

APPLICATION OF STRATEGIC PLANNING METHODOLOGY TO REPUBLIC
OF TURKEY MINISTRY OF FINANCE

A THESIS SUBMITTED TO
THE GRADUATE SCHOOL OF NATURAL AND APPLIED SCIENCES
OF
MIDDLE EAST TECHNICAL UNIVERSITY

BY

ERHAN ÖZAHÇI

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR
THE DEGREE OF MASTER OF SCIENCE
IN
INDUSTRIAL ENGINEERING

MAY 2007

Approval of the Graduate School of Natural and Applied Sciences

Prof. Dr. Canan Özgen
Director

I certify that this thesis satisfies all the requirements as a thesis for the degree of Master of Science.

Prof. Dr. Çağlar Güven
Head of Department

This is to certify that we have read this thesis and that in our opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of Science.

Assoc. Prof. Dr. Tayyar D. Şen
Supervisor

Examining Committee Members

Prof. Dr. Halim Doğrusöz	(METU, IE)	_____
Assoc. Prof. Dr. Tayyar D. Şen	(METU, IE)	_____
Prof. Dr. Canan Çilingir	(METU, IE)	_____
Assoc. Prof. Dr. Sibel Güven	(METU, IE)	_____
Prof. Dr. Levent Kandiller	(Cankaya Unv., IE)	_____

I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.

Name, Last name:

ERHAN ÖZAHÇI

Signature:

ABSTRACT

APPLICATION OF STRATEGIC PLANNING METHODOLOGY TO REPUBLIC OF TURKEY MINISTRY OF FINANCE

Özahçı, Erhan

Department of Industrial Engineering
Supervisor: Assoc. Prof. Dr. Tayyar D. Şen

May 2007, 126 pages

In this study, it is aimed to determine and implement a process based strategic planning methodology for Turkish Ministry of Finance. Proposed methodology has been implemented in Ministry of Finance by a TÜBİTAK supported strategic management project in collaboration with Ministry of Finance Strategy Development Unit (MoF_SDU), TÜSSİDE and a private Consultancy Company.

This project was a direct consequence of reforms on Public Financial Management and stipulated by the Laws No. 5018 and 5436 which have been prepared based on efficiency in public service delivery.

Proposed methodology is different from other strategic planning methodologies for public and non-profit organizations because it uses a combination of numerous techniques that are previously developed for strategic planning. Examples are mentoring, e- learning, idea tray method, and process modelling.

Firstly, strategic planning methodology is determined with close inspection of international approaches and best practices. Ministry of Finance's organizational chart is redesigned to enable more effective and efficient operation. Ministry of Finance is divided to 14 strategic business units (SBUs). For every SBU, detailed environmental analyses are conducted and critical issues are derived. Mission and strategic vision statements are clearly determined and core processes are modelled and standardized. Strategic goals and detailed objectives are formulated. Finally, performance indicators are determined for every objective for evaluation and continuous improvement. At the end of the implementation, 2008-2012 strategic plan for Ministry of Finance is prepared and numerous organizational improvements are observed.

Key words: Strategy, strategic management, strategic planning, process management, public sector

ÖZ

STRATEJİK PLANLAMA METODOLOJİSİNİN TÜRKİYE CUMHURİYETİ MALİYE BAKANLIĞINA UYGULANMASI

Özahçı, Erhan

Yüksek Lisans, Endüstri Mühendisliği Bölümü

Tez Yöneticisi: Doç. Dr. Tayyar D. Şen

Mayıs 2007, 126 sayfa

Bu tez çalışması, Türkiye Cumhuriyeti Maliye Bakanlığı için süreç temelli stratejik planlama metodolojisinin belirlenmesi ve belirlenen metodolojinin uygulanmasını amaçlamaktadır. Önerilen metodoloji Maliye Bakanlığı'nda MB Strateji Geliştirme Başkanlığı, TÜSSİDE ve bir özel danışmanlık firmasının ortaklaşa yürüttüğü, TÜBİTAK destekli stratejik yönetim sistemi projesi içinde uygulanmıştır. Proje, kamu mali yönetimi kapsamında devam eden çalışmaların doğal bir sonucu olup kamuda verimlilik çalışmaları temelinde hazırlanan 5018 ve 5436 sayılı yasalarla zorunlu kılınmıştır.

Önerilen metodoloji, kamu ve kar amacı gütmeyen organizasyonlar için önerilmiş diğer metodolojilerden, daha önce stratejik planlama için geliştirilen birçok tekniğin aynı anda kullanılması ile ayrılmaktadır. Bunlara örnek olarak akıl hocalığı, elektronik öğrenme, fikir tepsisi yöntemi ve süreç modellemesi kullanımını sayabiliriz.

İlk olarak, stratejik planlama metodolojisi uluslararası uygulamaların ve en iyi uygulama örneklerinin detaylı incelemeleri sonucunda geliştirilmiştir. Maliye

Bakanlıđı organizasyon Őeması daha verimli ve etkili hareket etmeyi sađlamak adına yeniden tasarlanmıŐtır. Maliye Bakanlıđı iŐinde 14 adet stratejik birim belirlenmiŐtir. Her stratejik iŐ ünitesi iŐin detaylı  evre analizleri yapılmıŐ ve  nemli konular ortaya konmuŐtur. Misyon ve vizyon kavramları net bir Őekilde belirlenmiŐ ve ana iŐ s re leri modellenip standartlaŐtırılmıŐtır. Stratejik ama lar ve hedefler tanımlanmıŐtır. Son olarak, deđerlendirme ve s rekli geliŐtirme amacıyla her iŐ s reci ile ilgili performans g stergeleri belirlenmiŐtir. Uygulamanın sonunda Maliye Bakanlıđı iŐin 2008-2012 yılları iŐin stratejik plan oluŐturulmuŐ ve bir ok kurumsal geliŐim g zlemlenmiŐtir.

Anahtar Kelimeler: Strateji, stratejik y netim, stratejik planlama, s re  y netimi, kamu kurumu

To My Family

TABLE OF CONTENTS

ABSTRACT	iv
ÖZ	vi
TABLE OF CONTENTS	ix
LIST OF TABLES	xi
LIST OF FIGURES.....	xii
ABBREVIATIONS.....	xiii
1. INTRODUCTION.....	1
2. LITERATURE SURVEY	6
2.1 General Strategy Concept.....	6
2.1.1 Strategy by Definition	6
2.1.2 Research work in Strategy.....	7
2.1.3 Why Strategy is Required?.....	8
2.1.4 Strategic Environment.....	8
2.1.5 Strategic Goals	9
2.2 Strategic Planning	9
2.2.1 Strategic Planning in Public Organizations.....	11
2.2.2 Strategic Planning Process	14
2.2.3 What Strategic Planning is Not?	16
2.2.4 Drawbacks of Strategic Planning	16
2.2.5 Language of Strategic Planning	18
2.3 Strategic Management.....	19
2.3.1 Benefits of Strategic Management	21
2.4 Performance Management.....	21
2.4.1 Performance Measures	24
2.4.1.1 Gross Outcomes	24
2.4.1.2 Net Outputs	25
2.4.1.3 Inputs and Processes Measures	25
2.4.2 Achieve Effective Results from Performance Management.....	25
2.4.3 The Special Features of the Public Sector.....	26

2.5 Business Process Analysis	27
2.5.1 Business Process Modelling.....	28
2.5.2 ARIS Concept	30
2.5.2.1. EPC and eEPC Method	31
2.5.3. The ARIS Tool	33
2.6 Public Sector in Turkey.....	36
3. METHODOLOGY OVERVIEW AND IMPLEMENTATION	39
3.1 Methodology Overview.....	39
3.2 Proposed Strategic Planning Methodology	42
3.3 Implementation.....	47
3.4 Getting Started.....	52
3.5 Requirement Analysis Report	56
3.6 SWOT Analysis.....	64
3.7 PEST Analysis	67
3.8 Connecting Value Chain Analysis to Strategy.....	70
3.9 Results	77
3.9.1 Example Theme to Actions/Strategies Connection.....	88
4. CONCLUSION	90
4.1 Overall Progress and Results	90
4.2 Tangible and Intangible Results.....	91
4.3 Lessons Learned.....	96
4.4 What is the Future Direction?	97
4.5 Further Research	97
REFERENCES.....	99
APPENDICES	
A. Guide of Basic Concepts in Strategic Management.....	104
B. Planning Levels	112
C. Strategic Planning Process Model Details.....	113

LIST OF TABLES

TABLES

Table 1 Strategic Planning Terminology (Bryson, 2004)	19
Table 2 EPC Notation	32
Table 3 Data Need Analysis – Sources	60
Table 4 Data Need Sources	60
Table 5 Requirement Analysis Checklist	71
Table 6 Strategic Goal- Performance Indicators Related to the Core Processes	74
Table 7 MoF_SDU Requirement Analysis	76
Table 8 Strategic Plan Theme 1 Relationship	80
Table 9 Strategic Plan Theme 2 Relationship (I)	81
Table 10 Strategic Plan Theme 2 Relationship (II)	82
Table 11 Strategic Plan Theme 3 Relationship (I)	83
Table 12 Strategic Plan Theme 3 Relationship (II)	84
Table 13 Strategic Plan Theme 3 Relationship (III)	85
Table 14 Strategic Plan Theme 4 Relationship (I)	86
Table 15 Strategic Plan Theme 4 Relationship (II)	87
Table 16 Strategic Plan Theme 5 Relationship	88
Table 17 Performance Targets	89

LIST OF FIGURES

FIGURES

Figure 1 ABC's of strategic planning (Bryson, 2004)	15
Figure 2 Strategic Planning Terminology (Bryson, 2004).....	18
Figure 3 General Methodology	39
Figure 4 Ministry of Finance Organization Chart.....	40
Figure 5 Main Strategic Planning Process	49
Figure 6 SWOT Strategic Situation Analysis Fit.....	65
Figure 7 Budget Preparation Process	72
Figure 8 Budget Execution Process	73
Figure A.1 Planning Terminology	104
Figure C.1 Preparatory Program Forming Process	113
Figure C.2 Develop SP Management Systematic	114
Figure C.3 SP Management Plan Forming Process	115
Figure C.4 Requirement Analysis Process.....	116
Figure C.5 SP Preparation Process.....	117
Figure C.6 Perform Orientation and Training.....	118
Figure C.7 Institutional Structure Analysis Process.....	119
Figure C.8 Environmental Analysis Process.....	120
Figure C.9 Stakeholder Analysis Process	121
Figure C.10 SWOT Analysis Process	122
Figure C.11 Strategic Modelling Process.....	123
Figure C.12 Draft SP Approval Process	124
Figure C.13 Goal/ Objective-Unit Relationship Establishment Process.....	125
Figure C.14 Evaluation of Unit Studies and SP Revision Process.....	126

ABBREVIATIONS

MoF	Ministry Of Finance
MoF_SDU	Ministry Of Finance Strategy Development Unit
SDU	Strategy Development Unit
SBU	Strategic Business Unit
BSC	Balanced Scorecard
SP	Strategic Planning
SDB	Strategy Development Board
SPSC	Strategic Planning Steering Committee
SPWG	Strategic Planning Working Groups
PT	Project Team
ARIS	Architecture of Integrated Information Systems
EPC	Event Driven Process Chain
eEPC	Extended Event Driven Process Chain
IT	Information Technology
IS	Information System
BPR	Business Process Re-engineering
ABC	Activity Based Costing
QM	Quality Management
CLA	Chief Legal Advisory And Directorate General of Proceedings
GDBFC	General Directorate of Budget and Fiscal Control
GDPA	General Directorate of Public Accounts
GDRP	General Directorate of Revenue Policies
GDNE	General Directorate of National Estate
GDLRF	General Directorate of Liquidation and Revolving Funds
EUFA	Department of the European Union and Foreign Affairs
BFI	Board of Finance Inspectors
TIB	Tax Inspectors Board
HTC	Presidency of Finance High Training Center
GDP	General Directorate of Personnel
DAFA	Department Of Administrative & Financial Affairs
FCI	Presidency of Financial Crimes Investigation Board
SWOT	Strengths Weaknesses Opportunities Threats
PEST	Political Economical Sociological Technological Trends

CHAPTER 1

INTRODUCTION

As per the new public financial management approach stipulated by the Law No. 5018, budgeting shall not be based on the expenditure of the previous years but on vision and future strategies. The new law also envisages a transition from input oriented budgeting to output and outcome oriented budgeting through performance based budgeting which is based on strategic planning.

Aims of this thesis study are as follows:

1. to determine a Strategic Planning Methodology that will be considered as a guide for all other public organizations by carrying out research on the international implementations and best practices.
2. to build capacity through training and consultancy on the designed subsystems and software for the users and the managers.

Strategic planning might be considered as a job for public accountants and business administrators; but an efficient, effective, performance orientated, and process based strategic planning methodology for public organizations requires broader vision, detailed planning, engineering culture and systems approach techniques that make this task a specific issue for industrial engineering. Implementing the strategic planning methodology might also seem simple, define strategic goals, objectives and then identify performance indicators for accomplishing them. However in reality, lots of managerial, cultural and organizational difficulties as well as measurement issues make the implementation process a very challenging one.

Perhaps the most important problem is that there are lots of successful strategic planning methodology implementations for private sector organizations but there are no success stories in public administrations in Turkey, so strategic planning is accepted as a private sector tool and believed to be hard to apply for public sector organizations.

Therefore, the hypothesis of this study is to show that strategic planning steps that have been developed for private sector organizations can be adopted and successfully executed in public sector institutions and all public administrations.

Proposed Strategic Planning Methodology (SP) is determined by enhancing current worldwide strategic planning methodologies with engineering approaches. The result is a corporate style institutional strategic planning methodology approach for public organizations.

This approach will enable us to apply the proposed strategic planning methodology at the Ministry of Finance (MoF), and this application will establish a baseline and guide for all public agencies.

The main steps of the proposed methodology in this thesis are as follows:

1. Environmental Analysis (PEST and SWOT analysis are conducted)
2. Development of Vision and Mission Statements
3. Process Analysis and Core Process Modelling
4. Development of Strategic Goals
5. Formulating Objectives for Each Goal
6. Preparation of Operational Plan (determining performance indicators)
7. Implementation
8. Continuous Evaluation and Improvement

Proposed methodology has some advantages that differentiate it from all other strategic planning methodologies that previously developed for public organizations.

These are

1. middle level oriented SP (unlike traditional top-down method)
2. process based structure
3. process-balanced scorecard interaction, “Process Score Card” usability
4. mentoring and idea tray method usage to create the feeling of ownership
5. e-learning and knowledge management for training and research
6. strategic management procedure, corporate style, dynamic, effective and performance orientated SP for public organizations

At the application phase, the objectives of MoF are reassessed and translated into clear, understandable strategies. Core processes related with the pre-determined strategies for the 14 Strategic Business Units (SBUs) of MoF are defined and modelled by ARIS 7.0.2 software. Processes are connected with performance indicators and strategic goals for every SBU. Finally, operational plans and projects are developed and their costs are determined and budget connections are established.

The methodology delivered in the thesis has the potential of being a guideline to be rolled out for all of the public sector including local governments. The application of this methodology will ensure regulatory compliance (as per laws 5018, 5436, 5272, 5216, etc.) and support the establishment of transparent and accountable public financial management approach based on effective, efficient and economic utilization of public funds and governance principles.

The duties of the MoF were set out in the Decree Law on the Organization and Duties of the Ministry of Finance no 178:

1. assisting in preparing the fiscal policy, implementing the fiscal policy,
2. carrying out the services of legal advisory and juridical affairs,
3. developing and implementing the expenditure policies and preparing, implementing, following and directing the implementation of the state budget,
4. keeping the state’s account, undertaking accountancy services,
5. developing revenues policy,

6. managing the state's assets, determining the managerial principles regarding the public assets and real estates of the public administrations and undertaking other transactions regarding these,
7. preparing draft laws and other legislation regarding all kinds of revenue and expenditure transactions or taking part in the preparation of these,
8. following the studies of the international institutions regarding the services of the Ministry; drafting the opinion of the Ministry related to these issues; carrying out the activities both at home and abroad,
9. examining and approving the management and investment programmes of the related institutions of the Ministry and following and auditing their activities according to the annual programs,
10. carrying out the duties imposed on the Ministry of Finance by various laws,
11. following, evaluating, examining, inspecting and auditing the implementation of the above mentioned duties,
12. determining the principles and procedures for combating laundering of illicit proceeds and corruption.

The organization chart of MoF is given in Figure 4. The central organization of MoF includes central and local organizations, organizations in foreign countries and subsidiary related establishments. It also includes main service units, advisory and audit units, and supportive units.

Main Service Units:

1. Chief Legal Advisory And Directorate General of Proceedings (CLA)
2. General Directorate of Budget and Fiscal Control (GDBFC)
3. General Directorate of Public Accounts (GDPA)
4. General Directorate of Revenue Policies (GDRP)
5. General Directorate of National Estate (GDNE)
6. General Directorate of Liquidation and Revolving Funds (GDLRF)
7. Department of the European Union and Foreign Affairs (EUFA)
8. Presidency of Financial Crimes Investigation Board (FCI)

Consultancy and Auditing Units:

1. Board of Finance Inspectors (BFI)
2. Tax Inspectors Board (TIB)
3. Strategy Development Unit (SDU)
4. Consultants for Minister
5. Consultancy of Press and Public Relations

Assisting Units:

1. General Directorate of Personnel (GDP)
2. Presidency of Finance High Training Center (HTC)
3. Department Of Administrative & Financial Affairs (DAFA)
4. Department of Data Processing Center
5. Secretariat for Defence
6. Principal Clerk's Office

Provincial organization of the Ministry of Finance includes finance offices in districts.

In the continuing parts of the thesis, the following subjects are examined. In Chapter 2, the literature survey about strategy, strategic planning, strategic management, performance management, different approaches about them and their applications in non-profit and public organizations are examined. Moreover, business process modelling (BPM) is described briefly. Finally, Turkish public sector situation is given to illustrate the current application environment. In Chapter 3, proposed methodology is presented generally. The procedure used to determine the proposed methodology is also included. And then, all steps of the proposed methodology are explained in detail. Following that, Application of the proposed methodology to MoF is stated. The application phases are described and due to the confidentiality of the results, only some parts of the actual application results are given. At the end of the chapter, one full actual result example is given in order to clarify the results obtained by the usage of this methodology application. Chapter 4 presents the general organizational achievements obtained from this study. Recommendations about the results of the study and future studies are discussed.

CHAPTER 2

LITERATURE SURVEY

The scope of the literature survey covers the general strategy concept, strategic planning and strategic management methodology and their use in the public sector, performance management systems in public organizations, and business process modelling with ARIS concept with its two major modelling tools.

2.1 General Strategy Concept

The word strategy comes from the Greek “stratego”, which literally means “general”. In the classic division of war into operational, strategic, and tactical aspects, strategy is linked to planning, to the broader environment and to the longest time frame. Even though its meaning has changed over time, strategy always interests in the big picture and focuses on outcomes rather than outputs.

2.1.1 Strategy by Definition

Definitions of strategy in strategic management typically emphasize its multidimensional nature: strategy involves consistent decisions about which product markets to target, which input resources to acquire or develop, and how to effectively deploy those resources in selected markets in ways that generate competitive advantage (Gimeno et al, 2006).

Wilson claimed that “strategy is the way to reaching an overall goal” in a work on strategic program planning for public relations. It is a coordinated effort by

elements such as public relations in long-range planning to achieve organizational goals (Wilson, 2000).

In management theory, strategy is the determination of basic long-term goals of an enterprise, and the adoption of courses of action necessary for carrying out those goals (Chandler, 1962).

Holcomb, Holmes and Hitt (2006) claim that strategy orients a firm's behaviour and guides its actions as well. It has as a purpose the setting of formal guidelines and constraints for the behaviour of the firm, and involves a choice of goals for the firm as well as a choice from among alternative behaviour patterns for attaining them.

2.1.2 Research work in Strategy

Strategy research can be categorized in two main areas, content and process. Contents are strongly affected by economical concepts. First there is the strategy–structure–performance contingent that is mainly concerned with the scale, scope, and form of corporations. For process, there is a counterpart that grew out of work on industrial organization, the most influential of which is Michael Porter's development of the structure–conduct–performance model into his influential theories of position and market power. The third and final stream can be traced back to the late 1950's and has been developed by various authors in the 1980s into what has become termed the resource based view. This stream of research has been popularized by Prahalad and Hamel in the form of Core Competencies (cited in Macintosh & MacLean, 1999).

A detailed discussion of developments in these three areas and their implications would be inappropriate here, but we can briefly state that the three approaches are, to some extent at least, united by origin. The modernist paradigm from which they spring for the most part binds them together through assumptions of economic rationality and Newtonian conceptions of equilibrium and stability (Macintosh & MacLean, 1999).

The process of developing strategy in itself should be seen as a strategy involving all levels of the company in such a way as to make possible the changes needed for the survival and success of the company.

2.1.3 Why Strategy is Required?

The presence of the government in private sector business transactions, either directly or indirectly, means that the competitive environments in which firms operate can depend significantly on public policy.

The twenty-first-century organization is characterized by ever-increasing global competition, ever-increasing customer expectations, and ever increasing change. To respond to these pressures, many organizations face a situation where they ‘either change or die’ (Beer and Nohria, 2000, p.133).

There is the argument that organizational change is a dynamic process encompassing different but interrelated forms of diversity, which has not been adequately addressed by current managing for outcomes approaches (Cao, 2001).

2.1.4 Strategic Environment

The strategic environment within which the public service operates will have an important bearing upon the institutional design decisions that can be made.

Most often discussed in terms of differences between the public and private sectors, the strategic environment of the public service has been characterized in literature (Johnson and Scholes, 2002; Kelly and Muers, 2002) as needing to take into account different concepts of value:

1. competition for resources;
2. different strategic timeframes;
3. exposure to public scrutiny;

4. different legislative frameworks;
5. managerial constraints.

In essence, the “political” nature of the public sector provides an environment where a number of goals need to be worked towards at any one time, and the public expectations of accountability can be strict. In considering how Turkish public management system can be reshaped to support the managing for outcomes environment all of these environmental issues that need to be taken into account.

2.1.5 Strategic Goals

Goals are generally defined as “desired performance outcomes” (Locke & Latham, 1990), and as managers identify them the intended outcomes have the effect of directing attention, focusing effort, and contributing to persistence (Locke, Shaw, Saari, & Latham, 1981).

Assessing the degree of specificity and challenge of strategic goals can be construed as a three step process. In the first step, top managers may be asked to specify their relevant performance criteria. Then, when the relevant criteria are ascertained, top managers may be asked to identify the performance levels they are trying to attain for the coming year (Locke, Frederick, Lee, & Bobko, 1984).

2.2 Strategic Planning

Sutton (1993) summarizes the concept as; "long-range or strategic planning is a mechanism by which an organization collects and evaluates information about its own operations and its relationship to its environment, generates projections about future changes in that environment, and sets organizational goals based on those projections, which then serve as both a blueprint for change and a measure of progress".

The classic purpose of strategic planning is to relate the company to its external environment to match the company's internal strengths, weaknesses and basic values with the opportunities and threats present in the external environment in the pursuit of sustainable competitive advantage. The key to successful strategic planning is a thorough, integrated analysis of the external environment and assessment of the firm's internal competencies and values.

Strategic planning is concerned primarily with matching organizational capabilities with the opportunities and threats of the environment. The strategic plan embodies formulation, implementation, and control of appropriate strategies. Strategic planning is designed to help public and non-profit organizations (and communities) respond effectively to their new situations. It is a disciplined effort to produce fundamental decisions and actions shaping the nature and direction of an organization's (or other entity's) activities within legal bounds.

Strategic planning is often used to refer to a programmatic, analytical thought process. Sheldon (1989) states that strategic planning implies creativity, innovation, and intuition; leadership is vital. The following six points are noted as the essential characteristics of the process:

1. awareness of the importance of needs;
2. assessment and SWOT analysis;
3. good participation in needs assessment by client group representatives;
4. skill in developing mission, goal and objective statements;
5. resourcefulness in choosing strategies for implementing objectives;
6. strong participation by library directors and organizational leaders;
7. new understanding of qualitative and quantitative methods of measuring effectiveness;
8. resources must be matched, and strategic planning is the discipline to identify and drop functions if they have become obsolete or irrelevant.

Corrall (1994) lists the essential features of strategic planning as 11 Cs

1. co-ordination;
2. control;

3. commitment;
4. collaboration;
5. consultation;
6. consensus;
7. consistency;
8. change;
9. choice;
10. clarity;
11. creativity.

It is clear that Corral sees strategic planning as a continuous process combining projects into a framework with a common purpose, and links it with marketing strategy - considerations of opportunities, targets, design, price, place, and promotion - in a strategic focus on missions, visions and values.

Vincent (1968) defines a "normative model" of strategic planning that comprises six characteristics:

1. examination of the environment as a source of constraints, pressures and opportunities;
2. future-orientation (either descriptive or normative - attempting to create and control);
3. change-orientation;
4. view of the organization as a system;
5. consideration of alternative goals and objectives;
6. formal and documented procedures.

2.2.1 Strategic Planning in Public Organizations

Strategic planning for organizations has primarily developed in the private sector in the world. Although public sector organizations' need for strategic planning has been well recognized, its adoption in this sector of the economy has been rather limited. Part of the problem is the difficulty in adopting the corporate strategic planning model in the not-for-profit setting.

The first planning-performance studies emerged after the rapid expansion of formal strategic planning in the 1960s (Henry, 1980).

At the end of the 1970s strategic planning suffered a downturn in popularity and influence. In large part this was due to the inability of strategic planning tools to deliver what was expected of them. “Thus, during the turmoil of the 1970s, firms had to learn the hard way that what was then called ‘long-range planning’ and somewhat less ambitiously, ‘strategic planning’, did not lead to the necessary adaptiveness or even survival” (Foss, 1997).

At a more fundamental level, the classical rationalistic approach to planning and strategy implementation was questioned. Confidence in the value of strategic planning was thus eroded leading many firms to dispense with their “armies of planners” (Collis and Montgomery, 1995).

However, since around 1980, public and nonprofit use of strategic planning has skyrocketed. In management thinking, 1980’s was the era of fear of Japan, especially in the US. Strategic business units widely introduced to generate clear focus.

During the 1990s, strategic planning has still had the reputation and influence more than it had in 1980s. One reason for this is that “there is a growing feeling that practical strategic advice can be based on sound deduction and systematic observation” (Foss, 1997). A major factor in this resurgence of practical strategy-making is the development of the resource based view of strategy (Grant, 1991). The basic managerial implication of this view is that firms may secure a strong performance by acquiring certain endowments of resources.

The empirical evidence has produced mixed results, however, as not all published studies of strategic planning and performance have identified a positive association (Greenley, 1994), some have argued that formal strategic planning may be dysfunctional if it introduces rigidity and encourages excessive bureaucracy (Bresser and Bishop, 1983). It is recognized, however, that there may be non-

financial consequences of strategic planning which provides benefits to the organization.

Growing body of literature has indicated that strategic planning approaches either developed in the private sector, or else strongly influenced by them, can help public and nonprofit organizations as well as communities or other entities deal in effective ways with their dramatically changing environments.

Over the last two decades, there have been a wide variety of new management techniques, ranging from cost-benefit analysis, planning-programming-budgeting systems, zero-based budgeting, management by objectives, total quality management, re-invention, re-engineering, etc. On the whole many have disappeared and many were never really implemented.

In the USA -where strategic planning has proceeded the furthest- a substantial majority of municipal and state governments, and an overwhelming majority of federal agencies and nonprofit organizations, make use of strategic planning. Strategic planning has been principally applied to public and non-profit organizations, but applications to communities have also increased substantially (Berman and West 1998). Other nations are also making increased use of strategic planning concepts, procedures, and tools for public and nonprofit organizations and communities (Salets and Faludi 2000).

