**CHAPTER SIX  
Identifying Strategic Issues Facing the Organization**

*Depend upon it, Sir, when a man knows he is to be hanged in a fortnight, it concentrates his mind wonderfully.*

—Samuel Johnson, in James Boswell, *Life of Johnson*

Identifying strategic issues is the heart of the strategic planning process. Recall that a strategic issue is a fundamental policy question or challenge affecting an organization's mandates, mission and values, product or service level and mix, clients or users, cost, financing, organization, or management. The purpose of this step (Step 5), therefore, is to identify the fundamental policy questions—the *strategic issue agenda*—facing the organization. The way these questions are framed can have a profound effect on the creation of ideas for strategic action and a winning coalition, along with the associated decisions that define what the organization is, what it does, and why it does it—and therefore on the organization's ability to create public value (see [Figure 2.3](https://jigsaw.vitalsource.com/books/9781119071617/epub/OPS/c02.xhtml#c02-fig-0003)). If strategic planning is in part about the construction of a new social reality, then this step outlines the basic paths along which that drama might unfold (Bolman & Deal, 2013, 2014; Bryant, 2015).

An organization's mission often is explicitly or implicitly identified as an issue during this phase. In other words, organizational purpose is almost always an issue, at least implicitly, and strategic planning efforts revisit the issue often, if only to reaffirm existing purposes. In addition, the organization's culture will affect which issues get on the agenda and how they are framed, as well as which strategic options get serious consideration in Step 6—strategy formulation and plan development. The need to change the organization's culture may thus become a strategic issue itself if the culture blinds the organization to important issues and possibilities for action. It is also worth keeping in mind that every major strategy change will involve a cultural change (Mulgan, 2009; Schein, 2016).

As noted in [Chapter 2](https://jigsaw.vitalsource.com/books/9781119071617/epub/OPS/c02.xhtml), strategic issues are important because issues play a central role in political decision making. Political decision making begins with issues, but strategic planning can improve the process by affecting the way issues are framed and addressed. With carefully framed issues, subsequent choices, decisions, and actions are more likely to be politically acceptable, technically workable, administratively feasible, in accord with the organization's basic philosophy and values, and morally, ethically, and legally defensible.

Identifying strategic issues typically is one of the most riveting steps for participants in strategic planning. Virtually every strategic issue involves conflicts: what will be done, why it will be done, how and how much of it will be done, when it will be done, where it will be done, who will do it, and who will be advantaged or disadvantaged by it. These conflicts are typically desirable and even necessary because they help clarify what the issues are. As Rainey (2014, p. 395) observes, “In public and nonprofit organizations, one expects and even hopes for intense conflicts, although preferably not destructive ones.” As a result, a key leadership task is to promote constructive conflict aimed at clarifying which issues need to be addressed in order to satisfy key stakeholders and create public value.

Whether issue-related conflict draws people together or pulls them apart, participants will feel heightened emotion and concern (Schein, 2016; Weick & Sutcliffe, 2015). As with any journey, fear, anxiety, and sometimes depression are as likely to be travel companions as excitement and adventurousness. It is very important, therefore, that people feel enough psychological safety to explore potentially threatening situations, relationships, and ideas; in other words, they need what Heifetz, Linsky, and Grashow (2009, pp. 155–159) call a *holding environment* to help them through. An effective strategic planning coordinating committee and strategic planning team will provide this necessary support.

**IMMEDIATE AND LONGER-TERM DESIRED OUTCOMES**

This step should result in the creation of the organization's strategic issue agenda. The agenda is a product of three prior outcomes. The first is a list of the issues faced by the organization. The items on the list may have many sources, but the list itself is likely to be a product of strategic planning team deliberations. The second is the division of the list into two broad categories: strategic and operational. It often takes focused discussion to discern which issues are really strategic, which are more operational, and which are somewhere in between.

[Figure 6.1](https://jigsaw.vitalsource.com/books/9781119071617/epub/OPS/c06.xhtml?create=true#c06-fig-0001) shows key differences among strategic issues, operational issues, and those that are a mix of the two. Strategic issues are likely to involve more need for knowledge exploration, changes in basic stakeholders and/or stakeholder relationships, and perhaps radical new technologies. Responses different from the status quo are likely to be required from the system level (for example, changes in basic rules or institutional redesign) or organizational level (for example, changes in mission, vision, and goals). Statements of guiding principles and values may be needed. Decision makers involved are likely to be top-level decision makers and decision-making bodies at the system and organizational levels. When new strategies are needed, the strategic planning team will be a key focal point for helping formulate new strategies or codifying effective emergent strategies.

[**Figure 6.1**](https://jigsaw.vitalsource.com/books/9781119071617/epub/OPS/c06.xhtml?create=true#R_c06-fig-0001). Sorting Out the Issues and Their Implications.

*Source:* Adapted from F. Alston, 2010, personal communication; M. Barzelay, 2010, personal communication; Heifetz, 1994; Hill and Hupe, 2014; O'Reilly and Tushman, 2013; and Ostrom, 1990.

Operational issues, in contrast, are more technical in nature and are likely to involve knowledge exploitation, strategy refinement, and process improvement. Line managers, operations groups and personnel, and service coproducers or recipients will be required to respond. Issues that are partly strategic and partly operational are in between. Each issue's strategic aspects should be examined and resolved first before operational concerns can be settled. It is important to recognize, however, that sometimes strategic aspects of issues cannot be resolved without first learning more about operational realities.

The third prior outcome is an arrangement of the strategic issues in some sort of order: priority, logical, or temporal. The listing and arrangement of issues should contain information to help people consider the nature, importance, and implications of each issue.

A number of additional outcomes result from the identification of strategic issues. First, attention is focused on what is truly important, and this is not to be underestimated. Key decision makers in organizations usually are victimized by the “80–20 rule.” That is, they usually spend at least 80 percent of their time on the least important 20 percent of their jobs (Parkinson, 1957). When this is added to the fact that key decision makers in different functional areas rarely discuss important cross-functional matters with one another, the stage is set for shabby organizational performance—or what Alvesson and Spicer (2012) call “organizational stupidity.”

It also helps to recognize that in terms of the immediacy of required attention, there are three different kinds of strategic issues: (1) issues where no action is required at present but that must be continuously monitored; (2) issues that can be handled as part of the organization's regular strategic planning cycle; and (3) issues that require an immediate response.

A second desirable outcome is that attention is focused on issues, not answers. All too often, serious conflicts arise over solutions to problems that have not been clearly defined (Fisher & Ury, 2011). Such conflicts typically result in power struggles, not problem-solving sessions. More important, they are unlikely to help the organization achieve its goals, be satisfied with the outcome of its planning, or enhance its future problem-solving ability.

Third, the identification of issues usually creates the kind of useful tension necessary to prompt organizational change. Organizations rarely change unless they feel some need to change, meaning some pressure or tension—often fear, anxiety, or guilt—requires change to relieve or release the stress (Ackermann & Eden, 2011). The tension must be great enough to prompt change but not so great as to induce paralysis. Strategic issues that emerge from the juxtaposition of internal and external factors—and that involve organizational survival, prosperity, and effectiveness—can provide just the kind of tension that will focus the attention of key decision makers on the need for change. These decision makers will be particularly attentive to strategic issues that entail severe consequences if they are not addressed. As Samuel Johnson observed, albeit humorously, frightening situations can quickly focus one's attention on what is important.

