centers may become detached from the organization and provide little of the benefit for which they were intended.

GM understood that innovation begins within the organization, bubbling up to executives who codify it. In order to capture these ideas, the company needed to become porous instead of presenting a brick wall. Individuals who understand this dynamic energize people below and then pull up their ideas to people at higher levels. GM thinks of this process as a social phenomenon, improving on its effectiveness through greater understanding of social networks and leveraging them to greater potential.⁶⁰ The challenge is that most people are not trained this way. This process is not about managing; it is about enabling.⁶¹ Organizations tend to be rigid, naturally resisting this kind of relationship. Pressure from outside of the system can help spur needed change, but it depends on how the organization frames the pressures. Before adopting a porous atmosphere, GM had to have a crisis to allow the company to loosen and create space that allowed ideas to filter to the top.

To accomplish a major shift in direction, GE created "GE Digital," the new lynchpin of the entire company to accomplish a major shift in direction. It seeks to be the thread that connects

⁵⁷ RAND interview, May 9, 2016.

⁵⁸ RAND interview, May 9, 2016.

⁵⁹ RAND interview, August 26, 2016.

⁶⁰ RAND interview, August 26, 2016.

⁶¹ RAND interview, July 28, 2016.

the company together, in the same way the Internet enables unprecedented interconnectedness across the world. The unit is also responsible for driving much of the strategy throughout the rest of the company, so the other units move forward with a more digitally integrated mindset.⁶²

As founder and CEO Steve Cook tried to jump-start Intuit's innovation processes, an approach that relied on experimentation and interaction with customers proved more successful in both energizing Intuit personnel and yielding innovating designs. This new approach made the use of "innovation catalysts," design-focused coaches who worked with different teams across Intuit to facilitate product and process innovations. As the number of innovation catalysts grew, so too did the number of customer experiments.⁶³

Lessons for the Air Force

Each case exemplified unique tactics in strategic planning processes, and none can claim to be perfect. However, many of them shared best practices from which the Air Force can learn. Below we present five recommendations that emerged from the four cases.

1. Before service leadership demand a new or revised strategy, they must ask themselves: "a strategy for what?" The Air Force must understand the purpose of its strategy as a starting point in its planning process and for assisting with what success of the strategy will look like. Especially in the public sector, a strategy and strategic plan will inevitably have many audiences and be used for many purposes.
2. The Air Force's environment and not a set schedule should determine the need for a new strategy. It should not be a one-off process to be considered on an annual or longer interim basis. Many successful organizations have increasingly turned to ongoing, iterative planning processes rather than ones tied to rigid annual benchmarks.
3. Strategy is not one-sided, being implemented only from the top down. Instead, strategic planning processes include implementation and evaluation processes that are both top-down and bottom-up. Organizations are increasingly finding ways to use their planning processes as catalysts for agility—as tools to help deal with the implications of accelerating change in their strategic and competitive environments.
4. Service leadership need to engage stakeholders throughout the strategic planning process to familiarize them with the strategy's goals and to offer opportunities for feedback. When communicating the strategy, leadership must also tailor these conversations to fit the audience.
5. Creating a space within the Air Force for innovation to facilitate agility is not enough. Service leadership must also enable those within this space to assist with bringing their ideas up to senior levels and connecting their ideas to the rest of the service.

Finally, Table 3.1 connects these lessons and implications to the general themes of the report. As with the literature review line of analysis, our assessment of the case studies provides support for each of the major themes. The evidence is admittedly anecdotal in that this effort did not

⁶² McKinsey & Company, 2015.

⁶³ Roger L. Martin, "The Innovation Catalysts," *Harvard Business Review*, Vol. 89, No. 6, 2011, pp. 82–87.

reflect a comprehensive survey of organizations in various fields. But through both a survey of literature on key companies and dialogues with officers in those firms and in two U.S. government agencies that have revamped their planning processes in recent years, our research did uncover a number of notable trends consistent across the board. These are captured in Table 3.1.

Table 3.1. Evaluating the SMP as a Case of Strategic Planning: Case Studies

Supporting Evidence: Lines of Analysis		
	Case Studies	Connection to Findings (Recommendations)
Strategymaking and planning efforts need a clear, simple central strategy or concept	Firms with effective planning processes begin with clear, compelling definition of concept for competitive advantage	SMP needs a stronger core concept (Recommendation One)
There must be a clear need or justification for the strategy and planning process	Cases suggest that effective planning processes often begin with demonstrated need—shifting strategic environment, threatened budgets or profits	No urgency; changing strategic environment
The process (ongoing dialogue) is as important as the product (document)	• Cases suggest that fine details of document seldom have strategic effect • Process supports strategic direction of firms as well as other institutional goals (structure for outreach, building culture)	Streamline (Recommendation Two) Create senior strategic dialogue (Recommendation Three)
Strategy and planning efforts should allow for grassroots initiative under few baseline objectives	• Firms stress streamlining of objectives to avoid confusion and micromanaging • Planning process can only support agility when it allows for initiative	Streamline (Recommendation Two) Use as platform for innovation nodes (Recommendation Four)
Planning processes must balance stability and agility, emergent and deliberate strategy	• This balance is a central goal of many firms • Government agencies tend to focus on stability	Use as platform for innovation nodes (Recommendation Four)
It is critical for senior leaders to be involved in strategy and planning processes	Universal lesson of cases is that without senior leader engagement, organization will not see importance of planning/strategymaking process	Continue CSAF leadership; build wider coalition
Strategic planning must have clear purpose and demonstrate value through achievements, set clear priorities	• Effective organizations integrate planning tightly into overall strategymaking and innovation processes to give it clear role and purpose • Early wins make big difference in cases	Limited early wins; too much detail, not enough decision
Strategy and planning efforts must have ties to internal and external stakeholders	• Case study organizations demonstrate importance of communicating nature and goals of process, and building internal coalition • Especially in government, planning processes used to engage external stakeholders	Not enough communication; need stronger coalition

Supporting Evidence: Lines of Analysis		
	Case Studies	Connection to Findings (Recommendations)
The cycle and schedule of the effort shape its character; ongoing planning encourages responsiveness	Cases demonstrate increasing focus on ongoing process rather than episodic	Build into ongoing strategic dialogue (Recommendation Three)

4. Air Force Strategic Planning: Past, Present, and Future¹

For a relatively young service, the Air Force has a remarkably rich intellectual history. Even before the Air Force's official formation, the development of air power has been dotted with visionaries like Billy Mitchell, Hap Arnold, John Boyd, Richard "Moody" Suter, and John Warden, who were years, if not decades, ahead of their time. At the same time, however, Air Force long-term plans have not always proved particularly farsighted or even notable. Indeed, many of the Air Forces' senior leaders are skeptical of long-term strategic planning altogether. When asked why he chose to write a strategic plan despite doubting the plan's impact, a former Air Force senior leader replied, "Well, it's kind of like why you decorate your house for Christmas. Sometimes, it's just far too painful not to."²

The general dissatisfaction with the state of Air Force strategic planning prompts at least two questions: First, what does Air Force strategic planning actually accomplish? Second, how can planners make the most of this process in the future? In an attempt to answer both questions, this chapter summarizes a longer analysis of the history of Air Force strategic planning from its inception—when it was still the Army Air Corps—through today, but with a particular focus on post-Cold War history. Ultimately, the Air Force's history with the endeavor suggests that well-executed strategic planning can accomplish four basic tasks—allocate and justify resources, structure the force, define and shape the service's mission and even identity, and perhaps, most importantly, create a dialogue about the direction of the service.

Doing strategic planning "well," in turn, requires applying five basic lessons—namely, understanding the policy environment; encouraging ideas from below; starting the strategy from the top; keeping the message succinct, substantive, and sharp; and focusing on process as much as product. These lessons reinforce and build on the insights derived in Chapters Two and Three from the literature reviews and case studies of other organizations.

The Method

Before evaluating an organization's use of strategy, one must first determine the proper unit of analysis. Simply put, what counts as a strategic plan? The answer is less clear than it might seem at first. Today, the Air Force issues "strategic guidance" in a variety of forms—including vision statements, roadmaps, long-range plans, and white papers—each with its own nuances, objectives, and character. In addition, the types of documents produced today are not the same as

¹ This chapter is adapted from a longer history of Air Force strategy planning by Raphael S. Cohen, *Air Force Strategic Planning: Past, Present, and Future*, Santa Monica, Calif.: RAND Corporation, RR-1765-AF, 2017.

² Interview with a retired senior Air Force general officer, January 6, 2016.

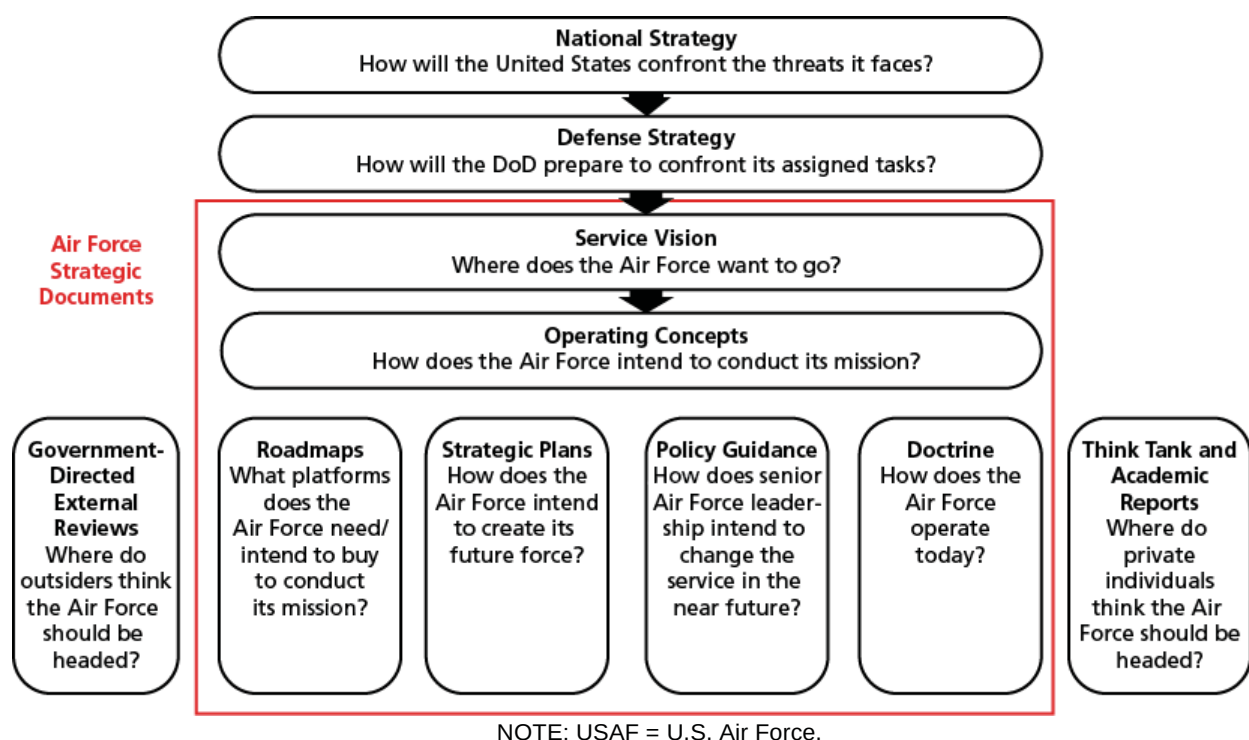
those produced two decades ago, much less what the Air Force produced at the birth of the service. As a result, there is no “canon” of Air Force strategies or plans derived from them.

Indeed, throughout the Air Force’s history, the distinction between strategies and strategic plans has often been unclear. Early strategies were presumed to have planning implications; in the absence of a formal strategic plan, they represented the closest thing to a plan the service would issue. The Air Force has long undertaken separate efforts under its programming function—laying out proposed service budgets and force structures under five-year defense plans and beyond. More recently, these have been connected more closely to formal planning processes, though not always under a “strategic plan” per se. Closing these gaps and creating a consistent, end-to-end process of strategic development, planning, and programming are indeed major goals of the current Air Force efforts. For the purposes of this chapter, therefore, we will not draw a rigid distinction between strategies and strategic plans—mostly because, before the SMP, the only formal documents were simply understood as strategies.

Through the end of the Cold War, these strategies took a more amorphous, ad hoc shape than today. Most directly, war plans guided the use, size, and stationing of the force. Senior airpower leaders also offered occasional statements charting out how they saw the future for air power. Periodically, the Air Force staff also issued special reports detailing how future technology might impact the service and how new concepts might be implemented. Later, it issued “roadmaps” detailing what types of platforms the service intended to buy. Doctrine—although not commonly viewed today as a “strategy”—also played an important role in the early years. For the Army Air Corps, codifying air power’s role in doctrine became one of the best ways to assert its independence. Later, during the Cold War, the Air Force still used Air Force Manual 1-2, *United States Air Force Basic Doctrine*, to define its mission and purpose.

Only in the post–Cold War period did Air Force strategy become both more public and more formalized, with a series of types of products produced on a semiregular basis (see Figure 4.1). Drawing on national and Department of Defense strategy, today’s Air Force produces service vision documents that outline in broad terms what the Air Force does and where it wants to go; operating concepts detailing how it plans to fight; roadmaps charting out what it wants to buy; strategic plans for the policies and procedures it wants to implement; and doctrine, although its importance relative to the other strategic documents arguably has diminished somewhat.