"Completion" of a strategic plan means far more than just finishing it - we should understand that its ongoing nature implies that it is never finished in that simple sense. The "completion" phase may be scheduled at intervals and consists of moving the plan into implementation. Birdsall and Hensley see the process as reversing at this stage: instead of searching for information, planners "begin to affirm goals, prioritize plans and seek endorsements from their partners" (Birdsall and Hensley, 1994). They identify the following phases as 4As:

1. advocacy (plans are championed);
2. awareness (all stakeholders know the consequences of the plan, and know that the goals are attainable);

3. acceptance (stakeholders give approval for implementation);
4. adoption (principals support and adopt the plan, implement objectives and contribute resources) (Birdsall and Hensley, 1994).

2.2.2 Strategic Planning Process

The fundamental phases of the strategic planning process are presented by Allison and Kayne as a logical series of phases and related steps that allows for flexibility and creativity (as cited in Bryson, 2004). These phases are not the only way for creating a strategic plan but it briefly shows the essential phases of the planning process. In addition to that, they mentioned that planners could and should use different techniques in the strategic planning process in order to make it better for their organization.

At its best, strategic planning requires broad-scale yet effective information gathering, clarification of the mission to be pursued and issues to be addressed along the way, development and exploration of strategic alternatives, and an emphasis on the future implications of present decisions. Strategic planning can facilitate communication and participation, accommodate divergent interests and values, foster wise and reasonably analytical decision making, and promote successful implementation and accountability. In short, strategic planning can prompt in organizations the kind of imagination -and commitment- that is necessary to deal with individuals' life conundrums (Bryson, 2004).

Figure 1 presents the ABC's of strategic planning, a summary of what strategic planning is all about (Bryson, 2004). Leaders and managers come to understand A, B and C as they formulate, clarify and resolve strategic issues.



Figure 1 ABC's of strategic planning (Bryson, 2004)

Bryson (2004) then describes strategic planning process called ten-step Strategy Change Cycle. The ten steps are as follows:

1. initiate and agree on a strategic planning process,
2. identify organizational mandates,
3. clarify organizational mission and values,
4. Assess the external and internal environments to identify strengths, weaknesses, opportunities and threats,
5. identify the strategic issues facing the organization,
6. formulate strategies to manage the issues,
7. review and adopt the strategies or strategic plan,
8. establish an effective organizational vision,
9. develop an effective implementation process,
10. reassess the strategies and the strategic planning process,

These ten steps should lead to actions, results, evaluation, and learning. It must be emphasized that actions, results, evaluative judgments and learning should emerge at each step in the process. In other words, implementation and evaluation should not wait until the “end” of the process but should be an integral and ongoing part of the process.

The process is applicable to public and nonprofit organizations and communities. The only general requirements are a dominant coalition or at least a coalition of the willing.

2.2.3 What Strategic Planning is Not?

Everything that has been mentioned about to describe what strategic planning is can also provide an understanding of what it is not. For example, it is about fundamental decisions and actions, but it does not attempt to make future decisions. Strategic planning involves anticipating the future environment.

Strategic planning has also been described as a tool - but it is not a substitute for the exercise of judgment by leadership. Just as the hammer does not create the bookshelf, so the data analysis and decision-making tools of strategic planning do not make the organization work - they can only support the intuition, reasoning skills, and judgment that people bring to their organization.

Finally, strategic planning, though described as disciplined, does not typically flow smoothly from one step to the next.

2.2.4 Drawbacks of Strategic Planning

Sheldon claims that needs must be transposed into problems; it is therefore not adequate to aim to turn illiteracy into literacy, for example. It will be necessary to formulate precise problems – steps on the way – that can realistically be alleviated (Sheldon, 1989). Sheldon quotes Drucker who wrote of "clear, simple, common objectives that translate into particular actions" (As cited in Sheldon, 1989).

Sutton (1993) lists the drawbacks associated with planning:

1. inflexibility (rigidity could be encouraged, timetable could be restricting, no opportunity for expedient change),
2. consumption of resources (time, work, meetings),
3. irrelevance (focus too wide or too narrow, unrealistic expectations, too theoretical, outdated),
4. conflict (friction between departments or divisions, lack of agreement, minorities disregarded, political infighting),
5. lack of funds (budgetary cutbacks),
6. failure to meet goals (too ambitious, timetable too optimistic),
7. neglected operations (distracting from day-to-day management).

Broadbent (1995), contributing to a journal issue devoted entirely to strategic planning, makes six propositions that challenge the value of strategic planning:

1. it is often a hindrance to strategic thinking (over-bureaucratized, unproductive of time and effort),
2. alignment with all stakeholders' main strategies is critical for service components (base strategic planning on the plans of host organizations, local authority etc.),
3. non-alignment is more natural (contexts change rapidly and the plan must adapt faster than it may be able),
4. it is the role of leaders to lead the planning process (risk of "slow strangulation" from unguided consensus procedures),
5. late followers of trends should learn for themselves (just to follow the trend of planning without the rigour of thinking why and how is less valuable to the organization).

Favret (1995) notes that earlier attempts at strategic planning (in local authorities) failed because of over-enthusiasm (lack of sympathy for local conditions), loss of strategic view as documents became too detailed, lack of commitment, and because it was a process more suited to a growth environment than to constraint. Mintzberg (1994) summarizes the disadvantages of strategic planning and defines them under three main fallacies. Firstly, the fallacy of prediction, the belief that planners can

predict what will happen in the marketplace. Secondly, the fallacy of detachment, the premise that effective strategies can be produced through formalized processes by planners who are detached from the business operations and the market context. Lastly, the fallacy of formalization, the questionable idea that formalized procedures can in fact produce strategies, whereas their proper function is to operate already existing strategies.

2.2.5 Language of Strategic Planning

Every profession has its own language of its own that everyone accepts. It describes meanings of the terms that are commonly used by the practitioners of that profession. In strategic planning language, things are very different. There is almost no agreement on the definitions of planning words used by planners. Bryson (2004) defines the explanation of the terminology used generally in strategic planning language in following figure and table:

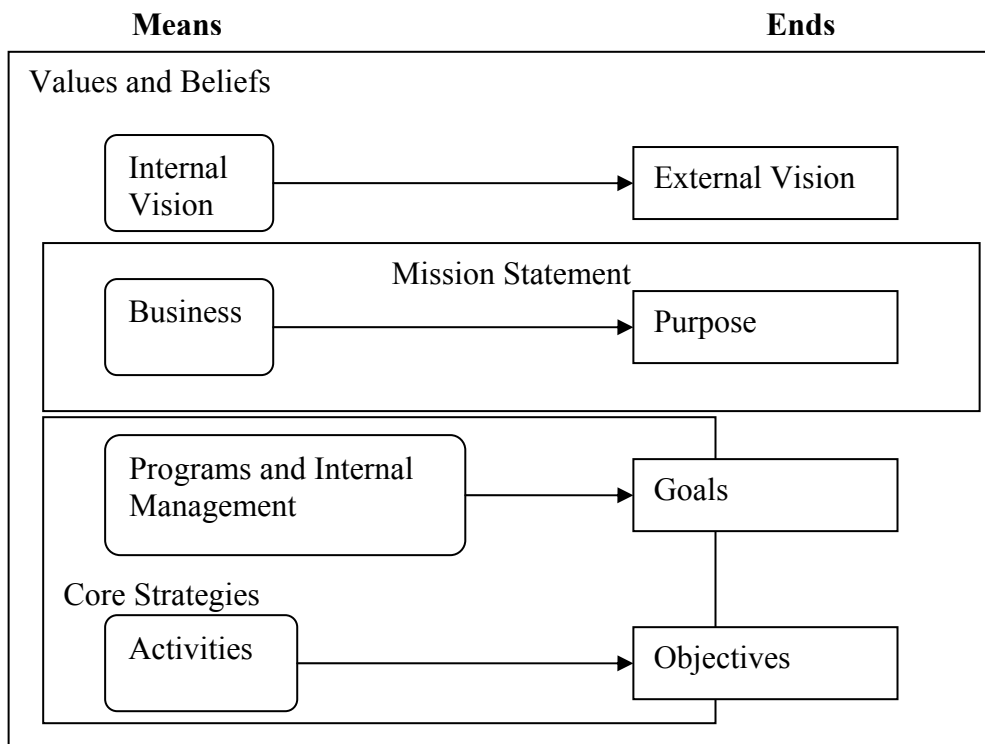


Figure 2 Strategic Planning Terminology (Bryson, 2004)

Table 1 Strategic Planning Terminology (Bryson, 2004)

MEANS	ENDS
Internal vision: A description of the organization operating at its most effective and efficient level	External vision: A statement that describes how the world would be improved, changed or different, if an organization is successful in achieving its purpose
Business: The primary method(s) used by the organization to achieve its purpose	Purpose: The ultimate result an organization is trying to achieve
Programs and Internal Management: A description of services and products that an organization offers, and the internal operations that support the delivery of services or products	Goals: Outcome statements that define what an organization is trying to accomplish both programmatically and organizationally
Activities: The specific actions required to produce services and products	Objectives: Precise, measurable, time-phased results that support the achievement of a goal
Core Strategies: Broad, overall priorities or directions adopted by an organization	
Mission Statement: A succinct statement that articulates the organization's purpose, business, values and beliefs	Values and Beliefs: The basic, guiding principles that provide guidance and inspiration to the board and staff

2.3 Strategic Management

Strategic management as a term and concept is not new. The term was first used in the 1970's, and it meant that a staff of strategic planners more or less thought up strategic programs and then tried to sell them to decision makers. In the 1990's, the view of strategic planning and strategic management was much different. Goodstein, Nolan, and Pfeiffer's definition of strategic planning takes us away from the notion that strategic planning is a staff job and focuses us more on a process that requires the senior leaders of an organization to set its strategic direction.

(‘... The process by which the guiding members of an organization envision its future and develop the necessary procedures and operations to achieve that future...’) (Goodstein, Nolan, and Pfeiffer, 1992).

The twenty first century realities of globalization, rapid changes in technology, increasing competition, a changing workforce, changing market and economic conditions, and developing resource shortages all increase the complexity of modern management. Whereas strategic planning was a competitive advantage in the past decade, it is a necessity of global thinking in this century. Planning strategically is certainly a new requirement in the global business world.

The terms are used somewhat interchangeably in the literature (Lauzen, 1995; Palese & Crane, 2002). The “strategic” part of strategic management means to accomplish goals and solve problems.

Strategic management is a systems approach to identifying and making the necessary changes and measuring the organization’s performance as it moves toward its vision.

A common belief encountered in the strategic management literature is that the success of different planning approaches is contingent upon the environment in which they are used. However, some researchers observed that effective decision-making in “high velocity” environments did not lack structure and comprehensiveness, but that these planning characteristics were carried out in a different manner than that used in a more stable environment (Karen, Manoj & Varun, 2006).

Strategic management goes beyond the development of a strategic plan, which included the pre-planning and strategic planning processes. Strategic management is the deployment and implementation of the strategic plan and measurement and evaluation of the results.

Deployment involves completing the plan and communicating it to all employees. Implementation involves resourcing of the plan, putting it into action, and managing those actions. Measurement and evaluation consists not only of tracking implementation actions, but, more importantly, assessing how the organization is changing as a result of those actions and using that information to update the plan.

2.3.1 Benefits of Strategic Management

When an organization is practicing strategic management, thinking becomes more visionary, which is characterized by:

1. breakthrough thinking about the future; organizational boundaries are more flexible,
2. a shift in focus from the inputs that are used to run the business to the outputs and outcomes the organization desires to achieve,
3. a focus on optimizing organizational performance and process quality as keys to delivering quality products and services,
4. a move toward an organizational culture that adapts easily to change.

With practice, patience, dedication and hard work, the organizational learning that takes place through the application of strategic management will bring the organization closer to realizing its goals and vision. With each update of the strategic plan, senior leaders will become better able to deploy the plan, implement changes, and measure organizational performance.

2.4 Performance Management

Performance measurement in organizations is still largely focused on financial data for the purposes of coordination and control (Atkinson and McCrindell, 1997). Making the connection between performance, strategy and organizational purpose is more challenging.

‘Value for money’ has become an important aspect of government management and is one of the factors that have stimulated the spread of performance measurement systems in governmental institutions (Palmer, 1993). Greater expectations of all levels of government, with increased accountability to stakeholders and requirements for increased efficiency and effectiveness in government operations, have also increased the focus on performance measurement (Hood, 1995).

Over the last thirty years the field of performance measurement has been the focus of considerable attention from academics and practitioners (Neely, 1999). Many of the initial studies in the field concentrated on performance measurement in the private sector, but in recent years a substantial number of studies that explore performance measurement and management in Public Sector Organizations (PSO) have been published.

Performance management in public institutions is concerned with both managerial and political accountability.

The use of non-financial measures in addition to financial measures of performance has been increasingly called for in both the for-profit and not-for profit sectors of the economy.

There are various possible ways in which performance measures may be used in public institutions (Burgess et al 2002).

The performance management information may be kept internal to the organization and not published. In this case, it is a management tool. Alternatively, the performance management may be made public. So dramatic are the developments in the public sector, that the phrases the “New Public Sector” or “New Public Management” have been coined to describe them.

Effectively the reforms that have been introduced place great emphasis on agency performance, customer focus, stakeholder's interests and other methods of assessment (Kouzmin et al, 1999).

In the area of performance measurement specifically there appear to be five broad topics that authors interested in New Public Management have focused on. These include:

1. the purposes, characteristics and uses of the organization's performance management system, (e.g. the relationship between performance measurement, organizational mission and strategy) (Behn, 2003),

2. the role of stakeholders, especially in the phase of performance management system design (e.g. the difficulties encountered in designing measures) (Propper and Wilson, 2003),
3. the existence of benchmarking within or without a certain organizational field (e.g. the possibility of applying lessons learned in the private sector) (Poister and Van Slyke, 2002),
4. the balance between internal and external (mandatory) measures (e.g. measures or Key Performance Indicators (KPIs) designed internally in comparison with mandated ones) (Wiggins and Tymms, 2002),
5. the satisfaction related to the performance management system and the trade-off between costs and benefits (e.g. the impact of the PMS on the organization in terms of efficiency, effectiveness, transparency and accountability) (Boyne et al, 2002).

Governments need a better means of determining performance in relation to objectives (Atkinson and McCrindell, 1997). Performance measures have become too bountiful and too operationally focussed (Atkinson and McCrindell, 1997). The result is performance measures that are overwhelming and do not always meet the needs of relevant stakeholders. Performance measurement in government is related to accountability and inadequate performance measurement systems do not help in understanding what services are provided and to whom. In a general discussion of effective performance measurement systems, Kravchuk and Schack (1986) suggest 10 design principles:

1. formulate a clear coherent mission,
2. develop an explicit measurement strategy,
3. involve key users in the design and development phase,
4. rationalise the programme structure as a prelude to measurement,
5. develop multiple sets of measures for multiple users,
6. consider the customers throughout the process,
7. provide each user with sufficient detail,
8. periodically review and revise the measures,
9. take account of complexities upstream, downstream and laterally,
10. avoid excessive aggregation of information.

Kravchuk and Schack also argue that these performance measures should be used as indicators, not tools for management, which concurs with the current emphasis on public disclosure of performance information.

There has also been change in how performance measures are used. There has been a general shift in the use of information on performance away from primarily being used for internal management control purposes towards use of these data for external accountability and control (Mannion and Goddard 2000). There has been a shift away from informal performance assessments based on peer review or sample-based inspection towards increased reliance on published performance league tables based on administrative data.

2.4.1 Performance Measures

There are four kinds of performance measures which are used in government programs

1. gross outcomes
2. net outputs
3. inputs and process measures

These measures do not necessarily correspond to any single economic concept and a program may use more than one performance measure. These concepts include the following:

2.4.1.1 Gross Outcomes

Gross outcomes are measures of outcomes of the programme at some designated date. The advantage of such measures are that they are easy to understand and easy to collect. These outcomes are gross in the sense that they do not necessarily measure the actual output of the programme itself. However, if gross outcomes are measured relative to some standard which is set to take account of what would have happened without the programme, then the gross outcomes may be useful in

assessing the impact of the programme. Gross outcomes also do not take into account the difficulty of treating a particular individual, but they can be adjusted for observed characteristics of the individual and this can partially overcome this problem. In fact, in many situations, heterogeneity across programme users means that such adjustments will be necessary (Barnow, 1992).

2.4.1.2 Net Outputs

These are measures of the value added by the programme. Barriers to developing net output measures may be high, primarily because the output of the programme may be multi-dimensional (Barnow, 1992).

One way of overcoming this is to calculate the value of net outputs – the net earnings gain from participation – so there is a common metric across outcomes, but again this is not a simple matter.

More generally, measuring value added is fraught with methodological problems, a key one being the difficulty of constructing a counterfactual of what would have happened in the absence of the programme.

2.4.1.3 Inputs and Processes Measures

Whilst widely used, they provide no information on the effectiveness of the programmes. Using costs as a performance measure also biases activity towards shorter and less intensive programmes.

2.4.2 Achieve Effective Results from Performance Management

Performance management requires performance indicators but simply measuring performance is not sufficient for performance management. Some literature pays attention to the importance of the usage of performance goals and performance management by managers and staff of the organization (Broadnax et al, 2001).

They define the distinguishing features of performance measurement and management systems as:

1. outcome focused,
2. few, simple, and resonant at the top,
3. challenging, but realistic,
4. cascading down and rolling back up,
5. broadly used,
6. visible,
7. interactive and informational,
8. frequent and fresh,
9. Segmentable,
10. fact-based.

2.4.3 The Special Features of the Public Sector

Performance management is used in both the private and public sector. While many of the issues that arise in its use are common to both sectors, the public sector is different from the private sector and therefore a public sector organization faced with a change in incentives will not necessarily behave in the same way as a private sector one. There are two important features of the public sector. The first is that bureaucrats often serve several masters; these may include the users of the service, payers for the service, politicians at different levels of government, and professional organizations (Dixit, 2002). The second, a consequence of the first, is that the agency and so the bureaucrats who work in it often have several ends to achieve.

For example, they are often expected to increase both efficiency and equity in the delivery of public services. These features are termed multiple principals and multiple tasks (or goals) respectively. These two characteristics mean that the incentives provided in the public sector should be less high powered than for the private sector. Even if we consider just one principal, there may be divergence from the predictions of standard agency theory in the public sector context. First, as Dixit points out, the standard agency problem assumes a risk neutral principal.

However, at least one group of public sector principals – elected politicians – cannot ‘diversify’ the effects of bad outcomes. This may make them very risk averse, which again means that the results from the standard theory will not apply.

A second diversion from standard theory concerns the issue of moral hazard on the principal’s side. For example, an individual may decide to make her career within the public sector, and make career specific investments to do so, only to find that her tangible and/or intangible benefits are worse than expected. Hence, her participation constraint may not be met.

So the multiplicity of goals and principals implies that the provision of high-powered incentives are less likely to be suitable for the public sector than in the private sector where individuals may have to perform fewer, better defined, tasks. And, precisely because this is the case, the type of individuals found in the public sector may be more risk averse than those in the private sector. High-powered incentives may also not be necessary if it is the case that public sector workers are more motivated than those in the private sector by intangible benefits and other career concerns. Consequently the performance measures used to evaluate often complex public sector performance may also be in conflict.

2.5 Business Process Analysis

Business process analysis serves mainly as a means of communication with the technical departments and as a basis for the requirement analysis of the software to be created. The Architecture of Integrated Information Systems (ARIS) is recognized worldwide as a standard for business process modelling.

One of the key diagram types in ARIS is the event-controlled process chain (EPC). EPC demonstrates how events in an enterprise lead to the activation of certain functions, which in turn lead to other events. The executing organizational units and the data to be processed can be assigned to the individual functions.

The following arguments promote the use of ARIS for business process analysis in software development.

1. ARIS offers a model-based description of all aspects of an enterprise in a central database. The tool's graphic models are much easier to check for consistency and completeness than a collection of Word documents or PowerPoint slides,
2. the ARIS methodology is easy to understand for both technical departments and software developers. It enables communication between all involved parties, and is therefore an excellent basis for a common requirement analysis,
3. the technical departments model their business processes themselves and assume an active role in the software development process,
4. a detailed ARIS business process model often already exists in an enterprise. In this case, the requirements analysis can commence much quicker.

2.5.1 Business Process Modelling

From the beginning of the industrial revolution in the business and commercial world the emphasis has been on improving production efficiency and reducing cost (Lindsay, Downs, Lunn, 2003). A complex IT/IS system needs have increased the attention of the business processes of organizations thus the importance of business process modelling increases because it is challenging to match business objectives of organizations with IT/IS systems in case software modelling techniques are used. Only a process oriented perspective allows software architects and organizations to identify and to define about actors, goals, cooperation, commitments, customer performer relationships which are crucial in a world of constant change in keeping the organizational objectives, and the objectives of the supporting information system aligned (Matthes, Wegner, Hupe, 1999).

When we try to find a definition, literature shows us no clear definition of a "process" whereas there is not any clear and agreed definition of a "business process". Davenport states that "*A process is an ordering of work activities across and place, with a beginning, an end, and clearly identified inputs and outputs.*"

Davenport and Short also add that a “*Business process is a set of logically related tasks performed to achieve a defined business outcome.*” (as cited in Hlupic, Robinson, 1998). In addition to Davenport’s definition, Hammer and Champy state that a “*Business process is a collection of activities that takes one or more kinds of inputs and creates output that is of value to the customer. A business process has a goal and is affected by events occurring in the external world or in other processes.*” (as cited in Lindsay, Downs, Lunn, 2003).

When we come to business process modelling (BPM), we could say it is a problem analysis technique and especially appropriate for the information technologies/information system (IT/IS) environment however BPM is not appropriate for every software engineering effort because BPM adds most value when the application environment is complex, multidimensional, and many people are directly involved in using the system (Yourdon, 2000).

Except for the other benefits, BPM brings important advantages from the software engineering point of view such as

1. BPM creates a common language among specialist and customer/user so that both sides can understand each other very well,
2. BPM allows customers/users who do not have any knowledge of modelling or even software to easily understand modelling thus their participation increase,
3. when higher level understanding increase for both customer/user and developer, current business processes, business defects and target business processes that need IT support can be determined and modelled efficiently,
4. BPM brings broader view to business processes,
5. documenting business process flow will help identifying functional requirements for a product that is intended to support that business process (Wiegers, 1999a).

Because of the advantages of BPM, further demands became apparent in many different communities including requirement engineering, software engineering, and knowledge engineering (Decker, Erdmann, Studer, 1996). BPM together with

appropriate modelling methods provides the opportunity to identify user level system requirements allocated to software functional requirements. Therefore, BPM is used for obtaining process based strategies and in determining the requirements for every service operation in this study.

2.5.2 ARIS Concept

ARIS was developed by August-Wilhelm Scheer and concentrates on the business processes. ARIS is a framework concept to describe companies and application software. The ARIS concept follows the previously developed integration concept in that it supports existing business processes (Scheer, 1994). Standard modelling methods such as EPC, eEPC are part of the ARIS concept. EPC stands for event driven process chain and eEPC stands for extended event driven process chain. They are both explained in Section 2.5.2.1.

ARIS can be described with two points of views, one of which is management point of view and the other one is IT point of view. The management approach consists of views while the IT approaches consist of phase levels.

Business processes can include functions, events, conditions, users, organizational units, information technology. Considering all effects on all the elements of the process would be very complex. ARIS concepts reduce the complexity emanating from the nature of business process by defining the descriptive views. There are five specific views; function view, organization view, data view, product/service view and control (process) view. These views are produced according to the “semantic correlation similarity” criterion (Scheer, 1999).

The function view is formed by functions, goals and application software. The processes transferring input into output are grouped in a function view (Scheer, 1999). The application system and goals are also included in the function view because of the close relationships between functions and goals and also between functions and application systems. Organizational view is composed of the organizational unit, machine resource, computer hardware and human

output. Organizational views are formed in order to group the responsible entities or devices executing the same work object (Scheer, 1999). The data view is composed of messages and data processing environment (Scheer, 1999). The product/service view is composed of all physical and non-physical inputs and outputs.

Although members of product/service view are also implicitly captured in data views, they are primarily defined in the output view (Scheer, 1999). For the control view, we could say it is the point where the respective classes with their view-internal relationships are shown (Scheer, 1999). Dividing the initial problem into individual views does reduce its complexity but internal relationship among views and whole processes consequently control flow created to eliminate this disadvantage.

The ARIS concept is used as a tool for modelling core business processes in MoF in order to develop process based strategies in the thesis.

2.5.2.1. EPC and eEPC Method

EPC stands for Event-driven Process Chain. The EPC methodology was developed at the Institute for Information systems of the University of Saarland, Germany, in collaboration with SAP AG (Scheer, 2000).



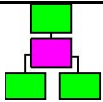
EPC is a business process modelling language and it provides comprehensive means for modelling the relevant aspects of business processes (Loos, Allweyer, 1998). EPC is located in the requirements definition phase of control view when ARIS House is considered. It is mainly used for:

1. business process re-engineering (BPR),
2. definition and control of workflows,
3. configuration of standard software,
4. software development,
5. simulation,
6. activity based costing (ABC) (Loos, Allweyer, 1998).

The main constructs of the EPC are functions and events. An event can trigger a function or a function can produce an event so combinations of events and functions in a sequence produce EPCs. Triggering multiple events or functions necessitate logical operators which are already part of the modelling notation. An EPC shows the chronological course of a business process (Scheer, 2001).

The notation of EPC is shown and defined in Table 2.

Table 2 EPC Notation

Object	Symbol	Definition
Function		A function is the technical task or activity performed on an object in order to support one or several business objectives.
Event		An event represents a state that is relevant in terms of business management and which influences or controls the further flow of one or more business processes.
Assignment		This is used to show assignment of a process. The symbol is positioned at right down corner of a process.

Alternative or parallel paths are modelled with logical operators, for example, the AND logical operator is used when all paths are in parallel and functions done simultaneously, the XOR is used to choose only one of alternative paths, the OR logical operator is used to when one or more alternative paths can be followed simultaneously. These are some basic examples however more complex expressions can be formed according to needs. EPCs can be hierarchically structured across any number of levels by assigning more detailed EPCs to every function within an EPC thus it is easy to show sub-processes (Loos, Allweyer, 1998).

The eEPC is the extended Event-driven Process Chain and, as the name implies, the eEPC method is the extension of EPC. The eEPC method is more effective than the EPC when business process modelling is considered, because the information objects of data view and organizational element of organizational view can be

shown precisely together with the functions of the function view and the events of the data view. Additional views increase the understanding and the clarity of the processes. The objects of EPC are also used in eEPC with additional objects.

EPC/eEPC is widely used for modelling, analysing, and redesigning business processes (Loos, Allweyer, 1998). EPC/eEPC is powerful and understandable for end-users so that it is often used for capturing and discussing business processes (Loos, Allweyer, 1998). Because of the properties of EPC/eEPC notation, the resulting EPC/eEPC models are used as a starting point for the development of information systems and for the definition of workflows (Loos, Allweyer, 1998).

2.5.3. The ARIS Tool

The ARIS tool is used to model business processes in this thesis study. The tool has been developed by IDS Scheer AG to support consultants and companies in creating, analyzing, and evaluating company processes in terms of BPR (Scheer, 2001).

The ARIS tool is based on the ARIS concept thus it supports the modelling methods and views of the ARIS concept. In ARIS, processes can be evaluated in terms of quality, resulting in performance indicators that can be used for process optimization. Detailed reports make it possible to output database contents in text or table form. Reports are generated in several different formats. Additional modelling options are provided where relationships between objects can be displayed in table form independently of model type.

ARIS is a windows-based tool for designing business processes and creating IT enterprise architectures. Offering extensive functionality for distributed business process management, this end-to-end solution supports users from definition through analysis to the optimization and implementation of business processes. The large number of meta model diagrams presented in the book proves that the methodology is widely applicable, on the other hand these diagrams are rather abstract and therefore may have a limited value for the none specialist reader.

ARIS is certainly one of the most accepted and widely used business process modelling concepts, and its recommended audience are:

1. industrial engineers,
2. business users,
3. application developers,
4. graduate students in economics and informatics,
5. information system engineers and consultants in BPR.

Since process data is stored centrally in the ARIS repository, process content can be reused across the enterprise, as well as in conjunction with other ARIS products. In addition to the EPC methodology, many other architecture concepts and modelling notations are available. It also enables users to generate method-based models from non method-based process descriptions. These method-based models can be interrogated using reports, analyses, animations, simulations, process cost accounting, etc. ARIS is an intuitive tool for documenting business processes in graphical format. ARIS's visual modelling methods are made available to users via target group-specific filters, ensuring that processes are easy to document and structure. ARIS is extremely flexible and does not require any specialist knowledge.