Fourth, strategic issue identification should provide useful clues about how to resolve the issue. By stating exactly what it is about the organization's mission, mandates, and internal and external factors (or SWOC/Ts) that makes an issue strategic, the team also gains some insight into possible ways that the issue might be resolved. Insights into the nature and shape of effective answers are particularly likely if the team follows the dictum that any effective strategy will take advantage of strengths and opportunities and minimize or overcome weaknesses and challenges (see [Exhibit 5.7](https://jigsaw.vitalsource.com/books/9781119071617/epub/OPS/c05.xhtml#c05-fea-0007)). Attention to strengths and opportunities is likely to promote action-enhancing optimism, as opposed to the inaction, depression, or rigidity of thought associated with attention only to weaknesses and threats (Seligman, 2006).

Fifth, if the strategic planning process has not been *real* to participants previously, it will become real for them now. For this to happen, there must be a correspondence between what the person thinks, how he or she behaves toward that thing, and the consequences of that behavior (Hunt, Boal, & Dodge, 1999). As the organization's situation and the issues it faces become clear, as the consequences of failure to face those issues are discussed, and as the behavioral changes necessary to deal with the issues begin to emerge, the strategic planning process will begin to seem less academic and much more real.

The more people realize that strategic planning can be quite real in its consequences, the more seriously they will take it. A qualitative change in the tone of discussions among members of the team often can be observed at this point, as the links among cognitions, behaviors, and consequences are established. Less joking and more serious discussion occur. A typical result is that the group may wish to cycle through the process again. In particular, the group's initial framing of the strategic issues may change as a result of further dialogue and deliberation. Or, to return to the theatrical metaphor, as the group rehearses the various decision and action sequences that might flow from a particular issue framing, they may wish to reframe the issue so that certain kinds of strategies are more likely to find favor (Bolman & Deal, 2013; Bryant, 2015).

A further consequence of the understanding that strategic planning may be all too real in its consequences is that key decision makers may wish to terminate the effort at this point. They may be afraid of addressing the conflicts embodied in the strategic issues. They may not wish to undergo the changes necessary to resolve the issues. The decision makers may fall into a pit of stress, anger, depression, feelings of powerlessness, grief, or some combination of these. Such feelings are quite common among individuals undergoing major changes until they let go of the past and move into the future with a new sense of direction and renewed confidence (Bridges & Bridges, 2017). A crisis of trust or a test of courage may thus occur and lead to a turning point in the organization's character.

If, after completion of this step, the organization's key decision makers decide to push on, a final very important outcome will be gained: The organization's character will be strengthened. Just as an individual's character is formed in part by the way the individual faces serious difficulties, so too is organizational character formed by the way the organization faces difficulties (Schein, 2016). Strong characters emerge only from confronting serious difficulties squarely and courageously.

**Examples of Strategic Issues and How They Should Be Described**

There are many different ways to identify strategic issues ([Figure 2.1](https://jigsaw.vitalsource.com/books/9781119071617/epub/OPS/c02.xhtml#c02-fig-0001)), some of the most important of which are discussed further below. The most common approach, however, is blending aspects from two or more of the approaches. The City of Minneapolis, the Metropolitan Economic Development Association (MEDA), and the International Organization of Supreme Audit Institutions (INTOSAI), all used hybrid approaches and made use of extensive dialogue and deliberation in order to figure out what the issues were. [Exhibits 6.1](https://jigsaw.vitalsource.com/books/9781119071617/epub/OPS/c06.xhtml?create=true#c06-fea-0001), [6.2](https://jigsaw.vitalsource.com/books/9781119071617/epub/OPS/c06.xhtml?create=true#c06-fea-0002), and [6.3](https://jigsaw.vitalsource.com/books/9781119071617/epub/OPS/c06.xhtml?create=true#c06-fea-0003) present in brief the respective strategic issues facing the three organizations.

**Exhibit 6.1. Some Key Strategic Issues in the City of Minneapolis's Strategic Planning Process.**

In the Minneapolis case, one important strategic issue was when to initiate the process. Should the process begin before the November 2013 mayoral and city council election or after? The new mayor and council might throw out much of the work that had been done if the process began before the election. Waiting to begin until after the election, however, would throw the Results Minneapolis performance management system way off schedule. The decision was made to begin before the election to keep the Results Minneapolis process on track and to ensure city staff had adequate time to provide their input but also to make sure the process included adequate time and occasions for the elected officials to review and modify the draft plan prior to adoption.

The new mayor and council did in effect add a strategic issue to be addressed when they directed the City Coordinators Office to develop a new approach to much more directly engage the citizenry in setting directions for the city (see [Exhibit 3.3](https://jigsaw.vitalsource.com/books/9781119071617/epub/OPS/c03.xhtml#c03-fea-0003)).

**EXHIBIT 6.2. Strategic Issues Facing the Metropolitan Economic Development Association (MEDA).**

There was no formal document that identified and discussed the strategic issues facing MEDA. Instead, Gary Cunningham talked with many people, engaged a Humphrey School class in helping him understand MEDA, and engaged the consulting firm Accenture to help him understand what the issues were and what might be done about them. He already knew MEDA faced several issues, and as a result of these measures, he was able continually address them whenever opportunities arose. This was wise because many of the staff and some board members he inherited were basically satisfied with the status quo even though he and many other board members were not.

Cunningham also needed to have his own team in place and to convince as many key staff as possible of the desirability of change so that forward movement in an uncertain environment had enough internal support to succeed. He also needed to have a more fully developed understanding of the entire ecosystem of support for entrepreneurs of color at regional, state, and national levels. And he needed more knowledge about what was happening in other parts of the country in order to know how best to proceed.

Cunningham therefore kept a broad agenda of issues in mind. First, he needed to understand MEDA and the broader systems that affected and were affected by it. Second, Cunningham needed to build support and credibility with the board. Most of the board members were savvy business people but generally did not know as much about the environment faced by entrepreneurs of color and minority-owned businesses. Cunningham did not have a business background though he had managed large government and nonprofit enterprises and budgets. A mutual learning process was needed for Cunningham and the board.

Third, Cunningham had to build MEDA's capacity. This included getting the right team in place, stopping some things, building competence and confidence to expand products and services, redesigning structures and processes, becoming more successful in fundraising and developing long-term funding, and building or strengthening relationships with other organizations in the ecosystem.

Fourth, a new strategic vision was needed for MEDA; what Cunningham hoped would be a strong set of collaborative strategic partnerships in the ecosystem; and, beyond minority entrepreneurship, a regional and national reframing of issues of race and disparities that would make it easier to advance communities of color.

Finally, Cunningham saw a need to change the policy fields within which support for entrepreneurs of color and minority-owned businesses takes place. There were several changes he wanted to see: (1) He wanted MEDA to become a central player, catalyst, and facilitator of change in the field. (2) He wanted MEDA to move from being a nonprofit charity service provider to being more of a social enterprise that would charge for services. (3) He wanted to change regional government policies that aggravated racial and economic segregation, specifically transportation and housing policies. He was helped in this regard by being Minneapolis's representative on the Metropolitan Council, the fairly powerful regional planning and coordinating body. (4) Finally, he wanted to alter state policies and funding approaches so that they did a better job of addressing disparities.

**Exhibit 6.3. Some Strategic Issues in the INTOSAI Case.**

In the INTOSAI case, there were perhaps three main strategic issue areas. The first involved how to design a process that was more sophisticated and externally focused than previous processes. The result was the first internal and external scans.

The scans revealed the need to address a number of challenges. These constitute the second area of strategic issues. Specifically (Huff, 2017, p. 5):

The organization faced communications challenges, ongoing gaps in the capacities of its members, a slow response time to rapidly changing global issues, inaccessibility of information and training, limited implementation accountability, and confusion regarding its complex organizational structure. [In addition,] stakeholders saw opportunities for INTOSAI to use its expertise in setting global auditing standards to build its role in global issues and to increase networking opportunities. However, the same stakeholders also identified threats for INTOSAI to monitor and respond to: the weakening independence of certain SAI members; funding constraints; environmental issues, notably climate change; financial corruption; economic declines; shifting technology; and INTOSAI members no longer seeing the organization as relevant to their needs.

