

Implementation of Strategic Plans in Municipalities (Case Study: Tabriz Municipality)

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Abstract

Strategic plan divides the internal affairs of the organization to financial perspectives, customer perspective, internal processes and learning and growth perspective and determines their governing relations in a certain context. The purpose of this study is to implement the strategic plan in the Municipality of Tabriz, District 1. The used methodology is practical descriptive analysis. The results of the research findings show that implementation of strategic plans in Tabriz Municipality improves the performance of that institution.

Keywords: strategic plan, internal affairs, Municipality of District 1 in Tabriz

Introduction

The strategy, in its current form, emerged after World War II by development in planning. In early 1960s, the American Ministry of Defence founded the principles of strategic planning; two years after, a Harvard professor introduced the concept of strategy into business world. In 1990s, a new era of strategy approaches began by theories of scientists like Henry Mintzberg and Gary Hamel (Ghafarian & Kiani, 2005). During 1990s, strategic planning and strategic management were seen as two separate elements. According to many strategic thinkers in those years, strategic planning is the responsibility of senior management focusing on processes that senior leaders use to develop their own strategic guides. Strategic management is a systematic approach to identify and make the necessary changes and measure the organizational performance which moves the organization toward its desired vision (Wells, 2005). In order to develop a strategic planning, as Kaplan and Norton noted, it is better to examine the performance in four aspects, financial, customer, internal process and learning and growth. Then, the strategic plan is prepared; afterwards, strategic planning and its goals are implemented using a dynamic strategic management for better performance of the organization. A strategic plan seems essential to achieve the strategic goals of the organization, because the strategic plan is the link between strategic planning and strategic management in public organizations such as municipalities. If municipalities consider the strategic planning in their agenda and properly implement its rules and characteristics, they can experience more success in their performance. The main objective of this research is to implement a strategic plan for municipality of District 1 in Tabriz, as a case study.

Questions

- How can strategic planning improve the performance of municipalities in successful provision of services to its citizens?
- How can a dynamic and harmonious relationship be established between strategic planning and strategic management ?
- Can strategic plan be an important factor in successful implementation of strategic planning in municipalities?

Hypotheses

- Using Kaplan and Norton's views on how to implement strategic planning for public organizations such as municipalities, strategic planning can be successfully implemented in the municipality of District 1 in Tabriz.
- The missing link between strategic planning and strategic management seems to be strategic plan of the organization.
- Strategic plan seems to be the key factor for achieving the strategic objectives of the organization.

Methodology

Methodology used in this study is a practical descriptive analysis.

Theoretical Background

In 1992, Robert Kaplan, professor of accounting at Harvard Business School, and David Norton founder and CEO of the sustainable strategy consulting firm in Massachusetts developed the Balanced Score Cards theory as an approach to evaluate performance in management of public and private organizations (Kaplan & Norton, 2004). This method is regarded as a conventional method developed in America for measuring organizational productivity (Jafari, et al., 2009). In fact, the Balanced Scorecard is a strategic management system including a vision, strategic goals, and measure of performance to evaluate has four perspectives including finance, internal business processes, customer, and learning and growth (Sadeghi, 2009). Four perspectives of the balanced scorecard are as follows:

Financial perspective

- Criteria of financial performance indicate that the organizational strategy balances income and expenses. These criteria are categorized in two groups.
- The first group includes strategies to increase productivity involving improved organizational structure and increased capital.
- The second group includes strategies to increase income divided into increased service costs and expanded revenue opportunities.

Customer perspective

To adopt objectives and measures related to customer perspective, organizations must respond to three questions: First, who are the target customers? Second, what are the proposed values for them? Third, managers should be aware that the organization has satisfied its customers in meeting their needs. For this, all the values delivered to the clients are identified and analysed. In this way, managers can respond to these questions (Sadeghi, 2009).

Internal processes of the organization

Many organizations try to develop efficiency, technology and culture of the organization. However, most of them do not coordinate the intangible assets with strategies. The key for coordination is to pay attention to the context, say, focusing on capabilities and features needed for internal processes effective on implementation of the strategy plan (ibid).