The aim of ARIS is to allow non-technical staff to document their process knowledge with minimum specialist assistance. Storing the process data in the central ARIS repository means that it can be reused, either on its own or in conjunction with data from other departments. Benefits are:

1. enterprise-wide, global process design, analysis, and optimization,
2. consistent business process management,
3. getting started with process design without the need for specialist knowledge,
4. simple evaluations by means of predefined reports,
5. integration with other ARIS products via central ARIS repository.

To optimize processes, businesses need meaningful data that provides insights into different aspects of a workflow. This data normally consists of key performance indicators (KPIs), which are derived from the operational process. By combining

process structures with KPIs, it is possible to reach precise conclusions about issues, such as, process costs and personnel requirements planning.

One issue in modelling enterprise reality is whether to model objects or to model processes. Both modelling paradigms have their advantages and play different roles during the model life cycle. In ARIS the modelling with EPCs leads to a paradigm break at the switchover from a process oriented representation at the requirements and design level to an object oriented representation at the implementation level. At the implementation level the model will be represented by information objects only.

If on the other hand, modelling follows the object oriented paradigm throughout the entire life cycle the consequences are a rather abstract presentation of the process behaviour. The more user oriented control flow type process representation is desirable. At the end, the question whether to prefer object or process oriented modelling is not yet resolved.

ARIS according to its focus on information systems implementation seems to have some limitations with regard to the capability of modelling the user view of business processes. For instance, information is held in the data view (static information) and in the output view (dynamic information), hence these views seem to overlap which may lead to redundancies.

Resources are not presented in a separate model view but are captured as roles in the Organisation View. Enterprise resources and organisations are only modelled at the requirements level.

Starting from the design specification level they exist only implicitly in the topology of the information and communication system. Further, only a limited number of process behaviour types can be modelled, namely forced, AND and XOR. Process behaviour of the type loop, conditional, trigger or unordered set cannot be modelled.

2.6 Public Sector in Turkey

The public sector in Turkey has been experiencing reforms which have been attempting to change the structure, management and even the culture of the public administration. Previous reforms have embodied various approaches including QM, privatization, business process re-engineering and benchmarking. Despite their private sector origins, all these approaches have been particularly popular.

The modern Turkish Republic inherited a patrimonial and extremely centralized administrative structure from the Ottoman Empire. The public sector reforms have been on the agenda since 1940s. Since then, a number of projects and documents have been prepared on the reform of the entire administrative structure. All these reform initiatives aimed to create a more decentralized, open and participative public administration (Hacıhasanoğlu, 1999). The last reform project, titled ‘Restructuring Public Administration’, has been on the agenda since the late 1990s. However, none of these reforms was put into practice successfully.

Strategic planning is the latest concept for Turkish public sector. With the “Public Financial Management and Control Law” it is required that all government agencies should establish a “Strategy Development Unit” that will form missions and visions for future within the framework of development plans, programs, relevant legislation and basic principles adopted. Such department will also determine strategic goals and measurable objectives, measure their performances according to predetermined indicators, and monitor and evaluate the overall process.

Turkish public system has been introduced with a new concept with this law; it is called “Performance Based Budgeting”. Public administrations will prepare their budgets based on performance and in concordance with the mission, vision, strategic goals and objectives included in the strategic plans. MoF is authorized to define the procedures and principles on the compatibility of administration budgets with the performance indicators stated in the strategic plans, and activities to be carried out by these administrations within this framework and other issues on

performance based budgeting. There are lots of problems created by the government accounting practices in Turkey. Performance Based Budgeting is believed to eliminate most of these problems. Current problems are

1. there are no common accounting and reporting standards for the general government units and a chart of accounts suitable for unifying the results. Consequently, there is no unity in accounting in the public institutions,
2. accounting system concentrates on the budget implementation in especially the administrations with general and annexed budget, municipalities, provincial private administrations and funds,
3. accounting systems, with a few exceptions, are on cash basis; therefore they are unable to produce adequate data,
4. governmental accounting does not feature continuity. Activities and budget applications remain in the period. From the financial transactions, those transactions whose effects will be realized in the future periods remain in the year they were recorded and not carried over to the future,
5. with the partial exception of the social security institutions, government accounting systems are not suitable for financial reporting and generating results.

Elimination of the problems expressed above will be possible through all the units in the general government implementing the same accounting. “Public Financial Management and Control Law” (Kamu Mali Yönetimi ve Kontrol Kanunu) regulates the public financial administration and financial control process.

However, there are some structural and external problems that are beyond the control of individual administrators and employees. The success of strategic planning and the Public Financial Management and Control Law require long-term commitment and considerable amount of resources. Turkish political and administrative system has been going through a serious economic and political crisis, which is a constraint for the long-term commitment to any reform and management innovation. Generally, upper management changes with every change in the government. The long-term tenure of the upper management as experienced at the MoF is a very rare event. Turkish administrative system has an extremely

centralized and bureaucratic structure. Considerable amount of resources and authority concentrate in the central government leaving very little discretion to local and lower units. Contrary to this, strategic planning proposes autonomous organizations and flexible structures based on teamwork and vertical and horizontal coordination within and among the organizational units. Under these conditions, it is vital to conduct follow - up research into the endurance of strategic planning initiatives in the MoF in particular and the Turkish public sector in general.

CHAPTER 3

METHODOLOGY OVERVIEW AND IMPLEMENTATION

The general methodology of this thesis is indicated in Figure 3.

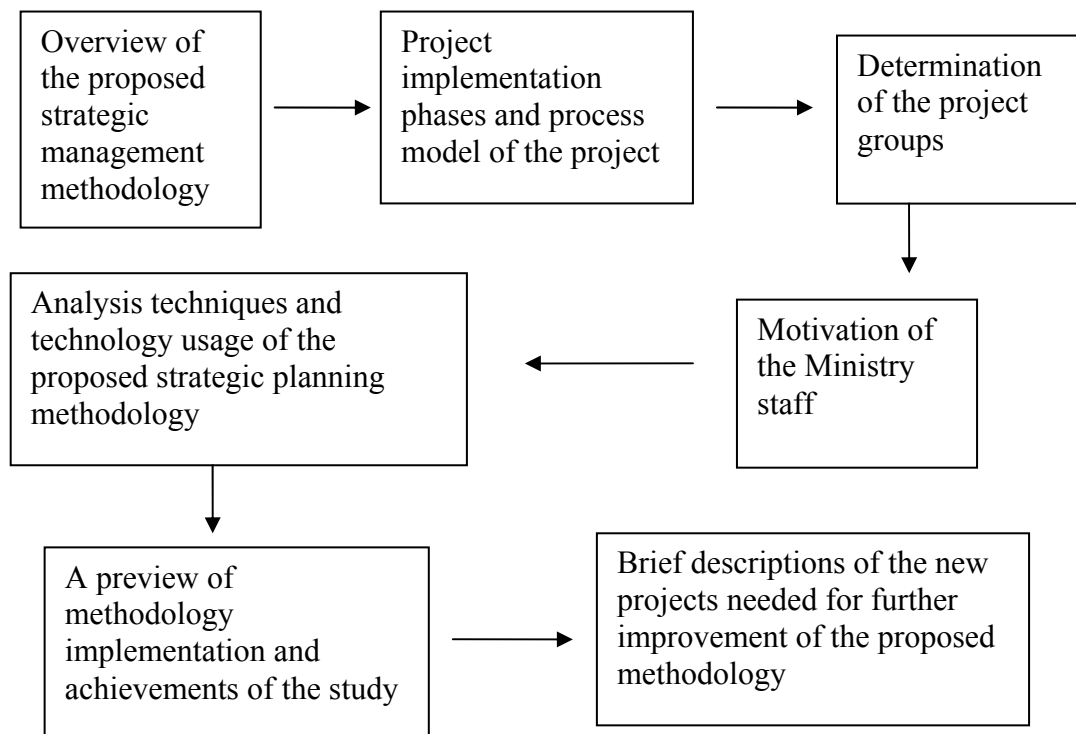


Figure 3 General Methodology

3.1 Methodology Overview

Corporate style strategic planning means using a formal integrative strategic planning process whose cornerstone is the segmentation of the organization's activities into strategic business units. Strategic business units described here represent 14 divisions of MoF. The organization chart is given in Figure 4.

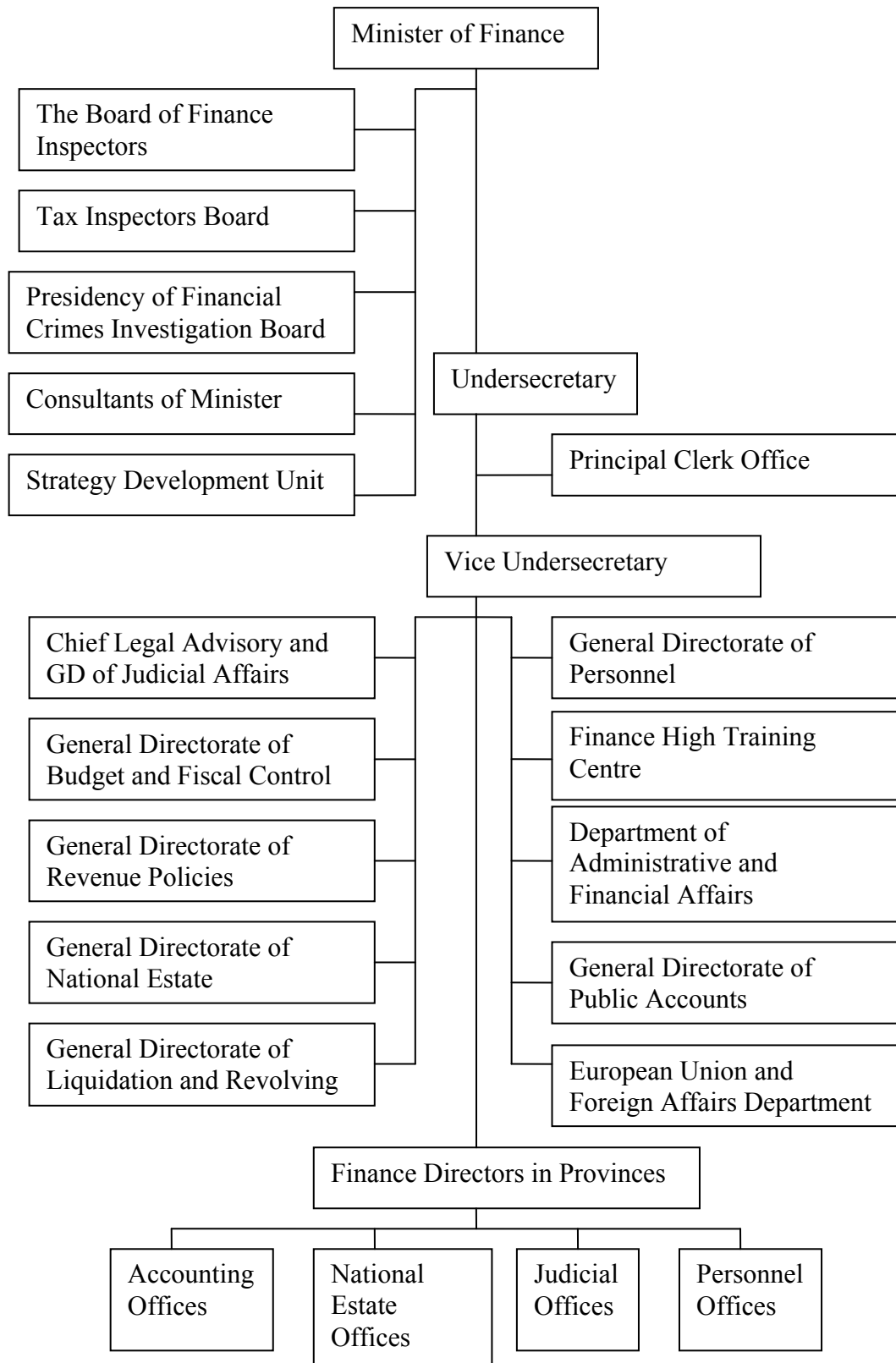


Figure 4 Ministry of Finance Organization Chart

There is increasing evidence that public organizations need systematic management tools to incorporate the uncertainties and complexities of technological and non technological factors of external environments in its long term strategic plans.

Change is difficult enough even with clear strategic intent. Furthermore, as Kantor (1999) stated, ``Organizational change has become a way of life as a result of three forces: globalization, information technology, and industry consolidation".

Bryson's (2004) `Strategy Change Cycle' was the underlying process for the proposed methodology used by MoF throughout the transformation period. The ten-step process proceeds from the initial `planning to plan' through strategy formulation, implementation, process review and feedback. The individual steps are similar to other strategic planning methodologies, except that the order is particularly important for public and non-profit entities. Especially important is the emphasis on analysis of an organization's mission and mandates, and on its stakeholders. These are the key strategic drivers for public and non-profit sector organizations. Additionally, the process is very strong on strategy formulation, using an inductive issues-based approach. Bryson asserts that this leads to better decision-making in highly political environments.

The proposed methodology for the strategic management project is defined below as a step by step process. Each step is briefly explained and purposes are given. Planning terminology then is given for better understanding of the definitions and techniques used in every step of the proposed methodology.

Finally, business process model of the strategic management project prepared in ARIS program is given to describe the implementation stages in more detail. Implementation process is explained in the following section with very limited actual achievements due to the classified status of them at the preparation time of the thesis.

3.2 Proposed Strategic Planning Methodology

The 10 step process whose second and third steps form environmental analysis phase is as follows

- S1. Getting Started
- S2. Information Gathering and Analysis
 - a. External Analysis
 - b. Market Analysis
 - c. Internal Analysis
- S3. Identification of Critical Issues Facing the Organization
- S4. Mission Statement Review/Revision
- S5. Development of a Strategic Vision Statement That Sets Future Direction for the Organization
- S6. Analysis and Modelling of all Processes that are used to Create Value by the Organization
- S7. Development of Strategic Goals
- S8. Formulation of Objectives for each Goal and Redesign of Processes
- S9. Preparation for Operational Planning Based on the Strategic Plan (Developing Annual Objectives) and Determination of Performance Indicators for each Process
- S10. Continuous Review for Further Improvement

STEP 1 GETTING STARTED: The purpose of step is to create motivation among managers and staff and build up the teams required to execute the methodology. We arranged kick off meetings to inform and motivate the managers and the staff of the organization. We also held the “1st SDUs Information Sharing Meeting” by the participation of SDUs of various public administrators in order to inform other governmental organization managers about the project to get attention and create motivation among all governmental agencies. We reviewed latest literatures on strategic planning and formed a library to increase the level of knowledge that helps staff and managers act faster to provide solutions to the existing problems and to prevent possible problems that may arise in the future. We examined the strategic planning guide book; performance based budgeting guide book and the relevant

legislation. In addition to that, SDU personnel in charge of carrying out the task of coordination of strategic planning process have participated in MIS Training in METU (Middle East Technical University) Continuing Education Center and in various conferences, meetings and training activities.

Strategic plans and strategic planning processes of institutions assigned as pilot institutions by State Planning Organization have been analyzed. During this process, these institutions have also been visited in order to make studies on site.

STEP2A EXTERNAL ANALYSIS: The purpose of step is to identify and assess changes and trends in the world around the organization likely to have a significant impact on it over the next 5-10 years. We have conducted PEST and OT part of the SWOT analysis. In PEST analysis, we looked at political, economic, technological, social, lifestyle (environmental), and legal trends. We then determined which changes are opportunities for us (for example, opportunities to grow) and which could be threats to us in some way (trends that can keep us from being successful). Finally we identified implications for selected changes and trends -- ways the organization might respond to the opportunities and threats we identify. (Saying that something is an implication does not require the organization to adopt that course of action.)

STEP 2B MARKET ANALYSIS: The purpose of step is to identify and assess changes in the needs and perceptions of the organization's markets and constituencies. For most nonprofits and our case, these include clients or consumers of services, sponsors, donors, volunteers, paid staff, board members, collaborators, and competitors.

In the market assessment, we attempted to answer the following questions:

1. Who are the organization's key markets and constituents?
2. What are the needs, perceptions, and service expectations of each market?
3. What are the emerging market trends?
4. What are the implications for the organization -- how should the organization respond to these changes and trends in its markets?

STEP 2C INTERNAL ANALYSIS: The purpose of step is to assess internal structure, process and operations of the organization and based on this assessment, to pinpoint strengths and weaknesses. SW part of SWOT analysis was conducted in this step. Areas examined include organizational personnel (paid and volunteer), physical facilities, equipment, use of technology, location, financial condition, management, board governance, special programs/products and services etc.

STEP 3 CRITICAL STRATEGIC ISSUES AND CHOICES FACING THE ORGANIZATION: The aim of this step is to identify critical strategic issues facing the organization. Critical issues are fundamental policy or program concerns that define the most important situations and choices an organization faces now and in the future. Critical issues can reflect long-standing problems in the organization, the community served or recent events that are anticipated to have a significant impact on the organization and/or community served.

Critical issues can also reflect major shifts in thinking that challenge "business as usual". The selection of issues is important because it determines range of decisions the organization's leaders will consider in the future.

In our case, our governmental organization was already aware of the critical issues that the strategic planning process must help it address. In most situations, the planning process participants discerned critical strategic issues as they work on the external, market and internal assessments.

In developing the actual wording of the critical issue statements, it's helpful to reflect on the following:

1. the external changes and trends having the greatest positive and/or negative impact on the organization,
2. major changes and trends in the needs, perceptions and service expectations of our markets and constituencies,
3. internal strengths and weaknesses of the organization that will seem to have an impact on our future success.

STEP 4 MISSION: The purpose of step is to develop an organizational mission statement. The mission statement is a broad description of what we do, with/for whom we do it, our distinctive competence, and why we do it (our ultimate end).

If a mission statement already exists, the focus of this step is on reviewing it in light of the emerging vision statement and if necessary revising the language. Here are some questions that can aid in the review of an already-existing mission statement:

Questions for a Critical Review of an Existing Mission

1. Is the mission statement clear and on target in today's operating environment?
2. Do you have any specific questions or concerns with respect to the mission statement?
3. Does the mission statement duplicate the mission of any other organization? If so, what should we do about it?
4. Considering the answers to these questions, how, if at all, should the mission statement be changed?

Within the framework of “Restructuring – Action Plan”, heads of all SBUs of MoF carried out studies for determining mission in 2004. We had reviewed the mission statement that had been obtained in these studies.

STEP 5 STRATEGIC VISION: The goal of this step is to develop a strategic vision statement. The vision statement describes what we want the organization to look like in ideal terms in the future - the results we will be achieving and characteristics the organization will need to possess in order to achieve those results.

The strategic vision statement provides direction and inspiration for organizational goal setting. Through the vision statement, the organization attempts to respond to the challenges and issues expressed in the form of critical issues. Although the words "mission" and "vision" are used interchangeably, they are distinct in an important way: Mission describes "general purpose"; Vision describes "future direction".

STEP 6 BUSINESS PROCESS MODELLING: The purpose of step is to show roles, inputs, outputs, and their relationships precisely, present functions in natural business language and determine the core business processes for each SBU with the usage of Extended Event Driven Process Chain Modelling (eEPC Modelling) with ARIS concept.

STEP 7 GOALS: The purpose of step is to develop strategic goal statements consistent with the vision statement. Strategic goals are broad statements of what the organization hopes to achieve in the next 5 years. Goals focus on outcomes or results and are qualitative in nature.

STEP 8 OBJECTIVES (STRATEGIC GOALS FOR EVERY SBU): The purpose of step is to develop objectives for each strategic goal. Objectives are statements of major approach or method for attaining goals and resolving specific issues. Ideas for the objectives emerge from the earlier internal, external and market assessments, especially the strengths and weaknesses identified in the internal assessment as well as the implications statements developed as part of the market and external assessments. An objective is judged potentially effective if it does one or more of the following:

1. exploits environmental opportunities,
2. defends against environmental threats,
3. leverages organizational competencies,
4. corrects organizational shortcomings,
5. offers some basis for future competitive advantage,
6. counteracts forces eroding current competitive position.

STEP 9 ANNUAL OBJECTIVES: The purpose of step is to develop annual objectives consistent with the goals and objectives of the strategic plan. Annual objectives are specific, concrete, measurable statements of what will be done to achieve a goal generally within a one-year time frame.

Annual objectives include what will be accomplished, by when and by whom. Strictly speaking annual objectives are not part of the Strategic Plan of an

organization. Annual objectives are the core of the organization's Annual Operational Plan that is based on the strategic plan itself. The overall planning terminology is given in Appendices A and B.

3.3 Implementation

Previous part of the thesis described the development phase of the methodology. This part of the thesis describes the implementation phase of the proposed private sector corporate-style strategic planning methodology in a public sector organization, MoF, with limited usage of the achieved results.

In strategic management system project, mission and vision statement, and strategic goals for MoF were determined in the light of the studies we carried out within the process. Unit strategic targets, performance measures, related performance indicators and actions were also determined by the upper management. Therefore, the draft strategic plan was also prepared. But due to the confidentiality of the strategic plan, details of the plan cannot be explained in this study. In spite of giving details, general concepts that are enough to understand the cornerstones of the execution of the proposed strategic planning methodology will be stated.

Proposed strategic planning methodology was executed in Republic of Turkey MoF's strategic management project. Project is funded by TÜBİTAK. Project has three executives, these are;

1. Republic of Turkey Ministry of Finance Strategy Development Unit (MOF_SDU),
2. MEB – TÜBİTAK Turkish Institute for Industrial Management (TÜSSİDE),
3. a private consultancy company,

Project preparation, development and implementation phase started in early 2006 and it is scheduled to end with the declaration of the strategic plan of the Turkish Republic MoF on May 2007 with a press conference. After the declaration of the strategic plan, monitoring and control of the implementation period will start and last for 12 months. After completion of the monitoring and control processes,

there will be a revision period. Total time period for this project is scheduled as 34 months.

Implicit assumptions made were about the project that:

1. Department and Directorate Heads would give up some of their autonomy for the organizational good of MoF,
2. Executive and management agreement was possible,
3. The ability and discipline to implement existed,
4. Results would improve MoF's performance,
5. Strategic issues could be identified and managed.

Preparation and implementation of the proposed methodology for this project is shown in Figure 5 as an event driven process chain diagram prepared in ARIS software version 7.0.2. Details of this diagram are given in Appendix C.

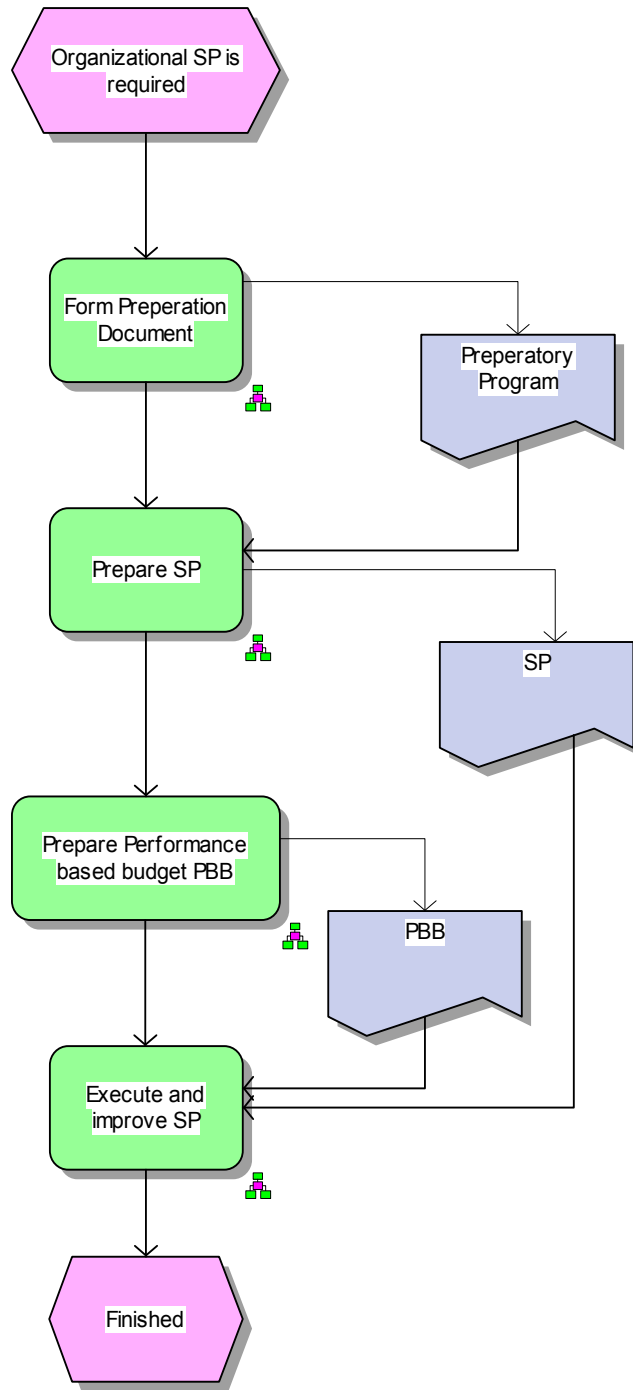


Figure 5 Main Strategic Planning Process

Strategic planning process is started with forming of the preparatory document and after preparatory document; strategic plan is prepared. Performance based budgeting and SP improvement processes are required in order to establish the

strategic plan and budget connection and these processes are shown in the main SP process but not shown in detail because these processes are beyond the scope of this study.

First action in strategic planning process is to prepare the preparatory program in order to determine the systematic for upcoming processes and requirements for all strategic planning activities (see Figure C.1).

Preparatory program includes the strategic management systematic, strategic planning management plan and requirement analysis for strategic planning. Consolidation of these three documents completes the draft preparatory program. Draft preparatory program is approved by upper management and sent to State Planning Organization for feedback and evaluation. Details of the preparation of the preparatory program are given below for each main step.

Strategic planning management systematic document includes management hierarchy and job descriptions for all levels (see Figure C.2). It also includes the list of delegated team members. Strategic planning management systematic document is a required input for the preparatory program.

After developing the Strategic planning management systematic document, management plan has to be prepared (see Figure C.3). This plan includes detailed action plan, communication plan, study fundamentals and related literature search. In addition, risk analysis should be performed and detailed action plan has to be included. Management plan is a required input for the preparatory program.

Requirement analysis includes training, consultancy, data and financial resource requirements of the entire strategic planning process (see Figure C.4). Requirement analysis is the most important part of the preparatory program.

After preparatory program, strategic planning studies should be performed immediately (see Figure C.5). Orientation and training are performed according to the requirement analysis results. After trainings, institutional structure analysis, environmental analysis, stakeholder analysis and SWOT analysis should be

performed. Results of all these analysis are used in strategic modelling phase and all the outputs of this phase form the draft strategic plan itself. After draft strategic plan approval, goals/objectives - unit relationship has to be established and with the evaluation of these studies, strategic plan of the entire organization is finished and it is ready to be sent to state planning organization.

Orientations and trainings in this study include strategic management thinking, process modelling and workshop trainings (see Figure C.6).

After training and orientation, institutional structure analysis should be performed in which all core business processes should be determined, management structure and human resources should be examined, physical and financial resources should be determined and technological infrastructure should be inspected (see Figure C.7). Ongoing and finished projects determination should be included in order to complete this phase.

In environmental analysis phase, PEST/PESTEL analysis and scenario analysis should be performed (see Figure C.8). Similar foreign institutions (if any) should be inspected in order to get examples of the best practices. Wiseman meeting should be used as an input for PEST/PESTEL analysis.

Stakeholder analysis phase should be started after environmental analysis phase and it should include mainly the determination, prioritization and segmentation of the stakeholders and performing of the expectation analysis (see Figure C.9).

SWOT analysis should include the strengths, weaknesses, opportunities and threats for the organization (see Figure C.10). SWOT analysis results are supplementary part of the strategic plan and these results help to determine strategies for each area.

Strategic modelling phase uses every previous output as input and it should be started with the customer product/service analysis (see Figure C.11). Mission and vision statements, institutional goals and objectives and performance measures should be defined in this phase. Consolidation of all these information forms the draft strategic plan.