The final strategic area was how to adapt INTOSAI's existing strategic goals to serve the new focus of helping SAIs build their respective countries' capacities or implementing the United Nations' Sustainable Development Goals. The result was a draft strategic plan that included, for the first time, clearly articulated strategic objectives to support each strategic goal and “cross-cutting priorities” to help break down silos within the organization.

**How Should Strategic Issues Be Described?** An adequate strategic issue description (1) phrases the issue as a question the organization can do something about and that has more than one answer, (2) discusses the confluence of factors (mission, mandates, and internal and external environmental aspects, or SWOC/Ts) that make the issue strategic, and (3) articulates the consequences of not addressing the issue. A strategic issue description probably should be no longer than a page or two for it to attract the attention of and be useful to busy decision makers and opinion leaders.

There are several reasons why the issue should be phrased as a question the organization can do something about. First, if there is nothing the organization can do, then there is no strategic issue, at least not for the organization. Rather, this apparent issue would be a condition or constraint. Having said that, I must point out that a strategic issue may still exist if the organization is forced by circumstances into doing something, however symbolic or ineffective, about said condition. Second, effective strategic planning has an action orientation. If strategic planning does not produce useful decisions and actions, then it probably is a waste of time—although it is not a waste of time to consider taking action in response to an issue and then to choose, based on careful analysis, not to act. Third, focusing on what the organization can do helps it attend to what it controls instead of worrying pointlessly about what it does not. Finally, organizations should focus their most precious resource—the attention of key decision makers—on issues they can do something about.

Articulating strategic issues as challenges the organization can do something about, particularly when done on a regular basis, should help the organization strongly influence the way issues get framed and what might be done about them. In the vernacular, this will help the organization get in front of the issues. If the organization waits until a crisis develops, it may be very difficult to deal with it strategically in wise ways.

Strategic issues thus typically—or at least ideally—are not *current* problems or crises—though obviously there are almost always strategic implications to the way current problems or crises are resolved and decision makers *should* think strategically about how to address current problems and crises (Weick & Sutcliffe, 2015). In any event, strategic issues are typically complex and potentially destructive if not satisfactorily resolved.

There are several reasons why the issue should be phrased as a challenge that has more than one solution. If the question has only one answer, it is probably not really an issue but rather a choice about whether to pursue a specific solution. In addition, the chances are increased that strategic issues will not be confused with strategies and that innovative or even radical answers to those issues might be considered. Innovative or radical answers may not be chosen, but they almost always should be considered because dramatic performance gains, increases in key stakeholder satisfaction, or public value creation may result (Borins, 2014).

Attention to the factors that make an issue strategic is important both to clarify the issue and to establish the outlines of potential strategies to resolve the issue. Strategic issues arise in three kinds of situations. First, they can arise when events beyond the control of the organization make or will make it difficult or impossible to accomplish basic objectives acceptably and affordably. These situations would certainly be challenges and may even be called threats. Second, they can arise when technology, cost, financing, staffing, management, or political choices for achieving basic objectives change or soon will. These situations might present either challenges or opportunities. Finally, they arise when changes in mission, mandates, or internal or external factors suggest present or future opportunities to (1) make significant improvements in the quantity or quality of products or services delivered; (2) achieve significant reductions in the cost of providing products or services; (3) introduce new products or services; (4) combine, reduce, or eliminate certain products or services; or (5) in general create more public value. Unless the context surrounding the issue is understood clearly, it is unlikely that key decision makers will be able to act wisely in that context, which they must do to improve the chances for successful issue resolution (Crosby & Bryson, 2005).

Finally, there should be a statement of the consequences of failure to address the issue. These may be either exposure to serious threats or failure to capitalize on significant opportunities. If there are no positive or negative consequences, then the issue is not an issue. The issue may be interesting in an academic sense, but it does not involve an important or fundamental challenge for the organization. Again, the resource in shortest supply is the attention of key decision makers, so they should focus on issues that are the most consequential for the organization.

Once a list of strategic issues has been prepared, it is possible to figure out just how strategic each issue is. Two methods for doing so, the use of a litmus test and construction of an issue-precedence diagram, are covered later in the Process Design and Action Guidelines section.

**EIGHT APPROACHES TO STRATEGIC ISSUE IDENTIFICATION**

At least eight approaches to the identification of strategic issues are possible: the direct and indirect approaches, the goals approach, the vision of success approach, the visual strategy mapping approach (Ackermann & Eden, 2011; Bryson, Ackermann, & Eden, 2014), the alignment approach, the issue-tensions approach (Nutt & Backoff, 1993), and the systems analysis approach (Senge, 2006). Which approach is best depends on the nature of the broader environment and the characteristics of the organization, collaboration, or community. Guidelines for the use of the eight approaches will be presented in this section; guidelines for the whole strategic issue identification step will be presented in the following section.

The *direct approach* is probably the most useful to most governments and nonprofit organizations. In it, planners go straight from a review of mandates, mission, and SWOC/Ts to the identification of strategic issues. The direct approach is best if (1) there is no agreement on goals or the goals on which there is agreement are too abstract to be useful; (2) there is no preexisting vision of success and developing a consensually based vision will be difficult; (3) there is no hierarchical authority that can impose goals on the other stakeholders; or (4) the environment is so turbulent that development of goals or visions seems unwise and partial actions in response to immediate, important issues seem most appropriate. The direct approach, in other words, can work in the pluralistic, partisan, politicized, and relatively fragmented worlds of most public (and many nonprofit) organizations as long as there is a dominant coalition strong and interested enough to make it work. That is, there must be a coalition committed to the identification and resolution of at least some of the key strategic issues faced by the organization, even if they are not committed to the development of a comprehensive set of goals or a vision of success (Bolman & Deal, 2013).

In the *goals approach*—which is more in keeping with traditional planning theory—an organization first establishes goals and objectives for itself and then goes on to identify issues that need to be addressed to achieve those goals and objectives, or else it goes straight to developing strategies. Increasingly, these goals and objectives are likely to be embedded in a scorecard of some sort from a prior round of strategic planning; the issues thus concern how best to achieve what is in the scorecard. For the approach to work, fairly broad and deep agreement on the organization's goals and objectives must be possible and the goals and objectives themselves must be specific and detailed enough to provide useful guidance for developing issues and strategies (but not so specific and detailed that they filter out wise strategic thought, action, and learning). This approach also is more likely to work in organizations with hierarchical authority structures in which key decision makers can impose goals on others affected by the planning exercise and in which there is not much divergence between the organization's *official goals* and its *operative goals* (Rainey, 2014). Finally, externally imposed mandates may embody goals that can drive the identification of strategic issues or development of strategies.

The approach, in other words, is most likely to work in public or nonprofit organizations that are hierarchically organized, pursue narrowly defined missions, and have few powerful stakeholders (Bolman & Deal, 2013). In contrast, organizations with broad agendas and numerous powerful stakeholders are less likely to achieve the kind of consensus (forced or otherwise) necessary to use the goals approach effectively—though they may achieve it in specific areas as a result of political appointments, elections, referenda, or other externally imposed goals or mandates. Similarly, the approach is likely to work for communities that are relatively homogeneous and have a basic consensus on values, but is unlikely to work well for heterogeneous communities, or those without agreement on basic values, unless extraordinary efforts are put into developing a real consensus on goals. Of course, many city and county governments have put in the effort to develop consensus-based goals for their communities with often impressive results: for example, Minneapolis, Minnesota, and King County, Washington.