Figure 4.1. Today's Strategy Documents



Ultimately, this analysis of the Air Force's historical experience with strategic planning mostly focused on Air Force strategic documents—with a particular emphasis on post-Cold War developments, when Air Force strategy really began to take shape. A few caveats about scope, however, are in order. First, this chapter focuses on institutional rather than warfighting strategies—how the Air Force generates and maintains forces, rather than how it fights individual wars. Second, the chapter looks only at strategic documents designed to shape the Air Force comprehensively, rather than specific policies.³ Third, also for reasons of space, this analysis does not offer a comprehensive, year-by-year history of Air Force budgeting; Program Objective Memorandums (POM), the regularly produced planning documents that shape it; or the statements by the service secretaries and CSAFs to Congress to justify it. It does, however, look at larger, more ad hoc documents, some of which ultimately profoundly shaped the Air Force and the POMs.

If defining what constitutes a “strategy” is difficult, then defining what it means to do strategy “well” proves even more ambiguous—as much so as the effort to determine the effectiveness of a planning process described in Chapter One. For this specific analysis of the Air Force's historical experience with planning, we developed a number of criteria for success in the

³ For example, while the Air Force publishes strategies for specific technological areas (e.g., remotely piloted aircraft) or personnel (e.g., diversity within the force), for reasons of space, this work limits itself to comprehensive documents, affecting multiple facets of the service.

development of strategies—criteria that parallel but are not precisely the same as the questions raised in Chapter One to judge the effectiveness of strategic planning as a discipline.

One obvious criterion to apply to judge the impact of any public strategy is whether it is read and if so, by whom. All publicly released strategies presumably hope to attract readers, although who is the most important audience often varies. We evaluate “taking notice” in several ways: How often a document is downloaded, whether it generates press coverage, and how often it is cited in scholarship are all indirect measures of readership.

A second measure of impact is whether a strategy leads to shifts in resources—how the Air Force spends its budget or dedicates its manpower. Importantly, this does not equate to a strategy’s effectiveness. The raw numbers tell little about whether a strategy was, in retrospect, a “good” idea, but they do provide a quantifiable measure of change produced—for better or worse—by the service.

Finally, there is the question of permanence. As we shall see, many Air Force senior leaders developed their own vision for the service that they spoke about during their tenure and infused it—to varying extents—into official documents. One senior Air Force officer remarked, “Everybody wants their DNA to survive . . . to ensure their place in the gene pool. That’s why they do and redo these kinds of long range planning efforts and documents.”⁴ What separates these visions is how well they stand the test of time and outlast their original authors.

Importantly, we should be explicit about what is *not* used as an evaluation criterion here—namely, whether the strategy was “right” or “wrong.” Each strategy is a product of a unique set of historical circumstances, some more complex than others. Passing judgment on the strategy requires fully understanding these circumstances, evaluating alternative courses of actions, and playing out the counterfactuals (i.e., what would have happened if the Air Force pursued another approach instead). Instead, in an admittedly more modest and imperfect approach, this analysis focuses more on the process surrounding the development and implementation and why some strategies were well received, while others fell flat.

Finally, we should briefly touch on the sources used in this analysis. First and foremost, this study analyzes the strategic documents themselves to try to understand their aims. It then examines scholarly and journalistic accounts in order to better understand the process behind these documents’ creation, these documents’ impact on the service and their reception both inside and outside of the Air Force. Finally, this study also draws on over a dozen interviews with senior leaders—principally the heads of the strategic planning efforts on the Air Staff, the CSAFs, and the service secretaries—from a range of historical periods to understand the backstory behind these strategies, both from the perspective of those who wrote them and from the senior leaders who provided the vision and implemented the strategies. Importantly, no classified versions of the strategies or the correspondence surrounding them were examined.

⁴ Interview with a retired senior Air Force general officer, April 14, 2016.

The Results

Through the end of the Cold War, the Air Force developed a strong tradition of intellectually rigorous strategy assessments. With a handful of exceptions, like *Toward New Horizons* (1944–1945) and *Project Forecast* (1963–1964), which were usually focused on the future of technology, the most influential pieces were often the work of individuals—from Billy Mitchell and Curtis LeMay to John Boyd and John Warden—and not the work of a deliberate, bureaucratic planning process. It often took a forceful civilian leader to push the Air Force to embrace long-range planning, as with Eugene Zuckert in the case of *Project Forecast* or John Stetson with the creation of the Long-Range Planning Directorate. While doctrinal documents were published on a regular basis, like the *Basic Doctrine*, strategic documents—at least in the sense that we refer to them today—were published only on an ad hoc basis.

In June 1990, shortly after the fall of the Berlin Wall, then–Secretary of the Air Force Donald Rice unveiled a white paper, *The Air Force and the U.S. National Security: Global Reach—Global Power*.⁵ The document proved a watershed moment for Air Force strategic planning. While the Air Force had previously issued acquisition plans for what it wanted to buy and what technologies it wished to develop, *Global Reach—Global Power* attempted to do something more profound—explain the Air Force’s mission and what it offered to the nation. As former Chief of Staff of the Air Force Gen Merrill McPeak recounted in a 1992 speech, “*Global Reach—Global Power* describes how airpower contributes to national security, highlighting the attributes—speed, range, flexibility, precision, lethality—that, in combination, set us apart from other purveyors of military force.”⁶ And there is no denying *Global Reach—Global Power*’s influence: The very title would echo throughout Air Force strategic documents over the next two decades.

On a practical level, *Global Reach—Global Power* also changed the way the Air Force approached strategic planning. After its publication, successive CSAFs and service secretaries published their own white papers on a fairly regular basis. Few were as revolutionary as *Global Reach—Global Power*, but all had specific purposes in mind. These objectives typically fit into at least one of three bins—allocating and justifying resources, structuring the force, or defining and shaping the service’s mission and identity (see Table 4.1).

⁵ Moorhead, 1991, p. 2.

⁶ Merrill A. McPeak, *Selected Works, 1990–1994*, Maxwell Air Force Base, Ala.: Air University Press, 1995, p. 154 (emphasis in the original).

Table 4.1. U.S. Air Force Strategic Documents' (1990–Present) Specified and Implied Goals

Strategy	Define Mission/Purpose	Influence Budgets	Structure the Force
<i>Global Reach—Global Power/Blue Prints for the Objective Air Force</i> (1990)	X	X	X
<i>Global Presence</i> (1995)	X	X	
<i>Global Engagement</i> (1996)	X		
<i>Long Range Plan</i> (1997)		X	X
<i>America's Air Force Vision 2020: Global Vigilance, Reach and Power</i> (2000)	X		X
<i>Rapid Aerospace Dominance</i> (2001)	X		
<i>Air Force Transformation Flight Plan</i> (2003)		X	X
<i>Lasting Heritage, Limitless Horizon: A Warfighter's Vision</i> (2006)	X	X	X
<i>Air Force Road Map</i> (2006, 2008)		X	X
<i>The Nation's Guardian</i> (2007)	X	X	
<i>Air Force Strategic Plan</i> (2008)	X	X	
<i>Vectors</i> (2010, 2011)	X	X	
<i>The World's Greatest Air Force, Powered by Airmen, Fueled by Innovation</i> (2013)	X		
<i>Global Reach, Global Power, Global Vigilance</i> (2013)		X	
<i>America's Air Force: A Call to the Future</i> (2014)	X	X	
<i>Air Force Future Operating Concept</i> (2015)			X
<i>Strategic Master Plan</i> (2015)			X

Often there is a fourth, if unstated, objective behind these public Air Force strategy documents, however—namely, creating a dialogue about the direction of the service. In this respect, *Global Engagement* (1996) deserves special mention. Several accomplishments can be attributed to this document. It, arguably, successfully spurred the Air Force to more fully embrace unmanned aerial vehicles.⁷ Similarly, *Global Engagement's* statement about being able to “find, fix, or track and target anything” would be a harbinger of the kill chain that would define the service's approach to operation. But *Global Engagement* also made strides in defining a coherent, unified Air Force culture. The Air Force core competencies and its core values outlined in *Global Engagement* remain largely the same today.⁸ The values and competencies

⁷ Fogleman and Widnall, 1996; Ehrhard, 2010, pp. 47–57.

⁸ Murdock, 2001, p. 17.

provided a first step in uniting the Air Force's different tribes and giving the Air Force a coherent identity.

Perhaps most important of all was the process behind the creation of *Global Engagement*.⁹ By being personally involved in development of these documents and insisting that all the major commands' senior leadership show the same commitment, then-Chief of Staff Gen Ronald Fogelman created a process that allowed Air Force senior leadership from all the various fiefdoms within the service to come together and collectively decide on the services' future.¹⁰ To this day, *Global Engagement* is considered the benchmark for an inclusive but focused strategic planning process.

Not all Air Force strategic documents proved as successful as either *Global Reach*—*Global Power* or *Global Engagement*. Some, like the *Transformation Flight Plan* (2003) and *The Nation's Guardians* (2007), spurred significant criticism, based on the claim that their plans for advanced conventional capabilities seemed to downplay the more urgent needs to fight the wars in Iraq and Afghanistan. More commonly, as far as we could determine from contemporaneous reporting and interviews with former senior Air Force leaders, Air Force strategic documents have gone largely unnoticed, passing into history without making much of a mark one way or another.

Centralized or Decentralized: A Persistent Air Force Dilemma

A final aspect of Air Force history and culture that bears on the role of strategic planning—and a lesson that emerges from an analysis of the strategic concepts in Air Force documents over time—is the degree of centralization involved in the strategic direction of the service. The Air Force has traditionally reflected a significant degree of distributed authority, with major commands (MAJCOMs) headed by four-star leaders possessing significant independent authority for the design and execution of the Air Force program. Planning and programming activities followed this tendency as well, at least in the days before the SMP, with the 12 core function leads—often associated with MAJCOMs—independently generating master plans or support plans for their areas.

This approach complicates strategic planning at the service level. The Air Force is sometimes viewed less as a singular institution than as a confederation of member “air forces”—the combat air force, the mobility air force, the space service, and so on. Each one has tended to have substantial latitude within its own area. As is sometimes said, the Air Force is very good at assessing the status of discrete core functions—but less strong at consolidating them into a servicewide strategy.

⁹ Campbell, 2002, p. 448.

¹⁰ Interview with senior former Air Force strategist, March 2, 2016.

These realities of the planning and programming environment derived in part from the corporate culture of the service. Simply put, the Air Force has come to reflect a more consensus-driven “board of directors” approach than a rigorously hierarchical one. In the board of directors model, the service four-stars, led by the chief and the MAJCOM commanders, form a management group that governs through dialogue and mutual assent rather than unquestioned direction from the chief. The Air Force model contrasts with those of the Navy and Marine Corps, which are much more top-down, chief-centric models. As suggested by our case study of Navy strategic planning, the CNO and the Marine Corps commandant exercise much more unconstrained control of their services; the gap in authority between the chief and the other senior leaders is much greater than in the case of the Air Force.

This more distributed and collective approach has significant implications for strategic planning. Indeed some believe that its limitations helped to inspire the concept of an SMP in the first place—an Air Force-wide single “master plan” that would rationalize the planning within core function-specific documents.

For the time being, the Air Force clearly continues to represent a more distributed, confederal model. Yet such organizations need a coherent central strategic planning and execution process as much or more than more centralized organizations. Their decentralized character risks incoherence among the various components, producing an overall effort that is not strategic and that produces results that are significantly less than the sum of their parts. Therefore, our analysis of effective strategic planning and our recommendations for a modified SMP process are designed primarily to be of use to the Air Force as it exists today: They do not presume a more centralized governance structure than the one which exists. They would continue to be relevant, however, under a revised system in which the Air Force came to reflect a more hierarchical decision process.

The Lessons Learned

Ultimately, the key to doing strategic planning “right” often revolved around five relatively simple lessons outlined below. These represent characteristics that emerged as common in our analysis of more successful Air Force strategy documents, as well as comments from former senior Air Force leaders based on their experience with strategymaking. Table 4.3 attributes the lessons directly to specific strategy experienced.

1. **Encourage Ideas from Below.** From its inception, the Air Force enjoyed a vibrant intellectual culture, but its most innovative and important works of strategy were not written by committees in the depths of its bureaucracies. To the contrary, the Air Force’s traditional strength was having visionaries who went outside the formal confines and challenged the status quo. These freethinkers—like Mitchell, Suter, Boyd, and Warden—produced some of the Air Force’s most innovative ideas, which still shape the service today. To the extent that it is possible, Air Force strategic planning processes must protect out-of-the-box thinkers, giving them room to write, think, and experiment.

2. **Know Your Environment.** Strategic documents also need to consider their audience. Although the lesson seems self-evident, it proves difficult in practice. In practice, every strategy document speaks to multiple audiences simultaneously. In order for a document to be well received, particularly outside of the service, Air Force experience suggests that it needs to “fit with the times” and the broader defense policy context. Understanding the environment allows strategists not only to mitigate potential blowback, but to identify open “policy windows,” the times when leaders can push their agenda through.
3. **Develop Strategy from the Top.** While ideas can come from anywhere, and knowledge of the policy environment can be informed by public relations and congressional relations staff, developing a strategic concept for the future of a service needs to start at the top. Strategy cannot be delegated out to a division on the Air Staff or outside consulting firms. One of the best predictors of stillborn Air Force strategy documents is when the senior leadership is not directly and integrally engaged—because of either a change of leadership or change of priorities.
4. **Keep the Strategy Succinct, Substantive, and Sharp.** Air Force strategy documents often need to navigate between two extremes—being too much of a public relations pamphlet on the one hand and being too dry and esoteric on the other. Arguably, successful—or at least influential—strategy documents require a clear, if blunt, vision for the service, backed up by details and measured by a handful of select documents about how the Air Force will meet its priorities.
5. **Focus on the Process as Much as on Product.** Often, the value of a strategic document comes as much from the creation and implementation process as it does from the document itself. When asked about what they viewed as important in the documents some ten or 15 years later, former Air Force leaders downplayed the content. They emphasized instead the opportunity for Air Force senior leadership to sit down together and develop, if not a common approach, then at least a common set of messages which could be sold throughout the service and beyond. Viewed in this light, most of the value of strategic planning may come before the documents ever go to press.

In the end, these five lessons do not necessarily guarantee better strategy, but they may allow the Air Force to make the most out of the process (see Table 4.2). And every so often, when the right confluence of ideas, leadership, and policy windows align, the Air Force strategic plans may, indeed, produce real change.

Table 4.2. Attributes and Exemplars from the Post–Cold War Period

Attribute	Exemplar	Reason
Encourage Ideas from Below	<i>America's Air Force Vision 2020</i> (2000)	Gen Michael Ryan took this document's key concept—the Aerospace Expeditionary Force—from an idea developed by then–Lt Gen John Jumper.
Know Your Environment	<i>The Nation's Guardians</i> (2007)	This document provoked a political firestorm for its focus on high-end conventional threats, which appeared to contradict the Department of Defense's priorities on fighting the current conflicts—specifically, the Iraq and Afghanistan wars.
Develop Strategy from the Top	<i>Global Reach—Global Power</i> (1990)	Developed by then–Secretary of the Air Force Donald Rice and a handful of staffers, this document still brands the Air Force today, a quarter-century after its creation.
Keep the Strategy Succinct, Substantive, and Sharp	<i>CSAF Vectors</i> (2010, 2011)	Only seven and eight pages long, respectively, Gen Norton Schwartz succinctly described the Air Force's current challenges, defined its current approach, and then directed what he wanted the service to accomplish in the year ahead.
Focus on the Process as Much as on Product	<i>Global Engagement</i> (1996)	Gen Ronald Fogleman developed a comprehensive process to solicit and then socialize the ideas for this document throughout the service later employed by his successors.

Table 4.3 connects the conclusions of this chapter with the broader themes of the report. Our evaluation of the history of planning efforts in the Air Force supports six of the nine themes with clear evidence. Many of the basic themes of the literature review and broader case studies can be found in various Air Force strategymaking and planning efforts of the past, both successful and unsuccessful.

Table 4.3. Evaluating the SMP as a Case of Strategic Planning: Air Force History

Supporting Evidence: Lines of Analysis		
	Air Force History	Connection to Findings (Recommendations)
Strategymaking and planning efforts need a clear, simple central strategy or concept	N/A	SMP needs a stronger core concept (Recommendation One)
There must be a clear need or justification for the strategy and planning process	Air Force experience suggests that the institution responds best to planning efforts justified by a clear crisis or need for institutional review	No urgency; changing strategic environment
The process (ongoing dialogue) is as important as the product (document)	Examples of some of the better processes tend to support the value of senior leader dialogue and service-wide thinking about strategy	Streamline (Recommendation Two) Create senior strategic dialogue (Recommendation Three)
Strategy and planning efforts should allow for grassroots initiative under few baseline objectives	The value of most planning efforts has come from their broad concepts and few key priorities; little measurable long-term value from vast numbers of objectives/tasks	Streamline (Recommendation Two) Use as platform for innovation nodes (Recommendation Four)
Planning processes must balance stability and agility, emergent and deliberate strategy	N/A	Use as platform for innovation nodes (Recommendation Four)
It is critical for senior leaders to be involved in strategy and planning processes	Senior leader/CSAF and Secretary of the Air Force support essential to success in past	Continue CSAF leadership; build wider coalition
Strategic planning must have clear purpose and demonstrate value through achievements, set clear priorities	Institution will be skeptical of process for its own sake; clear, measurable outcomes important	Limited early wins; too much detail, not enough decision
Strategy and planning efforts must have ties to internal and external stakeholders	- Air Force planning has major external role, building narrative for external stakeholders - Most effective processes have engaged senior leaders to create internal coalition	Not enough communication; need stronger coalition
The cycle and schedule of the effort shapes its character; ongoing planning encourages responsiveness	N/A	Build into ongoing strategic dialogue (Recommendation Three)

5. Sources of Agility and Adaptiveness in Organizations

This chapter examines the meaning and potential applications of the concept of “agility” as it relates to Air Force strategic planning. It begins with a discussion of the meaning of the term, exploring how the Air Force’s conception of agility differs from views in the organizational science and business management literature, where the concept originated. The chapter then turns to a discussion of how a carefully calibrated injection of certain agility concepts into Air Force planning processes might allow the Air Force to increase its competitive edge over adversaries. The chapter then closes with some thoughts on how the Air Force’s SMP might serve as a platform for building sources of agility into the Air Force while maintaining its hierarchical structure and deliberate planning processes.

Defining Agility

The concept of strategic “agility” has recently emerged as a popular topic in business literature,¹ but its roots date back to the 1990s. Organizational scientists began to notice that improving organizational performance depended on a “delicate trade-off” between exploitation and exploration. The former involves refining and extending current ways of doing business to maximize efficiency. The latter involves exploring alternatives to win a competitive advantage, even though returns may be distant and uncertain.²

Over the last 15 years or so, business management experts have begun to argue that organizations need to lean more toward exploration, despite its risks. Increasingly dynamic and turbulent world markets are rewarding firms that embrace the concept of agility, which has been defined in many different ways across the manufacturing, organizational, and supply chain perspectives.³ One common thread across these definitions, however, is the need to explore new opportunities rapidly—to “identify and capture opportunities more quickly than rivals do.”⁴ Other management experts use the term “adaptability” to emphasize not only the need to respond

¹ Most notably, see John Kotter, *Accelerate*, Cambridge, Mass.: Harvard Business Review Press, 2014, and Donald Sull, “Competing Through Organizational Agility,” *McKinsey Quarterly*, December 2009. Also see Aghina, De Smet, and Weerda, 2015a and 2015b.

² James G. March, “Exploration and Exploitation in Organizational Learning,” *Organizational Science*, Vol. 2, No. 1, February 1999.

³ For an overview of various agility definitions, see S. Fayezi, A. Zutshi, and A. O’Laughlin, “How Australian Manufacturing Firms Perceive and Understand the Concepts of Agility and Flexibility in the Supply Chain,” *International Journal of Operations and Production Management*, Vol. 35, No. 2, pp. 236–281.

⁴ Sull, 2009.

quickly, but also to align people, processes, and organizations to respond *effectively* to the new opportunities.⁵

In this context, we understand agility as the ability to respond rapidly and decisively to changes in the strategic environment. An organization may use adaptability—a particular quality of institutional malleability in the face of needed change—as one route to agility. But agility itself refers to a capacity to sense and appreciate changes in the environment and quickly take action to gain competitive advantage based on these changes. In the corporate world, an example would be a software firm that develops a fine-tuned sense of changing market needs; has well-developed R&D activities capable of generating a new, responsive product; and marketing and positioning functions that can use the product to boost market share. The firm is agile because it can detect changes and act quickly.

In this sense, agility is not the same as anticipation. An organization that could anticipate changes 30 years out would not necessarily need to be particularly agile: It could incorporate that information into very long-term planning and move ponderously toward the capabilities required to meet the distant future. The growing emphasis on agility in private sector strategic planning efforts, however, stems from an insight that also figures prominently in the SMP: The speed of change is accelerating and the number of interacting variables is growing, making it nearly impossible to anticipate long-term trends. Agility is an alternative to anticipation; organizations that cannot anticipate the future can still respond to change as it occurs.

Having embraced the concept of strategic agility as a bulwark against market turbulence, business management experts have turned their attention to describing what an organization has to do to acquire a capacity for strategic agility. In a 2009 article in *McKinsey Quarterly*, a publication that has covered the topic extensively, Donald Sull writes that strategic agility involves “spotting and seizing game-changing opportunities,” an organizational skill that requires “patience (to wait for the right time to strike) and boldness (acting when that time arises).”⁶ This spotting effort is a short- to medium-term endeavor, reflecting the limits on anticipation at a time of rapid change.

But large organizations, both in the private sector and in the U.S. military, struggle to embrace strategic agility. Leaders assume that they must make a false trade-off between agility versus standard ways of doing business—standard operating procedures (SOPs) that can dictate anything from strategic planning to payroll operations. SOPs exist for a good reason: They allow the organization to function smoothly and with some degree of stability in an uncertain world.⁷ But in an era of increased market turbulence, organizations need *both* stability and agility, according to business management experts. Truly agile organizations, paradoxically, learn to be

⁵ Martin Reeves and Mike Deimler, “Adaptability: The New Competitive Advantage,” *Harvard Business Review*, July–August 2011.

⁶ Sull, 2009.

⁷ Aghina, De Smet, and Weerda, 2015a and 2015b. For more on SOPs, see Graham Allison and Phillip Zelikow, *Essence of Decision*, 2nd ed., New York: Addison-Wesley Educational Publishers, 1999, p. 169.

both stable (resilient, reliable, and efficient) and dynamic (fast, nimble, and competitive).”⁸ Indeed, there is some objective evidence that organizations that balance both are more successful.

While there are ways to balance stability and agility within large organizations, as discussed in the next section, there are significant tensions at play, especially when it comes to incorporating agility into strategic planning practices. Strategic agility requires organizations to adopt an inherently reactive posture, quickly responding to a dynamic and changing world. This concept is fundamentally at odds with conventional or “deliberate” strategic planning, which theoretically allows organizations to gain a comparative advantage by carefully planning long-term responses based on predictions about future market changes. Mintzberg famously highlighted this paradox of strategic planning—on the one hand, it seeks to prepare organizations for the future through step-by-step instructions, but on the other hand, it stifles their capacity for quick changes in response to turbulence.⁹

Mintzberg argues that organizations should eschew deliberate strategic planning for emergent strategy. Although he does not use the word “agility” in his book, his description of an effective strategymaking process, which he calls “emergent strategy,” looks a lot like it. He writes that emergent strategy happens when leaders seek to capture new information from all sources—drawing not only on personal experiences and hard data but also on input from the grassroots of the organization—and turn that learning into a vision for the business. Deliberate planning still has a role, but is only to support senior leaders doing the strategic thinking. It is the responsibility of the leaders, who have to formulate a strategic vision and remain open to constantly evolving market dynamics, to change how that vision is implemented.¹⁰

The Paradox of Agility

As the contrast between deliberate and emergent strategy makes clear, there is a clear paradox embodied in large, hierarchal organizations that are essentially conservative trying to enhance agility. At the institutional level, the paradox rests between the virtues of stability and agility, which are often perceived to entail a trade-off, with some perceived risk to mission as a “cost” for improved agility. Resources and senior leader focus are at a premium, and if they are given to responsive efforts to enhance agility—constantly developing new ideas, systems, and capabilities—the focus on long-term readiness and day-to-day operations may wane. Institutions with strong cultures, like the U.S. military, are generally perceived to be less adaptable, as the strength of culture provides a valuable service of safeguarding and perpetuating favorable traditional norms, which necessarily makes the institution less adaptable.

Much of the emerging literature on the concept of agility in large organizations seeks to

⁸ Aghina, De Smet, and Weerda, 2015a and 2015b.

⁹ Henry Mintzberg, *The Rise and Fall of Strategic Planning*. New York: Free Press, 1994.

¹⁰ Mintzberg, “The Fall and Rise of Strategic Planning.” *Harvard Business Review*, January–February 1994.

reconcile this perceived tension through strategies of balance, as we will discuss below—approaches that recognize the need to pursue agility and stability at the same time, or to conduct both emergent and deliberate strategy.¹¹ The goal is to find a way for these characteristics to prove complementary rather than contradictory.

Put differently, a hierarchal bureaucracy need not be the enemy of agility. Some might even argue that the sense of stability provided by a hierarchy is a necessary prerequisite to an agile organization in that it provides its employees a sense of safety and security, which are important foundations to agility. In this way, agility is accessible not only to small start-ups, but also to conservative cultures and large bureaucracies. This is the essence of the strategic concept of “dynamic conservatism,” in which conservative stability and dynamic agility can co-exist in an institution, usually through innovative hybrid structures, such as cross-functional or “matrixed” teams.

There is also a related paradox at the individual level, between the traditional, desirable military characteristics of discipline and conformity and the initiative and autonomy associated with more adaptable personality types. The trade-off at this individual level is more difficult to resolve, as the military norm of conformity does compete with personality attributes associated with agility.

Reversing the Stigma of Reactive Strategy

Defense strategy is generally devised from the outside working inward, wherein defense planners make assumptions about the future threat environment and build capabilities to counter those projected threats. This methodology generally involves some vague articulation of U.S. objectives that guides the strategy, but this is often secondary to the assumptions about the external future threat environment. This was a reasonable approach in a more linear environment that was slower to change, but the key to agility lies in the humility of accepting that the future cannot be forecast and that the organization must learn to react effectively.