Strategic plan approval should be performed by unit managers (see Figure C.12). Managers should check the general conformity of the mission and vision statements, strategic goals, principals and values.

Upon approval of the draft strategic plan, every goal/objective should be related to the units (strategic business units-SBUs) (see Figure C.13). Each unit should determine its sub goals, 5 year objectives, targets and related performance measures for these targets. Projects and strategies should be determined in order to accomplish these goals. After that, budget forecasts should be prepared and projects should be prioritized.

After unit studies, upper management should check the results of these studies and approve the results (see Figure C.14). Determinations of the projects that will be in the strategic plan are done in this phase. Institutional strategies and forecasted 5 year budget will be prepared at the end of this phase.

Implementation process was more complex than it seemed at first glance. It took a long time and enormous amounts of discussion to learn strategic planning techniques, develop and prepare materials, educate and train executives and managers, effectively define and negotiate roles and responsibilities, develop data bases and information correlated to SBUs and sectors, and make structural and cultural changes.

3.4 Getting Started

Strategic planning often runs into trouble when one management group draws up the plans and another group is responsible for carrying them out. The possibility of conflict and confusion are obvious. One approach that has proven helpful for solving or avoiding these problems is an Inter functional/ Multilevel Planning group-IMP, for short.

A crucial issue to the success of the IMP approach is the composition of the strategic planning groups (SPG). Three executives of Strategic Management Project

established small teams of their own staff. These teams' function was to determine the methodology and process for strategy planning and to develop a plan to apply it at MoF. They had complete freedom to determine the process to be used for MoF, the individual activities, and the schedule of events. They were the catalyst for the development and implementation of the strategic planning process.

In addition to these initial teams, three executives formed four inter functional strategic planning groups whose members are chosen from the different SBUs of MoF. Experience has clearly demonstrated that

1. success as an operational manager, or
2. attaining a high position in the organizational hierarchy

is not a valid indication of the possession of the capability to think strategically. Successful strategic thinking is related to certain measurable capabilities, such as intuitive ability, mental elasticity, abstract thinking, tolerance of risk and tolerance for ambiguity.

However, identification of the strategic thinkers is made difficult by the necessity to determine two critical aspects: ability and disposition (motivation) as reflected by certain personality traits such as ambition and social skills.

Thus, we needed to find the individuals with the ability to think strategically but also identify a disposition or motivation to use the strategic thinking capability.

These four groups were

1. Strategy Development Board (SDB),
2. Strategic Planning Steering Committee (SPSC),
3. Strategic Planning Working Group (SPWG),
4. Project Team (PT).

In addition to these groups, there were two additional teams. These were

1. Strategic management and planning department,
2. Province study groups.

Strategic planning teams are described in more detail and their working methods are given below.

Strategy Development Board: as per the paragraph f of the Article 15 of the Law no: 5436, SDB has been established in order to lead the studies to be carried out, assist in determining goals and policies, developing services and organization. Strategy Development Board is composed of undersecretary and deputy secretaries of MoF.

Strategic Planning Steering Committee: Steering Committee has been established in order to lead the unit based studies in strategic planning process, and communicate the studies carried out to SDB.

Strategic Planning Working Group: SPWG is composed of members in charge of full time participating in studies in propria persona led by Strategy Development Unit and coordinated by the project team, and ensuring coordination between their own spending units and working group.

Project Team: PT has been formed in order to determine, coordinate and actually carry out the activities required for implementing the Project on Strategic Management System Model and Software which is supported by TÜBİTAK. PT is composed of members of executive partners.

Strategic Planning Steering Committee and Strategic Planning Working Group under the coordination of SDU were established in order to ensure the utmost participation of provincial and central organization of the MoF in strategic planning studies.

Strategic Planning Working Group meets every Thursday in order to ensure effective execution of studies on unit basis, make strong interaction and cooperation among departments. The successive week's agenda is set in advance. Members of Steering Committee meet on a pre-determined agenda bi weekly on Friday in order to assess the activities carried out by the working group and the analysis and reports

concluded, and to support and lead the working group in their studies Project Team of Strategic Management System provides technical, theoretical and administrative support to the MoF in order to execute the project.

Besides the periodical meetings that are held for sharing information, the members of strategic planning team also held extra meetings for preparing reports and make analysis when it is required.

SDU-Strategic Management and Planning Department coordinate the meetings. Items on the agenda, decisions taken, and the presentations and the list of participants are sent to the members of the planning team by e-mail.

There were some kinds of 'road maps' for MoF but no success stories. There were also no examples to mimic in the institutionalization of corporate style strategic planning. Industrial terminology and philosophy had to be translated, often by trial and error, into meaningful terms for this kind of organization.

Preparation period activities included:

1. Learning what corporate-style strategic planning entailed by extensive review of the literature and discussions with consultants,
2. Selecting the approach to be implemented and developing workbooks and training materials for Finance Training Centre managers,
3. Educating general directors of every SBU, head of departments, experts and deputy experts through workshops, consultant presentations, and individual staff assistance,
4. Segmenting the Ministry into sectors, SBUs, and service lines and identifying responsible individuals in preparation.

MoF did not initially try to form a strategy and fit the organization's structure to it. Rather, it worked to define what businesses it was in and the product/ service line elements of each business without regard for the current organizational structure or boundaries. Planning activities, roles, and responsibilities had to be defined, negotiated, and experimented with in order to capture the idiosyncrasies of the

Ministry. These include culture, structure, business type, environment, and administrative processes corporate vision of success, strategic posture, and planning guidance.

Strategic planning team made the decision that a centre-wide strategic planning effort could 'set the stage' for organizational decision making and provide future-orientated guidance for managing the Ministry. Initial objectives were;

1. To develop a strategic planning system and associated processes that would facilitate the generation of a comprehensive set of plans for the entire Ministry, ensure their implementation, and provide for review and control,
2. To prepare a 'first cut' at a Ministry strategic plan which would delineate a desired future mix of programmes and projects, along with strategies for reaching these objectives,
3. To build a planning culture throughout the organization using participative planning and decision methods to improve organizational performance.

After completing strategic planning management plan, requirement analysis has been conducted as shown in the process models above. Actual requirement analysis report prepared for this study is given below.

3.5 Requirement Analysis Report

Training Requirements: It is envisaged that there will be trainings which will enhance the improvement on the concepts, and the methods to be applied, ensure the creation of a common language among the project executers and within the institution. Within this framework, it is crucial for the MoF that primarily the members of the Strategic Planning Steering Committee and Working Group who are expected to work in strategic planning process actively receive trainings which will clarify basic concepts and road map of the planning.

For this purpose, initially the employees of the Strategy Development Unit that is the project leader and coordinator of strategic planning process were trained and participated in various seminars and conferences. Later on, a wide-ranging

introduction meeting was held in the Ministry in order to explain and introduce the project and the strategic planning process, and ensure the buy-in (ownership). Following these studies, a comprehensive training and working programme was organized in TUSSIDE on September 10-14 2006 and September 25-30 2006 for the members of SPSC and SPWG. Furthermore, training on being a moderator in workshops was also organized by the participation the members of the working group.

The importance of the strategic planning for MoF and the value attached to this process by the Ministry required to increase the level of awareness within the institution. For this purpose, information meetings were held for the middle managers. It is supposed that, there will be various trainings and meetings in order to take the opinions of the consultant institutions and the expert university lecturers about the subjects required to be learnt about within the scope of the planning process. It is also necessary to take the opinions of the relevant parties about many subjects but primarily about the internal and external environment analysis and include them in the process. By this way, more effective and comprehensive analysis and decisions will be made.

In order to follow up the developments about strategic planning in the world closely, to have knowledge of topical subjects and methods, to share experience about the subject, participation in the trainings and meetings held abroad is also envisaged. Sharing meetings will be held in order to use the data and knowledge we gained from the meetings held, trainings and seminars we participated in during the process, from the consulting agencies, university lecturers and experts internationally known. By this way, the process is expected to operate theoretically accurate/in full force by supporting the decision makers about the subject conceptually.

There were trainings and meetings for informing of the methodology to be designed during the process. By this way, awareness and knowledge about the methodology were created within the institution; and operability and continuity of the methodology will be ensured.

Main trainings were given during the strategic planning process were as follows;

1. Strategic Management Training: the purpose is to share basic concepts about strategic management, revise the process and form a common language.
2. Strategic Planning Training: application based (practical) training about strategic planning.
3. Process Management Training: basic training about organizational process mapping
4. Performance Based Budgeting Training: this training will be given in accordance with the 9th Article of the Law 5018 and Performance Based Budgeting Guidelines.
5. Sharing of the information and the concepts related to this information which was prepared in the light of data collected during the process.
6. Informing of the methodology to be designed during the process.
7. MoF Strategic Management Methodology Training.
8. Performance Based Budgeting Software Training.
9. Following up the developments about strategic planning in the world and sharing of experience.
10. Strategy Focused Organizations and Strategy Map.
11. Balanced Scorecard Concepts and Applications.
12. Information Sharing Meetings for the Strategy Development units.
13. Performance Knowledge System and Performance Evaluation Training.
14. Performance Programme Preparatory Training.
15. Managerial Accountability Report Preparatory Training.

Consulting Requirements: It is clear that while preparing its strategic plan, the MoF will procure consulting service at different stages for the aim of planning, organization, specifying the content and method and moderation in the determining and implementation process.

The consulting service to be provided and the gains expected can be summarized as follows:

1. Modelling and planning of preparatory process of strategic plan and performance based budget.

2. Planning and organizing of information production meetings to be held during the process, determining of the methods of the meetings and holding the meeting.
3. Planning and organizing of the analysis studies to be made on unit basis during the process, determining of the methods and examining of the studies carried out and improving them when required.
4. Detailing the data/information (mission and vision statements, strategic goals, etc) which will be produced and finalized during the process and form a base for the strategic plan of the MoF.
5. Preparing and improving the implementing document, pattern and format to be required during the process.
6. Sharing of the good implementation samples about Strategy Focused Organizations, Strategy Map and Balanced Scorecard Concepts.

Data Requirements: Strategic Planning process is a process which covers making decisions based on goals, objectives and activities by making the analysis of today and tomorrow of the institution and the micro and macro environments of the institution; considering the institutional values and priorities. It is necessary that the process is supported by various accurate data for taking sound decisions for the subjects that are vital for the institution.

Various data related to the subjects about both the institution and the environmental issues are required during the preparation process of the strategic plan of MoF. Some of this data will be collected by the current sources of MoF, some will be collected following the examination of the domestic and foreign sources related to the subject and be put into use, and the rest will be produced from the studies to be carried out during the process. The sources from which the data-to be required- will be collected are substantially as follows:

Table 3 Data Need Analysis – Sources

The Method of Access to Data and Information	The Ways of Access to Data and Information – Sources to be used
Access to data and information from the current sources of the MoF	<ul style="list-style-type: none"> ✓ Accountability Reports prepared by the units ✓ Institutional reports regarding the MoF ✓ Project reports and accountability reports ✓ Statistical data booked by the units of the Ministry ✓ Data base of the Ministry ✓ Legal Legislation concerning the Ministry
Access to data and information through examining the domestic and foreign sources	<ul style="list-style-type: none"> ✓ Internet Search ✓ Literature Search ✓ Reports published by the international agencies ✓ Accountability Reports of the equivalent agencies/institutions ✓ Strategic plans of the equivalent institutions ✓ Experience Sharing Activities
Access to data and information following the studies carried out during the process	<ul style="list-style-type: none"> ✓ Reports on the studies carried out during the process

Data to be required are examined under main topics, shown below:

Table 4 Data Need Sources

Main Topic of Data and Information	Data and Information Details
Data and information about institutional (organizational) structure	<ul style="list-style-type: none"> ✓ Organizational Structure ✓ Decision Making processes ✓ Qualitative and quantitative information about human resources and financial sources ✓ Management approach for the IT technologies ✓ Information about the activities and projects of the MoF ✓ Guidelines of the Concepts (strategy, process, performance, etc)
Data and Information about the legal legislation	<ul style="list-style-type: none"> ✓ Legal legislation regarding the MoF, and its units ✓ Legal Legislation regarding the Strategic Planning

Table 4 Data Need Sources (cont'd)

Main Topic of Data and Information	Data and Information Details
Data and Information about the environment of the institution	<ul style="list-style-type: none"> ✓ Stakeholder List ✓ Situational information, developments and trends about the activity area of the ministry ✓ Qualitative and quantitative information about the equivalent foreign agencies/institutions. ✓ Qualitative and quantitative information about good implementation samples ✓ Global, regional and national indicators at micro and macro levels about activity area ✓ Projects, outputs, outcomes, budgets, budget realizations, commitment (liability) bookkeeping entries(if any) and planning studies of the previous years
Data and Information about strategic planning studies	<ul style="list-style-type: none"> ✓ Project Plan ✓ Duty/authorization definition of the boards established ✓ Profile information of the members of the board ✓ Working principles of the boards ✓ Concepts List ✓ Process Guidelines ✓ Process Schemes/models

Financial Requirements: By considering the human performance required to prepare the physical and hardware infrastructure, the activities requiring financial resources are as follows:

1. participation fees for the training activities within the ministry, and for the trainings and meetings at home and abroad, accommodation expenditures, organization expenditures for the meetings and meeting places, service expenditures.
2. consulting expenditures.
3. expenditures for the preparation of data about the transactions to be made.
4. expenditures for the sources to be obtained after the literature search/scan.
5. every kind of physical and technological expenditures for the transactions and operations.

6. stationery expenditures
7. advertising expenditures

According to the requirement analysis, all members of the strategic planning team were trained at an “off the site” location, the TUSSIDE facilities located in Gebze, İstanbul in two sessions in order to develop a common terminology among executers. Each session was scheduled for five consecutive days.

Training program consisted of the main concepts of strategy, strategic planning, and strategic management. Trainees formed 8 groups and each group had 8 members. Each group prepared a vision statement, mission statement, and strategic goals of MoF. They had also conduct a quick **SWOT** and **PEST** analysis for MoF. Finally, they had determined the products/services offered by the Ministry and Ministry’s customers/shareholders (**Shareholder Analysis**). By that way every group had a chance to practice about developing a strategic plan.

In every part of the training, groups used **idea tray method** for brainstorming. Idea tray method is some kind of a game which is played in turns. Every group member has an A3 paper and lots of post-its in front of them and every group has one board. Every group has a specific objective. For example, in SWOT analysis, one group is responsible for identifying the strengths; others are responsible for identifying weaknesses, opportunities, and threats respectively. In every turn, every member in a group can place only one post-it on the A3 in front of him. Only one idea can be written on one post-it, so in every turn, every member can write down only one idea. After placing of post-its, every A3s are passed to the next member. Next member reads the older ideas, and places a new idea if he has any. By this way, members have a chance to be inspired from other members’ ideas to create new idea. Turns continue until there is no new idea left.

Then, every member starts reading its post-its on the A3 paper in front of him. Similar ideas on the other A3’s are eliminated after discussion of the best description and it is placed on the board. This elimination continues until there is no post it left on the A3s.

After this phase, every group chooses one member to present the group ideas and other members change tables in order to add new ideas for the other groups. Selected group representative explains every idea on the board and collect new ideas from the other groups' members. It is not allowed to judge any idea in any terms in any part of the process. After finishing adding new ideas, they return to their own tables and vote every idea. Every member has 10 votes in total and maximum vote for an idea is 2. That means, a member can only place two votes on the same idea and he has total of ten vote rights for all ideas.

After voting process, since there are lots of ideas, most voted ideas are selected and ranked for final discussion. After final discussion, approved ideas are considered as the results of the related task. Eliminated ideas are also listed in a separate list for further discussion.

After first training sessions, trained members of the groups became a representative of the project for their related SBUs. They became a junior mentor in their SBUs for further introduction of the project and its importance for the entire Ministry.

Second set of training sessions were about process modelling. Each trainee has been educated by the consultancy company and TÜSSİDE mentors about the concepts of process, business process modelling, process modelling tools and practiced how to model a specific process using specific software, and how to read modelled processes at Gebze for five days. Every junior mentor has become responsible for modelling every core process of their SBUs. Every business process model was reviewed by the mentors of the consultancy company to prevent modelling errors and ensure that all models were 100 percent accurate.

Third training sessions are prepared for every SBU of MoF in the conference rooms of the hotels in Ankara. Training sessions are scheduled for two days for each of the 14 SBU group. Training sessions consisted of the same topics and included same brainstorming techniques. Additionally, performance indicators for every SBU process are also determined (*Performance Analysis*). Trainees are supported by *mentors* from TÜSSİDE, the consultancy company, MoF_SDU and junior mentors

who are previously trained in Gebze. In brief, every unit of MoF studied for determining the mission and vision statements for the MoF, and for making *SWOT* analysis, determining strategic goals, performance indicators and their stakeholders for their own units.

Mentoring is used in this project to guide and motivate the working groups for further improving the effectiveness, quality and efficiency of the results obtained in all these training sessions. Mentors are defined as higher ranking, influential, senior organizational members with advanced experience and knowledge who are committed to providing upward mobility and support to a protégé's professional career (as cited in Ragins, 1989).

The mentor is usually a senior, experienced employee who serves as a role model, provides support, direction, and feedback to the younger employee regarding career plans and interpersonal development, and increases the visibility of the protégé to decision-makers in the organization who may influence career opportunities (Noe, 1988).

Following part explains the definition and usage of the SWOT and PEST analysis in detail.

3.6 SWOT Analysis

SWOT analysis is a simple framework for generating strategic alternatives from a situation analysis. It is applicable to either the corporate level or the business unit level. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats.

Following diagram shows how a SWOT analysis fits into a strategic situation analysis.

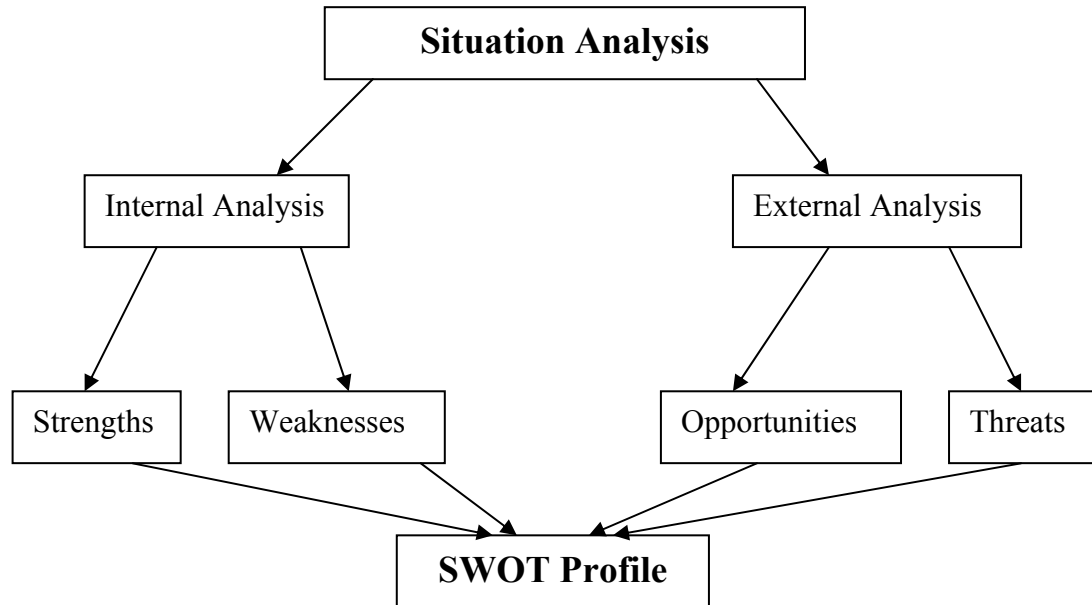


Figure 6 SWOT Strategic Situation Analysis Fit

The internal and external situation analysis can produce a large amount of information, much of which may not be highly relevant. The SWOT analysis can serve as an interpretative filter to reduce the information to a manageable quantity of key issues. The SWOT analysis classifies the internal aspects of the company as strengths or weaknesses and the external situational factors as opportunities or threats. Strengths can serve as a foundation for building a competitive advantage, and weaknesses may hinder it. By understanding these four aspects of its situation, an organization can better leverage its strengths, corrects its weaknesses, focus on golden opportunities and deter potential devastating threats.

Actual SWOT analysis results for MoF are given below;

Strengths:

1. Macro view gained from rich activity areas.
2. Model institution for other public administrations with activities.
3. Powerful technological infrastructure.
4. Trusted and strong province network.
5. Fundamental corporate culture.

6. Determining role for developing, executing and directing of legislations.
7. Fast decision making capability of organizational structure.
8. Experienced, trusted and prestigious organization.
9. Following good practices with using international cooperation capabilities effectively.
10. Specialist, dynamic and self sacrificing personnel.

Weaknesses:

1. Insufficient performance evaluation and reward system.
2. Discrete information flow between internal units.
3. Lack of developing long range plans and policies.
4. Insufficient in service, foreign language and abroad trainings.
5. Insufficient physical working areas.
6. Insufficient social opportunities.
7. Insufficient level of teamwork culture/habit.
8. Resistance to change.
9. Existence of unnecessary bureaucratic processes.

Opportunities:

1. EU process reforms.
2. Improved information technologies and fast access to information resources.
3. Increased education levels and employment quality.
4. Increased cooperation opportunities against black economy.
5. Improvements in auditing techniques and standards.
6. Economical and political stability.
7. Increased attention for strategic management concept.

Threats:

1. Decreased persuasion of EU process.
2. Lack of unasked accordance for taxes.
3. Insufficient propensity to save.
4. Negative response to auditing concept.
5. Decentralized public finance management accepted as a given.

3.7 PEST Analysis

PEST analysis is very important for considering an organization's environment before beginning the strategic planning process. In fact, environmental analysis should be continuous and feed all aspects of planning. An organization's environment is made up from:

1. The internal environment e.g. staff (or internal customers), office technology, wages and finance etc.
2. The micro environment e.g. external customers/shareholders, agents, suppliers and competitors (if any)
3. The macro environment e.g. Political (and Legal) forces, Economic Forces, Sociocultural Forces, and Technological forces. These are known as PEST factors.

Political factors: The political arena has a huge influence upon the regulation of businesses, and the spending power of consumers and other businesses. We considered issues such as

1. How stable is the political environment?
2. Will government policy influence laws for taxation or budgeting?
3. What is the government policy on the economy?
4. What is the effect of the IMF over the Ministry?
5. What are the impacts of the trading agreements and European Union membership process?

Economic Factors: Ministry needs to consider the state of the trading economy in the short and long terms. This is especially important when planning to become comparable with international economies (European Union Economic Standards and IMF instructions). We looked at

1. Interest rates.
2. The level of inflation employment level per capita.
3. Long term prospects for the economy Gross Domestic Products (GDP) per capita.
4. Tax rates and the percentage of direct and indirect tax ratios.

Sociocultural Factors: The social and cultural influences on a public organization vary from country to country. It is very important that such factors are considered.

Factors include

1. What is the future of the family life, and traditions and ethics?
2. What are the attitudes to foreign products and services?
3. How much time do consumers have for leisure?
4. What is the ethical stance of giving tax?
5. What are the roles of men and women in the society?
6. How long are the population living? Are the older generations wealthy?
7. Does the population have a strong/weak opinion on green issues?

Technological Factors: Technology is vital for competitive advantage and better service quality, and is a major driver of globalization. We consider the following parts in detail;

1. Does technology allow for services to be made faster and to a better standard of quality?
2. Does the technology allow consumers and businesses more innovative services such as internet banking and electronic shopping?
3. What is the effect of new technologies on the tax revenue ratio?
4. Does technology offer Ministry new ways of communicating with and monitoring the taxpayers?
5. What is the future of credit card usage?

Actual PEST analysis results for MoF are given below;

Political Trends:

1. Physical borders will be removed for capital and workforce.
2. International law will be harmonized.
3. Trust to public will be established.
4. Fiscal stability will be protected by future governments.
5. EU membership will be argued more in Turkey.
6. ECO (Economic Cooperation Organization) will be more effective.

Economical Trends:

1. Tax inspection will be left to auditing companies.
2. Information will be the most important variable for economic growth.
3. Countries that can transfer and use the information will be more advantageous than countries that produce information.
4. Nuclear power stations will be used effectively.
5. Water resources in Turkey will be used more effectively.
6. Sales on the internet will become fully taxable.

Sociological Trends:

1. One tax office in Turkey.
2. Social communication will be reduced, individualism will be increased.
3. Marriage rates will be reduced.
4. Schools will no longer be necessary for education.
5. Information will be easier to reach.
6. Physical work environments will no longer be existed, home-offices and invisible companies will become widespread.
7. Birth rates will be reduced.
8. Older people ratio will be increased.

Technological Trends:

1. Tax auditing will be changed due to the increased rate of e-commerce.
2. Signatures will be replaced by electronic signatures.
3. Technological improvements will eliminate the need for unskilled work force.
4. Information exchange will be faster.
5. Number of personnel working in public organizations is reduced.

In our proposed methodology for the strategic management system project, our primary objective was to form an effective system that enables to create value for the beneficiaries of the MoF. **Value creation** can be done effectively only if the business processes are designed to meet the strategic goals that are previously determined within the process of strategic planning. Therefore, the entire strategic

planning studies aimed at determining the values that are going to be created to the beneficiaries. Since value is created by business processes, we used value chain analysis methods in our proposed methodology. Value chain analysis describes the activities that takes place in a business and relates them to an analysis of the competitive strength of the business.

Influential work by Michael Porter suggested that the activities of a business could be grouped under two main parts. These are

- 1. Primary Activities:** Those that are directly concerned with creating and delivering a product or service.
- 2. Support Activities:** Which whilst they are not directly involved in production or service operation, they may increase effectiveness or efficiency. It is rare for a business to undertake all primary and support activities (As cited in Bryson, 2004).

Value Chain Analysis is one way of identifying which activities are best undertaken by a business and which are best provided by others.

3.8 Connecting Value Chain Analysis to Strategy

Our main purpose in our strategic management system methodology was to create value through our processes. To do that, we needed to identify the services that produce value. Value creation process gave us the core business process definition. In our strategic management system project, we conducted process analysis studies for every unit of the MoF (for every SBU). All core business processes were modelled and related performance measures were determined. Requirement analyses were made for every SBU and their procurement processes were started and connected to the budget.

In *requirement analysis* phase, we prepared a checklist for every SBU. Checklist included work to be done in order to completely list and easy classification of requirements for each SBU. Our checklist included these tasks;

Table 5 Requirement Analysis Checklist

Process Steps that should be completed	Done (Yes/No)
Core and decision processes are determined	
Functions, products and services are determined	
Management structure (Organization Chart) are determined	
Expectations of the Centre from provinces are determined	
Reporting process and report format for provinces are determined	
Generated numerical data groups are determined	
Generated verbal opinions (reports, opinions etc.) are determined	
Numerical data groups that are required to be generated are determined	
Verbal data groups that are required to be generated are determined	
Expectations of provinces from centre are determined	
Current human resource infrastructure is determined	
Human resource requirements are determined	
Current financial situation and financial requirements are determined	
Current information system infrastructure is determined	
Information technology requirements are determined	
Current real estate infrastructure is determined	
Real estate requirements are determined	
Current/planned projects are listed	
Project requirements are listed	

The entire details of this phase of the implementation for the MoF cannot be stated here due to the privacy of this information. Instead, an example for Strategy Development Unit of the MoF by giving an example of one of their core process, its sub processes, and requirement analysis results will be used to illustrate that implementation.

Our example core process will be the budget preparation process and budget execution process of the Strategy Development Unit, one of the SBUs of the MoF and also one of the executive of the strategic management system project. These processes and their sub processes are shown as ARIS eEPC diagrams below.