Learning and growth

An organization can survive when it experiences learning and growth in the field of production, service, technology and management. Kaplan and Norton divided learning and growth into three groups:

- The first group consists of human capital involving skills, training and knowledge.
- The second group consists of information value including organizational information, information bank and information networks.

- The third group consists of organizational assets including culture, leadership, alignment and teamwork.

Strategic Plan

Norton and Kaplan believe that the best way to draw a causal relationship between four perspectives of BSC model, and ultimately to increase the effectiveness of financial perspective is strategy plans. The strategy plan is a visual structure which represents strategic objectives separately in different aspects of the model. This helps better evaluation and measurement of goals. In fact, the strategy plan is a framework for describing strategy (Talebi, 2006).

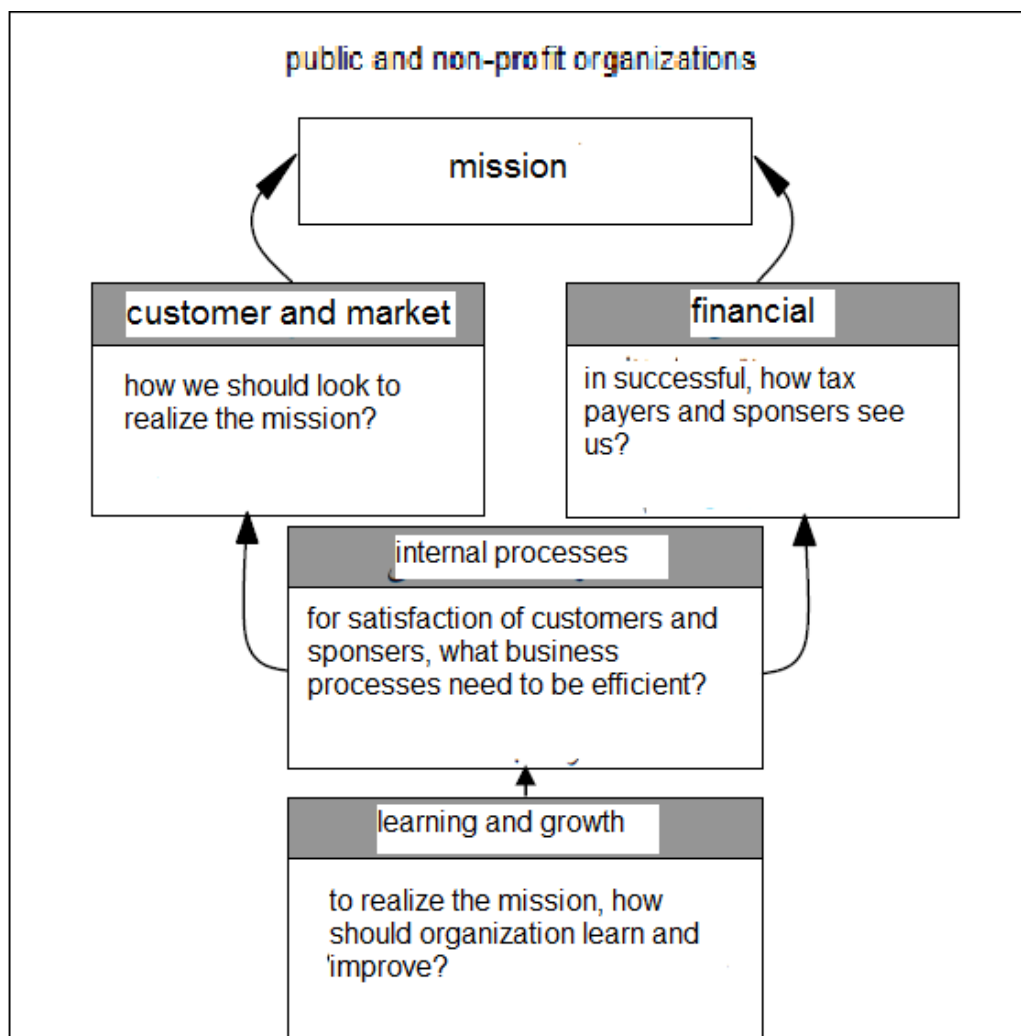


Figure 1: Strategy plan, simple model of value creation by Kaplan and Norton

Strategy plan enables organizations to describe goals, initiatives, target markets, performance measures and the relationships between components of strategy clearly and simply. The plan is developed in the form of a visual model picture; thereby, managers gain more understanding of the strategy and its implementation method.

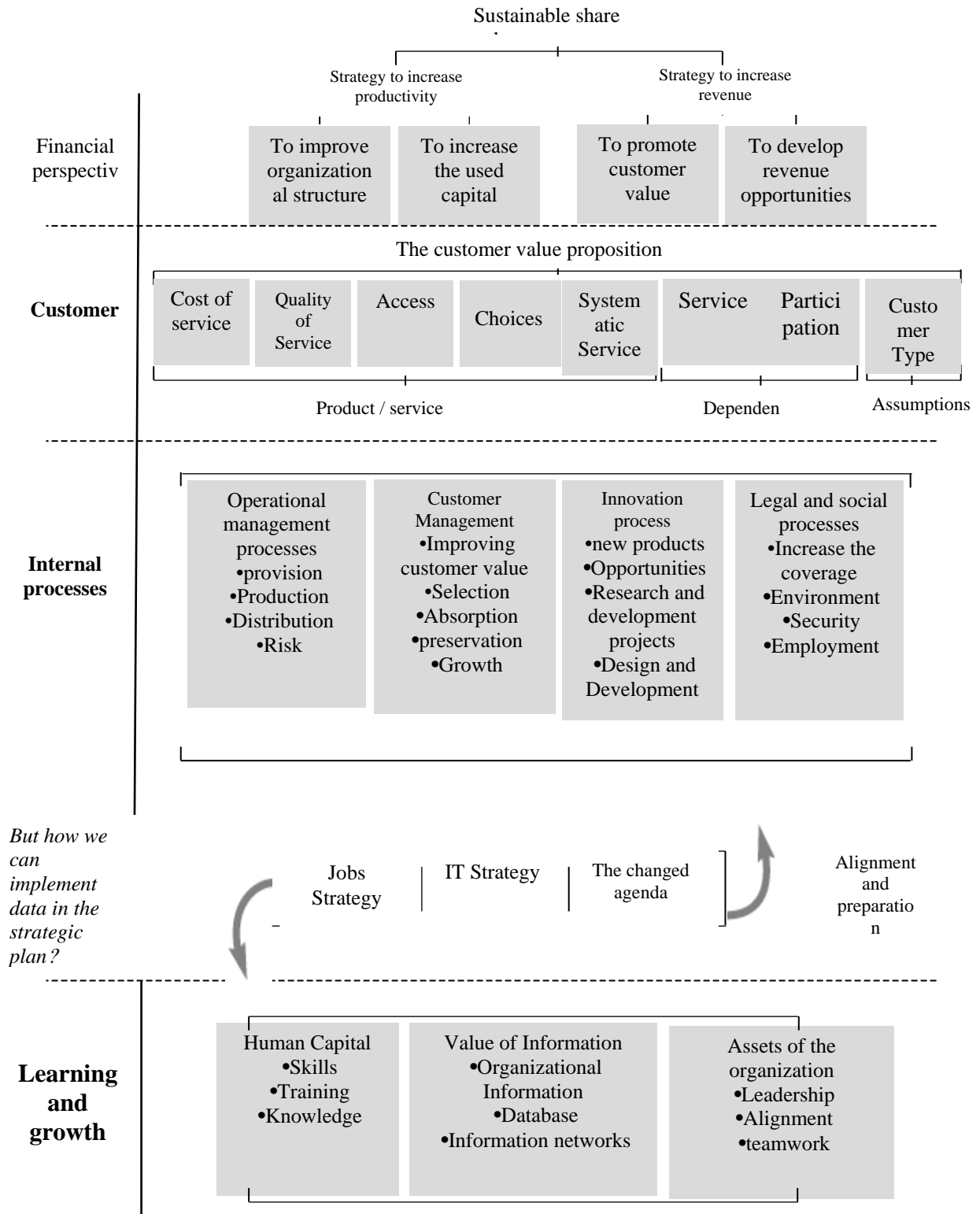


Figure 2: the strategic plan presented by Norton and Kaplan

Dave Beiter, the mayor of Boise, Oklahoma, America, and his colleagues developed the strategic plan of the city in 2011. The strategic plan developed by Beiter and his colleagues is supposed to be revised every four years and reviewed every year. The plan is divided into four parts.

The first part includes the goals of the strategic plan; the second part consists of the departments developing strategic plans and their performance results. The third part of the plan includes performance evaluation and the fourth part involves the two-year performance of the municipal funds and financial resources (Beiter D, 2011).

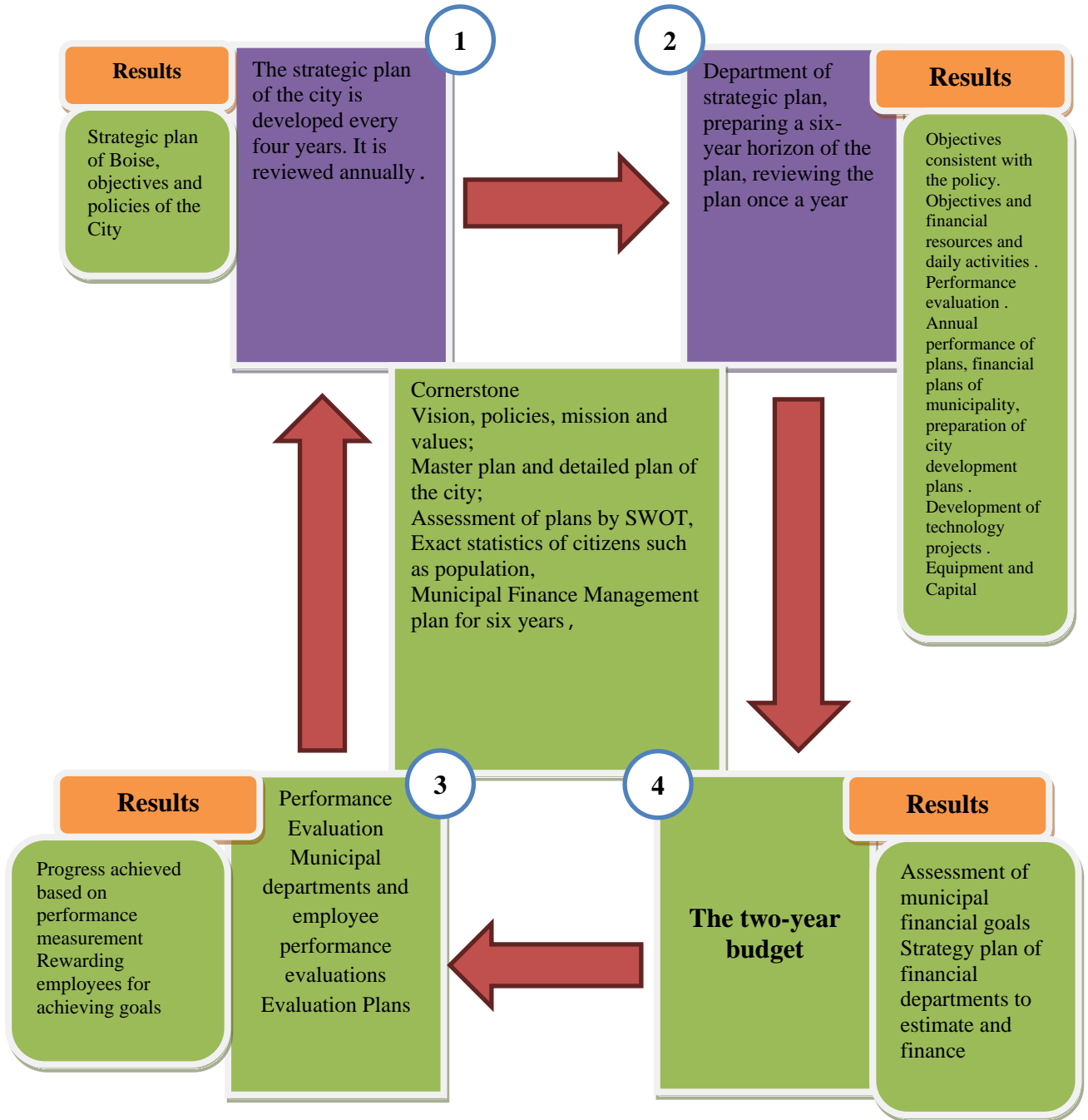


Figure 3: strategic plan of Boise municipality

In 2013, Reichert, the mayor of Macon, Georgia, America, developed the strategic plan of municipality in educational, medical, cultural, economic areas and employment (Robert AB Reichert, 2013).

The first step of strategic plan is to define vision. As Reichert et al defined, the vision of Macon was a city with diverse opportunities in different fields, maximized quality of life and increase in life expectancy among citizens. Mission is to provide good services to citizens. The third phase of strategic plan includes the word B.E.S.T. Each of the letters represents a policy to achieve strategic planning and its vision. The letter B represents building of a sustainable community, letter E represents education of citizens, the letter S represents security and services in every neighbourhood, and the letter T represents transit and technology throughout the region (ibid).

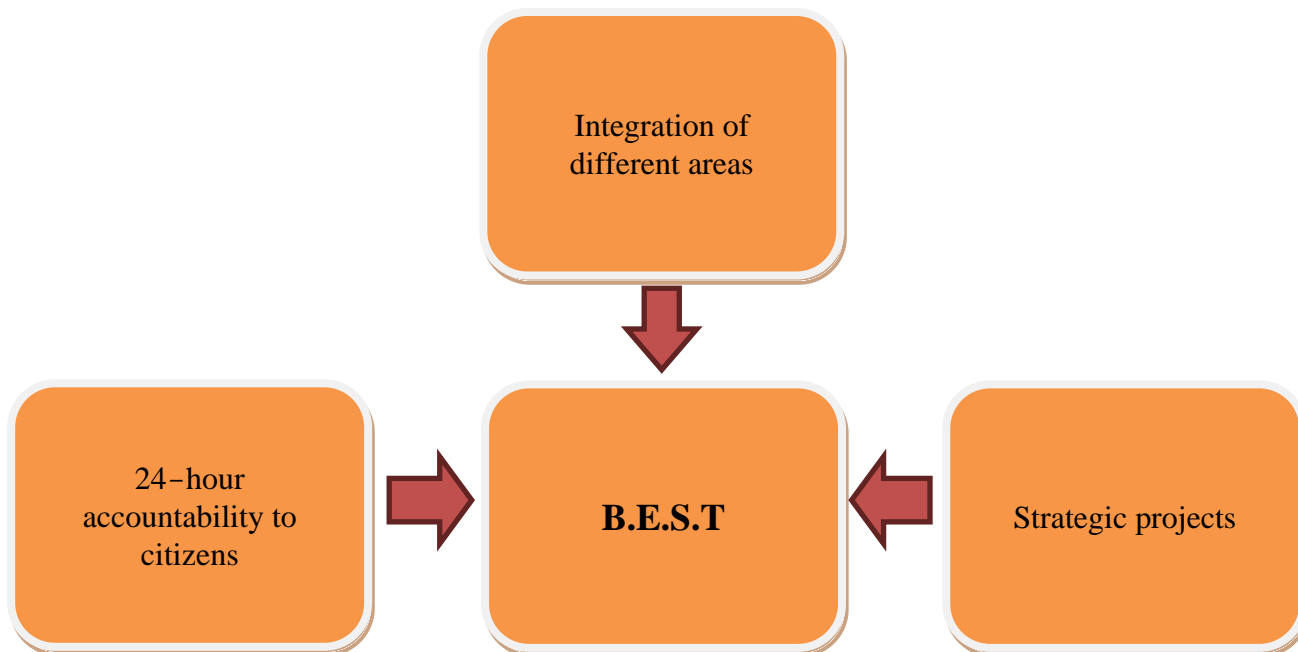


Figure 4: strategic plan of Macon municipality

2. Theoretical Framework

According to the theoretical background, it can be concluded that the strategic plan of Kaplan and Norton BSC model can improve the performance of municipality and operate the strategic. For this purpose, the regional strategic plan of Kaplan and Norton developed for the municipality of District 1 in Tabriz can improve the performance of management. In general, this model can be represented in financial perspective, citizenship, internal process and learning and growth perspective.

- Financial perspective is divided into increased productivity and budget growth. