

## PA 742

### Strategic management in Public and Nonprofit Agencies San Francisco State University Public Administration Program Spring 2005

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This class explores the strategy process in public and nonprofit organizations by connecting the multiple, often conflicting theories of the strategy process to the practice of strategy making. While theories provide us a way to impose order on our diverse perspectives on strategy, the study of theory also provides us with an opportunity to understand and challenge our implicit understandings of the strategy process. Our focus in this class will largely be on the concepts of the process of strategy, particularly formulating and analyzing strategic decisions and the forms that strategies in public and nonprofit organizations take.

The goals of this class are to:

- Provide exposure to diverse range of theories of the strategy process, with a particular focus on concepts of strategic decision making and strategic intent;
- Practice the tools of strategy making and strategic analysis - including, but not limited to, scenario planning, assumption based planning; visioning, SWOT analysis;
- Exploration of the practical challenges in strategy formation facing leaders in 21<sup>st</sup> century organizations, including the rapidly change context in which public and nonprofit organizations operate.

#### Resources

The readings for this class are deliberately eclectic and sometime even contradictory, offering us diverse perspectives on the strategy process. The readings are drawn from both new and "classic" works, and include literature from both private (nonprofit and for-profit) as well as public settings. The diversity of our readings will remind us that there are few simple answers or "best ways" to address the complex challenges facing leaders in the 21<sup>st</sup> century. Each week we will read a case that will allow us to apply theoretical concepts to a real world setting. These applied readings will be marked with a (\*\*).

*Note: Class readings, particularly applied readings, may change (with notice) due to the availability of new publications or as a result of current events.*

Electronic Readings (ER) available on SFSU library electronic reserves:  
<http://eres.sfsu.edu/eres/courseindex.aspx?page=search>  
password: foresight

Blackboard readings (BB). For student's ease all readings available electronically from the library have been uploaded to Blackboard.

## Required Readings

### Texts:

Hamel, Gary and Prahalad, C.K. 1996. *Competing for the Future*. Harvard Business School Press. ISBN: 0875847161

Kees van der Heijden, Ron Bradfield, George Burt, George Cairns, George Wright. 2002. *The Sixth Sense: Accelerating Organisational Learning with Scenarios*. John Wiley & Sons. ISBN: 0470844914

### Cases: Need to be ordered on-line

#### **Harvard Business School:**

([http://www.hbsp.harvard.edu/b02/en/cases/cases\\_home.jhtml](http://www.hbsp.harvard.edu/b02/en/cases/cases_home.jhtml))

- Oxfam America 2002

#### **Kennedy School of Government:** <http://www.ksgcase.harvard.edu/>)

- Finding Black Parents: One child-one church
- Kennedy and the Bay of Pigs
- Command Performance: County Firefighters Take Charge of the 9/11 Pentagon Emergency

Note: for the Kennedy school of government, be sure to take note of academic ordering.

## Optional Text Resources

Bryson, John M. *Strategic Planning for Public and Nonprofit Organizations : A Guide to Strengthening and Sustaining Organizational Achievement*. San Francisco: Jossey-Bass Publishers. ISBN. 0787901415.

Schwartz, Peter. 2003. *Inevitable Surprises*. Gotham. ISBN: 1592400272

Mintzberg, Henry. Bruce Ahlstrand, Joseph Lampel. 1998. *Strategy Safari*. Free Press. ISBN: 0684847434

Mintzberg, Henry; Lampel, Joseph; Quinn, James Brian; Ghoshal, Sumantra. 2003. *The Strategy Process: Concepts, Contexts and Cases*. 4<sup>th</sup> ed. Prentice Hall. (This is one of the classic resources on the strategy process; however, at \$105 for a used copy...)

## Class Format

This class will be largely discussion and activity based. Due to the Saturday format, part of our discussion will be on-line discussion of readings and applicable vignettes. On Saturdays we will apply readings to cases and the case of an organization. To fully benefit from the class, come prepared to participate by reading the assigned materials and then critically thinking about their application.

To prepare for a case discussion, consider the following general questions:

- o Who is the decision maker in the case and what are their objectives?
- o Who are the other key players and what are their objectives?
- o What is the environment in which decision making is occurring?
- o What are the key issues to be resolved in order to make a decision?
- o What would I do if I were in this situation?