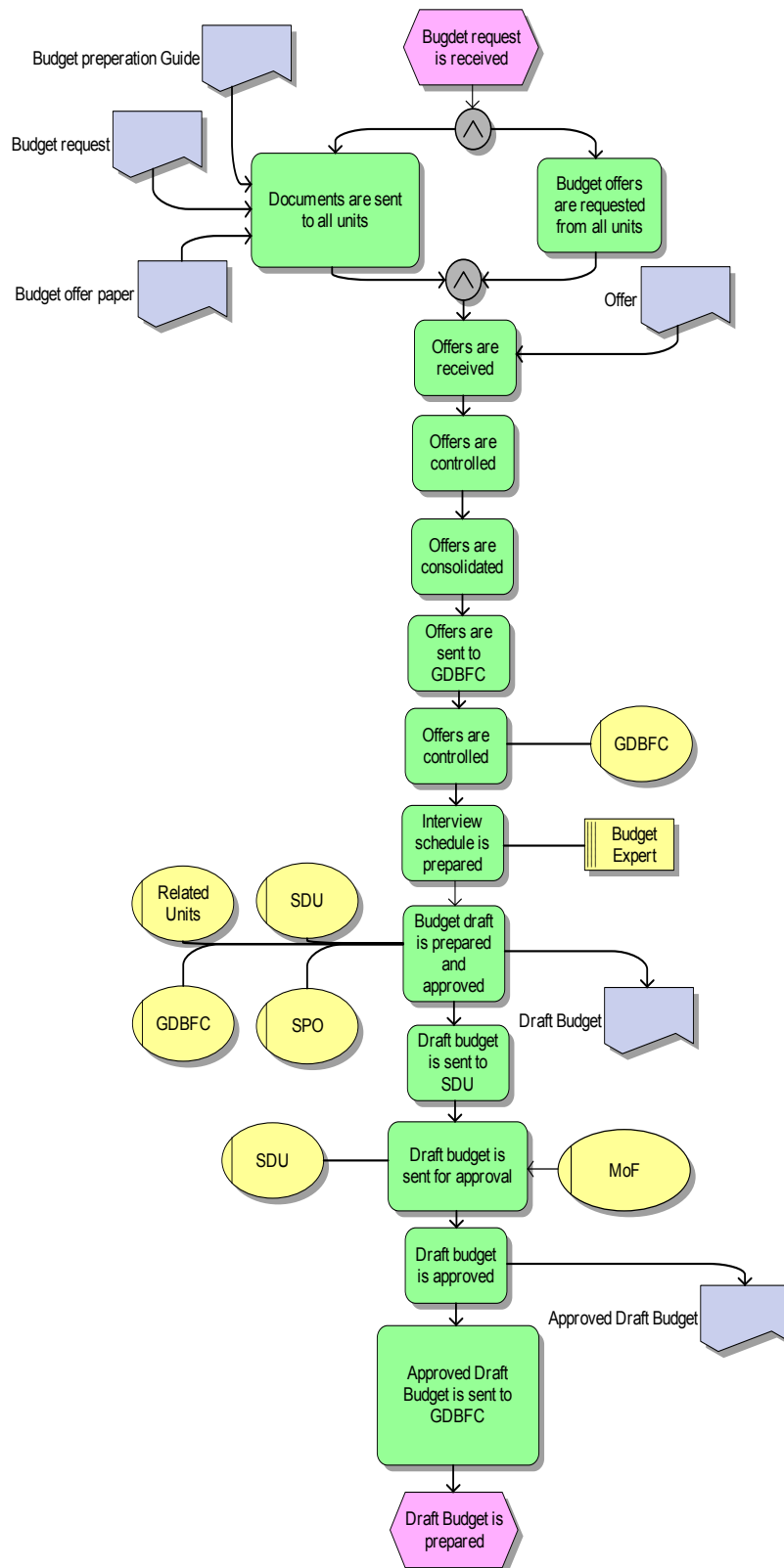


Figure 7 Budget Preparation Process

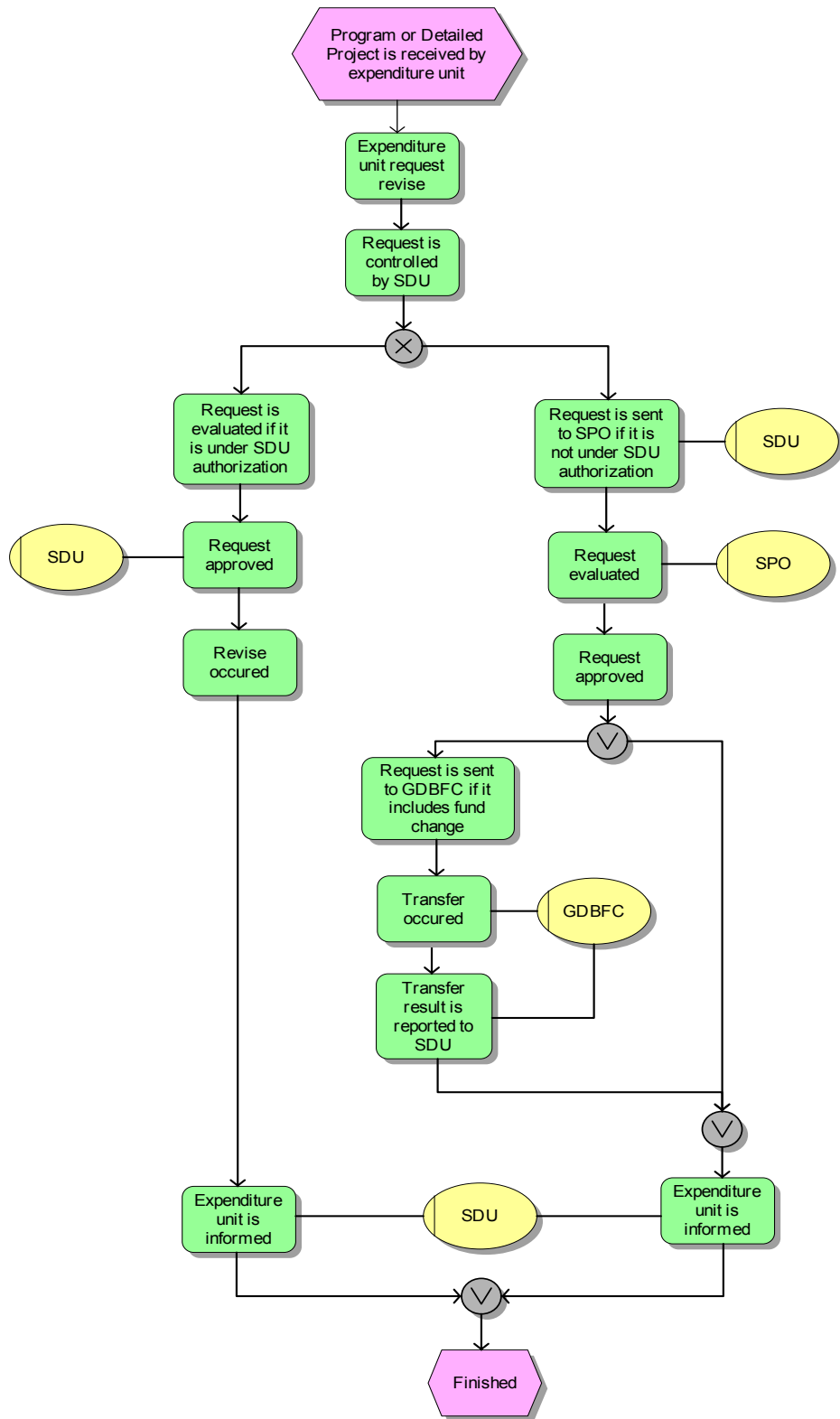


Figure 8 Budget Execution Process

These processes were closely examined and related performance indicators were determined. Performance indicators and corresponding strategic goals for the processes above are given in Table 6.

Table 6 Strategic Goal- Performance Indicators Related to the Core Processes

Strategic Goal	Related Performance Indicators
Prepare budget with respect to the governmental policies and forecasts	Total budget amount offered by public institutions / Total budget amount realized by public institutions
	Recommended budget values adoption ratio
Guide budget executions	Realization ratio → End of year / Budget law
	Detailed expenditure program (DEP) revise number and total revise value
	Expenditure transfer value that is not recommended by the law

It is obvious that, goals cannot be reached without the help of carefully planned and requirement related projects. These projects enable institutional processes execute faster, better and more efficient.

For our example processes, determined projects and their brief descriptions are given below.

A. Risk Oriented Internal Control Management Model Infrastructure for Public Organizations (TÜBİTAK PROJECT)

The purpose of the project is to

1. R&D of the models and software with the scope of international projects for Risk Oriented Internal Control Management Infrastructure that became reference model for all other public institutions,
2. determine the MoF process maps that became the basis of Performance Based Budgeting while forming Risk Oriented Internal Control Management Infrastructure,

3. developing proper organization structure and Process Based Risk Model while forming the designed Risk Oriented Internal Control Management Infrastructure,
4. developing related software and technical Infrastructure of the Risk Oriented Internal Control Management Model for public organizations,
5. inform users and managers about the required info and consultancy and training for designed sub systems and developed software, in MoF_SDU.

B. Project 2 Increasing effectiveness in the implementation of internal control within the Ministry of Finance (EU Twinning)

The purpose of the project is to establish the capacity that facilitates development of an internal control system within the MoF that is in line with EU practices and developing an internal control model to be implemented at the MoF that will become the best practice and example for other general budget agencies.

The overall objective of the project is to increase the economy, effectiveness and efficiency of the Turkish Public Internal Financial Control PIFC system and to further strengthen the administrative capacity.

All of these projects are costed and budget connections are established. They are now at pre-implementation stage.

Sample SBU requirement analysis (for Strategy Development Unit of MoF) table is given below. This analysis was conducted for every SBU in the MoF.

Table 7 MoF_SDU Requirement Analysis

MoF SDU REQUIREMENT ANALYSIS	
Core Process	MoF management support process (Provide planning, execution, monitoring and improving support for MoF management functions)
Functions	Planning Coordination: Strategic Plan Developing Policy and Standards: Processes, internal control Tracing Budget preparation and execution Performance Monitoring R&D MoF credit tracing Information Management (Publication, Library) Economical and sectoral analysis of public fiscal management
Products and Services (Outputs)	MoF Strategic Plan MoF current and investment budget MoF account of settlement MoF performance program MoF and SDU activity report, fiscal and economic reports, and statistics Presentations, speeches MIS Publications Policies, medium or long term strategies and policies of MoF and standards (internal control)
Management Structure	Given by the Organizational Chart
Decision processes	Ex. Internal control Ex-ante Financial Control <ol style="list-style-type: none"> 1. Record incoming document 2. Control for applying legislation (execute work rules) 3. Take results to the Executive 4. Inform Approval or notice of shortcomings 5. Return to department with reasoned decision document Directives are present, we are working on using information management more frequent and become information management more defined.
Expectations of centre from provinces	Budget execution information Overtime information
Province reporting process and report format	Stakeholder report from provinces Province based satisfaction results Budget execution software is ready Overtime Software is ready
Generated numerical data groups	Data that is required for preparation and execution of budget process MoF accounts of settlement
Generated verbal data (reports, comments etc.)	Presentation speeches of the Minister Internal control reports Internal control standards MoF Strategic Plan
Numerical data groups that are required to be generated	Data that are obtained from other departments of MoF: Data that are used for Ex-ante Financial management Regional macro indicators about operation area
Verbal data groups that are required to be generated	Sectoral policy report Sectoral balance model Policies and standards and related comments
Expectations of provinces from centre	These expectations will be determined by province stakeholder analysis

Table 7 MoF_SDU Requirement Analysis (cont'd)

HR infrastructure (current)	Specialist, junior specialist Project researchers
(Requirements)	Foreign specialist Foreign similar private and public organizations National specialist National similar private and public organizations Training Certification
Finance infrastructure (current)	SDU budget 1007 budget
(Requirements)	OECD 1007
IT infrastructure (current)	Servers, network, personal computers System and execution software
(Requirements)	New execution, modelling and simulation software
Movable and immovable infrastructure (current)	None
(Requirements)	Public Fiscal Research Institute
Current projects	Strategic Management System – Model and Software SDU infrastructure project
Planned projects	Process Based and Risk Oriented Internal Control System (EU, 1007) Semantic Information Acquisition System (FP7) Public Integration Layer (FP7) Public Finance Learning Systems (1007) Public Fiscal Decision Ontology (FP7) General and Sectoral Balance Model (1007) OECD Sigma SDU.Net

3.9 Results

At the end of all these phases, we have reached the final mission and mission statement, strategic themes and strategic goals for the MoF. These information statuses are now set to unclassified, so they are given in the following paragraph.

However, unit strategic objectives, related unit targets, performance target values and objective related project or action requirements were also determined but they were in classified status at the preparation time of the thesis. Because of that, limited information will be shown in order to prove the proposed methodologies' feasibility. Strategic themes, strategic goals related to these themes, MoF objectives related to the MoF strategic goals, unit objectives related to MoF objectives, unit performance indicators related to the unit objectives and responsibility matrix for

the performance indicators will be given as tables after stating the mission, vision, strategic themes and strategic goals of MoF. An example performance target related to an indicator will be shown and related target values will be given.

Strategies and actions that will be used to achieve these targets will then be given in order to give the general scope of the achieved strategic plan.

Since Unit objectives, unit targets and performance target values contain some strictly confidential information, MoF do not give permission for any of this information to be public. Because of that, only one unit objective and related performance target value will be stated here. In addition to that, corresponding actions/strategies for that specific target will be given.

MoF's mission is to contribute to determining fiscal policies, implement the fiscal policies determined, monitor and audit the implementation of the policies in order to achieve economic and social objectives within the framework of good governance principles.

MoF's vision is to be a transparent, accountable, and a pioneer MoF that provides fast and high quality services.

Strategic themes are determined in order to group these institutional strategic goals. Strategic themes can be seen as the general aims of MoF. Themes are needed to provide better understanding of the strategic goals' meanings.

Themes also provide better coverage for the general idea of strategic goals. Each theme includes one or more strategic goal. These themes are as follows:

1. Support for policy determination (includes Goal 1),
2. Effective management of public resources (includes Goal 2, 4 and 6),
3. Institutional development (includes Goal 3 and 10),
4. Auditing and consultancy (includes Goal 5, 7 and 8),
5. EU integration (includes Goal 9).

Strategic goals of MoF are:

1. To contribute to determining efficient fiscal policies which will enhance economic growth, social justice, employment and international competitiveness in a comprehensive way and implement these policies,
2. To ensure efficiency, effectiveness and transparency in collection and allocation of public resources in order to allocate these resources according to public interests,
3. To improve organizational structure in order to present high quality public services,
4. To increase the social and institutional awareness about collecting, spending and monitoring the public resources,
5. To protect governmental receivables by respecting the individual rights,
6. Better utilization of public immovables for production,
7. To combat black economy, corruption and informal economy in an effective way,
8. To harmonize financial management and control systems of public administrators,
9. To ensure harmonization with EU *acquis communautaire* in public finance and be effective in relations with international fiscal institutions,
10. To improve financial management and control systems by maintaining integration in information systems.

Theme relationship tables are given below. Unit objectives are shown in these tables by stating their numbers because this information is not allowed to be public by Ministry of Finance.

Table 8 Strategic Plan Theme 1 Relationship

Theme	Support for policy determination			
Goal	To contribute to determining efficient fiscal policies which will enhance economic growth, social justice, employment and international competitiveness in a comprehensive way and implement these policies			
Related Objectives	To execute multiple year budget concept based on single medium term budget policy document (MTBPD) until the end of 2012	To allocate resources rationally in budget preparation and execution	To determine alternative policies about rational personnel regime and employment model	To increase the efficiency and effectiveness of gathering public revenues and to develop revenue policies that provides fair taxation
Unit Objectives	GDBFC 1.1, 1.2	GDBFC 2.2, 2.4, 1.1, 2.3	BFI 1.1, 1.2 SDU 1.1, 10.2 GDBFC 1.3, 1.4 TIB 1.1 GDRP 1.1, 2.2	GDRP 1.1, 1.3, 2.1, 2.2
Related Performance Indicators	Deviation ratio of budget forecasts from predetermined budget limits stated in MTBPD	Number of sectoral risk analysis reports	Total number of executed policy / Total number of prepared alternative policy	Number of sectoral tax analysis reports
	Deviation ratio of actual budget values from predetermined budget limits stated in MTBPD	Value added to Turkish economy from resource allocation	Value added to Turkish economy from developed policies	Income distribution reports' contribution to developed income policies
	Total number of inspected country budget departments	Public needs and priorities fulfilment ratio	Number of regulatory impact analysis report / Number of legislation	Number of published books as a result of researches or studies
	Number of prepared legislation		Number of analysis reports	Direct / Indirect tax ratio
Responsible Unit	GDBFC	GDBFC	GDBFC - GDRP	GDRP

Table 9 Strategic Plan Theme 2 Relationship (I)

Theme	Effective management of public resources			
Goal	To ensure efficiency, effectiveness, transparency and accountability in collection and allocation of public resources in order to allocate these resources according to public interests			
Related Objectives	To develop mechanisms about the application and efficient execution of performance based budgeting systematic	To increase institutional and social consciousness in gathering, spending and auditing of public resources	To develop a fiscal reporting system systematic that complies international standards	To develop spending monitoring system in managing public resources
Unit Objectives	GDBFC 2.1	BFI 4.1 SDU 4.1 TIB 4.1, 4.2	GDPA 2.1, 2.2, 2.3, 2.4, 9.2	BFI 2.1, 3.1 GDPA 2.5, 2.6 TIB 2.1
Related Performance Indicators	Target budget/actual budget	Number of informational documents for public institutions	Adapted IPSAS Standards / Total number of IPSAS Standards	Ratio of monitored risk areas
	Total budget amount offered by public institutions / Total budget amount realized by public institutions	Number of courses given in universities	Number of fiscal reports consistent with international standards	Ratio of inspected public institution
	Ratio of public institutions that prepare performance based budget to all public institutions	Number of national/international information meetings (conference, seminar, panel etc.)	Error ratio in reports (To decrease actual error ratio to 1 percent of the initial value until 2012)	Number of reports consistent with international standards about general management sector
Number of published or electronic documents provided by MoF (Bulletin, book, guide, form etc.) and page number				
Responsible Unit	GDBFC	TIB - SDU	GDPA	BFI

Table 10 Strategic Plan Theme 2 Relationship (II)

Theme	Effective management of public resources	
Goal	Better utilization of public immovable for production	
Related Objectives	To increase the process of bringing in the movables and immovable to the economy	To increase the conformity of value added of public immovable to economical and social priorities
Unit Objectives	GDNE 1.1, 2.1, 7.1, 8.1 BFI 6.1 GDLRF 2.1	GDNE 1.2, 6.1, 6.2, 3.2
Related Performance Indicators	Immovable amount provided for natural person and corporate entity	Value added to the Turkish economy from assessed immovable / Sectoral area
	Movable amount provided for natural person and corporate entity	Income amount from immovable assessment
	Request fulfilment time	Immovable amount assessed based on sectoral area
	Fulfilled requests / Total requests	Value added to the Turkish economy from assessed immovable / Sectoral area
	Movable amount left in hand / Total movable amount	Income amount from immovable assessment
	Liquidation time of movables	
Responsible Unit	GDNE - GDLRF	GDNE

Table 11 Strategic Plan Theme 3 Relationship (I)

Theme	Institutional development			
Goal	To improve organizational structure in order to present high-quality public services			
Related Objectives	To increase customer satisfaction of MoF by 2 percent every year	To increase personnel satisfaction of MoF by 2 percent every year	To enhance MoF institutional infrastructure capable to fulfil mission and vision statements of MoF until 2012	Change personnel management of MoF to human resources management until 2012
Unit Objectives	GDNE 3.3, GDPA 3.4 SDU 3.5 GDLRF 3.2 EUFA 9.3 CLA 3.9, 5.3 GDBFC 3.5, 3.2, 8.3 TIB 3.1 FCI 7.1.6 GDRP 3.1, 3.2 HTC 3.6, 3.15	SDU 3.6 GDP 3.7 GDLRF 3.2 EUFA 9.2, 9.3 CLA 3.8, 3.1, 3.2, 5.1 TIB 3.3 DAFA 3.2, 3.5, 3.1, 3.3, 3.4 HTC 3.6	SDU 3.4 GDP 3.1, 3.2 GDLRF 3.1 EUFA 9.1 CLA 5.2, 5.1 GDBFC 3.1	GDP 3.2, 3.3, 3.4 CLA 3.4, 3.8 HTC 3.8
Related Performance Indicators	Customer satisfaction ratio	Personnel satisfaction ratio	Number of units positioned in the same duty area/ Duty area	Number of personnel that are subjected to performance evaluation / Total number of personnel
	Service time to external stakeholders / Targeted service time	Resign rates	Service time to internal stakeholders / Targeted service time	
	Evaluated recommendation and complaint numbers	Number of information meetings held by MoF for internal stakeholders	Number of prepared risk analysis reports	
	Number of information meetings held by MoF for external stakeholders / Total number of training		Prepared scorecard (success) rate / Targeted success rate	
	Number of errors			
Responsible Unit	SDU	GDP – DAFA	GDP	GDP

Table 12 Strategic Plan Theme 3 Relationship (II)

Theme	Institutional development	
Goal	To improve organizational structure in order to present high-quality public services	
Related Objectives	To increase Human resources and management capacity of MoF constantly	To increase the training amount 10 percent for MoF personnel every year
Unit Objectives	GDNE 3.1, 3.4, 3.5 BFI 3.2 GDPA 3.2, 3.3 SDU 3.1, 3.2, 3.3, 3.4 GDP 3.1, 3.6, 3.4 GDLRF 3.1, 7.1 EUFA 9.2 CLA 3.5, 3.2, 3.3, 3.6 GDBFC 3.3, 3.6 TIB 3.2, 7.1 HTC 3.3, 3.4, 3.7, 3.10, 3.12	BFI 3.2 GDPA 3.3 SDU 3.1, 3.3 GDP 3.8 GDLRF 3.1 EUFA 9.2 CLA 3.2 FCI 3.2 GDRP 9.2 DAFA 3.1 HTC 3.1, 3.2, 3.5, 3.8, 3.9, 3.11, 3.13, 3.14
Related Performance Indicators	Number of personnel that benefits from abroad opportunities (Formal duty and academic study) / Total number of personnel	Total number of trained personnel
	Number of personnel that has at least KPSS C degree in any foreign language / Total number of personnel	Total number of remotely educated personnel / Total number of personnel
	Number of personnel that has at least master degree / Total number of personnel	Total number of remotely educated external stakeholders
	Number of inspections	
	Total number of personnel / Number of Norm staff	
	Actual physical resources / Norm physical resources	
	Expenditure amount for physical resources	
	Number of books and periodicals in the library	
	Action ratio that has passed to institutional performance system	
Actual number of cases that are subjected to internal control / Total number of cases that should be subjected to internal control		
Responsible Unit	GDP	HTC

Table 13 Strategic Plan Theme 3 Relationship (III)

Theme	Institutional development		
Goal	To improve financial management and control systems by maintaining integration in information systems		
Related Objectives	To integrate MoF information systems based on future policies and standards	To develop systems that will operate in electronic environment in order to increase the efficiency of MoF processes	To increase the integration of public information systems with MoF information systems
Unit Objectives	GDPA 10.1, 10.2, 10.4, 10.5 SDU 10.1, 10.2 GDP 3.5 CLA 5.4 HTC 3.13	GDPA 3.1, 10.2, 10.3 SDU 10.1, 10.2 GDP 3.5 GDLRF 3.3 EUFA 9.2 CLA 5.4 GDBFC 3.2, 3.4 FCI 7.2 GDRP 1.2 HTC 3.13	GDNE 10.1 GDPA 3.4, 10.3 CLA 5.4 GDBFC 3.4, 10.1, 10.2
Related Performance Indicators	Number of integrated systems	Number of e-government systems	Number of integrated systems
	Hardware expenses / Ministry budget	Number of e-forms / Total number of forms	Electronic information flow / Total information flow
	Software expenses / Ministry budget	Number of e-actions / Total number of actions	
	Information security standards compatibility ratio	Electronically stored data warehouse volume	
	Number of semantic integration mechanisms	Added value of DSS systems	
	MoF IT system model compatibility ratio		
	Added value of IT systems to MoF		
Responsible Unit	SDU	SDU	SDU

Table 14 Strategic Plan Theme 4 Relationship (I)

Theme	Auditing and consultancy		
Goal	To protect government receivables by respecting the individual rights		To harmonize financial management and control systems of public administrations
Related Objectives	To increase prejudgement solutions of conflicts every year	To improve judgement process	To increase the accounting systems related to fiscal management and control, internal auditing and performance based budgeting compatibility ratio to 100 percent
Unit Objectives	CLA 5.2, 5.1	CLA 5.1, 5.3	GDPA 8.1, 8.2 GDBFC 8.1, 8.2, 8.3
Related Performance Indicators	Number of files solved prejudgement / Total number of files	File passing time to judgement	Rate of performance programs that complies with determined standards
		Informing time of central office for cases	Rate of action reports that complies with determined standards
		Number of cases that has missing information, document and evidence / Total number of cases	Number of public institutions that use SAY2000i /Target number of public institutions
			Number of prepared secondary legislation
		Number of recommendation, evaluation and complaints	
Responsible Unit	CLA	CLA	GDBFC – GDPA

Table 15 Strategic Plan Theme 4 Relationship (II)

Theme	Auditing and consultancy	
Goal	To combat black economy, corruption and informal economy in an effective way	
Related Objectives	To develop mechanisms against crimes and decrease finance of terrorism	To decrease black economy ratio
Unit Objectives	TIB 7.1 FCI 3.1, 7.1, 7.2,	BFI 7.1, 7.2, 7.3, 7.4, 7.5 TIB 7.1 FCI 7.3
Related Performance Indicators	Amount of Discharged crime income	Black economy ratio
	Amount of Terror finance	
	Number of inspected tax-payer/ Targeted number of tax-payer determined in risk analysis	
	Number of inspected tax-payer / Number of inspected tax-payer on the list	
	Inspection and evaluation time	
	File ratio that became typology	
	Inspected liable group ratio	
	Remotely monitored sector ratio	
Responsible Unit	FCI	BFI - TIB

Table 16 Strategic Plan Theme 5 Relationship

Theme	EU integration	
Goal	To ensure harmonization with EU acquis communautaire (müktesebat) in public finance and be effective in relations with international fiscal institutions	
Related Objectives	To increase EU integration of public finance to 100 percent	To increase the effectiveness of relationships between international financial institutions
Unit Objective	GDRP 9.2 GDPA 9.1, 9.2 GDBFC 9.1 HTC 9.1	BFI 9.1, 9.2 EUFA 9.4 TIB 9.1 GDRP 9.1, 9.3
Performance Indicators	Rate of harmonization to EU acquis communautaire	Number of international connection point / Target number of international connection point
	Rate of social consciousness for EU integration	Rate of compliance to international liabilities
	Number of prepared EU integration legislations	Number of enrolment to international programs
	Number of enrolment to EU exchange programs	Number of members in permanent work groups
Responsible Unit	EUFA	EUFA

3.9.1 Example Theme to Actions/Strategies Connection

Theme: Institutional development

Strategic Goal: To improve organizational structure in order to present high-quality public services.

Strategic Objective: To increase human resources and management capacity of MoF constantly.

Strategic Unit Objectives TIB 3.2: Provide personal development possibilities for account experts.

One of the Strategic Unit Target of TIB: To improve KPDS or equal examination scores of all accounts experts who employed after 2000 to the following levels for the corresponding years.

- 10% at (A) level, 15% at (B) level and 35% at (C) level by the end of 2008,
- 15% at (A) level, 20% at (B) level and 35% at (C) level by the end of 2009,
- 20% at (A) level, 25% at (B) level and 35% at (C) level by the end of 2010,
- 25% at (A) level, 25% at (B) level and 35% at (C) level by the end of 2011,
- 30% at (A) level, 25% at (B) level and 35% at (C) level by the end of 2012.

Performance indicator: Number of personnel that has at least KPSS C degree in any foreign language / Total number of personnel (KPDS score)

Related **performance target values** are set as shown below, current value is calculated as 45%.

Table 17 Performance Targets

Years	2008	2009	2010	2011	2012
Number of personnel with required score / Total number of personnel (%)	60	70	80	85	90

Actions/strategies to be used in order to accomplish these performance values are;

1. Ministry of Finance will only employ personnel with KPDS score C.
2. Current personnel who have insufficient foreign language level will be trained by universities and language courses. At the end of each course, a proficiency exam will be used to evaluate the improvement. By that way, training performance will also be measured.
3. International meeting and congress will be organized and personnel will be encouraged to attend these kinds of activities.
4. Abroad working and studying possibilities will be increased.