This tradition of projected-threat planning does not seek to optimize agility, but instead postures against a very wide array of potential threats. However, the U.S. military culture is heavily biased against the idea of reactionary strategy, born from the conventional prioritization of “initiative” as a military virtue. Nonetheless, as suggested above, agility requires recognition of the limitations of anticipatory projections and instead seeks to optimize organizational responses to environmental stimuli. To the extent that modern planners have accepted the limits of forecasting, this conservative realism is generally captured in the notion of conventional “hedging” strategies as a defensive counter to an unpredictable future.

¹¹ An excellent survey of the qualities needed for agility and stability in effective organizations is McGrath, 2013, pp. 27–51.

The Air Force has a strong historical record in promoting reactive agility, but it generally became most notable at the operational and tactical levels, and particularly during conflicts. At the tactical level, Col John Boyd's "OODA" (Observe, Orient, Decide, and Act) loop framework is an example of a reactionary and iterative model based on external observations. This was also the case, at the operational level, with air power pioneer Billy Mitchell challenging conventional wisdom and learning from failure. In both these cases, however, the break from the status quo thinking was essentially tactical or operational (i.e., for aerial combat and bombing), not from an existing principle of strategic planning.

Balancing Stability and Agility: Toward "Dynamic Conservatism"

A more evolved solution is the practice of "dynamic conservatism," or use of a "two-axis" approach to organizational design.¹² On one axis is a relatively stable organizational "backbone" that changes little over time. This backbone typically includes functions that are less prone to environmental change, such as enterprise-wide functions like human resources, IT, and facilities. On the second axis are dynamic organizational entities that change more often as a function of market conditions, generally organized around a priority component of the business, such as client teams, geographic regions, or product lines. The goal is to balance the two imperatives of stability and agility: Decisions will be decentralized and individual autonomy promoted, and personnel still will have a sense of stability and know where they belong within the organization.

There are several organizational models drawn from the business management literature that may provide insights for the Air Force as it seeks to balance stable and agile planning processes.¹³ Each of these models focuses on the "two-axis" concept of a strong organizational backbone for stability, overlaid with decentralized structures to promote agility. The networked side of the process represents initiatives that coalesce and disband with ease, allowing individuals to creatively think about big problems. Meanwhile, the hierarchical side of the organization looks fairly traditional, but it is free to focus on what it does best: standardizing procedures, improving efficiency, and making predictable adjustments.

Importantly, these two-axis models need to be meshed together to make sure that the network side has a real impact on the larger organization. The effort to use the network to inculcate agility into strategic planning will fail if the hierarchy is not "bought in" to the concept. Therefore, the people who populate positions across the traditional hierarchy also need to be involved in the network. The support of senior leaders is also critical. Leaders need to launch the network with a sense of urgency, make it an explicit priority, support it, and ensure that it stays aligned with the hierarchy.

¹² Chris Ansell, "Dynamic Conservatism: How Institutions Change to Remain the Same," *Research in the Sociology of Organizations*, Vol. 44, 2015, pp. 88–119.

¹³ Kotter, 2014; Ori Brafman and Rod A. Beckstrom, *The Starfish and the Spider: The Unstoppable Power of Leaderless Organizations*. New York: Penguin, 2006; Aghina, De Smet, and Weerda, 2015a and 2015b.

Netflix and Cisco are both frequently cited examples of having successfully implemented an organizational structure that responds to the dynamics of the market while gaining support from a more stable set of functional divisions that support the market-facing divisions. McKinsey & Co. refers to this concept as the “iPhone” model of stable adaptability, where the operating system, firmware, and hardware represent a relatively stable backbone, and the applications are modular and infinitely customizable for the user.¹⁴

In this dynamic conservatism model, a stable hierarchy is not necessarily the enemy of agility, as this stability provides a useful backbone for vital, regular, and repeatable processes within the organization, creating a means by which to sustain and evolve a consistent organizational culture and providing the foundation for an environment with the prerequisite “psychological safety” to drive performance. This is the conceptual backdrop of many modern corporate organizational structures that utilize both a classic, relatively stable set of vertical business units and a dynamic, agile set of horizontal “cross-functional” or “matrixed” teams that cut across the vertical business units. This juxtaposition of stable “homes” for employees with agile and adaptable cross-functional teams is a modern manifestation of dynamic conservatism.

For instance, employees in technology product companies like Cisco may belong to both a stable, vertical business unit (i.e., marketing, R&D, sales, finance, etc.) but also belong to a cross-functional “product team,” which is more dynamic and designed to be stood up or disbanded relatively easily. This gives a large company the dynamic agility of a start-up while also providing the stability required to make employees feel safe. This enhances output, while also preserving elements of institutional culture.

In sum, organizational agility requires willingness to prioritize structural design and posture optimized for a wide array of potential responses, rather than being optimized for warfighting evolution in a particular direction. In particular, the structure should be considered holistically, as a Department of Defense construct as opposed to an independent service model, and should consider novel approaches of “dynamic conservatism” that preserve vital cultural norms and functions while aligning warfighting divisions to respond to environmental change. That said, the SMP’s prioritization of agility is to be lauded as a leading model, and the Air Force can take actions to reorganize and posture for enhanced agility short of broader Office of the Secretary of Defense reforms that would require congressional action and statutory reform to enact.

Striking a Balance Between Deliberate and Emergent Strategy

Mintzberg has argued that the entire problem with strategic planning is that it has turned into the very type of standard operating procedure that may help an organization run smoothly but also get in the way of progress. Reviewing a number of leading case studies, he has concluded that overly formalized strategic planning processes take away leaders’ power to do strategic

¹⁴ Aghina, De Smet, and Weerda, 2015a and 2015b.

thinking and put that power in the hands of strategic programmers who use data and measures to assemble rigid, detailed plans.

In contrast, Mintzberg called on organization leaders to actively engage in true strategic thinking in response to the changing world around them. Mintzberg cites the example of Sam Steinberg, who owned a chain of grocery stores in Canada in the 1950s. He decided that he could not sustain his rate of growth if he had to bid on spots in shopping malls, so instead he would buy the whole shopping center. He drew on his own intuition, rather than a careful plan based on market predictions. The role for planning was simply to explicate where, when, and how the shopping center purchases would happen.¹⁵

Mintzberg argued for a critical distinction between two types of strategymaking and planning—the difference between *deliberate* strategymaking (linear, goal-directed, detailed catalogues of specific objectives that reflect intended and realized goals) and *emergent* strategies. Emergent approaches are more incremental and grassroots processes that give rise to strategies that were not intended at the start. Emergent strategymaking is strategymaking through gradual innovation over time.

The deliberate approach is an objective, tightly planned reflection of intended strategy. Emergent strategy reflects various forms and models of incremental, bottom-up, gradual strategic innovations in response to the changing environment. Deliberate strategy is also referred to as planned strategy, which Mintzberg describes this way: “Leaders at the center of authority . . . articulate their intentions in the form of a plan, to minimize confusion, and then elaborate this plan in as much detail as possible . . . to pre-empt discretion that might impede its realization.”¹⁶

Mintzberg contends that strategic judgment is an intuitive, creative process, not a linear or objective one. When strategic planning attempts to replace the strategymaking creativity of senior leaders with a linear, data-driven mechanism, it risks having counterproductive results. It can quash unplanned divergences, which are the essence of dynamic strategy. Yet it is important to understand that Mintzberg’s approach fully recognizes the need for organizations to sustain institutional stability—an especially critical consideration for a mission-driven institution such as the Air Force, which must develop stable, long-term plans for a high-stakes, evolving national security context. Instead, this conceptual view of strategic planning seeks out a balance between stability and agility that could be adjusted depending on the Air Force’s needs.

The distinction between deliberate and emergent strategy does not imply that one is “better” than the other. The coherence that comes from planned strategy is important. But without incremental responses to the environment, strategymaking becomes rigid and unresponsive. Mintzberg calls for approaches that take the best advantages of *both* deliberate and emergent strategy.

¹⁵ Mintzberg, 1984, pp. 231–232; Mintzberg, 1994.

¹⁶ Henry Mintzberg and James A. Waters, “Of Strategies, Deliberate and Emergent,” *Strategic Management Journal*, Vol. 6, 1985.

At the basic level, the deliberate-emergent balance parallels the balance described above between stability and agility. Again, it does not recommend simply choosing one over the other of these needed qualities, but finding a mixed organizational structure that achieves some of the benefits of both. The planning processes associated with stability would continue to focus on enduring functions and missions that are permanent or long-term and demand reliability, predictability, structure, and consistency. In contrast, the planning processes associated with agility would capitalize on experimentation and collaboration, rapidly gathering strategic thinkers together to focus on emergent risks and opportunities.

Together, these planning processes, which mitigate risk on the one hand and embrace risk on the other, might help the Air Force to not only maintain, but also sharpen, its warfighting edge over competitors. The goal of these efforts would be to allow the Air Force to capitalize on both deliberate and emergent strategic planning processes to strengthen its competitive edge in a rapidly changing threat environment characterized by novel challenges and opportunities.

To that end, this chapter closes with recommendations regarding the use of the SMP as a platform for the development of a planning structure that involves both deliberate and emergent strategy. These reflect the judgment of project staff in applying the principles of emergent planning to the Air Force case.

1. **The SMP platform can be used to promote and institutionalize both deliberate and emergent strategy.** The level of detail in the SMP provides a backbone for routine planning processes, but its stated commitment to agility also makes it a good platform for launching agile planning structures. The SMP's overarching goal—to win a competitive edge over adversaries—is best enabled by pursuing both types of planning.
2. **The SMP can provide a broad vision for emergent planning.** The SMP identifies its four “annexes” as a “foundational element of Air Force Strategy.”¹⁷ These annexes, namely human capital, strategic posture, capabilities, and science and technology, might provide broad strategic themes for agile planning structures to consider in light of challenges and opportunities in the emerging threat environment.
3. **Agile planning structures could take a variety of forms.** Kotter's notion of a two-axis organization provides a generic model for forming a network to work alongside the hierarchy. But there are many ways to form that network, some of which will be described in Chapter Seven.
4. **Leadership buy-in is critical.** The Air Force will be best positioned to strike a balance between deliberate and emergent planning processes if its most senior leaders fully to whatever type of two-axis organization it ultimately adopts. Senior leader buy-in is essential to ensure that the network-like organization is not seen as some kind of insurgency, but rather a parallel effort meant to lift some of the strategic thinking burden

¹⁷ U.S. Air Force, 2015b, p. 8.

off of the traditional hierarchy. The active participation of senior leaders is also critical to ensure that emergent strategies make it to the implementation stage. Senior leaders should seriously debate the findings generated by whatever agile planning structures they choose to adopt. In fact, the reports generated by those structures could serve as good fodder for freewheeling, creative, and strategic discussion in a high-level forum of senior leaders, such as the CORONA meetings.

Summary

Table 5.1 connects these findings with the broader themes of this report. Our evaluation of the character and sources of agility provides direct evidence for four of the nine main themes. (It does not deny or contradict the others, but simply does not offer direct evidential support.) These particular themes are especially important to the lead goal of the SMP, agility, and are stressed in the recommendations in Chapter Seven. In broad terms, this review of recent literature and cases on the goal of agility suggests that strategymaking and planning processes that encourage this characteristic tend to be looser, ongoing strategy dialogues with extensive room for bottom-up innovation. They use a handful of major goals to focus the priorities of the organization, but do not micromanage the process. Their comparative advantage is not in the checklists they generate but the institutional energy and direction they create. That is the opportunity for the Air Force—to employ the SMP in these ways to generate enhanced agility.

Table 5.1. Evaluating the SMP as a Case of Strategic Planning: Sources of Agility

Supporting Evidence: Lines of Analysis		
	Sources of Agility	Connection to Findings (Recommendations)
Strategymaking and planning efforts need a clear, simple central strategy or concept	N/A	SMP needs a stronger core concept (Recommendation One)
There must be a clear need or justification for the strategy and planning process	N/A	No urgency; changing strategic environment
The process (ongoing dialogue) is as important as the product (document)	N/A	Streamline (Recommendation Two) Create senior strategic dialogue (Recommendation Three)
Strategy and planning efforts should allow for grassroots initiative under few baseline objectives	Institutions cannot be agile from the top-down; using planning and strategymaking processes as catalysts of grassroots creativity is essential	Streamline (Recommendation Two) Use as platform for innovation nodes (Recommendation Four)
Planning processes must balance stability and agility, emergent and deliberate strategy	This is the essential message of this chapter and the literature and cases regarding agility: Finding ways to promote it while balancing with stability is the essential challenge	Use as platform for innovation nodes (Recommendation Four)
It is critical for senior leaders to be involved in strategy and planning processes	The literature and cases on institutional agility again point to the essential role of strong leadership support and buy-in for such efforts	Continue CSAF leadership; build wider coalition
Strategic planning must have clear purpose and demonstrate value through achievements, set clear priorities	N/A	Limited early wins; too much detail, not enough decision
Strategy and planning efforts must have ties to internal and external stakeholders	N/A	Not enough communication; need stronger coalition
The cycle and schedule of the effort shapes its character; ongoing planning encourages responsiveness	Strategymaking and planning processes focused on agility tend to be ongoing and persistent rather than episodic; critical to both change mindset and provide steady responsive strategic action	Build into ongoing strategic dialogue (Recommendation Three)

6. Evaluation of the SMP

Based on our review of the categories of research and information summarized in Chapter One, and informed by dozens of conversations and interviews with current and former Air Force leaders, we developed an assessment of the SMP, the opportunities it reflects for the Air Force, and the advantages and risks embodied in its current design and execution. We see significant value in a continuing planning process that allows the Air Force to avoid the “boom and bust” cycles of planning characteristic of the last several decades; create a consistent set of themes and criteria against which choices are measured; and avoid reinventing the planning wheel with each new chief of staff or secretary. At the same time, if the SMP is to achieve the most central objective laid out for it—to underwrite Air Force agility—we assess that some aspects of the current approach could be counterproductive. More broadly, when measured against the criteria for success and failure in strategic planning suggested in Chapter Two, the SMP offers some reasons for concern, and its implementation to date raises some questions about how quickly it can provide an effective tracking and benchmarking tool across service functions and missions.

It is important once again to clarify what this study was designed to do—and not to do. As mentioned in the summary, this study’s purpose was not to grade the execution of the SMP by tracking the implementation of specific tasks or objectives. The Air Staff is undertaking that job. RAND analysts discussed the process with Air Staff members over time, and some of our comments below reflect a general sense of the largest trends in that regard. But our objective was to rely on general findings about the requirements for success in strategic planning to evaluate the status and promise of the SMP. It is an assessment, in other words, not of the SMP’s current execution, but of its potential advantages and risks as an example of strategic planning.

Measuring Success: How Do We Know If the SMP Is “Effective”?

As suggested in Chapter One, measuring organizational effectiveness is a difficult task. Evaluating—let alone measuring—the specific contributions of organizational activities such as strategic planning is even more challenging. Distinguishing the effects of one such activity from the wide array of variables affecting outcomes poses serious analytical challenges.

The SMP itself does not help matters in this regard. It is a broadly encompassing and aspirational document that implies measures of success across many functions and themes. In terms of target audience, the SMP casts a wide and ambitious net. According to the document, the SMP’s principal audience is internal. It includes the Headquarters Air Force staff, the MAJCOMs, and the Core Function Leads (CFLs) responsible for planning programming and budgeting. Additionally, the SMP aims to serve as authoritative guidance for all Air Force programs and flight plans.

The SMP purports to align the Air Force’s long-term strategy, policy and guidance “with planning and programmatic decision of senior Air Force leadership in support of National Defense and Combatant Command requirements.”¹ The principal message that emerges from the documents is that the Air Force should aggressively embrace measures to produce “institutional strategic agility” necessary to adapt and respond faster than adversaries in an increasingly dynamic environment and under resource constraints. The SMP refrains from setting out clear priorities for investment or divestment. Rather, via a series of “imperatives” and “vectors,” it offers a “shared understanding that empowers Air Force senior leaders to align interests and reach consensus” amid difficult planning choices.²

As noted above, however, the approach we took was to assess the potential effectiveness of the SMP against two broad metrics. The first was to measure it against the general goals and objectives that strategic planning as a discipline is designed to accomplish. These goals derive from the basic definition of strategic planning offered in Chapter One, and include laying out a clear vision of the strategic future, identifying a specific strategy for competitive advantage, and mapping out a series of activities that will allow the organization to execute that strategy. In these broad terms, as noted in Chapter One, six measures of effectiveness suggest themselves in regard to a planning process.

1. Does it outline or reflect/reiterate a clear strategy—a concept for institutional competitive success?
2. Does it provide, perhaps along with the distinct service strategy document, a clear vision of the strategic future and the service’s role in it?
3. Does it map out a set of actions likely to fulfill that strategy, based on some theory of how individual actions accumulate to achieve larger results?
4. Does the process require and track the achievement of those actions?
5. Does it provide clear institutional guidance that allows the setting of priorities?
6. Does it provide a concise and understandable template that leaders throughout the service can use to make key choices?

Our summary of the literature outlined in Chapter Two pointed to ten specific characteristics of strategic planning efforts that found success against such criteria. In this chapter, we assess the SMP against both of those sets of criteria. Each refers to characteristics needed by strategic planning efforts in general.

Second, we evaluate the potential effectiveness of the SMP against the specific goals set by the document itself. According to the document, the SMP’s intent is threefold. First, it aims to translate the Air Force strategy’s imperatives and vectors into capability development and planning direction. Second, it strives to align activities across the Air Force. And third, it provides a mechanism to track progress against the Air Force strategy. In the process, the SMP

¹ U.S. Air Force, 2015b, p. 3.

² U.S. Air Force, 2015b.

establishes several long-term benchmarks, objectives, and even subobjectives in training, education, recruiting, agility, networking, organizational structuring, partnerships, and other relevant areas. The document also establishes a comprehensive vision across missions and functions, with the purpose of aligning actions across Air Force commands—especially the MAJCOMs and CFLs—with Air Force Headquarters elements. And it also sets out a framework to ensure implementation of activities via the use of annexes.

One possible role of a plan such as the SMP would be to reconfigure lines of authority and power relationships within an organization. Some recent research, for example, suggests that control of funding authority is essential to effective long-term strategymaking in service of a strategic plan. When resources become captive to large business units in a firm, the organization as a whole cannot respond rapidly to new opportunities because it lacks ready access to capital.³ A framework such as the SMP could theoretically be used to set central, coordinated priorities both to enhance the clarity of direction for the Air Force and as a prelude to different budgeting practices in the service. In the context of what has traditionally been among the more decentralized of the U.S. military services, with major commands whose independent CFLs guide the development of key capability areas, the SMP could become a fulcrum for institutional reform.

This is not, however, an explicit goal of the SMP, and so we have not evaluated the plan itself or its associated process against this possible objective. We found little data in the literature on the use of strategic plans to achieve such internal institutional goals, although it is likely that many examples exist. If this is the goal it is not clear that the SMP itself will make a critical difference in the face of larger Air Force institutional culture. More fundamentally, though, such intentions are simply not spelled out in the document.

The Air Force View of Agility in Strategic Planning

The single most important theme in the SMP, which seems to have greater significance than its status as a single “imperative” would imply, is agility, and we placed special emphasis on understanding and evaluating the SMP’s ability to foster this quality. Former CSAF Gen Mark Welsh defined agility in a 2015 journal article in a way that reflects the business literature’s emphasis on responding quickly to a dynamic environment. In his view, agility is a means to manage increasing uncertainty and rapid change. It is, as suggested in the previous chapter, the ability to respond quickly and decisively to changes in the strategic environment. Developing agility is a strategic imperative, according to Welsh, because it acts as a much-needed “counterweight to the uncertainty of the future and its associated rate of change.” He added that

³ See, for example, McGrath, 2013, pp. 75–100.

the concept of agility answers “a call for significant, measurable steps to enhance our ability to wield innovative concepts and advanced technologies in unfamiliar, dynamic situations.”⁴

To that end, the Air Force’s SMP focuses on agility as one of two “strategic imperatives”—the other being “inclusiveness”—and provides goals and objectives for measuring the service’s institutional agility.⁵ Although the SMP does not explicitly define agility, it does informally describe its role, in line with Welsh’s view, as a capacity to “adapt and respond faster than our adversaries in an increasingly dynamic environment characterized by constrained resources.”⁶ The Air Force will foster increased agility, the SMP contends, through improvements to the Air Force culture of innovation and adaptability in airman development and education, capability development, operational training and employment, and organizations.

But there is an interesting paradox that emerges from the SMP. On the one hand, it loosely defines agility in terms of reacting quickly to a changing environment. On the other hand, the document embraces a process for implementing agility that is somewhat at odds with the idea of moving fast to seize opportunities. Based not only on its length and degree of detail, but also on its stated observation that agility “implies anticipation over reaction, and shaping over responding,” the SMP embodies the Air Force’s enduring commitment to rigorous, potentially rigid, long-term planning processes.⁷ In other words, the inspiration for the SMP derives from the acceleration of change and the lack of any ability to anticipate effectively. And yet the SMP lays out a 20-year planning horizon that appears to presume an ability to do just that—and then creates an elaborate set of categories and objectives that look much more like deliberate than emergent strategy.

This preference for deliberate strategic planning manifests itself throughout the SMP, which lays out a series of relatively detailed and complex charts for strategy implementation over the next 30 years.⁸ The Air Force’s commitment to deliberate strategic planning is also evident in the fact that the SMP is only one of several strategic planning documents that the Air Force has released.⁹ By embracing a view of agility that favors a deliberate approach to planning, the SMP appears to close off the possibility of adopting Mintzberg’s emergent strategy, which calls for senior leaders to formulate strategy in response to real-time information.

⁴ Mark A. Welsh III, “A Call to the Future: The New Air Force Strategic Framework,” *Air and Space Power Journal*, May–June 2015, p. 5.

⁵ U.S. Air Force, 2015b, pp. 13–24. The imperative of “inclusiveness” is not as commonly discussed, and the term itself risks being misleading: It does not refer only to diversity as traditionally understood, but more broadly, as inclusiveness in regard to a variety of ideas and perspectives. To improve inclusiveness the SMP calls for the empowerment of members of the Air Force Team, structural and cultural improvements, and expanding intra- and interservice connections.

⁶ U.S. Air Force, 2015b, p. 3.

⁷ U.S. Air Force, 2015b, p. 60.

⁸ For an example, see the U.S. Air Force, 2015b, pp. 19–24.

⁹ Others include two vision documents: *Global Vigilance*, *Global Reach*, *Global Power for America* and *America’s Air Force: A Call to the Future*, as well as the *Air Force Future Operating Concept* and the *Air Force Strategic Environment Assessment 2014–2034*.

In principle, the SMP represents an important attempt to aggressively embrace an agile approach to strategic planning. But in practice, the document has taken a conservative view of how to inculcate agility into its strategic planning processes. This hesitancy to fully embrace the business concept of agility is understandable, given the mixed experiences and uneven results of past efforts to borrow concepts from business management literature.¹⁰ Although there are important similarities between military institutions and private firms, military institutions are also unique enough that transferring business management concepts requires a measure of caution. The Air Force must think very carefully about shifting the balance from deliberate planning processes to more inherently reactive agile planning processes: It operates in a highly uncertain context, it must design future operating concepts and make forecasts about future war on limited evidence, and it faces extremely high stakes if it were to fail. Moreover, the Air Force is subordinate to a Secretary of Defense and a President guided by multiple different objectives and considerations, whereas businesses can focus largely on the bottom line.

In light of their unique characteristics, military organizations—like the Air Force—that are struggling to balance stability and agility may justifiably be inclined to favor the stability of deliberate planning practices. Nevertheless, the Air Force still has good reasons to continue its exploration of agility as it has been developed in the business literature. Both military institutions and private sector businesses share a heavy reliance on standard procedures, which may mitigate uncertainty but may also prove counterproductive in an increasingly volatile world that favors quick reaction. Recognizing that stability and agility can coexist within an organization, business management experts have proposed several organizational models designed to allow such a coexistence to flourish. The goal of these models is to allow organizations to become more agile in response to an increasingly turbulent world.

Advantages and Opportunities of the SMP

With those criteria in mind, we have continually sought to assess the possible advantages and opportunities of the SMP. In fact, the SMP does hold significant promise in achieving the execution goals it lays out for itself. Over the course of the last year, our analysis has also identified a number of promising trends with regard to SMP implementation. Reasons for optimism include the following:

- **Powerful vision.** The *Call to the Future* and the SMP both reflect a strong statement of a rapidly changing strategic environment and the need for an innovative, adaptable Air Force to meet the challenges of the future. The clarion call can serve as a potent justification for institutional reform and change.
- **Clear intent of senior leadership.** The last two chiefs of staff, as well as the current secretary, have all indicated that the *Call to the Future* and SMP should provide the

¹⁰ See Graham W. Rinehart, “How the Air Force Embraced ‘Partial Quality’ (and Avoiding Similar Mistakes in Future Endeavors),” *Air and Space Power Journal*, Winter 2006.

baseline strategy and planning process for the Air Force. The current chief of staff has reiterated the importance of the SMP; it is significant for the SMP's future that the senior leader viewed as arguably the most firmly committed to the SMP was chosen as the CSAF.

- **Comprehensive vision across missions/functions.** The SMP represents an intention to ensure coordinated action across Air Force functions, a critical goal that can be underemphasized by classic core function planning processes. It embodies this goal in its imperatives and vectors, which are all cross-functional themes or objectives.
- **Offices volunteering to be champions.** The Air Force has succeeded in obtaining senior leaders and offices willing to “champion” the cross-functional coordination required to pursue its imperatives and vectors.
- **MAJCOMs and Air Force staff divisions seem to welcome coordinating function.** According to statements from A-5 staff involved in coordination, as well as a number of anecdotal dialogues conducted by RAND project staff, in *theory* the coordinating and rationalizing functions of the SMP find strong support.¹¹ Even individuals concerned about the design and execution of the SMP tend to recognize the need for and value of a more consistent planning process.
- **The SMP is increasingly integrated into planning events and processes.** Increasingly the structure of the SMP has become a default template for Air Force planning and analytical events and processes.

Causes for Concern and Sources of Risk

At the same time, our research points to a number of areas for concern and sources of risk for the SMP. Indeed, as currently designed and executed, the SMP is unlikely to achieve the full range of goals laid out in the document itself—particularly those related to agility and inclusiveness. We come to this conclusion for a number of reasons.

Assessing the SMP Against Criteria for Effective Planning

In Chapter Two, we derived ten criteria for success in strategic planning from a range of relevant literatures. A major focus of our research and analysis in this study has been to evaluate the character of the SMP against these criteria and derive a general evaluation of the advantages, risks, and prospects for the SMP.