In the *vision of success approach*, the organization is asked to develop a “best” picture of the organization in the future as it fulfills its mission and achieves success. The issues then involve how the organization should move from the way it is now to how it would look and behave based on its vision of success. The vision of success developed in this step will be sketchier than the more elaborate version called for in Step 8 of the strategic planning process. All that is needed in the present step is a relatively short, idealized depiction of the organization in the future.

This approach is most useful when it is particularly important to take a holistic approach to the organization and its strategies—that is, when integration across a variety of organizational boundaries, levels, or functions is necessary (Barzelay & Campbell, 2003; Bolman & Deal, 2013). As conception precedes perception (Weick, 1995), development of a vision of success can provide the concepts necessary in times of major change to enable organizational members to see what adjustments are necessary. Finally, many people understand the utility of beginning with a sense of vision. When enough key actors think that way, this may be the best approach and lead to truly integrated strategies, assuming the actors can agree on a vision.

This approach is more likely to apply to nonprofit organizations than to public organizations as public organizations are usually more tightly constrained by mandates and conflicting expectations of numerous stakeholders. Public organizations will find the approach particularly useful, however, when newly elected leaders take charge after having campaigned for organizational reform based on their vision for the future or been appointed because of their vision. In addition, the approach has been shown to be quite successful as a way of helping cope with significant downsizing. The Ohio Department of Public Health used a vision of success to help guide a dramatic downsizing of operations in response to mandated deinstitutionalization of its clients (Nutt & Hogan, 2008). This approach may also work for communities if they are reasonably homogeneous, share an underlying value consensus, or are willing to take the time to develop a consensus.

Next, there is the *indirect approach*, which, as its name implies, is a more indirect way to identify strategic issues than the direct approach. The approach works in the same situations as the direct approach and is generally as useful. In addition, the approach is particularly useful when major strategic redirection is necessary but many members of the planning team and organization have not yet grasped the need or cannot sense where the changes might lead. The method starts with participants' existing ideas, helps them elaborate on the action implications of those ideas, and then recombines the ideas in new ways so that participants socially construct a new reality, which allows them to convince themselves of the need for change. Participation in this process of social reconstruction is a means of producing the commitment necessary to pursue new directions.

In other words, participants' own ideas, when recombined in new ways, help them see things differently and act accordingly. Innovation thus is more a consequence of recombination than mutation (Kingdon, 2010). When using this approach, the planning team develops several sets of options, merges the sets, then sorts them into clusters of similar themes using the snow card (or affinity diagram) process (discussed in [Chapter 5](https://jigsaw.vitalsource.com/books/9781119071617/epub/OPS/c05.xhtml)) or the visual strategy mapping process (described in Bryson, Ackermann, & Eden, 2014). Each cluster's theme represents a potential strategic issue. The sets consist of five options generated by the team to: (1) make or keep stakeholders happy according to their criteria for satisfaction; (2) build on strengths, take advantage of opportunities, and minimize or overcome weaknesses and challenges; (3) fulfill the mission and mandates and in general create public value; (4) capture existing goals, strategic thrusts, and details; and (5) articulate stated or suggested actions embodied in other relevant background studies.

The *visual strategy mapping approach* involves creation of word-and-arrow diagrams in which statements about potential actions the organization might take, how they might be taken, and why are linked by arrows indicating the cause–effect or influence relationships between them. In other words, the arrows indicate that action A may cause or influence B, which in turn may cause or influence C, and so on; if the organization does A, it can expect to produce outcome B, which in turn can be expected to produce outcome C. These maps might consist of hundreds of interconnected relationships, showing differing areas of interest and their relationships to one another. Important clusters of potential actions may comprise strategic issues. A strategy in response to the issue would consist of the specific choices of actions to undertake, how to undertake them, and why (Ackermann & Eden, 2011; Bryson, Ackermann, & Eden 2014).

The approach is particularly useful when participants are having trouble making sense of complex issue areas, time is short, the emphasis must be on action, and commitment on the part of those involved is particularly important. Participants simply brainstorm possible actions, cluster them according to similar themes, and then figure out what causes what. The result is an issue map (see [Figure 6.2](https://jigsaw.vitalsource.com/books/9781119071617/epub/OPS/c06.xhtml?create=true#c06-fig-0002) later in this chapter for a high-level overview of how issues may be connected). This process of producing word-and-arrow diagrams may also be called *causal mapping*, and it can be used in tandem with the other approaches to indicate whatever logic is being followed.

The *alignment approach* helps clarify where there are gaps, inconsistencies, or conflicts among the various elements of an organization's governance, management, and operating policies, systems, and procedures. The approach is based on the assumption that superior (or even just good) organizational performance requires reasonable (or better) coherence across an organization's governance, management, mission, mandates, stakeholder relations, policies, goals, budgets, human resources, communications, technologies, operations, and other elements (for example, Goodsell, 2010; Kaplan & Norton, 2006).

If an organization is to be at least the sum of its parts, then there must be reasonable alignment across these organizational elements and between the organization and what it seeks to do in relation to its environment. Issues related to alignment are very common in all organizations, whether they are well-established, expanding, downsizing, or start-ups. Indeed, leaders, managers, and planners should always be alert to possible alignment challenges—including throughout a strategic planning process—and should regularly consult with frontline workers about possible misalignments in operations. The approach thus works well in tandem with all the other approaches.

The *issue tensions approach* was developed by Nutt and Backoff (1992, 1993) and elaborated in Nutt, Backoff, and Hogan (2000). These authors argue that there are always four basic tensions around any strategic issue. These tensions involve (1) human resources, especially *equity* concerns; (2) *innovation and change*; (3) maintenance of *tradition*; and (4) *productivity improvement*; and their various combinations. The authors suggest critiquing the way issues are framed using these tensions separately and in combination to find the best way to frame the issue. The critiques may need to run through several cycles before the wisest way is found. The tensions approach can be used by itself or in conjunction with any of the other approaches. Taking the extra time to critique an issue statement using the tensions approach is advisable when the costs of getting the issue framing wrong are quite high or when there is a lot of uncertainty about what the issue actually is.

Finally, *systems analysis* can be used to help discern the best way to frame issues when the issue area may be conceptualized as a system (and they almost always can be) and the system contains complex feedback effects that must be modeled in order to understand the system (Mulgan, 2009; Senge, 2006). Systems analysis can vary in how formal it is and whether computer support is needed. Many systems do not require formal modeling in order to be understood but others do, and it can be dangerous to act on these more complex systems without adequately appreciating what the system is and how it behaves. The more complicated the system, the more difficult it is to model and the more expert help will be needed. But there are limits to systems analysis because there are systems no one can understand given current methodologies. Considerable wisdom is required to know when it is worth attempting sophisticated analyses, which analysts to use, and how to interpret and make use of the results.

**The Direct Approach**

The following guidelines may prove helpful to organizations that use the direct approach.

After a review of mandates, mission, and SWOC/Ts, strategic planning team members should be asked to identify strategic issues on their own. For each issue, each member should answer three questions on a single sheet of paper (sample worksheets can be found in Bryson & Alston, 2011):

1. What is the issue, phrased as an issue the organization can do something about and that has more than one answer?
2. What factors (mandates, mission, and external and internal influences) make it a strategic issue?
3. What are the consequences of failure to address the issue?

It may be best to give individuals at least a week to propose strategic issues. The identification of strategic issues is a real art and cannot be forced, and people may need time to reflect. Also, individuals' best insights often come unpredictably in odd moments and not in group settings.

Each of the suggested strategic issues should then be placed on a separate sheet of flip chart paper and posted on a wall so that members of the strategic planning team may consider and discuss them as a set. The sheets may be treated as giant snow cards with similar issues grouped together and perhaps recast into a different form on blank sheets held in reserve for that purpose.