**Assignments**

	Pts	Due Date
<b>Individual Assignments</b>	<b>70</b>	
1. Literature review of one piece of the Mintzberg and Lampel's strategy elephant		
a. Class presentation: summary of the process	5	March 5
b. Final written product	20	April 4
Total	<b>25</b>	
2. Briefing Memo on scenario planning	10	March 19
3. Critique of Hamel and Prahalad's application to government and nonprofit organizations	15	April 9
4. Case analysis of "County Firefighters Take Charge of the 9/11 Pentagon Emergency."	15	May 5
<b>In-class Group Projects</b>	<b>30</b>	
1. SWOT analysis	5	March 5
2. Envisioning alternative futures	5	March 19
3. Creating a new future-entrepreneurial strategies	5	April 9
4. Final Strategic Plan ** (although we will present preliminary strategic plans in class on 5/5, final written plans will be due before finals)	15	May 20

## Schedule

### Session 1 (Feb 5) : Strategy in government and nonprofit organizations

#### **Readings:**

Mintzberg, Henry. 1987. "The Strategy Concept I: Five P's For Strategy." *California Management Review*. 30(1). (BB)

Mintzberg, Henry. 1987. "The Strategy Concept II: Another Look at Why Organizations Need Strategies." 30(1). (BB)

Michael Porter. 1996. "What is Strategy?" *Harvard Business Review*. Nov/Dec. pp. 61-78. (BB)

Moore, Mark. 2000. "Managing for Value: Organizational Strategy in For-Profit, Nonprofit and Governmental Organizations." *Nonprofit and Voluntary Sector Quarterly*. 29(1s). pp. 183-2004. (ER)

Allison, Graham T. "Conceptual Models and the Cuban Missile Crisis". *The American Political Science Review*, Vol. 63, No. 3. (Sep., 1969), pp. 689-718. (BB)

Lindblom, Charles. 1959. "The Science of Muddling Through". *Public Administration Review*. 19. pp. 79-88. reprinted in Stillman, Richard. *Public Administration: Concepts and Cases* (ER).

Roberts, Nancy C. 1993. "Limitations of Strategic Action in Bureaus". In Bozeman, Barry, ed. *Public Management: The State of the Art*. San Francisco: Jossey-Bass. (ER)

"Foresight -- and Hindsight" *The 9/11 Commission Report*. New York: WW Norton & Co. (ER)

- **What is strategy?**
  - What forces are encouraging the increased uses of strategic planning/management in public sector organizations or Why is strategy a buzzword for public sector organizations?
  - How does "strategy" benefit an organization?
- How is strategy and the strategy process in government organizations and nonprofit organizations potentially different from a for-profit context?
- Based upon classic public administration readings, what are the inherent limitations of planning for large scale change in government and even nonprofit organizations?
- In your opinion and experience are these limitations valid or are they self-imposed?
- Based upon this week's readings, to what extent do you think that 9/11 was an "operational" or "strategic failure" or the result of traditional barriers to foresight in government organizations?

#### **Class activity:**

- What's our strategic plan?
- What's in strategic plan?
- Class housekeeping

**On-line 1 (Week of Feb 13-19): Limitations of strategic planning in government organizations: revisiting the classics**

**Readings:**

Mintzberg, Henry and Lampel, Joseph. 1999. "Reflecting on the Strategy Process." *Sloan Management Review*. 40(3). (BB)

Cummings, Stephen. 2002. Chapter 6: "Reconceiving Strategy." *In Recreating Strategy*. Thousand Oaks: Sage Publications. (ER)

- How might the strategy elephant metaphor facilitate both our understanding of and development of strategy in government and nonprofit organizations?

**On-line 2 (week of Feb 20-26): Emergent versus deliberate frameworks of planning**

**Readings:**

Mintzberg, Henry. 1993. "The Pitfalls of Strategic Planning." *California Management Review*. 36(1). (BB)

Mintzberg, Henry and Waters, James A. 1985. "Of Strategies, Deliberate and Emergent." *Strategic Management Journal*. 6. pp. 257-272. (BB)

Pascale, Richard T. "Perspectives on Strategy: The Real Story Behind Honda's Success." *California Management Review*. Spring . (BB) (\*\*)

- Is strategic planning dead, as Henry Mintzberg suggests?
- Why do some scholars feel that there is a need for more "emergent" models of strategic planning?
- Are emergent models appropriate for public sector organizations? Is the Honda model of "strategy" appropriate for model sector organizations?

**On-line 3 (Week of Feb 6-12): Who makes strategy?**

**Readings:**

Mintzberg, et al (2003). Chapter 2

- o Mintzberg, "The Manager's Job"
- o Pitcher, Patricia. "Artists, Craftsmen, and Technocrats"
- o Senge, Peter M. "The Leader's New Work: Building Learning Organizations"

Roberts, Nancy. 1997. "Public Deliberation: An alternative approach to crafting policy and setting direction." *Public Administration Review*. Mar/April. 57(20): pp. 124-132.