In order to evaluate these factors, in addition to the general research summarized in previous chapters, we undertook a number of specific subsidiary research tasks. Some of these involved gathering data in specific areas relevant to SMP goals. In other cases, we undertook dialogues with Air Force staff and leaders. In some cases, we reached out to former senior leaders of the Air Force, including several former chiefs of staff, to gather perspectives on these issues. In terms of specific issue analysis we conducted the following targeted research:

¹¹ This conclusion is based on incomplete information; we have not conducted a comprehensive survey or set of dialogues with representatives of the Air Force staff divisions or MAJCOMs.

- **We reviewed Air Force, defense, and general media sources for evidence of SMP communication activities and outcomes.** This involved a general media search, a review of Air Force publications, and a review of the speeches of senior Air Force leaders since the announcement of the 2014 *Call to the Future*. We found very few articles on either the strategy or the SMP, on the order of 30 or fewer, and nearly all were in service- or defense-specific publications. Moreover, a textual analysis demonstrated that the leading theme—far more common than agility—was the pressure of fiscal realities as the context for strategy reform.
- **We catalogued senior leader engagements in support of the *Call to the Future* and/or SMP.** These included speeches, “town hall” meetings, or other events specifically devoted to conveying the purpose and content of the two documents. We found less than 20 events specifically or largely devoted to this purpose, a number that dwindled rapidly after the 2014 strategy announcement.
- **We evaluated the SMP itself for evidence of built-in early wins.** If the process is to meet that requirement for success, it must incorporate specific goals designed to be accomplished in the near term. We found that the two unclassified SMP annexes include some 160 high- and low-level objectives. Of those, only ten are specified as occurring in fiscal year 2016 or 2017. Of those ten, nine are general, aspirational statements and *only one* demands specific action.

Based on these sources of data, as well as a qualitative assessment of the SMP design and execution against the criteria developed in Chapter Two, we evaluated areas of risk for the SMP. Tables 6.1 and 6.2 summarize our conclusions by employing the two categories of criteria proposed in Chapter One and Chapter Two.

Table 6.1 offers our assessment of the basic questions suggested in Chapter One to help determine whether any planning process will achieve the fundamental goals of strategic planning. They focus on the establishment and enforcement of a vision, strategy, and specific execution tasks. This set of criteria emphasizes the classic roles of strategic planning and does not place emphasis on the opportunities for planning to contribute to agility and adaptability—those will be specifically discussed later in the chapter.

As Table 6.1 indicates, measured in terms of its strict adherence to the conceptual and structural demands of strategic planning, the SMP offers many of the necessary foundational elements. Even in some of the areas for concern mentioned below, we assess that the SMP does contain the baseline structural requirements of an effective planning process.

Yet as Table 6.1 also suggests, even in assessing the SMP against simple structural and procedural demands of planning, there are reasons for concern. The SMP does not include a clear, easily understood statement of strategic competitive advantage. Its objectives are aspirational and general. Air Force staff has been spending extensive time getting the SMP into place, leaving little time, as far as we can determine, for formal measuring of whether objectives are being achieved. Perhaps most importantly for a planning process designed to support strategic decisions, it is unclear how the multiple competing themes in the document would

allow clear prioritization of efforts or support a specific judgment about a particular Air Force program.

Table 6.1. Assessing the SMP Through Key Elements of Strategic Planning

Criteria	Assessment	Summary
Does it outline or reflect/reiterate a clear strategy—a concept for institutional competitive success?	No simple, clear statement of the strategic concept underlying the overall effort	Risk factor
Does it provide, perhaps along with the distinct service strategy document, a clear vision of the strategic future and the service's role in it?	- Combined with <i>Call to the Future</i> and Air Force Operating Concept, SMP begins to lay down vision of future warfare in which Air Force must succeed - Vision is still fragmented and does not resolve key trade-offs	Reasons for optimism
Does it map out a set of actions likely to fulfill that strategy, based on some theory of how individual actions accumulate to achieve larger results?	- Extensive mapping of actions designed to fulfill imperatives and vectors - No clear theory of how individual tasks/actions will add up to achievement of larger objectives	Reasons for concern
Does the process require and track the achievement of those actions?	- In theory, process is designed to do exactly this - Many objectives are written broadly and in aspirational terms and are thus difficult to assess - After a full year, degree of tracking/grading of implementation remains limited	Reasons for concern
Does it provide clear institutional guidance that allows the setting of priorities?	So far document and process do not translate to priorities. Elements of plan not offered in hierarchy; proliferation of objectives means that all programs can be justified by something in the SMP	Reasons for concern
Does it provide a concise and understandable template that leaders throughout the service can use to make key choices?	- In theory the SMP meets this criterion; provides baseline for such a template; important advance - Multiple themes and objectives do not provide clear guidance to choices, only means of justifying them	Reasons for optimism

Table 6.2 summarizes our assessment of the ten criteria for effective strategic planning that emerge from Chapter Two's literature review. We specifically found sources of risk in at least six of these areas: perceived urgency, clear statement of strategy, communication, building a stakeholder coalition, generating early wins, and ensuring flexibility to respond to changes.

Table 6.2. Assessing the SMP Through Criteria for Success in Strategic Planning

Criteria	Assessment	Summary
Perceived urgency or need	- Limited depiction of urgency; “rapid change” too amorphous - No clear transition (parallel to 1989–1990 end of Cold War) to create sense of requirement for new strategy - Balance between commitment to innovation and defense or sustainment of existing programs not favorable	Risk factor
Widely accepted vision; clear statement of strategy	- No simple, clear statement of the strategic concept underlying the overall effort - No clear theory of how individual tasks/actions will add up to achievement of larger objectives	Risk factor
Ongoing, recurrent strategy dialogue	- SMP is generating dialogue among and within commands, divisions on key elements of success. Some participants view this process as the most important element of the SMP - Supporting structure for dialogue is absent; no mechanism to generate such dialogue among most senior leaders - Process remains tied to two-year benchmarks rather than being a truly iterative, ongoing debate	Reasons for concern
Communication	- Weak for 2014 <i>Call to the Future</i>; extremely weak for SMP - Many senior Air Force leaders remain confused about nature and objectives of SMP (e.g., “champions” concept) - Communication is ad hoc and internal rather than intentional, coordinated, and strategic	Risk factor
Commitment of senior leaders	- Strong at most senior level of service leadership, with new chief broadcasting commitment to the process - Uneven throughout ranks as many leaders in senior positions	Reasons for concern
Stakeholder coalition	- No formal effort to assemble one is apparent - Clear indications of mixed opinions among major stakeholders in command structure	Risk factor
Cross-functional coordination	- Beginning to show real promise in some areas of SMP (e.g., human capital) - Champions function designed to promote	Reasons for optimism
Alignment to organizational values and culture	- Original <i>Call to Future</i> and SMP both grounded in aspirational language tied closely to Air Force values, organizational ethos - Specific objective of agility requires more significant changes in culture not fully addressed, but at least SMP lays down a statement of service intent	Reasons for optimism
Early wins, momentum	- Few two-year benchmark actions built into plan - Long delay in implementation; one year out, still no clear identification of responsible offices for most tasks	Risk factor
Flexibility to respond to changes	- Two-year revision process not sufficiently adaptive - Massive proliferation of objectives creates risk of top-heavy, micromanaged process that is inflexible - Larger set of Air Force strategy documents creates confusing mix of functions, missions, imperatives, vectors, and objectives at various levels of the force; no clear priorities	Risk factor

First, while the SMP implementation process has enjoyed some limited successes it is hampered by a limited, or at best a mixed, sense of urgency. As discussed elsewhere in this report, the basis for any successful strategic plan is a professed need for change—an appreciation

that the current trajectory or strategy is insufficient or in need of redress. Such exigency helps engender a common understanding that a new plan is in order or justified.

The SMP does not call for a complete course correction; it does not depict an Air Force in crisis. But it does lack widespread motivation for a major strategic overhaul based on an environment of uncertainty. The service-wide appreciation for the threat environment continues to evolve—as is evinced in *A Call to the Future*—but it has not undergone a fundamental paradigm shift the way it did after the Cold War or even in the aftermath of 9/11. This reality puts the Air Force in a difficult position from a strategic perspective. On the one hand, want of a crisis is not to be mourned; but in the absence of compelling motivation, strategic endeavors may be met with apathy.

Second, the SMP does not contain a clear, concise statement of a concept of strategic competitive advantage. Like *A Call to the Future*, it is built on a wide range of aspirational statements that do not necessarily add up to a clear, easily understood concept of how various actions will add up to provide the Air Force with a decisive competitive advantage.

This may have contributed to another cause for concern regarding the SMP—an inadequate understanding of SMP objectives and concepts. For example, the SMP discusses in great detail each of its two imperatives, agility and inclusiveness. But it does not define specifically how these attributes will produce desired outcomes. What are the specific ways, for example, in which agility will generate the required Air Force outcomes? What the SMP does define are the broader goals and objectives underneath the broader effort to “drive a cultural change.” While the imperatives are presented without formal rationale, the objectives are presented with minute and explicit delineation. This ambiguity leaves somewhat open to interpretation what the strategy is the SMP purports to translate into guidance, goals, and objectives.

Third, apart from the issues of urgency and strategic concept, the SMP—its initiatives, goals, and broader vision—may not have been effectively communicated from the outset. As noted here, effective communication mechanisms are essential to promote organizational shifts. Again, without communicating the strategy across organizational levels, essential personnel and important organizational entities may miss the message or find it unpersuasive. The crafting of the SMP by only a small subsection of the Air Force headquarters may have contributed to an unveiling process that was not met with wider enthusiasm throughout the service, especially at the MAJCOMs.

Fourth, the Air Force has not worked to build a coalition of stakeholders throughout the service to ensure achievement of SMP objectives. A common problem in change management efforts and strategic planning, John Kotter has argued, is the failure to create a sufficiently powerful guiding coalition. Organizations seeking change need such a coalition to deal with inevitable countervailing forces that will push back against change, he contends; isolated CEOs cannot make change alone. Problems arise when a change is designed by “a subgroup of three or four . . . The rest of the members rubber-stamp the ideas this small group produces, but they

neither contribute much nor feel any commitment to the process.”¹² So far, the SMP process has remained fairly top down; we have not been able to discover any distinct effort to build a guiding or implementation coalition, beyond the assignment of “champion” roles.

Fifth, generating early wins is critical to create the momentum necessary for success in planning efforts. Yet as noted above, the SMP itself did not include a significant number of actions specifically targeted for achievement in the first two years. The process was not set up to provide an early demonstration of its value.

The implementation process has further slowed the opportunity to gain early successes. A full year after the announcement and publication of the SMP, there is still no readily available catalogue of the implementation of its objectives. In most cases, no responsible office has been identified to track the goals.

These risk areas suggest specific ways in which the SMP could fail to achieve its larger goals. Table 6.3 reiterates the common features of strategic plan failure, outlined in Chapter Two on the basis of a survey of relevant literatures. Many of these can be seen in the areas of risk: Lack of clarity in its strategic goals, absence of urgency, a weak engagement and communication strategy, and of course an overarching context of constant leader transition.

Table 6.3. Common Features of Failed Strategy Implementation: Summary of Themes in the Literature

-
- Lack of clarity on plan objectives or goals
 - Absence of perceived need for or sense of the benefits of change
 - Poor oversight of the process; too little coordination, too much bureaucracy
 - Weak senior leader support
 - Lack of change champions throughout the organization
 - Low commitment/involvement throughout the organization; no coalition for strategy
 - Weak engagement strategy—top-down dictates, no broad participation or buy-in, no opportunity for expression of doubts
 - Lack of trust in change process or change managers or the process as a whole
 - Recent or imminent leadership change
-

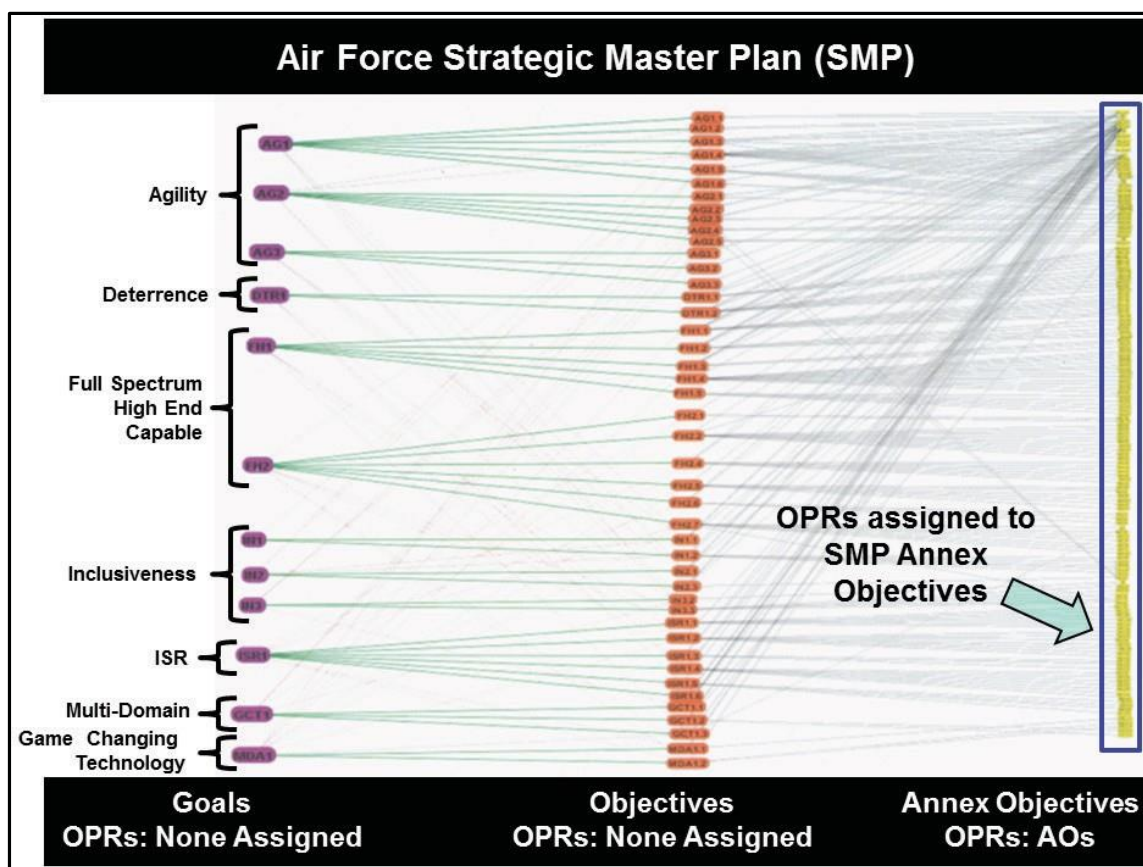
Excessive Goals/Objectives; Risk of Micromanaged, Top-Heavy Process

In this section, we emphasize the sixth possible area of risk noted in Table 6.3, in terms of generating flexibility to adapt to changing circumstances. This is an especially worrisome risk area because it goes to the central objective of the SMP—enhancing agility and adaptiveness in the face of accelerating change. That is the singlemost powerful theme woven through the *Call to the Future* and the SMP. If the SMP cannot succeed at this, then it will clearly not have fulfilled the basic purposes the Air Force has set for it.