Alternatively, ask planning team members to individually brainstorm as many strategic issues as they can—answering only the first question—on individual worksheets. Have each participant place a check mark next to the five to seven most important issues on their individual lists. These items should be transferred to snow cards and then clustered into issue categories. The group (or subgroups) can then answer the three questions in relation to each cluster.

Whichever method is used, it is usually helpful to clarify which issues the group thinks are the most important issues in the short and long terms. I usually rely on the use of colored stick-on dots to indicate individuals' views. I ask each person to place an orange dot on the five issues they think are the most important in the short term and a blue dot on the five issues they think are the most important in the long term. (The same issue can be important in both the short and the long term.) The pattern of dots will indicate where the majority opinion lies, if any exists. As with any judgmental exercise, it usually is best to have people make their individual judgments first and record them on a piece of scratch paper before they publicly express their views (by placing colored dots, for example). After individuals have expressed their views, a group discussion should ensue, followed by additional individual “voting” (using the dots) if it appears people have changed their minds. A more reasoned group judgment is likely to emerge via this procedure (Kahneman, 2013).

When at least tentative agreement is reached on the list of strategic issues, prepare new single sheets of paper that present each issue and answer the three questions. These new sheets will provide the basis for further dialogue, if necessary, or for the development of strategies to resolve the issues in the next step.

**The Goals Approach**

The following guidelines are for organizations that choose the goals approach.

Begin with a compilation, review, and update of existing organizational goals or desired outcomes. These goals may be found in a variety of places; for example, prior strategic plans, functional area plans, key performance indicators, scorecards, or mandated outcomes. Remember, however, that there may well be a divergence between an organization's official goals and its operative goals.

If the organization does not already have a current set of goals, then after a review of mandates, mission, and SWOC/Ts, members of the strategic planning team should be asked to propose goals for the organization as a basis for group discussion. Again, the snow card procedure is an effective way to develop and organize a set of possible goals quickly as a basis for further group discussion. More than one session may be necessary before the group can agree on a set of goals that is specific and detailed enough to guide the development of strategies to achieve the goals in the next step.

It may not be necessary to identify strategic issues if this approach is used; rather, the team may move directly to the strategy development step. If strategic issues are identified, they are likely to pose questions such as: “How do we gain the agreement of key decision makers on this set of goals?” “How do we establish priorities among these goals?” and “What are the best strategies for achieving the goals?” INTOSAI essentially followed this latter approach.

An alternative way to identify a set of goals for the organization is to assign one or more members of the strategic planning team the task of reviewing past decisions and actions to uncover the organization's implicit goals. (This activity can also be usefully undertaken as part of the previous step, internal assessment.) This approach can uncover the existing consensus in the organization about what its goals are. It also can uncover any divergences between this consensus and the organization's mandates, mission, and SWOC/Ts. Dealing with the divergences may represent strategic issues for the organization.

Whichever approach to the development of goals is used, specific objectives will be developed in the next step, strategy development. Strategies are developed to achieve goals; objectives (as opposed to goals) should be thought of as specific milestones or targets to be reached during strategy implementation.

**Vision of Success Approach**

New boards or elected or appointed officials may arrive with a vision essentially already worked out. Their main task often will involve spending time selling their vision and incorporating any useful modifications that are suggested (Kotter, 2012). Other organizations wanting to develop a vision of success from scratch may wish to keep in mind the following guidelines. In addition, the approach can be adapted to identify desirable guiding principles rather than a vision.

After a review of mandates, mission, and SWOC/Ts, each member of the strategic planning team should be asked as individuals to develop a picture or scenario of what the organization should look like as it successfully meets its mandates, fulfills its mission, creates public value, and in general achieves its full potential. The visions should be no longer than a page in length and might be developed in response to the following instructions: Imagine that it is three to five years from now and your organization is extremely successful at fulfilling its mission and attracting resources. Imagine that you are a newspaper reporter assigned to do a story on the organization. You have thoroughly reviewed the organization's mandates, mission, services, personnel, financing, organization, management, etc. Describe in no more than a page what you see (Barry, 1997/2013).

The members of the strategic planning team should then share their visions with one another. A facilitator can record the elements of each person's vision on large sheets. Either during or after the sharing process, similarities and differences among them should be noted and discussed. Basic alternative visions should then be formulated (perhaps by a staff member after the session) as a basis for further discussion.

At a subsequent session, planning team members should rate each alternative vision or scenario along several dimensions deemed to be of strategic importance (such as ability to create public value, fit with mandates and mission, stakeholder support, SWOC/Ts, and financial feasibility) and develop a list of relative advantages and disadvantages of each vision. The team may also wish to consult internal and external advisers, critics, and possible partners to gain their insights and opinions. Deliberation should follow to decide which vision is best for the organization.

An alternative approach involves asking team members to develop two lists: what the organization is moving *from* (both good and bad) and what it is moving *toward* (both good and bad). The approach involves capturing the essence of the organization's past and present and then projecting what it might be into the future. The good and bad aspects inherent in future possibilities can be used to formulate best- and worst-case scenarios. A subsequent sketch of an organizational vision of success would highlight the good that the organization wants to move toward, and take account of the bad that the organization wants to avoid.

Once agreement is reached among key decision makers on the best vision, the strategic planning team may be able to move on to the next step: developing strategies to achieve the vision. A major 3,000-member downtown church in Minneapolis, Minnesota, pursued the vision of success approach. Its strategic planning team constructed visions to guide subsequent strategy development in areas covered by its mission statement or other areas where new strategies were clearly needed. These included:

* Worship
* Nurture (Christian education for member families and their children)
* Global outreach (education and action abroad)
* Local outreach (local social service and community action)
* Children and youth (bringing member youth into the life of the church and doing more for youth who are not members)
* Ministry of caring (mutual support and comfort for those in need)
* Evangelism (faith sharing and development)
* Stewardship (resource development)
* Communication with the public (electronic broadcasts of services and public forums on timely issues)
* Facilities (redoing the sanctuary and entrances to the building, education, and outreach facilities)

Goals, strategies, and action steps were then formulated within each of these vision areas.

The visions developed with this approach actually may constitute a *grand strategy* for the organization—the overall scheme or plan for how best to “fit” with its environment. The strategy development step would then concentrate on filling in the details for putting the grand strategy into operation.

The strategic planning team may decide to identify strategic issues first, however, before developing more detailed strategies for implementation. The strategic issues typically would concern how to gain broad acceptance of the vision and how to bridge the gap between the vision and where the organization is at present. It is important to not spend all of one's energy on visioning so that not enough time, energy, and attention are left for developing detailed strategies, implementation guidance, and vehicles for implementation.

**The Indirect Approach**

The following guidelines may help organizations identify strategic issues using the indirect approach.

Planning team members should review the organization's current mission, the summary statement of its mandates, the results of the stakeholder and SWOC/T analyses, statements of present goals and strategies, and any other pertinent background studies or discussions. The team then should systematically review these materials to brainstorm sets of possible options for organizational action. Each option should be phrased in action terms—that is, it should start with an imperative (get, acquire, create, develop, achieve, show, communicate, and so on). Each then should be placed on a separate snow card or sticky note. The following option sets should be created:

1. Create options to keep stakeholders happy where they are happy or to make them happy where they are not. (Obviously, the organization may not wish to make certain stakeholders happy. For example, police forces are not likely to pursue options that will make drug dealers happy by relaxing law enforcement efforts; however, police forces might collaborate with economic development agencies, for example, to find alternative employment for drug dealers.)
2. Develop options that enhance strengths, take advantage of opportunities, and minimize or overcome weaknesses and challenges or threats.
3. Identify options tied directly to fulfilling the organization's mission, meeting its mandates, and creating public value.
4. Create options that articulate the goals, thrust, and key details of current organizational strategies.
5. Create cards or ovals for options identified or suggested by any other pertinent background studies or discussions.