Stiglitz, Joseph. 2000. "The Insiders". *The New Republic*. April 17/24, 2000. (\*\*)

- Based upon your experiences who are the usual "strategists" in organizations?
- To what extent is who engages in strategy formulation matched by formal roles and responsibilities?
- What are the dangers of elite strategy formulation?
- To what extent should "public" and "nonprofit" managers be committed to a more inclusive and deliberative practice of strategy formation?

## *Formulating Strategy*

### Session 2 (March 5): Environmental Analysis

#### **Readings:**

Wilson, Ian. 2003. Chapter 8: "The Use and Abuse of Methodologies". *In The Subtle Art of Strategy*. Wesport, Ct: Praeger Publishing. (ER)

Michael Porter. Chapter 1: "The Structural Analysis of Industries" *Competitive Strategy*. Pp. 1-33. (ER)

**Case:** Oxfam America 2002 (purchase from Harvard Business School) (\*\*)

- o What role does the environment play in shaping the strategy of government and nonprofit organizations?
- o What are the steps in a strategic assessment?
- o What is a SWOT analysis?
- o What is the future for government and nonprofit organizations?

One "trends" reading to be selected in session one:

<http://www.cia.gov/nic/>: (read 1 Global trend, based upon class 1 selection and be prepared to present a summary to the class)

- o *Population trends*
- o *Natural and resource environments*
- o *Science and technology*
- o *Global economy*
- o *National and international governance*
- o *Future governance*

Class activity:

1. Mini-presentations on "strategy" elephant
2. Mini-presentations on "global trends"
3. Prepare an Environmental Analysis of our organization
  - o Opportunities and threats
  - o Market analysis

### On-line Discussion 4 (March 7-12): Strategic Thinking

Kees van der Heijden, Ron Bradfield, George Burt, George Cairns, George Wright. 2002. *The Sixth Sense: Accelerating Organisational Learning with Scenarios*. John Wiley & Sons. Chapters 1-4

- What challenges do all organizations face in the planning process—both formulation and implementation?

### Session 3 (March 19):Envisioning Multiple Futures Scenario Planning

#### **Readings:**

Kees van der Heijden, Ron Bradfield, George Burt, George Cairns, George Wright. 2002. *The Sixth Sense: Accelerating Organisational Learning with Scenarios*. John Wiley & Sons. Chapters 5-8

What if? The Art of Scenario Thinking for Nonprofits.

<http://www.gbn.com/ArticleDisplayServlet.srv?aid=32655> (BB)

**Case:** Kennedy and the Bay of Pigs (Kennedy School of Government Cases)

- How does "scenario development" enhance our foresight?
- How can we test and strengthen our assumptions about the future?
  - How do we challenge the assumptions of our plans?

Great Examples of Scenarios can be found at:

National Intelligence Council's 2020 Project: <http://www.cia.gov/nic/> (Mapping the Global Future)

OR

Global Business Network's Destino Columbia

<http://www.gbn.com/AboutScenariosDisplayServlet.srv> (destino columbia) (BB)

Class Activity:

- Developing Alternative futures
- Testing the assumptions of our plans using Assumption Based Planning Techniques

### On-line discussion 5: (3/21-25): Competitive Strategy in government and nonprofit organizations?

#### **Readings:**

Eisenhardt, Kathleen M. "Has strategy changed?" *MIT Sloan Management Review*. Cambridge: Winter 2002. Vol. 43, Iss. 2; p. 88

Porter, Michael. 1980. Chapter 2. Generic Competitive Strategies. The Free Press. (ER)

Meyer, Harvey. 1998. "Indianapolis Speeds Away." *Journal of Business Strategy*. 19(3). (\*\*)

William Finnegan. "Leasing the Rain" *New Yorker*. April 8, 2002. (\*\*)

- Do government and nonprofit organizations face unique constraints in the types of strategies that they pursue? If so, what are those constraints?
- What are the limitations of competitive strategies for government organizations?

### Session 4 (April 9) Creating the Future: Entrepreneurial strategies

**Readings:**

Hamel, Gary and Prahalad, C.K. 1996. *Competing for the Future*. Chapters 1-8.