CHAPTER 4

CONCLUSION

Preceding chapters have identified the proposed methodology and its practical application in Ministry of Finance. Some actual results have also been listed. This chapter will list the organizational achievements of the proposed strategic planning methodology and techniques used in the application that are main advantages over other strategic planning methodologies.

Author was a project team member and took part in almost every phase from the beginning to the end of this strategic management system project. Especially, all SBUs' process models are designed and process modelling training was given by the author. Strategic planning process is also modelled entirely by the author. In unit training sessions, author acted as a consultant and as a mentor.

4.1 Overall Progress and Results

In spite of obstacles, MoF made significant progress at establishing and institutionalizing a corporate style strategic planning process.

Through strategic planning process MoF has

1. process models of all main activities,
2. an organizational vision of future success,
3. an understanding of the strategic alternatives,
4. a strategy,
5. a strategic plan,
6. a to-do list which includes required projects that will further improve the efficiency of applied strategic plan.

More importantly, the institution had numerous tangible and intangible benefits originating from having worked through the planning process and from having managers and executives whose thinking is more strategically orientated.

4.2 Tangible and Intangible Results

Tangible results include;

1. strategic planning education,
2. work segmentation,
3. defined technical and management thrusts,
4. strategic thinking and decision - making based upon strategic direction and plans,
5. articulated corporate level management and programme guidance,
6. future vision and posture,
7. identification of strategic issues and options,
8. strategic plan,
9. resource allocation based upon organizational needs.

Intangible results are many. Examples include:

1. common language for communication,
2. more long range and strategic thinking,
3. a clear rationale for organizational decisions useful internal and external to the Ministry,
4. the corporate view as an organizational forcing function; understanding the organizational fit of technical work elements; an appreciation of support services work and costs,
5. concept of who we are and where we want to go,
6. ministry dialogue, understanding, internalization of goals, objectives, and strategies,
7. recognition of MoF as a forward planner with core skills and an agency-specific advantage.

Proposed strategic planning methodology enabled Ministry of Finance to achieve these results because it combines lots of techniques that are used separately for public organization strategic planning activities before. The methods and techniques used in Strategic Management System Project and strategic planning process are as follows:

1. **State Analysis:** State Analysis includes establishment, legal commitments and legislation analysis of the Ministry; determination of activity areas, products and services of the Ministry; intra Ministry analysis (organizational structure of the Ministry, human resources, financial resources, institutional culture and technological level). Within this scope, the followings are examined:
 - a. main service/production processes,
 - b. management structure and decision making process,
 - c. human resources and financing resources,
 - d. the infrastructure of IT technologies,
 - e. vehicles, buildings and other assets,
 - f. important activities and projects being carried out,
 - g. current state and development trends in the activity areas of the Ministry both at home and abroad.
2. **Stakeholder Meetings:** Stakeholder meetings have been held at the level of central organization, provincial organization and units of MoF. These studies has been carried out as follows:
 - a. identification of stakeholders,
 - b. prioritization of stakeholders,
 - c. evaluation of stakeholders,
 - d. taking their opinions and proposals and evaluation thereof.
3. **Pest Analysis and SWOT analysis** has been taken as basis.
4. **Training:** Training has been carried out by using the techniques based on theory, practice and interaction in internal and external environments. There were trainings on Strategic Management, Strategic Planning and Performance Based Budgeting in Finance High Training Center of MoF.
5. **Implementations:** Within the scope of practical studies have been carried out by the participation of top managers and the employees, techniques such

as compromise, prevision meetings, reporting, opinion deliver, use of IT technologies, focus group studies have been used.

6. **Research:** Techniques, such as resource research, comparison database, and survey have been used in research studies that were required during the project.
7. **Literature search:** The sources obtained after making the literature search about strategic management, strategic planning, process management, internal control, management knowledge systems published in the official web site.
8. **Guide of Basic Concepts in Strategic Planning:** Guide of Basic Concepts in Strategic Planning which became a reference for all public administrations has been published both in Turkish and English versions.
9. **Publication/To publish:** Printing and publishing media activity and every kind of publication activity to be carried out on radio, television and in electronic media to be required and deemed appropriate have been realized by using the appropriate methods.
10. **Process modelling:** The studies carried out within this framework were based on Cooperatibility Guidelines. Main/core processes of every unit of the Ministry of Finance have been identified and performance indicators have been determined on process basis.
11. **Portal of SDU:** Every result of all the studies carried out have and will be shared with stakeholders and other Strategy Development Units in electronic media. By this way, an interactive atmosphere will be ensured.
12. **Mentoring:** The studies that have been carried out in the units for determining objectives, detailing process/activity and setting out performance indicators were based on a relation just like the one between the expert and apprentice.
13. **Teamwork and participatory approach:** Strategy Development Board, Strategic Planning Steering Committee, Strategic Planning Working Group and Project Team which have been explained in details in the preceding parts include the representatives of all strategic business units.

The most relevant results of these techniques are:

1. **Promotion** of strategic **thought and action** and high level of **participation** - participative methodology is probably one of the most powerful instruments of social control.
2. Improved **decision making** – strategic planning activities, training sessions and literature search improve decision making abilities of all participants in Ministry of Finance.
3. **Ownership** - only the feeling of ownership of the strategic plan document guarantees its' implementation.
4. Developing a **process based strategic plan**- process oriented strategic plan enables all the strategies be independent from people (managers and executives) and organizational chart. It is very important in highly political environments like Turkey.
5. **Simultaneous adoption of budget and program** – the practice of adopting budget and program at the same time rarely appears in Turkey even though the program is not actually feasible without detailed matching the two documents.
6. **Enhanced** institutional **responsiveness** and improved **performance** – clear descriptions of responsibilities and improved process models eliminate the problems that reduce performance and increase the reaction time.
7. **Cyclical process of adoption of budget** – on a yearly basis taking into account the Strategic program and the Operation plan.
8. **Direct benefit** for the institution's **people** - strategic planning efforts help them better perform their roles, meet their responsibilities, and enhance teamwork and expertise.

One of the main shortcomings of this study was the limited province participation of Ministry of Finance. Due to the time limitations, province comments and recommendations cannot be fully collected. Because of that, proposed methodology applied more like using a top down approach, which upper management defines the rules and the others follow. More participation will surely result greater organizational ownership of the strategic plan.

Other shortcomings of this study are:

1. strategy thinking is based on hypothesis but operations and budget are based on past data analysis,
2. major problem aroused during the identification of targets at the institutional level. 300 targets identified at the directorates level were consolidated to 27,
3. there is an imbalance in the distribution of objectives in terms of different perspectives,
4. bottom to top approach comes with leadership and ownership problems,
5. defined targets are hard to measure, because they are set as sub objectives,
6. mission, vision, strategic themes and strategic objectives are drafted at institutional level by the Steering Committee but targets and performance criteria are defined at units level, then consolidated at the institutional level,
7. although consensus of the upper management is taken, targets are set by the SDU,

The methodology determined after concluding the project will be considered as a guide, having a potential of becoming widespread/common for all other public administrations including the local administrations for several reasons.

First of all, there is no other alternative strategic planning methodology applied successfully in Turkey for ministry scale. Test application in one of the ministries has failed. In addition to that, there is no strategic planning experience in Turkish public sector. The only strategic planning methodology that has proven to be worked for such a great scale institution is defined in this study and that makes this methodology as a guide.

Lastly, Ministry of Finance has complete monetary control over Turkish public sector and since Public Financial Management and Control Law brings performance based budgeting system based on strategic planning, all other administrations will surely use the same methodology that Ministry of Finance used just to prevent potential problems in budget negotiations. This habit has been seen in almost all budget related changes in Turkish public sector.

Implementation of this methodology will on one hand ensure the compliance with legislation (5018, 5436, 5272, 5216 no Laws), on the other hand will facilitate the adoption of a transparent and can be monitored public financial management which is based on effective, efficient and economic utilization of public resources and good governance principles.

At the end of all these studies, a feasible strategic planning approach for all public administrations is determined and applied successfully. Overall, it should be noted that this methodology and its implementation results the documentation of the first strategic plan for the Ministry.

Results would be far from perfect, but experiences gained in this study will help developing more efficient, effective and performance oriented strategic plans for public administrations in the future.

Therefore, the Strategic Planning methodology proposed in this study is only a framework which has to be improved and reviewed progressively with broader and more effective participation of the entire public and non-profit organizations.

4.3 Lessons Learned

Lessons learned from past showed that documents that have not been asked for, but produced directly by outsourcing, had never been implemented. To avoid mistakes from the past, every SBU in Ministry of Finance acted actively in developing process of the strategic planning; every unit produced their own documents according to the well-articulated needs and expectations with the help of assigned mentors.

Time and resources (especially financial ones) are not obstacles to elaboration of one strategic document. Real obstacles could be inadequately educated personnel, insufficient number of them and rejection of idea (unwillingness) of elaboration the development document.

To overcome that fact, we prepared training sessions for the key personnel and we used literature search method and created a library in order to inform all personnel about strategic planning. We also prepared a guide for the general concepts list in strategic management in order to form a standard language among all participants.

It is also realized that technological infrastructure plays an important role in the development and implementation process. We determined the technological requirements and then constructed the infrastructure in order to help strategic planning activities to be performed better and easier.

Finally, it was clear that technology is not the most important constraint in these kinds of projects, people's mind is. That's why we spent most time for training and creating the feeling of ownership of the strategic plan.

4.4 What is the Future Direction?

What Ministry of Finance has achieved cannot be overemphasized. It has developed a strategic planning capability and culture. More importantly, it has not let strategic planning degenerate into a mechanistic process nor has it allowed the process to run the management. Rather, strategic planning has provided a forcing function for participation, communication, and development of an institutional view. Because of the way the bureaucracy works in terms of stakeholders and controlling constituencies, even the institutionalization of strategic planning at Ministry of Finance may be fragile.

Finally, in terms of techniques and special adaptations for Turkish governmental system, we can clearly state that our proposed methodology for the public organizations can be considered as a guide for Turkish public sector organizations.

4.5 Further Research

Future work can be described from two points of views; one concerning the software development and the other is about improvements to the effectiveness of

the proposed methodology. Developing the software components of the proposed strategic planning methodology for public organizations can be a research area in software development. Since the current budget – strategy connection is still not defined strongly; Performance Based Budgeting can be used to improve the connection between strategic plan and operational plan in public institutions.

Lastly, performance metrics for the internal control system within the public organizations should be researched and developed as a further study.

REFERENCES

1. Allison, M., Kaye, J., 1997, *Strategic Planning for Nonprofit Organizations*. New York: Wiley
2. Atkinson, A. A. and McCrindell, J. Q., 1997. *Strategic performance measurement in government*, CMA Magazine, April, 20–23
3. Barnow, BS (1992), *The Effect of Performance Standards on State and Local Programs*, in Manski , C and Garfinkel, L (eds) *Evaluating Welfare and Training Programme*, Cambridge MA, Harvard University Press
4. Behn, R.D. (2003), “*Why Measure Performance? Different Purposes Require Different Measures*”, *Public Administration Review*, Vol. 63, No. 5, Sep-Oct, pp. 586-606
5. Berman E. M, West J P 1998, *Productivity Enhancement efforts in public and non-profit organizations*, *Public Productivity and Management Review* 22: 207-219
6. Birdsall, D.G. & Hensley, O.D. (1994) *A New strategic planning model for academic libraries*. *College and Research Libraries*. 55(2), pp 149-159
7. Boyne, G., Gould-Williams, J., Law, J. and Walker, R. (2002), “*Plans, Performance Information and Accountability: the Case of Best Value*”, *Public Administration*, Vol. 80, No. 4, pp. 691-710
8. Bresser R. K. and Bishop R. C., *Dysfunctional Effects of Formal Planning: Two Theoretical Explanations*, *Academy of Management Review*, 8, 588–599 (1983)
9. Broadbent, J., (1995). *The values of accounting and education: Some implications of the creation of visibilities and invisibilities in schools*, 6, 69–98
10. Bryson John M., 2004, *Strategic planning for public and non profit organizations: a guide to strengthening and sustaining organizational achievement, 3rd edition*
11. Burgess, S, Propper, C and Wilson, D (2002), *Does Performance Monitoring Work? A Review of the Evidence from the UK Public Sector, Excluding Health Care*, CMPO, University of Bristol, 02/049

12. Cao G. (2001) *Contemporary systems thinking and organizational change management*. PhD thesis, University of Luton
13. Chandler, A. D. (1962). *Strategy and structure*. Cambridge, MA: The MIT Press
14. Collis D. J. and Montgomery C. A., *Competing on Resources: Strategy in the 1990s*, Harvard Business Review, July/August, 118–128 (1995)
15. Corral, S. (1994) *Strategic planning for library and information services*. London: Aslib
16. Decker, S., Erdmann, M., and Studer, R., 1996, "A Unifying View on Business Process Modelling and Knowledge Engineering", Proceedings of the 10th Knowledge Acquisition for Knowledge Based Workshop, pp.1-16.
17. Dixit, A (2002), *Incentives and Organizations in the Public Sector: An Interpretive Review*, Journal of Human Resources, 37(4), 696-727
18. Favret, L. (1995) *Local government change and strategic management: an historical perspective*. Public Library Journal, 10(4), pp 95-101
19. Foss J. N., *Resources and Strategy: A Brief Overview of Themes and Contributions*. In N. J. Foss (ed.), Resources, Firms and Strategies, pp. 3 - 18. Oxford University Press, Oxford (1997)
20. Gimeno J., Chen M. J. , Bae J, (2006), *Dynamics of Competitive Repositioning: A Multidimensional Approach*, Ecology and Strategy, Advances in Strategic Management, Vol. 23, 399-441
21. Goodstein, L. D., Nolan, T. M., & Pfeiffer, J. W. (1992). *Applied strategic planning – A comprehensive guide*. San Diego, CA: Pfeiffer & Company
22. Grant R. M., *The Resource-Based Theory of Competitive Advantage: Implications for Strategy Formulation*, California Management Review, Spring, 114–135 (1991)
23. Greenley G. E., *Strategic Planning and Company Performance: An Appraisal of the Empirical Evidence*, Scandinavian Journal of Management 10 (4), 383–396 (1994)
24. Hacıhasanoğlu B. 1999. *Açılış Paneli*, Kamu Yönetiminde Kalite 1. Ulusal Kongresi Bildirileri, Cilt 1. TODAİE: Ankara; 13–41
25. Henry, H. 'The evolution of strategic planning in major corporations', *Proceedings*, American Institute of Decision Sciences, 1980, pp. 454-456

26. Hlupic, V., and Robinson, S., 1998, "*Business Process Modelling and Analysis Using Discrete-Event Simulation*", Proceedings of the Winter Simulation Conference, Vol-2, pp.1363-1369.
27. Holcomb T. R., Holmes R. M. Jr., Hitt M. A., (2006), *Diversification to Achieve Scale and Scope: The Strategic Implications of Resource Management For Value Creation*, Ecology and Strategy, Advances in Strategic Management, Vol. 23, 549-587
28. Hood, C., 1995. *The 'new public management' in the 1980s: Variations on a theme*, Accounting, Organizations and Society, 20(2/3), 93–110
29. IDS Scheer AG, 2007, "*ARIS Framework Concept*"
30. Johnson, Gerry and Kevan Scholes (2002) *Exploring Corporate Strategy: Sixth edition*, Edinburgh, Pearson Education Limited
31. Kantor, R. M., 1999, *The enduring skills of change leaders*, Leader to Leader 13, Summer, 15-22
32. Karen E. Papke- Shields, Manoj K. Malhotra, Varun Grover, 2006, *Evolution in the strategic Manufacturing Planning Process of Organizations*, Journal of Operations Management 24, 421 – 439
33. Kelly, Gavin and Stephen Muers (2002) "*Creating Public Value: An analytical framework for public service reform.*" London, Strategy Unit, Cabinet Office
34. Kouzmin, A., Loffler, E., Klages, H. and Korac - Kakabadse, N. (1999) "*Benchmarking and Performance Measurement in Public Sectors: Towards Learning for Agency Effectiveness*", The International Journal of Public Sector Management, 12(2):121
35. Kravchuk, R and Schack, R (1996) *Designing Effective Performance Measurement Systems under the Government Performance and Results Act 1993*, Public Administration Review 56(4): 348-358
36. Lauzen, M. M. (1995). *Public relations manager involvement in strategic issue diagnosis*. Public Relations Review, 21(4), 287–304
37. Lindsay, A., Downs, D., and Lunn, K., 2003, "*Business Process-Attempt to Find a Definition*", Information and Software Technology, pp.1015-1019.
38. Locke, E. A., Shaw, K. A., Saari, L. M., & Latham, G. P. (1981). *Goal setting and task performance: 1969–1980*. Psychological Bulletin, 90, 125–152

39. Locke, E. A., Frederick, E., Lee, C., & Bobko, P. (1984). *Effect of self-efficacy, goals, and task strategies on task performance*. Journal of Applied Psychology, 69, 241–251
40. Locke, E. A., & Latham, G. (1990). *A theory of goal setting and task performance*. Englewood Cliffs, NJ: Prentice-Hall
41. Loos, P., and Allweyer, T., 1998, “*Object-Oriented Modelling Through Applying Event Driven Process Chain (EPC) in UML*”, IEEE, pp.102-112.
42. Macintosh R., MacLean D., 1999, *Conditioned emergence: A dissipative structures approach to transformation*, Strategic Management Journal; Apr 1999; 20, 4; ABI/INFORM Global pg. 297
43. Mannion, R and Goddard, M (2000), *The Impact of Performance Measurement in the NHS: Report 3: Performance Measurement Systems: A Cross-Sectoral Study*, Report prepared for the Department of Health, Centre for Health Economics, University of York
44. Mattes, F., Wegner, H., and Hupe, P., 1999, “*A Process-Oriented Approach to Software Component Definition*”, Springer-Verlag, pp.26-40
45. Mintzberg H., *The fall and rise of strategic planning*, Harvard Business Review, Jan-Feb, 107-114 (1994)
46. Neely, A.D. (1999) “*The Performance Measurement Revolution: Why Now and Where Next*”, International Journal of Operations and Production Management, Vol. 19, No. 2, pp. 205-228
47. Noe, Raymond A., 1988, *An Investigation of the Determinants of Successful Assigned Mentoring Relationships*, Personnel Psychology, 41
48. Palese, M., & Crane, T. Y. (2002). *Building an integrated issue management process as a source of sustainable competitive advantage*. Journal of Public Affairs, 2(4), 284–294
49. Palmer, A., 1993. *Performance measurement in local government*, Public Money and Management, October–December, 31–36
50. Poister, T.H. and Van Slyke, D.M. (2002), “*Strategic Management Innovations in State Transportation Departments*”, Public Performance and Management Review, Vol. 26, No. 1, Sep, pp. 58

51. Propper, C. and Wilson, D. (2003), "*The Use and Usefulness of Performance Measures in the Public Sector*", Oxford Review of Economic Policy, Vol. 19, No. 2, Summer, pp. 250
52. Ragins, Belle Rose, 1989, *Barriers in mentoring: The Female Manager's Dilemma*, Human Relations, Volume 42, pp 1-22
53. Salets W, Faludi A, (eds) 2000, *The Revival of Spatial Strategic Planning*. Royal Netherlands Academy of Arts and Sciences, Amsterdam
54. Scheer, A.W., 1994, "*Business Process Engineering-Reference Models for Industrial Enterprises*", 2nd Edition, Springer, Berlin.
55. Scheer, A.W., 1999, "*ARIS-Business Process Frameworks*", Springer, Berlin.
56. Scheer, A.W., 2000, "*ARIS-Business Process Modelling*", Springer, Berlin.
57. Scheer, A.W., September 2001, "*ARIS Methods*", Springer, Saarbrüchen, Berlin.
58. Sheldon, B.E. (1989) *Strategic planning for public library services in the twenty-first century*. Journal of Library Administration, 11 (1 -2), pp 198-208
59. Sutton, B. (1993) *Long-range planning in public libraries: staff perspectives*. Library and information Science Research, 15(4), pp 299-323
60. Vincent, I. (1988) *Strategic planning and libraries: does the model fit?* Journal of Library Administration, 9(3), pp 35-47
61. Wieggers, K.E., 1999a, "*Software Requirements*", Microsoft Press
62. Wiggins, A. and Tymms, P. (2002), "*Dysfunctional Effects of League Tables: a Comparison Between English and Scottish Primary Schools*", Public Money and Management, Vol. 22, No. 1, Jan-Mar, pp. 43-48
63. Wilson, L. J. (2000). *Extending strategic planning to communication tactics*. In R. L. Heath (Ed.), Handbook of public relations (pp. 215–222). Thousand Oaks, CA: Sage
64. Wortman M. S. Jr, *Strategic management of not-for-profit organizations*
65. Yourdon, E., 2000, "*Managing Software Requirements*", Addison Wesley Publishing Company.

Appendix-A

Guide of Basic Concepts in Strategic Management

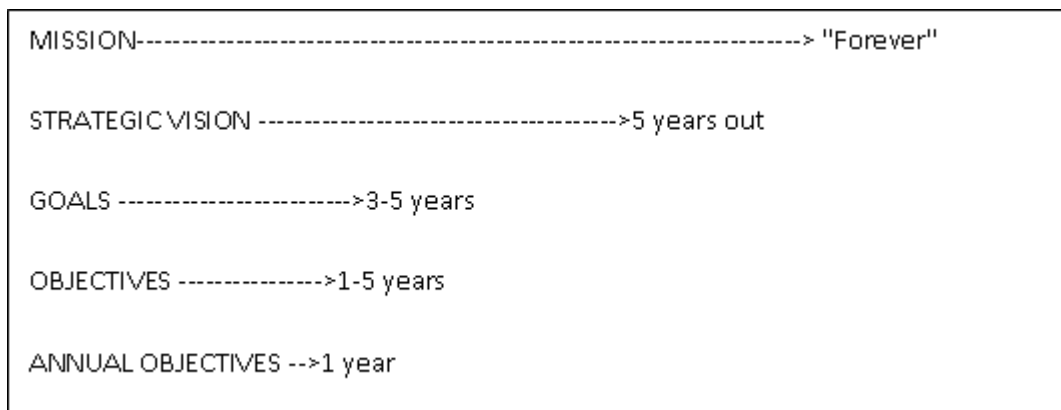


Figure A.1 Planning Terminology

PEST ANALYSIS: is the determination of the opportunities and threats that are critical for the institution by examining the conditions and trends out of the institution's control. In the PEST analysis, the external changes and trends affecting the institution are assessed. Especially, general trends in the world, changes in the activity area of the institution in Turkey, development plans and programs, government programs and stability programs, if any; the states of the other institutions and sectors, and especially the expectations of the target audience of the institution are taken into consideration.

OUTPUT: is the final product or service produced by the institution. The output can be quantitative. The data produced will also be considered as output.

CURRENT STATE ANALYSIS: is the answer of the institution's question: "where are we?" Current state analysis is a study that covers the statement of the institution's current state and potential, the determination of its stakeholders and

also strong and weak points, the analysis of the positive or negative changes out of the institution's control in order to develop its aims, objectives and strategies for future.

ACTIVITY/ PROJECT (within the scope of the strategic plan): While the strategic aims and objectives cover what the institution will achieve, the activities and the projects cover how the institution will achieve this. Activity/Project is the defined form of the wholly complete, manageable and can be costed studies that are to be realized in order to achieve an objective that serves to a specific aim. Its output is a product or service.

ACTIVITY AREA: is the working area of the institution whose strategic plan is being prepared, the work it carries out or the service it provides.

ACCOUNTABILITY REPORT: is a report that includes the activities conducted by the institution in accordance with the strategic plan and performance, explains the reasons of the deviation through comparing the foreseen performance objective and the realization assets by using the predetermined performance indicators, and covers the general and financial information about the administration.

INPUT: are human, fiscal, physical resources and information resources required for the production of a product or service.

PREPARATION PROGRAM: It is a program prepared prior to the planning studies including;

1. Arrangement of time schedule by considering the current state of the institution,
2. Determination of the ways and methods to be followed during this process,
3. Definition of the persons and their duties to be included in the planning studies,
4. Determination of the training, consulting, human and technical resources that will be required during the studies,
5. Decision of which research and data will be required during the studies and

by whom they will be provided. Briefly, preparation program is “planning of the strategic planning studies.”

ACCOUNTABILITY: The people charged and authorized with the duty of acquisition and utilization of all kind of public resources, are responsible for the effective, economic and efficient acquisition, utilization, accounting and reporting of the resources on the basis of law, as well as for taking necessary measures to prevent the abuse of such resources and are liable to render account to the competent authorities.

FISCAL TRANSPARENCY: Correctly and timely promulgation of any information about the acquisition, utilization of public resources of all kind and their results to the stakeholders.

MISSION: is institution’s basis of existence; explicitly states what, how and for whom the institution carries out its activities. It is a general concept covering all types of services and activities of the institution. Broad description of what we do, with/for whom we do it, our distinctive competence, and WHY we do it. Mission should be short, clear, remarkable and deficit.

CLIENT: are the people, groups or institutions purchasing and utilizing the products or services produced by the institution.

STAKEHOLDER: are the people, groups or institutions claiming a right on the resources or outputs of the institutions affecting or being affected by the outputs, products or services of the institutions directly or indirectly; positively or negatively.

PERFORMANCE INFORMATION SYSTEM: is a system established based on process in order to collect, produce, analyze, report information and to utilize information in the decision-making process for measuring the performance of institutional process, teams and the persons.

PERFORMANCE INFORMATION: is qualitative and quantitative information of all kind collected to be used in performance-based decision making process.

PERFORMANCE EVALUATION: is the process-based evaluation of the paths followed by administrations to achieve their predetermined strategic goals and objectives, the methods used to achieve the performance objectives, the projects and activities conducted and the outputs and results obtained.

PERFORMANCE AUDITING: is objective and systematic auditing of the effectiveness, saving and efficiency of the utilization of the public resources by examining and evaluating the activities, outputs and results of the institution; performance objectives and their realization level; performance information, monitoring and control systems within the context of institutions' accountability.

PERFORMANCE INDICATOR: are the tools that are used for measuring, monitoring and evaluating the results of the activities conducted in order to achieve the strategic goals and objectives and the performance objectives of the public administrations. In other words performance indicator is used for measuring the success of the strategic plan and forms basis for performance auditing. Objective-oriented performance indicators should be included in the strategic plan. Performance indicators are used in determining to what extent the results are in compliance with the predetermined strategic goals and objectives. In conclusion, the performance indicators developed in order to measure and evaluate every level of the activities carried out by the public administrations facilitate measuring whether the public resources are utilized effectively, economically and efficiently or not. Performance indicators can be qualitative (work load, production, transaction number, registration number, utilization rate, consumption, frequency), quantitative (timeliness, out of service, error rates, responsiveness frequency, etc), efficiency (for instance relative transaction costs), or financial (tax collection, etc ratio/proportion). Performance indicators are used to monitor performance in attaining institutional objectives (improving performance by determining the successful or unsuccessful states), to improve the policy making process of the decision makers, budget (for what /how to utilize the limited public resources), legal

obligations, to announce the values of the study to the stakeholders and clients, to increase the confidence by reporting the results, announcing the results which are wished to be attained to the personnel.

PERFORMANCE OBJECTIVE: are clear, measurable, output-result oriented, satisfactory performance levels revealing the performance levels that the institution envisages to attain yearly in order to achieve the strategic objectives within the context of strategic goals.

PERFORMANCE MEASURE: is the definition of how (by using which measures) every one of the performance criteria (indicator) will be measured (by stating measuring method and unit and by whom this measurement will be made), in the scope of quantity, time, quality, and cost;

PERFORMANCE PROGRAM: is a program which determines the activities that the institution should carry out in accordance with the strategic plan within a fiscal year and the public resources required for these activities, evaluates whether the objectives desired have been attained or not by making the performance measurement, reports the results, forms a basis for the preparation of the administrative budget and administrative activity report.