¹² John P. Kotter, *Leading Change*, Boston: Harvard Business School Press, 1996, pp. 54–57.

The risk of locking the Air Force into a rigid, box-checking mentality through a profusion of complex objectives is arguably the single greatest danger facing the SMP. Between the basic SMP and its annexes, the process reflects hundreds of discrete objectives—a number that appears to be growing over time in at least some of the imperatives and vectors. Some of the language of the SMP, and Air Force leaders’ understanding of the document, magnifies this risk by treating the SMP largely as an execution document. The *Call to the Future* set the strategy, some believe, and the SMP is about execution and should naturally embody a large number of objectives. Figure 6.1—taken from an Air Force briefing on the SMP—reflects this mindset, representing the SMP as the expression of a handful of imperatives and then spreading out into over 150 annex objectives. These objectives are further subclassified as near- or far-term and subdivided into other categories.

Figure 6.1. Objectives of the SMP



SOURCE: U.S. Air Force, "Strategic Master Plan," briefing, undated.

NOTE: AO = annex objective; ISR = intelligence, surveillance, and reconnaissance;

OPR = office of primary responsibility.

The SMP uses a specific naming convention for its objectives. Each objective has a three-letter/digit code corresponding to the goal that the objective serves. Appended to this code are

numbers indicating the annex to which the objective pertains. Lastly, annex subobjectives contain the code for the goal and SMP objective and then the letter H, P, C, or S, representing the respective annexes.

It is difficult to imagine a more precise nomenclature for SMP objectives. But from an implementation standpoint, this highly specific approach risks becoming bogged down. Tracking objectives can quickly become an exercise in itself, with little obvious payoff to the overall strategy each objective is supposed to serve. The desirability of any of the goals or objectives is certainly never in question. For example, “recruiting individuals with demonstrated potential for critical thinking, adaptive behavior, character, initiative, innovation, and contemporary mission-critical skills” (the first of the agility objectives, noted as “AG1.1”) is an action that is to be applauded. It is not evident, however, that the completion or execution of each and every objective will aggregate to produce the intended effect.

Accountability for the various vectors, goals, and objectives spelled out in the SMP and its four annexes is diffused. This diffusion represents both a strength and a weakness. Clearly, the spreading of accountability across capability domains and CFLs keeps the process from being strictly a top-down, headquarters-centric enterprise. However, in practice, this diverse sharing of responsibility may precipitate a situation where no single entity embraces the obligation to execute a given vector. There is a careful balance to be worked out here: Not specifying or explicitly assigning roles—to, say, MAJCOMs—allows for champions to emerge and assume the mantle of responsibility in execution. And not dictating “how to execute and implement” or “how to determine success” leaves those who take on this role latitude to create definition and execute tasks according to their own needs. But this hands-off approach can also engender confusion about the necessity of initiating certain actions. This problem may be confounded in the absence of explicit short-term actions—and the SMP provides very few of these.

At a broader level, the SMP exists within a larger ecosystem of Air Force strategy documents: the *Call to the Future*, the operating concept, the environmental assessment, flight plans, core function support plans, and more. Each of these more than 20 high-level documents contains its own conceptual framework and literally hundreds of overlapping, sometimes competing, goals, objectives, functions, missions, and other categories.

The Air Force’s strategic task may be hindered by this proliferation of both strategic documents as well as themes. Vectors, imperatives, missions, flight plans, functions, goals, objectives, tasks—these concepts can be difficult to grasp if not completely reconcile. The creation of so many strategic or high-level publications may actually be at cross-purposes with another virtue of strategic planning: simplicity. The Air Force admittedly has a wide remit in the service of America’s defense. But this expansive range of capability and mission-set does not imply that the Air Force cannot embrace a coherent and succinct strategic vision for itself.

Summary

Our analysis confirms the SMP as an important milestone in the history of Air Force strategic planning. As explained in Chapter Four, the Air Force has a long and mixed history of planning efforts. All too often, they have been limited to a single chief's tenure. There have been few consistent themes, guiding principles, or processes that have stretched over time to provide more long-term consistency. The SMP has the opportunity to provide such a benefit, and there are signs the Air Force recognizes the need for strategic planning to a sufficient degree to help encourage acceptance of the SMP.

At the same time, our analysis also concludes that the SMP suffers from a number of design and implementation flaws that, at this moment, suggest that the Air Force will have a difficult time achieving SMP goals. In terms of simple execution, the document is elaborate and has no clear system of implementation accountability; there is no guarantee its hundreds of tasks will be performed. More importantly, though, the SMP as currently conceived is unlikely to meet the essential goal of the document itself—enhancing agility in the face of accelerating change. It is too top-heavy and too focused on detailed objectives and not enough on fostering agile and innovative solutions. Our analysis provides only modest reason to believe that the SMP as currently structured will fulfill the essential role of strategic planning: creating a framework to help an organization be more successful in its competitive environment.

The Air Force should therefore consider modest revisions to the design and execution of the SMP in order to bring it into alignment with the opportunities of cutting-edge strategic planning and the requirements of the service's own stated objectives. Chapter Seven offers recommendations for specific reforms to achieve these goals.

7. Recommendations

The findings above led us to a number of recommendations for how the U.S. Air Force can employ the process around the SMP to the greatest effect. We propose four basic courses of action below designed to achieve the SMP's goals and fulfill the opportunities available in cutting-edge strategic planning.

We base these recommendations primarily on the goals the Air Force has set for itself and the evidence and theory—limited but significant—that carefully designed strategic planning efforts can help make organizations more agile and adaptable. As we explained in Chapter One, the relationship between reforms in organizational structure and process and institutional outcomes can be very indirect and difficult to verify. Existing empirical and case study evidence does not allow an unqualified judgment that the revised approach to the SMP suggested below will achieve specific outcomes. Our research does confirm, however, that public and private organizations can identify specific benefits of these new approaches to planning.

Available data and evidence, in other words, do not prove that the recommended approach is *guaranteed* to produce the goals sought. But the experience of many other firms and public sector organizations indicates that it *can* certainly do so if properly conceived. Our analysis therefore points not so much to a linear causal relationship as to an opportunity, the chance to employ cutting-edge planning techniques to achieve important Air Force goals. This analysis produced the themes outlined in Chapter One and reiterated in the other chapters.

The case for a revised approach is also grounded in the Air Force's own priorities, which are reflected in the *Call to the Future*, the SMP, and many other documents. Air Force leaders have identified agility and inclusiveness as the leading “imperatives” to prepare the service for a fast-changing future. Our analysis suggests that the current approach to the SMP, reflecting an old-style approach to planning for a known future, is not likely to contribute to these goals in the manner the Air Force intends. To the extent that the Air Force is truly committed to becoming more agile, responsive, adaptive, and inclusive of a wide range of perspectives and ideas, it should strongly consider a revised approach to planning.

As argued in the previous chapter, however, these recommendations do not involve abandoning the SMP. They are fixes, not replacements, for the current process. It has many advantages, not least of which is the promise of replacing a long history of repeated efforts at strategic planning which come and go with different leaders with a more consistent and lasting approach. The recommendations below are designed to focus and improve upon an important initiative. They are designed to do so, moreover, in a way that reflects the emerging perceptions of many who are working on or under the guidance of the SMP. In our conversations with Air Force leaders and staff responsible for SMP implementation, we have found general agreement

on a number of avenues of improvement. This testimony from those most closely involved in the process has helped to shape our recommendations.

We have designed these recommendations to be relevant to the current Air Force governing structure—that is to say, one that remains significantly confederal and decentralized. We have argued that even (in fact, *especially*) under such an approach, a strong and coherent central process for making and implementing strategy is essential. The recommendations outlined here aim to support the current structure.

More broadly, two themes in particular have stood out as we have interacted with Air Force offices over the last year. The first is *streamlining*. With the best of intentions and a desire to formalize many aspects of strategy, the Air Force has nonetheless ended up with a confusing array of strategic documents that do not add up to a simple, easily understandable statement of the service’s future or basic concept of competitive advantage. Within the SMP itself, a complex hierarchy of imperatives, vectors, SMP objectives, annexes, and annex objectives—and an unclear relationship to other documents like CFSPs—add to the complexity. A leading recommendation is therefore to seek ways for a revised SMP to sit at the heart of a simplified process and to become a leaner document itself.

A second theme that has emerged in our conversations is *process over detail*. Those involved in the SMP easily recognize a leading finding from our comparative analysis of other organizations: The process—of dialogue, debate, recurring analysis of the emerging strategic environment—surrounding a strategic plan is ultimately more important than the details of its objectives. An organization as complex and mission-driven as the Air Force must take elaborate steps to ensure execution of its day-to-day activities. But this detailed execution can be managed at the level of commands and divisions. Our analysis suggests that the top-level strategic planning process in organizations can most effectively contribute to agility and adaptiveness by ensuring a constant engagement with the evolving strategic future, and a thorough and open debate among the most senior leaders about the best sources of competitive advantage for the organization.

Our research and the perspectives of Air Force officials involved in the SMP therefore points toward four basic recommendations.

Recommendation One: Clarify the Strategy’s Concept of Competitive Advantage

Our research found that effective strategic plans seek to implement strategies that reflect a clear and concise statement of organizational competitive advantage. There is no use diligently executing dozens or hundreds of tasks in a plan if that plan does not embody a clear strategy for success in the future strategic landscape. It is a hallmark of strategy and planning at many successful organizations, and of effective strategy in general, to state a clear theory of why a given set of actions will provide lasting competitive advantage. Without such a theory, leaders of

an organization can have no expectation that the actions spelled out in a plan will achieve the intended result.

Our review of the SMP, and the *Call to the Future* from which it is derived, suggests that additional clarity is needed. Both documents lay out the sort of challenges the Air Force will face, and discuss a number of key areas of emphasis, including the imperatives and vectors. The SMP lays out hundreds of specific objectives or aspirations designed to fulfill these various areas of emphasis. However, neither offers what could be described as a true strategy for achieving competitive advantage in the future the Air Force expects.

To be clear, no organization with as many missions and functions as the Air Force would be able to boil down its overall concept for strategic advantage in quite the same way as a private firm with a narrower focus. Moreover, competitive advantage in military terms is not necessarily the same as in the private sector. Nonetheless, one of the hallmarks of successful strategic planning processes is that they do broadcast a single clear message of how the organization intends to compete in the future—its source of advantage relative to others. This allows leaders throughout the organization to judge whether specific choices or initiatives will align with the organization’s strategic intent. A common theme in our discussions with Air Force leaders subject to the SMP has been an uncertainty of what it is really telling them to do, and the absence of a sense of clear strategic direction.

All of the supporting elements of thinking and analysis have been built into the SMP and associated documents. What is required is a clearer statement of the core strategy that motivates current Air Force thinking about future competitive advantage. This can then empower other recommendations below: It can allow the Air Force to streamline the SMP, for example, significantly reducing its explicit objectives in favor of more general, but more focused, guidance.

Recommendation Two: Streamline the SMP and the Surrounding Ecosystem of Strategy Documents

Our study of the current strategic planning approaches tied to goals of agility and adaptiveness points to a clear finding about the scope and ambitions of such efforts. As suggested in Chapter One, traditional planning efforts could be exhaustive in their reach and detail, including hundreds of specified tasks to march an organization toward an expected future. More recently, this industrial-era mindset has given way to greater appreciation for the nonlinear, emergent characteristics of strategy and planning. The result has been a growing reliance on planning processes that are far more streamlined. These plans lay out a few major objectives and directions but also incorporate very significant elements designed to help—indeed force—an organization to constantly evaluate a changing environment and adapt with strategic responses.