Boyle, Philip. 2000. A Map, A Compass, Asking for Directions and Visioining. Popular Government. Pp 21-25. (BB)

Mark Lipton. "Demystifying the Development of an Organizational Vision." Sloan Management Review. Summer 1996. 83-92 (BB)

Ackerman, Eden and Brown. Chapter 3. "Cognitive Mapping" in *Making Strategy: A Step by Step Guide*. Sage Publications. (ER)

Mintzberg, Henry and Westley, Frances. 1989. Visionary Leadership and Strategic Management. Strategic Management Journal. 10. (BB).

Fishman, Ted. 2005. "Manufaketure." New York Times Magazine. 1/9/05.

**Case:** Finding Black Parents -One Church-One Child (Kennedy School of Government Case Collection)

**Class Activity:**

- Create a future for our organization

[Strategy as an iterative process](#)

**On line Discussion: April 10-16: Strategy making and learning process**

**Readings:**

Streatfield, Philip J. 2001. The Paradox of Control in Organizations. London: Routledge Press. Chapter 8. (ER)

Flood, Robert Louis. 1999. Rethinking the Fifth Discipline: Learning within the unknowable. Pp. 1-3; 13-28; 129-141. (ER)

Senge, Peter M. 1990. "The Leaders New Work: Building Learning Organizations." Sloan Management Review. Pp. 7-23. (ER)

- What is meant by organizational learning?
- How realistic do you think the concept of learning organization is in government or nonprofits? What obstacles do bureaucracies face in becoming learning organizations?

**On-line Discussion: April 17-23: Strategy making as improvisation**

**Readings:**

Crossan, Mary and Sorrenti, Mark. 2002. "Making Sense of Improvisation". Pp. 29-51 in Kamoche, Ken N; Cunha, Miguel Pina E; Cunha, Joao Vierea Da, eds. Organizational Improvisation. London: Routledge Publishers. (BB)

Weick, K.E. "Improvisation as a mindset of organizational analysis." Pp. 52-71 in Kamoche, Ken N; Cunha, Miguel Pina E; Cunha, Joao Vierea Da, eds. Organizational Improvisation. London: Routledge Publishers. (BB)

Napoleon Bonaparte: Victim of an Inferior Strategy? In Mintzberg, et al. (BB)

- What is meant by improvisation?
- Was Napoleon a master strategist or a master improviser? Or are they one and the same?
- Are there dangers of improvisation in government and nonprofit organizations that might limit the applicability of this concept?

**On-line Discussion: April 24-30: Strategic capabilities and competencies**

**Readings:**

Hamel and Prahalad. *Competing for the Future*. (remaining chapters)

Peter H. Fuchs, et al. "Strategic Integration: Competing in the Age of Capabilities." *California Management Review*. Spring 2000. 42(3): 118-147.

Bartlett, Christopher A. and Ghoshal, Sumantra. "Building Competitive Advantage Through People." *MIT Sloan Management Review*. Winter. 43(2).

Cool, Karel; Costa, Luis Almeida and Dierickx, Ingemar. 2002. "Constructing Competitive Advantage" in Pettrigrew, Andrew; Thomas, Howard; and Whittington, Richard. Eds. *Handbook of Strategy and Management*. Sage Publications.

Eisenhardt, Kathleen M. and Santos, Filipe. 2002. "Knowledge Based View: A New Theory of Strategy." in Pettrigrew, Andrew; Thomas, Howard; and Whittington, Richard. Eds. *Handbook of Strategy and Management*. Sage Publications

Kalil, Thomas. 2005. "California Must Keeps its Edge". *San Francisco Chronicle*. 1/02/05. p. b1 (BB)

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**Session 5 (May 5): Managing Otherwise: responding to the future-**

**Readings:**

Pascale, Richard T. 1999. "Surfing the Edge of Chaos." *Sloan Management Review*. Spring. 40(3). (BB)

Mintzberg, et al. Chapter 18:

- o Mintzberg, Henry. "Beyond Configuration"
- o James G. March. "Organizational Adaptation"
- o Gary Hamel. "Strategy Innovation and the Quest for Value."
- o Ricardo Selmer. "How we went digital without a Strategy".

Kathleen M Eisenhardt, Donald N Sull. "Strategy as simple rules." *Harvard Business Review*. Boston: Jan 2001. Vol. 79, Iss. 1; p. 106

Kathleen M. Eisenhardt. 1999. "Strategy as Strategic Decision Making" *Sloan Management Review*. Spring.

**Case:** Command Performance: County Firefighters Take Charge of the 9/11 Pentagon Emergency.

**Class activity:**

Presenting the strategic plan for "our organization"