The source of each option (stakeholder or SWOC/T analysis, mission or mandates, existing goals and strategies, background reports, or discussions) should be indicated in small print somewhere on the snow card. Knowing the source can help participants assess the potential importance of options.

Once the option sets have been assembled—often using snow cards attached to a wall—they should be mixed and regrouped by team members into clusters that share similar themes. The theme of each grouping represents a candidate strategic issue. The visual strategy mapping process can be used to structure the clusters further by showing interrelationships among clusters and the various options that comprise them (Bryson, Ackermann & Eden, 2014).

When suitable categories have been identified, and key interrelationships noted, the team should develop one-page descriptions of the strategic issues that answer the three questions discussed on page 195. The process of noting the source of each option will help the team answer the second question about relevant situational factors and the third question about the consequences of not addressing the issue.

**The Visual Strategy Mapping Approach**

As noted in [Chapter 2](https://jigsaw.vitalsource.com/books/9781119071617/epub/OPS/c02.xhtml), the approach involves creation of word-and-arrow diagrams in which actions the organization might take, how it might take them, and why, are linked by arrows indicating the cause–effect or influence relationships between them. People interested in the visual strategy mapping approach can find detailed process guidelines in Bryson, Ackermann, and Eden (2014; see also Bryson, Ackermann, Eden, & Finn, 2004). An instructional video featuring an effort to reduce traffic deaths in Minnesota will be found at: <https://www.hubertproject.org/hubert-material/402/> The arrows indicate that action A may cause or influence B, which in turn may cause or influence C, and so on; if the organization does A, it can expect to produce outcome B, which in turn may be expected to produce outcome C. (The approach is thus a more elaborate version of the purpose mapping technique outlined in [Exhibit 3.1](https://jigsaw.vitalsource.com/books/9781119071617/epub/OPS/c03.xhtml#head-2-26).) These maps can consist of hundreds of interconnected relationships, showing differing clusters of actions and their relationships to one another. Important clusters of potential actions are each candidate strategic issues. A strategy in response to the issue would consist of the specific choices of actions to undertake in the issue area, how to undertake them, and why (Bryson et al., 2014). The approach is particularly useful when participants are having trouble making sense of complex issue areas, time is short, the emphasis must be on action, and commitment on the part of those involved is particularly important.

A visual strategy map indicates not only strategic issues and how they might be addressed but also how the issues relate to mission and goal statements. These links show the possible consequences of addressing or not addressing the issues.

**The Alignment Approach**

The alignment approach helps clarify where there are gaps, inconsistencies, or conflicts among the various elements of an organization's governance, management, and operating policies, systems, procedures, financing, and competencies. If an organization is to be at least the sum of its parts, then there must be reasonable alignment across these organizational elements and between the organization and what it seeks to do in relation to its environment. As noted, issues related to alignment are very common in all organizations, whether they are well-established, expanding, downsizing, or start-ups. The alignment approach works well in tandem with all other approaches.

The following guidelines will help identify alignment issues:

1. Review documents pulled together or specifically prepared for the strategic planning process and look for alignment challenges. These are often highlighted as a result of comparing and contrasting the results of stakeholder analyses and external and internal assessments of various kinds, including, for example, analytic performance reports, staff surveys, logic modeling, strategy reviews, scorecard use, and so on. Search for gaps, inconsistencies, or conflicts among the elements of an organization's various governance, management, and operating policies, systems, procedures, financing, and competencies.
2. Pull together insights from these various assessments as a basis for a more encompassing dialogue around what the real alignment challenges are. Many alignment issues are essentially operational in nature, but the most significant gaps, inconsistencies, and conflicts are likely to flag potential strategic issues.
3. Consider using the alignment approach with any of the other approaches.

**The Issue Tensions Approach**

The following guidelines will help those who wish to explore the tensions surrounding an issue.

The tensions approach begins much like the direct approach. After a review of mission, mandates, and SWOC/Ts, planning team members are encouraged to put forward statements of potential strategic issues. The statements are then categorized according to whether they are essentially a question of human resources, especially equity concerns; innovation and change; maintenance of tradition; or productivity improvement.

After the initial categorization, the statements are then explored further to draw out any other tensions that might be involved. For example, an issue about executive pay (human resources) may also be explored in relation to the other tensions: human resources or equity concerns versus the need to foster innovation and change versus the need to maintain a culture and tradition versus productivity improvement. Drawing out these other aspects of the issue may allow for the kind of reframing often necessary to find constructive strategies in response to the issues (Bolman & Deal, 2013, 2014; Nutt & Backoff, 1992).

The critiques may need to run through several cycles before the wisest way to frame the issue is found. The tensions approach can be used in tandem with any of the other approaches to gain additional insight. For example, the tensions related to goals, visions, clusters of actions, or system models may be explored.

**Systems Analysis Approach**

Modeling a system of any complexity takes considerable skill (Richardson, Andersen, & Luna-Reyes, 2015); therefore, skilled help and facilitation should be sought if it appears that system modeling will be necessary. Modeling is often done in a conference setting in order to elicit needed information and to build understanding of and commitment to the resulting model. Andersen and Richardson (1997) offer detailed guidance, what they call “scripts,” for building a model directly with a planning team. Their approach includes the following steps:

1. *Plan for the modeling conference*. This includes goal setting and managing the scope of the work, logistics, and designing and making use of the appropriate groups for specific tasks.
2. *Schedule the day*. This includes a variety of planning guidelines, such as starting and ending with a bang; clarifying expectations and products; mixing the kinds of tasks and including breaks frequently; striving for visual consistency and simplicity in model representations; and reflecting frequently on the model as it develops.
3. *Follow specific scripts for specific tasks*. Andersen and Richardson have developed scripts for defining problems; conceptualizing model structure; eliciting feedback structure; supporting equation writing and parameterizing for quantified models; and developing policy.

It should be noted that the eight approaches to the identification of strategic issues are interrelated (a point that will be brought out again in the next chapter on strategy development). It is a matter of where you choose to start. For example, an organization can frame strategic issues directly, indirectly, or through visual strategy mapping, and then in the next step develop goals and objectives for the strategies developed to deal with the issues. Mission, strategies, goals, and objectives then can be used to explore issues of alignment or to develop a vision of success in Step 8 of the process. Or an organization may go through several cycles of strategic planning using the direct or goals approaches before it decides to develop a vision of success. Or the organization may start with a sketch of a vision of success in this step and then expand that into a full-blown vision of success after it completes the strategy development step. Particular issue areas may require system modeling in order to be understood well enough to guide subsequent strategy development. At various points along the way, the organization may explore issues, goals, visions, system models, or potential strategies further through the alignment approach or the tensions framework.

In other words, a planning team may use more than one approach as part of the same strategic planning effort. Differing conditions surrounding different issue areas can prompt the use of multiple approaches in identifying strategic issues. Where useful goals or visions are already developed, they may be used to help formulate issues. Where they are not available, efforts to develop them or use the direct or indirect approaches should be considered. Whenever sophisticated analyses are needed, they should be undertaken.