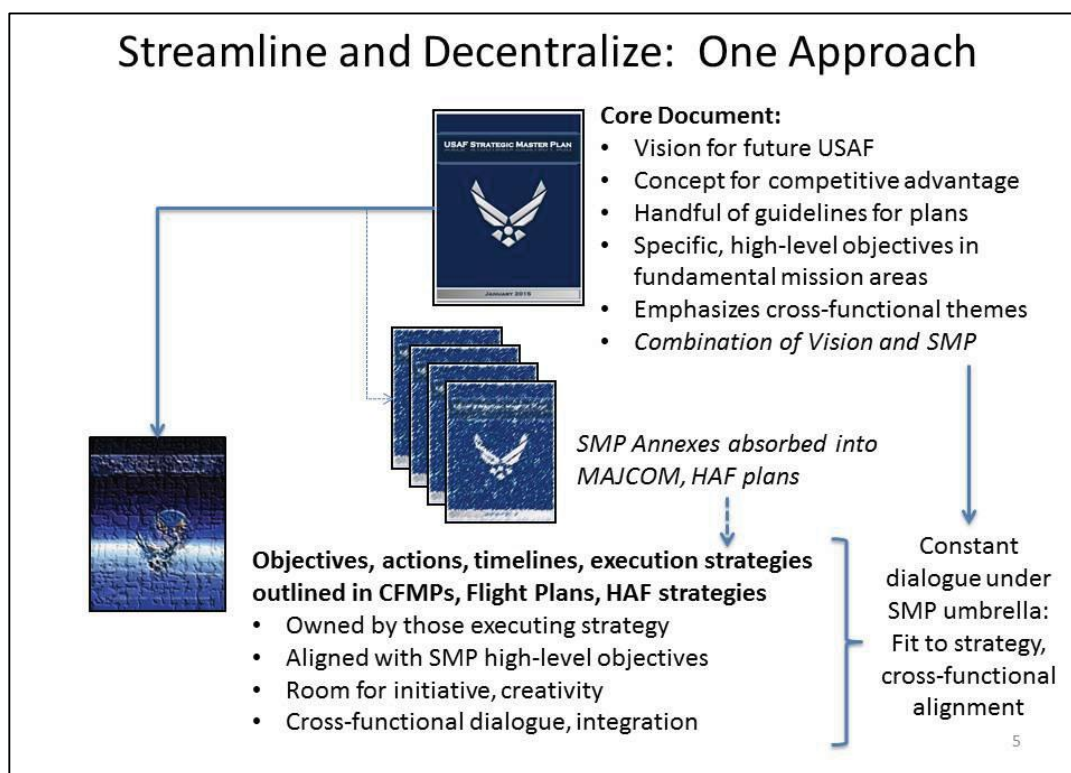
As we have emphasized throughout this report, this recommendation is not intended to downplay the importance of deliberate planning and detailed catalogues of execution tasks.

Especially for an organization like the Air Force—a massive institution with dozens of functions and missions and a solemn duty to perform effectively in defense of the nation—ensuring day-to-day execution is a primary responsibility. Current thinking on strategic planning does not deny the importance of such deliberate planning for persistent tasks. It merely argues for a balance between deliberate and emergent strategy, between structures to ensure stability and ones that promote agility.

Strategic planning processes oriented toward agility tend to avoid micromanaging and weighing down the planning process with massive catalogues of tasks. They focus on outlining a core strategic concept and a handful of top-level objectives that will help achieve it. Our analysis, therefore, points to the value of a more streamlined top-level strategic planning document and process for the SMP. It would begin, as argued in Recommendation One, with a clear statement of strategic competitive advantage. It would identify a number of major themes or areas of emphasis necessary to realize the strategy—the imperatives and vectors of the current version, for example. And it would highlight a handful (no more than five or six) of high-level objectives—stated as clear and measurable goals, not generic aspirations—that the Air Force needs to achieve in fulfilling its strategic vision. The resulting document might be only ten to 15 pages in length. It would be used as the baseline for an ongoing process of analysis and reevaluation, rather than a set schedule of revisions every year or two.

The document would then fit into a larger ecosystem of Air Force strategy documents that had been similarly streamlined. We developed several alternative models of how this process could work; there does not seem to be a strong analytical basis for preferring one over another. The most important choice is how to generate a single, coherent intermediate level of guidance underneath a streamlined strategic plan. The basic choice is whether to have this role played by an expanded set of SMP annexes, or the existing CFSPs. Figure 7.1 reflects one of these options, the approach that would ultimately eliminate SMP annexes and rely on existing command and division plans for deliberate planning.

Figure 7.1. Proposed Way Ahead for Air Force Strategic Planning Documents



NOTE: CFMP = core function master plan; HAF = Headquarters Air Force.

The most important goals of this effort are to create a simpler and more understandable baseline strategic guidance for the service and to shape a more streamlined set of interlocking documents and processes to ensure both stable and deliberate execution and agile, adaptive strategic planning and innovation.

Recommendation Three: Rebuild Forums for High-Level Strategic Dialogue

Our research suggests that good strategic planning efforts focus on generating a high-level dialogue within the organization about the evolving strategic environment and the organization's role within it. The ultimate purpose of strategic planning is to support senior leader judgment, and the planning process can help set the stage for such judgment by offering numerous opportunities for strategic dialogues and debates. The message from current literature and the testimony of a number of corporations is clear: In a fast-moving context, it is the regular, open, no-holds-barred dialogue and debate about strategy and implementation that offers arguably the most important advantages in a planning process. Its value can be difficult to measure but is prized by leaders in the public and private sector alike.

This function has become somewhat atrophied in the Air Force, our research suggests. Most senior level conferences and meetings are now devoted to very discrete, POM-oriented planning

sessions dominated by complex PowerPoint presentations. There are precious few opportunities for the top leaders of the Air Force to engage in freewheeling strategy discussions.

Our analysis supports a recommendation to use the SMP as a framework around which to build such dialogues. One option would be to use the established CORONA Air Force leadership series as the basis for such dialogues. Another option would be to create a purpose-built series of two or three day-long or two-day-long sessions during the year uniquely devoted to the purpose.

Either way, our survey of earlier Air Force experience suggests that there are significant challenges associated with such a function. As the Air Force has discovered, generating an ongoing strategic dialogue is easier said than done. This is true in part because the day-to-day obsession of senior leaders runs more toward specific choices required in the near-term programming process, rather than discussing what can be seen as ephemeral issues of strategy. Senior leaders, understanding that counterparts in the room are rivals for POM dollars, can be reluctant to discuss ideas openly. As with all major organizations, the most senior leaders engage in various forms of career and personal self-protection that tends to limit the candor and creativity of large-group dialogues. Unless they devote significant time to premeeting preparation, moreover, they may not be equipped to discuss broad-based strategic issues: Again, their daily responsibilities do not leave them the time or need to immerse themselves in such questions.

Our research and discussions with former and current Air Force leaders pointed to a number of specific characteristics essential to making such dialogues work. They include:

- The senior leader, such as a CEO or service chief, must be seen to be supportive of the effort, host the actual meetings, and set an example with his or her level of preparation and candor.
- Briefing slides should be disallowed. The discussion should be based on written arguments, and the session itself should be a face-to-face discussion.
- Only the most senior leaders of the enterprise should be included, to avoid self-protection that emerges when a larger “audience” is in the room.
- The leader and institution must make the session an “intellectual safe space,” by making clear rules of nonattribution and through other means.
- Dialogues can often be usefully framed around an argument, such as a book or essay, by a third party. This offers an opportunity to react openly.
- An outside facilitator may be effective in ensuring that the discussion stays on track and in forcing candor out into the open.
- Patience is essential. It can take years for such a series to gain full traction and begin to have the desired effect on institutional culture.

In the case of the Air Force, one substantive option would be to use the fundamental priorities or themes of the SMP—perhaps its vectors—as the basis for discussion. An initial strategic dialogue, for example, could focus on 21st-century deterrence: the effects of the emerging strategic environment on deterrence, the requirements of deterrence, the role of the Air Force, the Air Force’s competitive advantage, and related topics.

Recommendation Four: Use the SMP to Catalyze a Network of Innovation

Finally, our research has indicated that organizations can employ strategic planning processes as the supporting structure for a network of initiatives or processes designed to enhance innovation and agility. Innovation and strategic planning are not one and the same, of course, but a strategic planning process can encourage and support innovative thinking and constant experimentation in ways that contribute to a more agile and adaptive institutional culture. It can do this by creating nodes of creativity and innovation that infuse a whole organizational culture and generate ideas that flow directly into the senior-level dialogues. The goal is not to replace stable hierarchies with informal networks, but to create a balance between the two—a “dual operating system,” in Kotter’s phrase, in which a hierarchy devoted to day-to-day operations, stability and incremental change can incorporate a parallel network of innovators.¹

Using the SMP in this way would fulfill the core purpose of strategic planning in a fast-moving environment—generating responsiveness to a shifting context. It would fulfill the Air Force’s leading goal of agility, as documented in the SMP itself.

If the Air Force decided to use the SMP for this purposes, our research uncovered a number of potential examples of such innovation nodes.

1. **Individual, designated catalysts.** Intuit has made use of this approach, designating specific leaders (ten at first, and eventually 65) as identified “catalysts” to whom staff could take innovative ideas. The catalysts are responsible for generating a certain number of grassroots, problem-focused innovations per year.
2. **External skunkworks or initiatives.** Organizations sometimes create or sponsor outside research teams or institutions designed to work apart from the core business or organization and generate innovation. Xerox PARC is an example of such a concept, as is the Department of Defense’s “Minerva” program of sponsoring research at outside universities.
3. **Peer-to-peer informal networks.** Some organizations use mechanisms to facilitate peers to share ideas and interact to produce innovation. A common way of doing this is with crowdsourcing portals. The Defense Entrepreneur’s Forum, an informal network of defense professionals, serves the same function in an independent capacity. It consists of active duty military members and civilians who are interested in creative problem-solving regardless of rank and hierarchy. One potential pitfall of relying on a Defense Entrepreneur’s Forum-like organization, however, is that even when senior leaders notionally accept their proposals, midgrade officers who are highly invested in the Air Force’s existing hierarchy have little incentive to carry through the new ideas.
4. **Rapid experimentation labs.** A planning process can also incorporate offices or labs that can actually test out new ideas and concepts in a competitive environment. Some firms have fast-reacting test units able to conduct market surveys and other means of rapid prototyping. The Air Force’s Big Safari program is a form of rapid experimentation, combined with limited production of purpose-built systems.

¹ Kotter, 2014.

5. **Temporary problem teams.** One way of generating innovative thinking within a planning process is to assign people to a problem-focused team, with staff from a range of disciplines, for a designated amount of time. Such teams would come together and disband as their problems rose or fell in importance. They could be homes for iconoclastic thinkers whose tendency to challenge existing ways of thinking and doing business would be a significant advantage in such settings. These might look like Glenn Kent's "Concept Action Groups," which are designed to include a variety of perspectives from airmen, civilians and academics.² The cross-section of people selected for these groups would share experience and education relevant to the strategic problem being considered at the time.
6. **Leadership and strategy center.** Our research suggests that some organizations set the context for cultural change associated with agile planning by establishing a permanent center for leadership training programs that would also be devoted to an ongoing strategy dialogue. An example is the way in which GE uses its Crotonville facility. It would become a new model for professional military education—for example, a senior-level equivalent to the approach at School of Advanced Air and Space Studies of selective admission and critical evaluation.
7. **Safety Board analogy.** This model would draw exclusively on midgrade officers and would look similar to the Air Force's Safety Investigation Boards. The Air Force would periodically convene communities of interest—officers with relevant experience or education—to discuss a strategic problem during a short temporary duty assignment. Using the safety board analogy would impress on airmen the importance of facing strategic problems with the same voracity and attention to forensic detail that they use to understand aircraft accidents and make recommendations to prevent them from happening again.

Conclusion

The Air Force has taken an important step forward with the SMP in its effort to create a comprehensive process linking strategy, planning, and programming. Our assessment of the characteristics of effective strategic planning, and the role that strategic planning can play for organizations, suggests that something like the SMP can indeed play an important role in the hierarchy of Air Force strategy documents. As currently conceived, however, the SMP—and the broader suite of strategy, planning, and programming documents and processes—may not achieve the goals the Air Force has set out for them. Notwithstanding its emphasis on agility, the SMP risks imposing an inflexible framework and set of objectives onto a strategymaking and planning process that aims to be flexible and responsive. This study recommends a number of modest but important steps to bring the structure and approach of the SMP into line with its goals.

² Glenn E. Kent and David E. Thaler, *A New Concept for Streamlining Upfront Planning*, Santa Monica, Calif.: RAND Corporation, 1993.

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The U.S. Air Force has embarked on a new round of strategic planning, under the auspices of its 2015 Strategic Master Plan (SMP), to help set the future direction of the service. Refining the Air Force's strategic planning process may help the service align itself to its environment and keep key initiatives on track. To offer the Air Force actionable findings on strategic planning, we surveyed a number of major topics and literatures for common themes and findings. The basic concept and approach of the SMP has promise. Our review of history and theory supports the idea that a consistent, ongoing planning structure would offer important advantages to any military service. Yet we also found that the actual design and execution of the SMP could potentially obstruct, rather than facilitate, these objectives. The SMP retains many elements of an old-style strategic planning process—forecasting an identifiable future, building an exhaustive, pre-set plan, and identifying hundreds of specific tasks—which creates a focus on execution over creative and flexible responses.



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