RESULT: is the change that emerges in the states of the individuals or the society as a result of the service or products supplied by the administration. Reaching the result is an indicator of the attainment of the goal.

STRATEGY: is the whole decision that shows how to attain the goals and objectives that are predetermined in order to lead the institution to advance in a certain period of time from the current situation to the desired situation in the future. They are the statements of major approach or method (the means) for attaining broad goals and resolving specific issues.

STRATEGIC GOAL: are the medium and long term goals that are result- oriented, and show how an organization will realize its mission within a certain period of

time. Strategic goals are the conceptual results which can lead the institution to advance in a certain period of time from the current situation to the desired situation in the future. Broad statements of what the organization hopes to achieve in the next 3-5 years. Goals focus on outcomes or results and are qualitative in nature. Strategic goals form the general framework of the strategic plan and contribute to the realization of the mission. They should determine a clear way for the institution and be guiding, ambitious but realistic and attainable at the same time.

STRATEGIC OBJECTIVE: is the formulation of what is required for realizing the strategic goals. In other words, these are specific and measurable sub-goals oriented to the realization of strategic goals and the outputs anticipated to be attained. Specific, concrete, measurable statements of what will be done to achieve a goal generally within a one-year time frame.

STRATEGIC PLAN: The plans prepared with participant methods constitute the political priorities of the institution. These plans should include the objectives and the measurable goals of the institution within the framework of the related legislation and the basic principals adopted by the institution. The plans should also include the methods which can enable the institution to achieve those goals. Furthermore, the plans should simultaneously include institutional preferences and resource demands. The plans should enable the performance to be followed and measured in accordance with the predetermined indicators. The plans guide the budget to be prepared so as to signify the objectives and the goals displayed in the strategic plan. They also guide the allocation of resources to be based upon priorities and the responsibility of rendering account.

STRATEGIC PLANNING: It is a process which helps an institution to answer the four basic questions in the following;

1. Where are we?

Situation analysis: Examination and evaluation of inner and outer media in depth.

2. Where do we wish to arrive?

Mission (basis of existence), Vision (the future wished to be arrived), the principles guiding the Activities, Strategic aims, (general conceptual results which the efforts and actions will be oriented in order to achieve) and Objectives (measurable results required to be achieved in order to obtain the aims).

3. How can we arrive at the destination we desire?

Strategies and activities which will be used to achieve the strategic aims and objectives:

4. How can we follow up and evaluate our achievement?

Monitoring (compilation of managerial information; preparation of reports of plan application) Evaluation (evaluation of the results to what extent they are in conformity with the mission, vision, aims and objectives; review of the plan in light of the evaluation results) The answers given to the questions above constitute the strategic planning process.

STRATEGIC MANAGEMENT: It is a modern understanding of management established within the cycle of application and revision, on governance principles basis and on a system including human and technical elements which can delegate authority, can render or call account, follow up and measure the incidences risk-focused, has defined work and information management processes, can be continuously upgraded. It is focused on the efficient, effective and economical utilization of the resources in conformity with the aims and targets.

SWOT ANALYSIS: Determination of the strengths and weakness of the institution and the opportunities and threats facing the institution which are going to affect the institution to develop future strategies and its performance.

PRINCIPAL VALUES: It is an expression of basic principles of the institution. It expresses institutional values, form of management and institutional behaviour rules. It is the base of values and beliefs underlying the mission and the vision of the institution. It guides the decisions, selections of the institution and the determination of its strategies.

PRODUCT/ SERVICE: The products or services which are produced by the institution for the users within the scope of the sector the institution is in.

VISION: It symbolizes the ideal future of the institution. It is a strong expression of the long-run objectives of institution. Describes what we want the organization to look like in ideal terms in the future - the results we will be achieving and characteristics the organization will need to possess in order to achieve those results. The strategic vision statement provides direction and inspiration for organizational goal setting. It is on one hand realist, ambitious and attainable expression of the future the institution desires to arrive and on the other hand it is promoting the employees and decision makers to advance.

This part illustrates the flow from "Critical Issues" to "Vision" to "Goals" to "Strategies" as a logical progression of thought in the strategic planning process.

Appendix-B

Planning Levels

CRITICAL ISSUE: Fundamental policy or program concerns that define the most important situations and choices an organization faces now and in the future. Critical issues can reflect longstanding problems in the organization, the community served or recent events that are anticipated to have a significant impact on the organization and/or community served.

STRATEGIC VISION: 5-10 years out. Describes what we want the organization to look like in ideal terms in the future – the results we will be achieving and characteristics the organization will need to possess in order to achieve those results.

STRATEGIC GOALS: 3-5 years out. Broad statements of what the organization hopes to achieve in the next 3 years. Goals focus on outcomes or results and are qualitative in nature.

OBJECTIVES: 1-5 years out. Statements of major approach or method for attaining goals and resolving specific issues:

ANNUAL OBJECTIVES: 1 year out. Specific, concrete, measurable statements of what will be done to achieve a goal generally within a one year time-frame.

Appendix-C

Strategic Planning Process Model Details

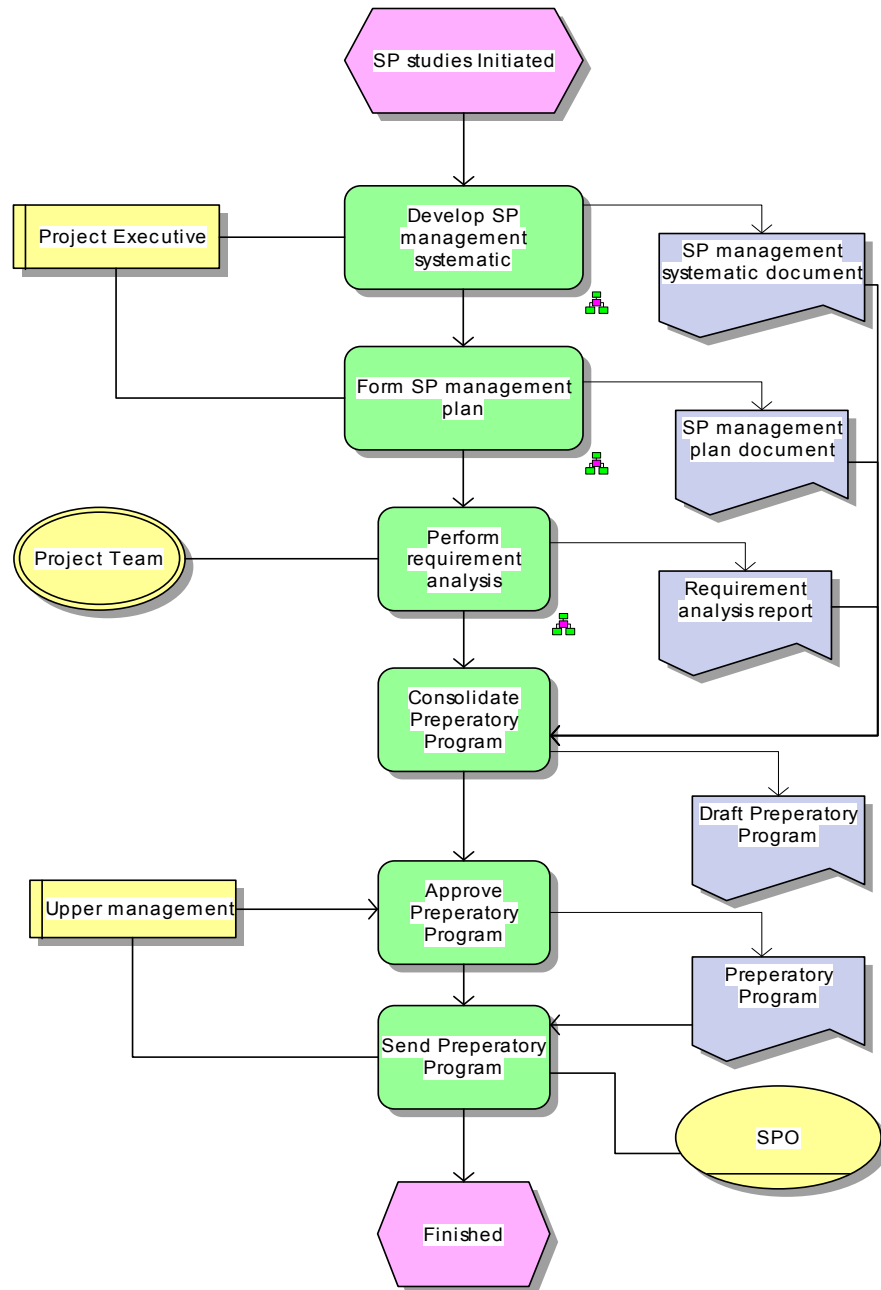


Figure C.1 Preparatory Program Forming Process

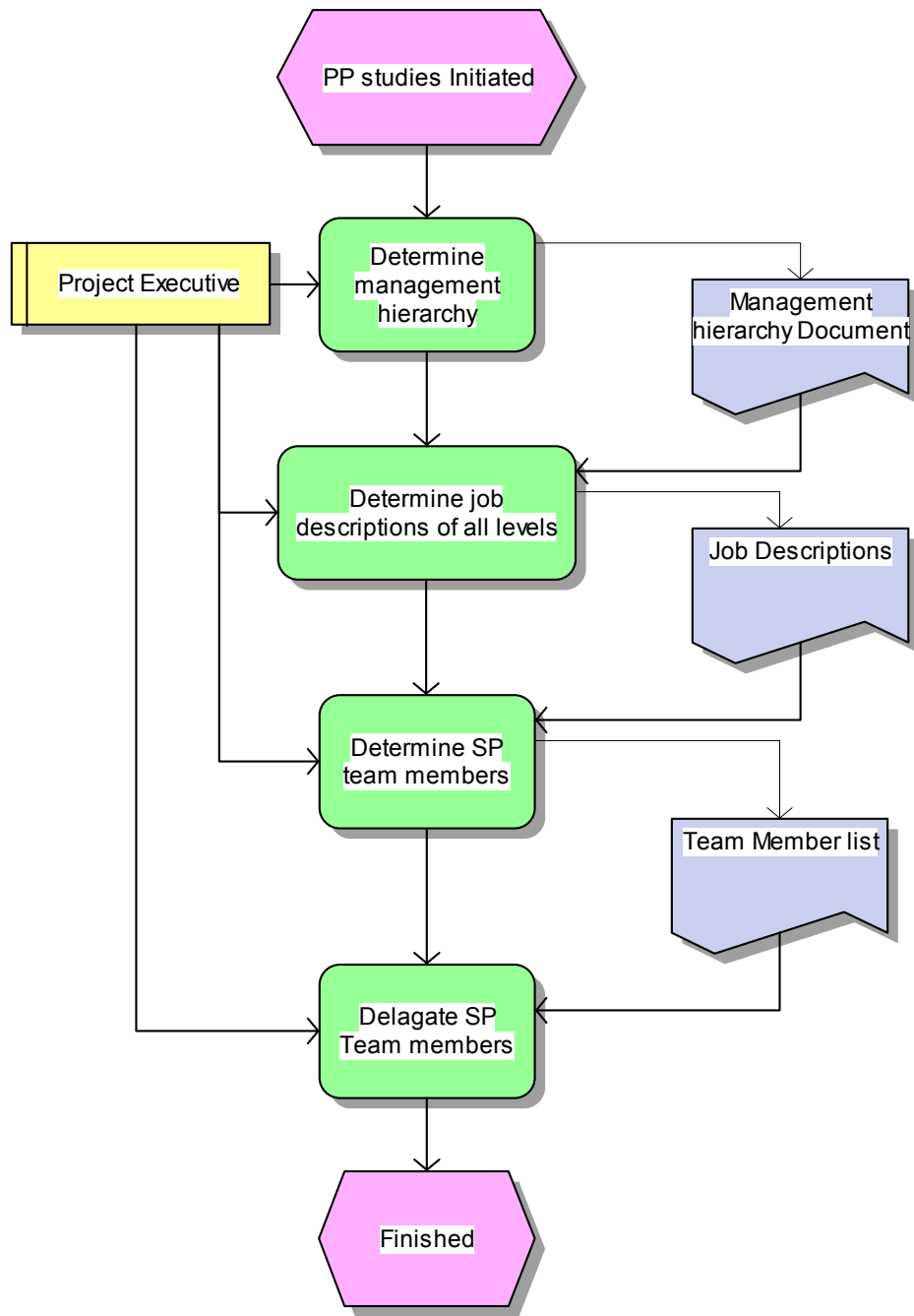


Figure C.2 Develop SP Management Systematic

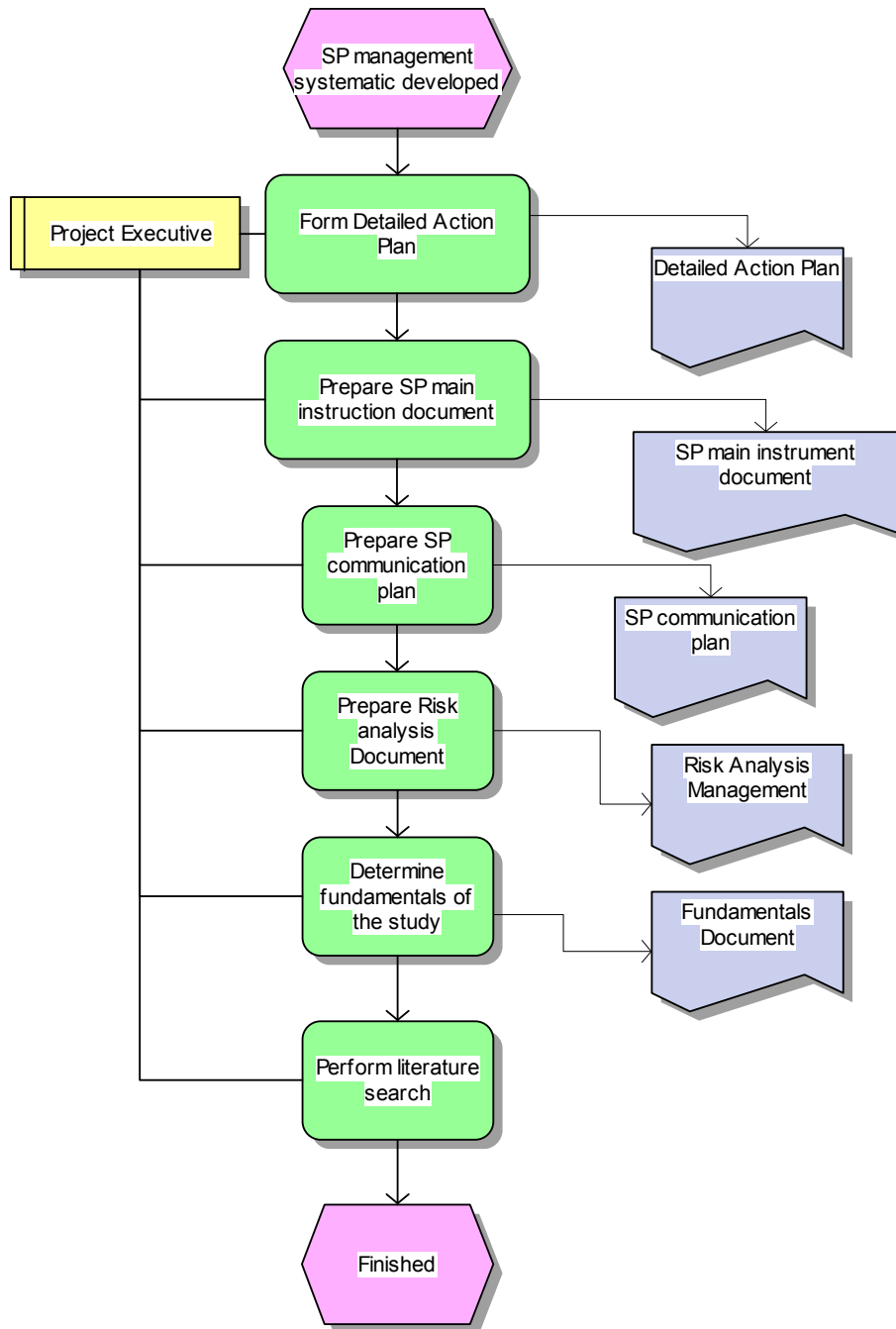


Figure C.3 SP Management Plan Forming Process

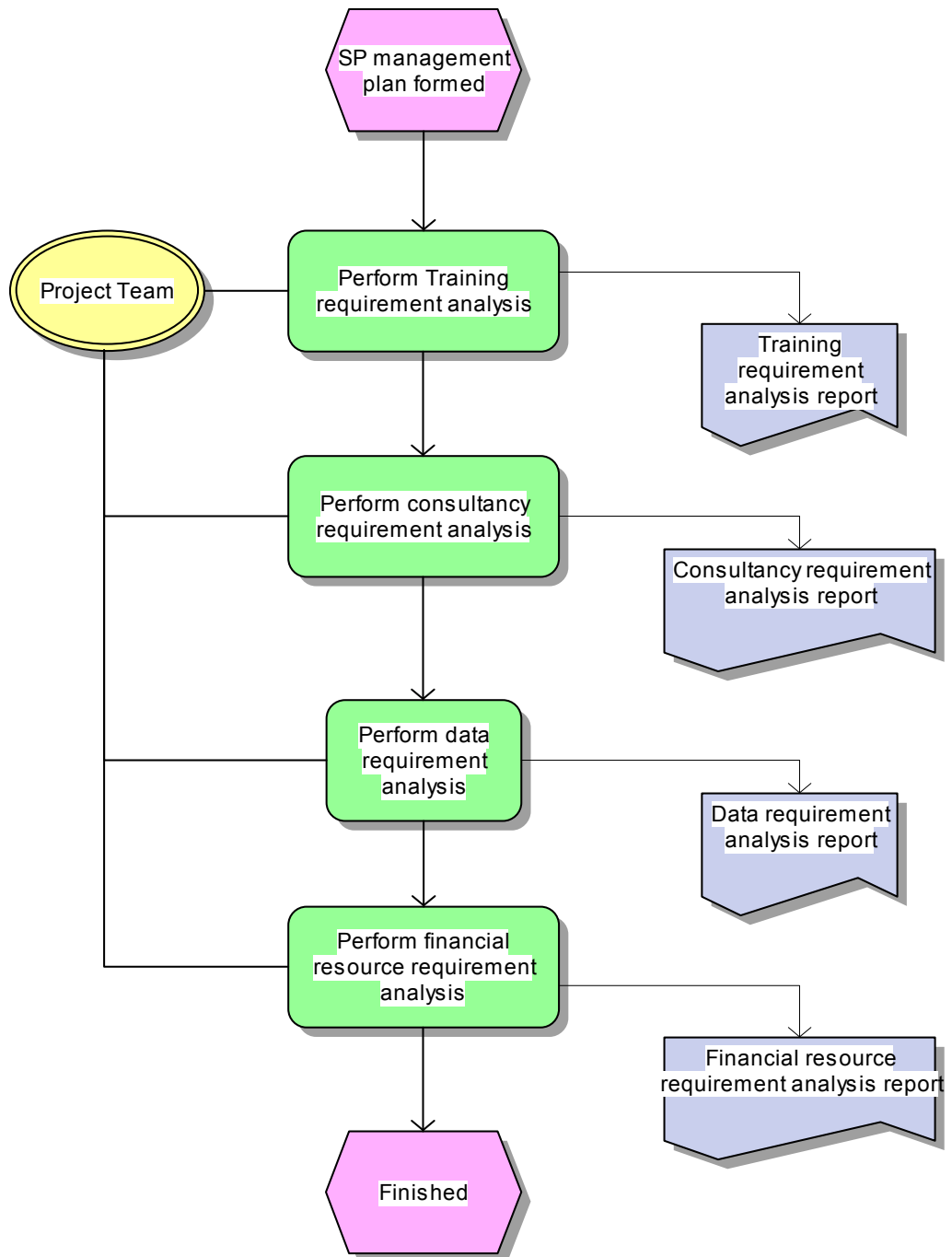


Figure C.4 Requirement Analysis Process

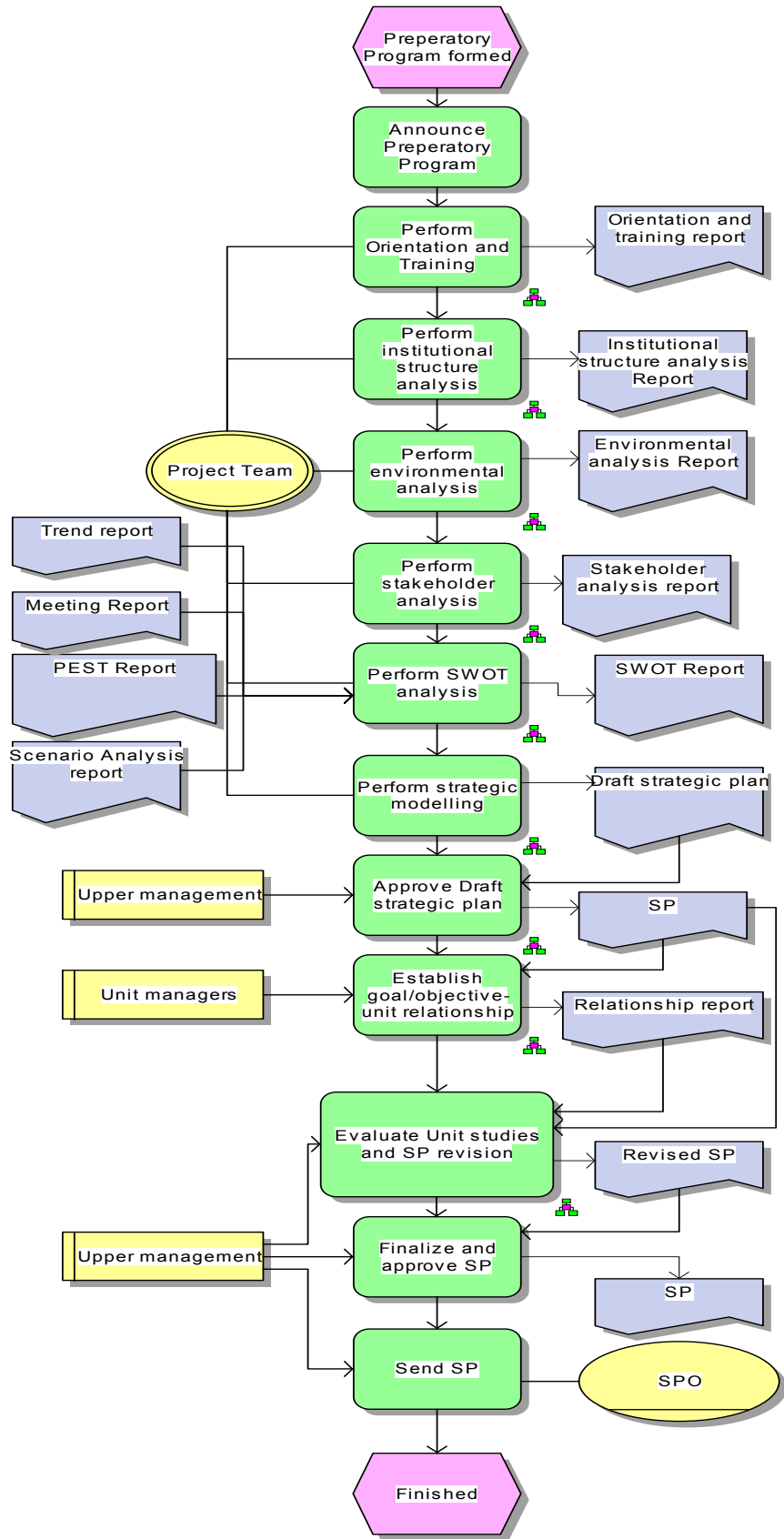


Figure C.5 SP Preparation Process

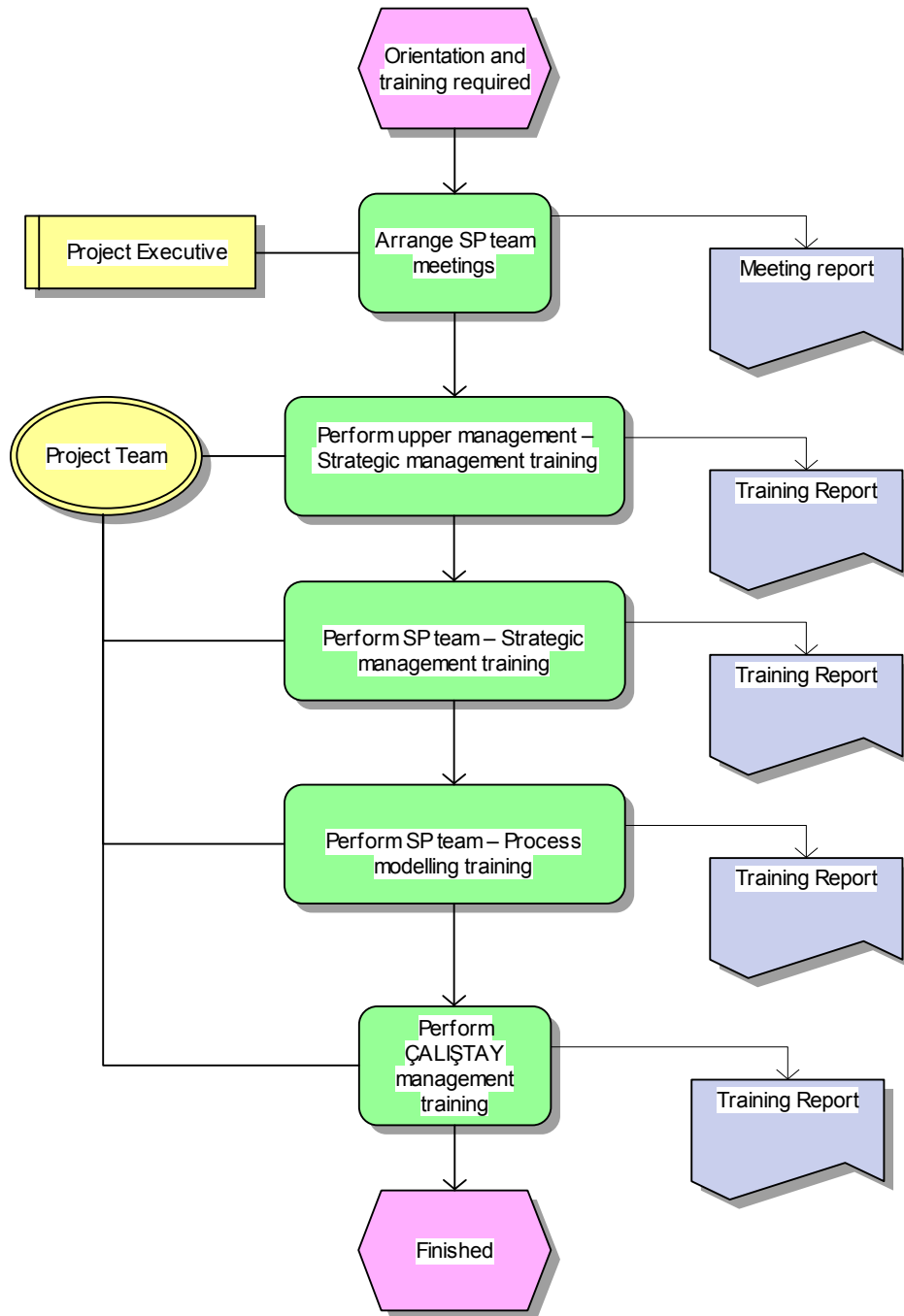


Figure C.6 Perform Orientation and Training

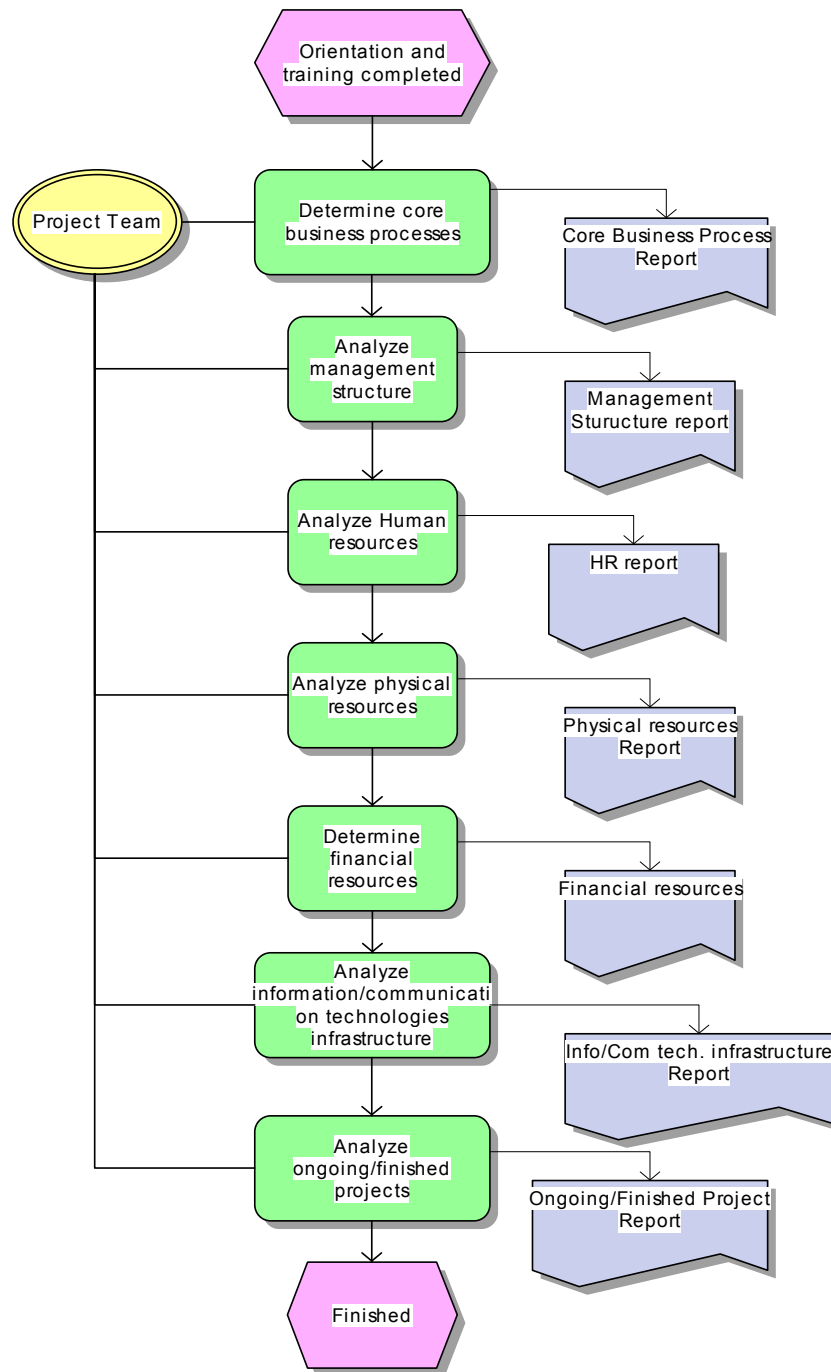


Figure C.7 Institutional Structure Analysis Process

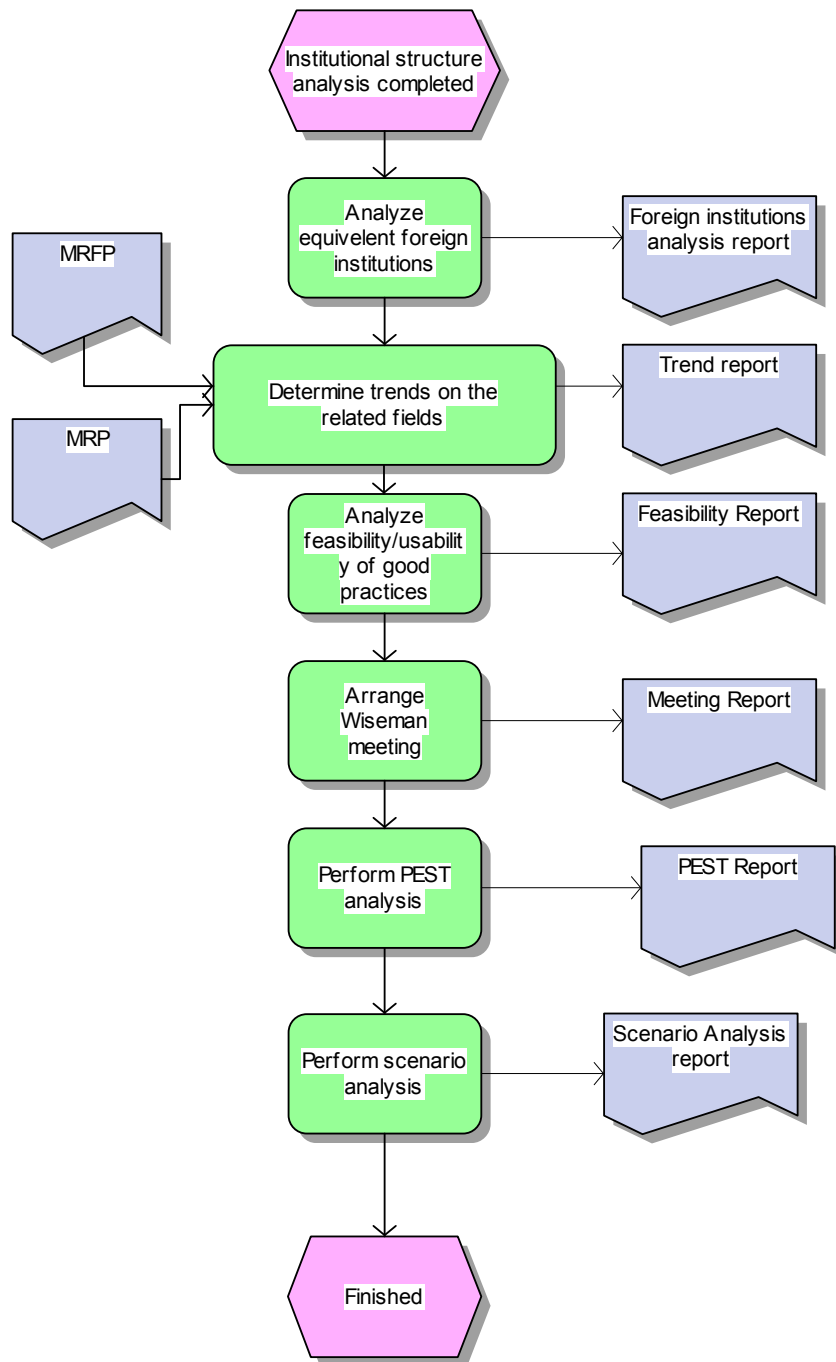


Figure C.8 Environmental Analysis Process

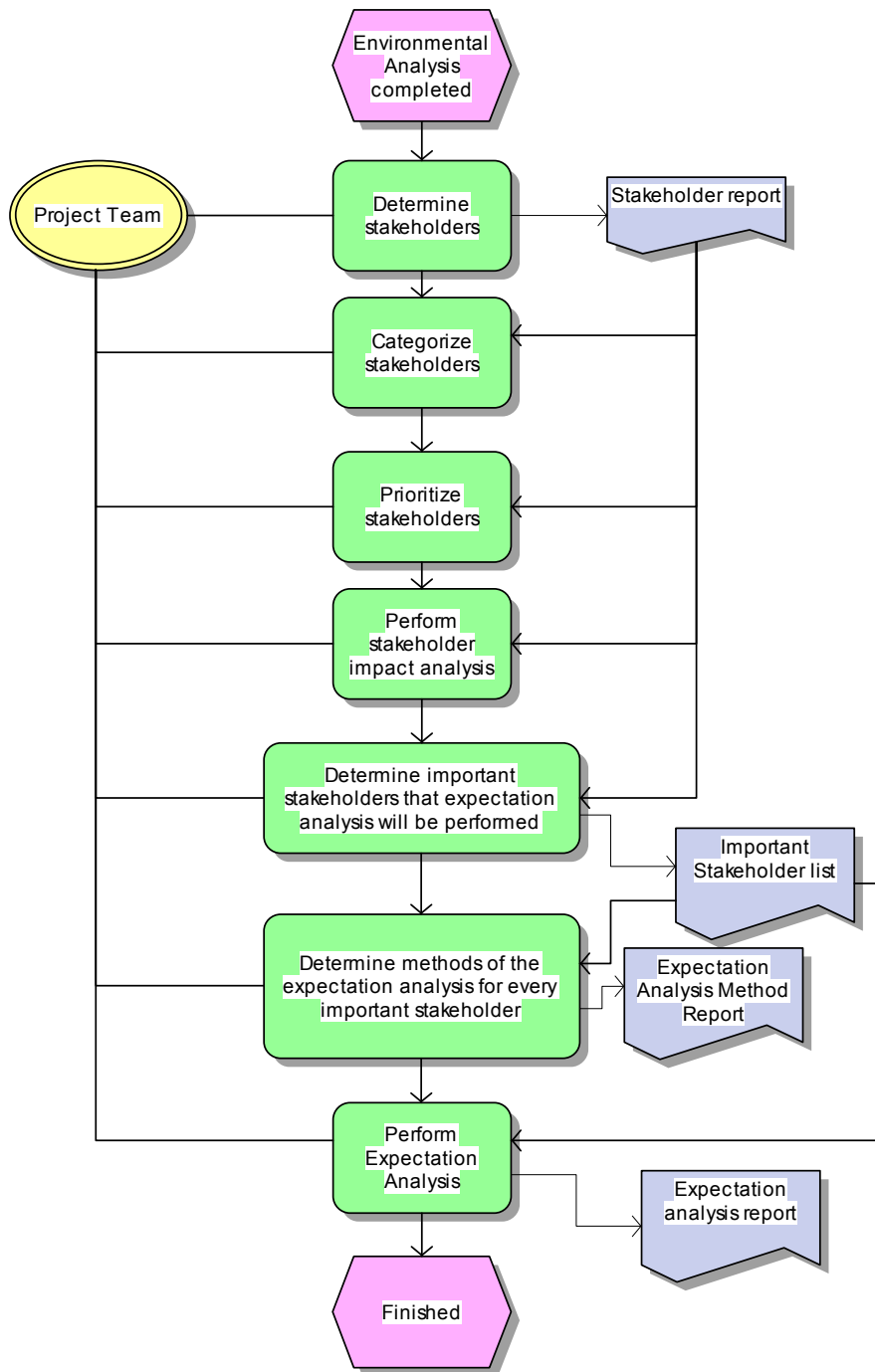


Figure C.9 Stakeholder Analysis Process

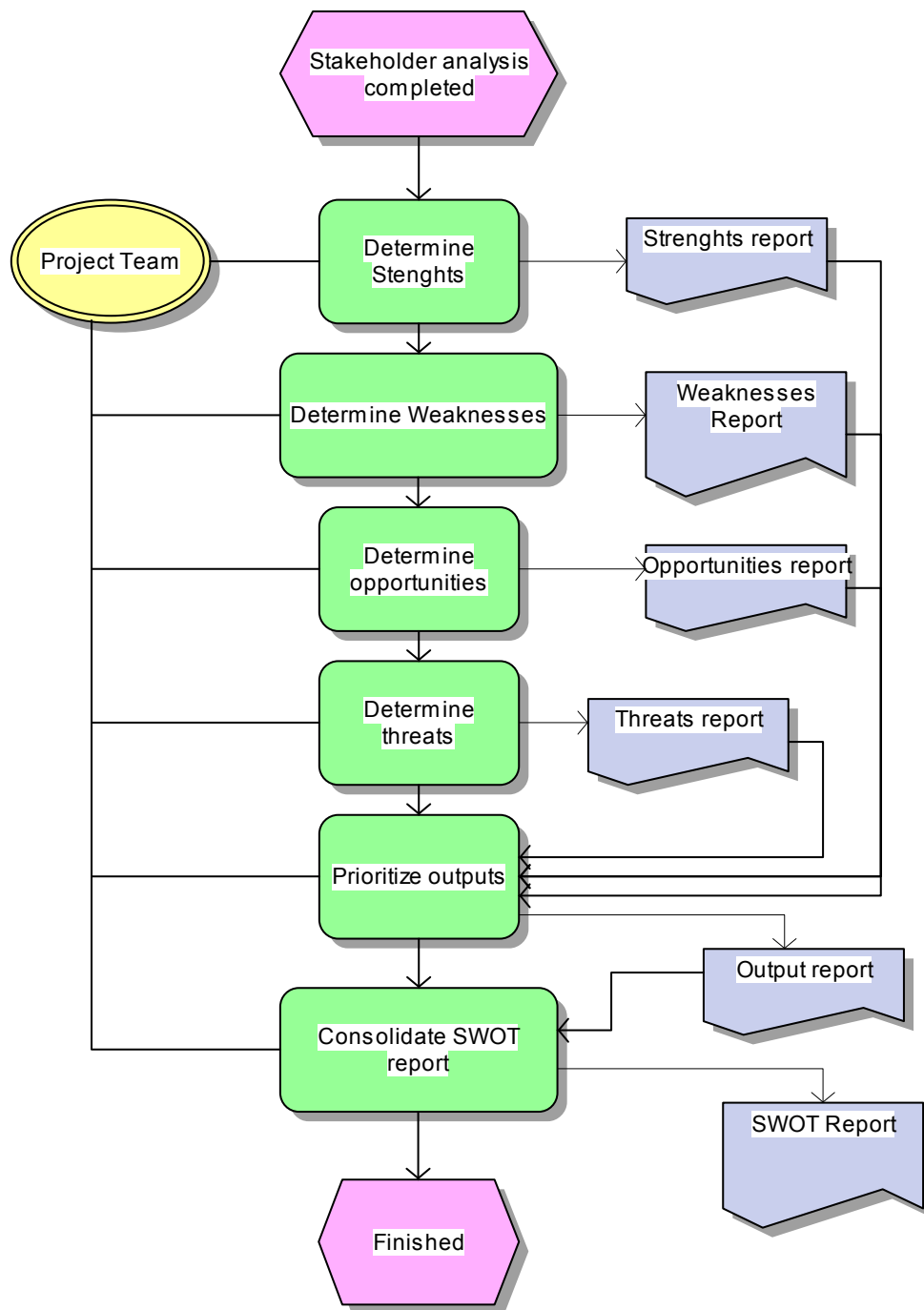


Figure C.10 SWOT Analysis Process

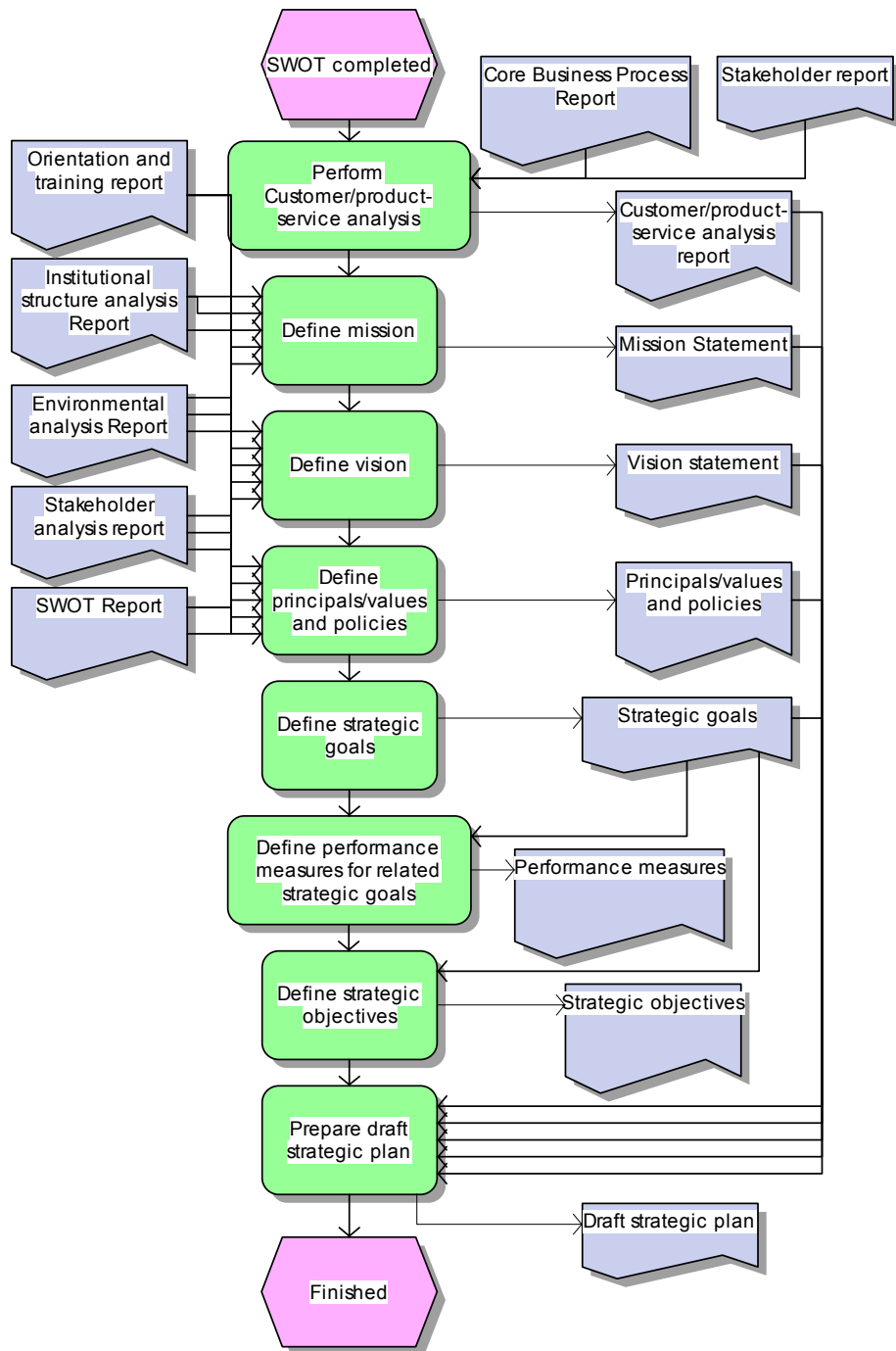


Figure C.11 Strategic Modelling Process

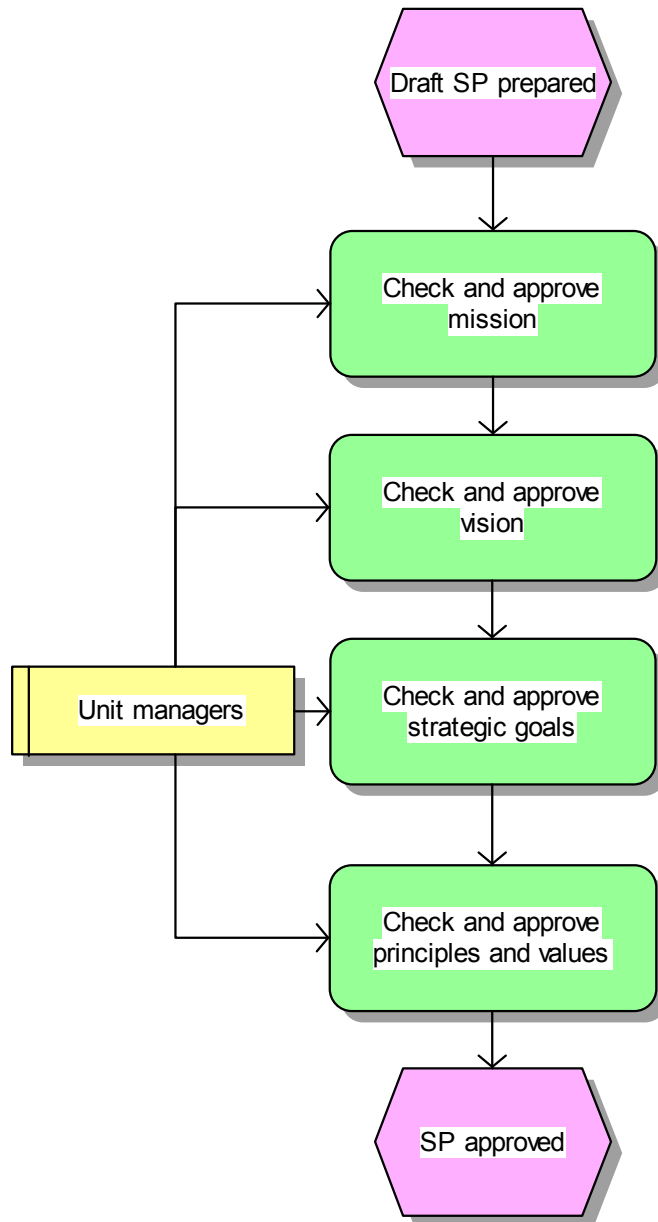


Figure C.12 Draft SP Approval Process

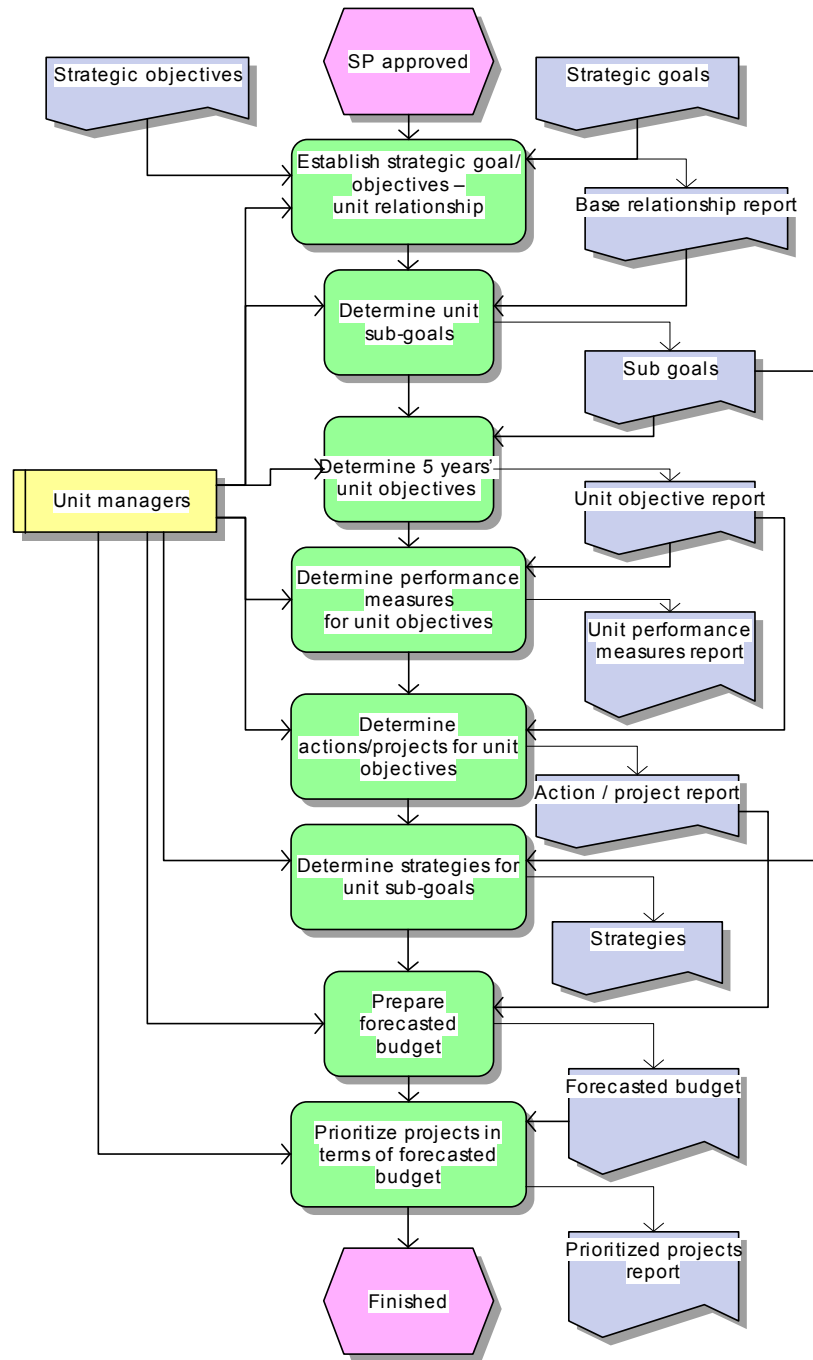


Figure C.13 Goal/ Objective-Unit Relationship Establishment Process

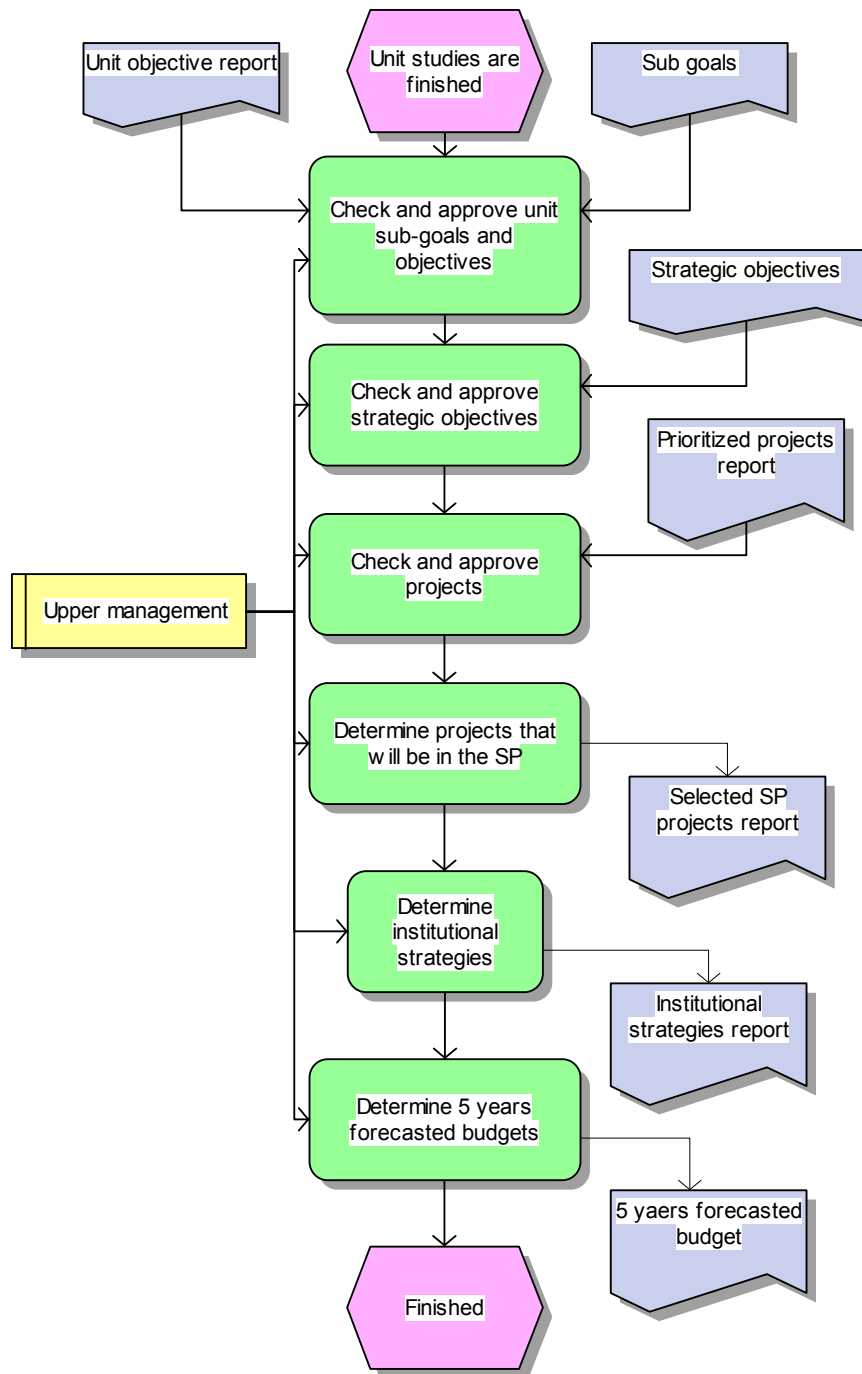


Figure C.14 Evaluation of Unit Studies and SP Revision Process