**Process Design and Action Guidelines**

The following process guidelines should prove helpful as a strategic planning team identifies the strategic issues its organization faces:

1. *Review the organization's (program's, collaboration's, or community's) mandates, mission, strengths, weaknesses, opportunities, and challenges, including any key indicators the organization watches—or should watch*.
2. *Select an approach to strategic issue identification that fits the organization's situation: direct, goals, vision of success, indirect, visual strategy mapping, alignment, issue tensions, or systems analysis*. Whichever approach is used, prepare one-page descriptions of the resulting strategic issues that (a) phrase the issue as a question the organization can do something about; (b) clarify what it is about mission, mandates, and internal and external factors that make it an issue; and (c) outline the consequences of failure to address the issue. In the process of identifying and articulating issues, do not be surprised if: (a) the mission itself is an issue, (b) you need to do issue-specific SWOC/T analyses in order to appropriately understand and frame the issues, or (c) the issues go through considerable reframing as the consequences of one framing versus another become clear.

Also, no matter which approach you choose, do not be surprised if problems arise involving misalignment between or across the organization's mission, goals, strategies, staffing, technology, resources, and so on. Organizations are chronically out of alignment, and issues can be expected to arise at points of mismatch. For example, the MEDA process began with recognition of a number of misalignments internally and externally. The City of Minneapolis's efforts over the years have involved addressing a number of misalignments with, for example, city-wide goals and organizational capabilities, as well as adopted goals and strategies and the annual budgeting processes.

The phenomenon of misalignment is so common that I have included the alignment approach as one of eight approaches to identifying strategic issues. In my experience, misalignments are also quite likely to emerge as operational issues. Team members also should search for misalignments in Step 7, strategy formulation; Step 9, implementation; and Step 10, strategy and planning process reassessment. There is almost always a need to work on appropriate alignments in those steps.

1. *Once a list of issues has been prepared, try to separate them into strategic and operational issues or some combination of the two (see*[*Figure 6.1*](https://jigsaw.vitalsource.com/books/9781119071617/epub/OPS/c06.xhtml?create=true#c06-fig-0001)*)*. Operational issues should be assigned to an operations group, team, or task force. If an appropriate grouping does not exist, it should be created. Some issues are likely to have both strategic and operational aspects; try to treat the strategic aspects first before assigning operational concerns to an operations group.
2. *It may be helpful to use a “litmus test” to develop some measure of just how “strategic” an issue is*. For example, a litmus test that might be used to screen strategic issues is presented in [Exhibit 6.4](https://jigsaw.vitalsource.com/books/9781119071617/epub/OPS/c06.xhtml?create=true#c06-fea-0004). A truly strategic issue is one that scores high on all dimensions. A strictly operational issue would score low on all dimensions.

**Exhibit 6.4. Operational Versus Strategic Issues.**

|  |  |  |  |
| --- | --- | --- | --- |
| Issue: Issue is: Operational \_\_\_ Operational and Strategic \_\_ Strategic \_\_\_ | | | |
| Operational  Strategic | | | |
| * 1. 1. Is the issue on the agenda of the organization's policy board (whether elected or appointed)? | No |  | Yes |
| * 1. 2. Is the issue on the agenda of the organization's chief executive (whether elected or appointed)? | No |  | Yes |
| * 1. 3. When will the strategic issues' challenge or opportunity confront you? | Right now | Next year | Two or more years from now |
| * 1. 4. How broad an impact will the issue have? | Single unit or division |  | Entire organization |
| * 1. 5. How large is your organization's financial risk/opportunity? | Minor (<10% of the budget) | Moderate (10%–15% of the budget) | Major (>25% of the budget) |
| * 1. 6. Will strategies for issue resolution likely require:      1. a. Changes in the rules governing the organization (e.g., significant amendments in federal or state statutes or regulations)? | No |  | Yes |
| * + 1. b. New institutional or organizational design? | No |  | Yes |
| * + 1. c. Development of new service goals and programs? | No |  | Yes |
| * + 1. d. Significant changes in revenue sources or amounts? | No |  | Yes |
| * + 1. e. Major facility additions or modifications? | No |  | Yes |
| * + 1. f. Significant staff expansion? | No |  | Yes |
| * 1. 7. How apparent is the best approach for issue resolution? | Obvious, ready to implement | Broad parameters, few details | Wide open |
| * 1. 8. What is the lowest level of management that can decide how to deal with this issue? | Line staff supervisor |  | Head of major department |
| * 1. 9. What are the probable consequences of not addressing this issue? | Inconvenience, inefficiency | Significant service disruption, financial losses | Major long-term service disruption, large cost/revenue setbacks |
| * 1. 10. How many other groups are affected by this issue and must be involved in resolution? | None | 1–4 | 5 or more |
| * 1. 11. How sensitive or “charged” is the issue relative to community, social, political, religious, and cultural values? | Benign | Touchy | Dynamite |

1. *Once strategic issues have been identified, they should be sequenced in either a priority, logical, or temporal order as a prelude to strategy development in the next step*. It is important to focus the attention of key decision makers effectively and efficiently. Establishing a reasonable order, or agenda, among strategic issues allows key decision makers to focus on them one at a time. (It must be recognized, however, that the issues may be so interconnected that they have to be dealt with as a set.)

An effective tool for figuring out a useful issue order is an issue-precedence diagram (Nutt & Backoff, 1992). This diagram consists of issues and arrows indicating the direction of influence relationships among them (which makes it a variant of a visual strategy map; see Ackermann & Eden, 2011; Bryson et al., 2014). [Figure 6.2](https://jigsaw.vitalsource.com/books/9781119071617/epub/OPS/c06.xhtml?create=true#c06-fig-0002) presents an issue-precedence diagram of the strategic issues facing the U.S. province of a Roman Catholic religious order. The order consists of priests and brothers who live in religious communities and work with low-income people and communities. The order employs many laypeople to teach in its schools, work with target communities, produce publications, and assist with fundraising and management.

[**Figure 6.2**](https://jigsaw.vitalsource.com/books/9781119071617/epub/OPS/c06.xhtml?create=true#R_c06-fig-0002). Strategic Issues Facing a Roman Catholic Religious Order.

The diagram indicates that in order to achieve more effective ministries, an issue closely linked with the order's mission, four additional issues must be dealt with first (maintain or increase ministries; clarify vision of success; maintain and improve income in the long run; and have satisfied, productive employees). In order to maintain or increase ministries, more members will need to join the order (increase vocations) and income will need to be maintained and improved in the long run. In general, arrows leading to an issue indicate the issues that also must be addressed if the focal issue is to be resolved. Arrows leading from an issue indicate potential consequences of having addressed the issue.

Preparation of this diagram produced two crucial insights for the planning team. First, they were able to see that the key to “increasing vocations” was the sequence of issues flowing into that issue from “improve community life” (key strategy options are indicated by the bullet points), “improve interpersonal relations,” “improve attention to individual needs,” “promote healthy lifestyles,” and “improve governance and management structures and processes.” It is this set of issues, in particular, that is tied to the order's community life that prompted members of the planning team to push for strategic planning in the first place.

Second, the team was able to make the case to the members of the order who mainly cared about having more effective ministries and increased vocations that the best way to achieve these was to first address the issues tied to improving community life. The diagram thus helped all members of the religious order understand the logical, and probably temporal, relationships among the issues; helped key stakeholder groups understand how their individual agendas might be served by working together on each other's issues; and helped the group decide what its priorities for attention should be.

Of course, the strategic implications of the issue agenda should be considered carefully. For example, it may not be wise to have key decision makers focus first on the top-priority issue, especially if there has been little prior interaction among key decision makers and little experience with constructive conflict resolution. In such circumstances, it may be best to start the process of resolving strategic issues by focusing on the least important issue so that decision makers can gain experience dealing with one another and with conflict when the consequences of failure are least. Planning team members should talk through the likely implications of different issue agenda orders before deciding on the appropriate sequence for action in the next step, strategy development.

1. *There is a real art to framing strategic issues*. Considerable discussion and revision of first drafts of strategic issues are likely to be necessary in order to frame issues in the most useful way. The process is likely to seem rather messy at times as people struggle with finding the best way to frame the issues, but out of the struggle, wisdom is likely to emerge. If the organization's mission is itself a strategic issue, the organization should expect to develop a second set of issues after the mission is reexamined. In other words, once the new or revised mission is in place, an altered set of strategic issues is likely to emerge.

It is important to critique strategic issues to be sure that they usefully frame the fundamental policy questions the organization faces. The strategic planning team should ask itself several questions about the issues it identifies before it settles on what to address. Some useful questions include the following:

* 1. What is the real issue, conflict, or dilemma?
  2. Why is it an issue? What is it about mission, mandates, or SWOC/Ts that makes it an issue?
  3. Who says it is an issue?
  4. What would be the consequences of not doing something about it?
  5. Can we do something about it?
  6. Is there a way to combine or eliminate issues?
  7. Should issues be broken down into two or more issues?
  8. What issues are missing from our list, including those that our culture might have kept us from recognizing?

It is especially important to remember that strategic issues framed in single-function terms will be dealt with by single-function departments or agencies. Strategic issues that are framed in multifunctional terms will have to be addressed by more than one department. And strategic issues that are framed in multiorganizational, multi-institutional terms will have to be addressed by more than one organization or institution. If one seeks to wrest control of an issue from a single department, then the issue must be framed multifunctionally. If one seeks to wrest control of an issue from a single organization, then it must be framed multiorganizationally. Strategic planners can gain enormous influence over the strategic planning process and its outcomes if the issues are framed in such a way that decision makers must share power in order to resolve the issues. Often, wresting control over the framing of the issue from the *status quo ante* is a crucial step in moving toward dramatic changes or what will be called *big wins* in the next chapter (Barzelay & Campbell, 2003; Baumgartner & Jones, 2009, 2015; Crosby & Bryson, 2005).

The importance of this admonition is apparent when one examines organizations' efforts to engage in process improvement, performance budgeting, or new uses of information technology. In my experience, organizations often get into these ventures without thinking through carefully why they wish to do so. Partly this may be the result of particular professionals championing the causes that are the current fashion within their respective professions. Process improvement then gets assigned to an improvement czar of some sort, performance budgeting to the budget director, and information technology improvement strategies to IT professionals. The reform agenda then becomes the captive of these particular units, and the organization-wide perspectives and goals are subverted. The means substitute for the ends and a kind of *goal displacement* occurs in which instrumental values become terminal values (Merton, 1940). Although the power of the subunits may be enhanced, organizational performance is less than it should be. The quality initiative ends up making process improvements in unwise strategies; budgets enhance performance in the wrong directions; and IT improvements are led by technology rather than overarching organizational strategies. Convening forums in which the organization-wide perspective is developed is the best way to make sure the means serve the ends and not the reverse.

1. *Remember that there are likely to be at least three kinds of strategic issues in terms of the kind of attention they require and when they require it; each will need to be treated differently*. The three are (1) those that require no action at present but must be monitored; (2) those that can be handled as part of the organization's regular strategic planning cycle; and (3) those that require urgent attention and must be handled out of sequence with the organization's regular strategic planning cycle. Do not be surprised if issues in this latter category emerge in the midst of the strategic planning process.
2. *Focus on issues, not answers*. The answers will be developed in the next step, strategy formulation. Those answers will be helpful only if they are developed in response to the issues that actually confront the organization. That is, an answer without an issue is not an answer.

Keep in mind, however, that people can be counted on to put forward favored solutions, whether or not they have much to do with the real issues (Kahneman, 2013). Planners can utilize this tendency to their advantage by constantly asking team members what problems or issues their proposed solutions actually address. When this question is asked about several proposed solutions, a useful picture of what the real issues might be is likely to emerge. Issues developed in this fashion have the advantage of emerging from what people actually can imagine doing and thus may seem more “real” to them.

1. *Reach an agreement among key decision makers that a major fraction of their time together will be devoted to the identification and resolution of strategic issues*. Without an agreement of this sort, it is too easy to forget that when key decision makers get together, one of their most important tasks is to deal with what is most important to the organization. The decision-making bodies in all three organizations highlighted in this book made such a commitment.
2. *Keep it light*. As noted at the beginning of this chapter, this step in the strategic planning process can quickly become very serious and “heavy.” It is important for members of the strategic planning team to keep a sense of humor, acknowledge emotions, and release tensions with good-humored mutual solicitude. Otherwise, destructive conflict or paralysis may set in, and the group may find it difficult to agree on a set of strategic issues and move on to developing effective strategies to deal with the issues. Emotions may run high—or low in the case of depression and grief—and the group will have to acknowledge these emotions and deal with them constructively.
3. *Notwithstanding efforts to keep things light, remember that participants may fall into the pit or hit the wall* (Bridges & Bridges, 2017). Walls often consist of what appear to be dilemmas, vicious circles, or paradoxes that cannot be resolved (Scharmer, 2016; Senge, 2006). For example, a public library with which I worked faced a vicious circle that resulted when its service culture collided with serious budget cuts. Existing strategies had begun to fail because the system was at its limit and staff stress and burnout were reaching crisis proportions. Given their ethos, the librarians could not yet see what to do. They were all deeply committed to giving library patrons what they wanted—almost no matter what it took—but could not continue to do so without increased resources. The obvious need to narrow their role, set priorities among patrons, and adopt a more entrepreneurial and political mentality challenged their professional identifies that had built up over many years. They felt themselves surrounded by a wall they did not know how to climb, skirt, tunnel under, or blow up. However, through lots of discussion, emotional venting, mutual support, and consideration of various options for addressing the issues, they eventually figured out how to knock down the wall.
4. *Agreement on strategic issues to be addressed in the next step is likely to mark an important organizational decision point*. Remember that the identification of strategic issues is the heart of the planning process. Identifying the fundamental challenges the organization faces will have a profound effect on the actual choices made and ultimately on the viability and success of the organization.
5. *Managing the transition to the next step in the process—strategy development—is crucial*. Too often organizations move quickly to the identification of strategic issues and then back off from resolving those issues. The conflicts or choices embodied in the issues may seem too difficult or disruptive to address. Strong leadership and commitment to the strategic planning process must be exercised if the organization is to deal effectively with the basic issues it confronts.

**SUMMARY**

The purpose of Step 5 is to identify the fundamental challenges facing the organization concerning its mandates, mission, and product or service level and mix; clients, customers, or users; cost; financing; organization; or management. At the end of this step, key decision makers should agree on a *strategic issue agenda*—the set of strategic issues to be addressed and arranged in priority, logical, or temporal order. Effectively addressing these issues should help the organization satisfy its key stakeholders and create real public value.

The eight approaches to identifying issues are the direct approach, the goals approach, the vision of success approach, the indirect approach, the visual strategy mapping approach, the alignment approach, the issue tensions approach, and systems analysis. In general, governments and nonprofit agencies will find the direct, goals, vision of success, visual strategy mapping, and alignment approaches most useful, but which approach to use depends on the situation at hand.

To return to the drama metaphor, this step constitutes the framing of conflicts (issues). The climax of the story will be reached in the next two steps, when these conflicts are resolved through the construction and adoption of effective strategies. Fear, anxiety, guilt, dread, or grief about how these issues might get resolved can cause people to flee from strategic planning. Faith, hope, courage, and reasoned optimism typically are needed to press forward (Seligman, 2006).

The transition to the next step in the process will require careful management. It is one thing to talk about what is fundamental and quite another to take action based on those discussions. Strong leadership, high morale, and a reasonable sense of psychological safety and optimism will all help the team and organization keep moving ahead. Unless they push on, organizational effectiveness and stakeholder satisfaction are likely to suffer, and the organization will not meet its mandates or fulfill its mission.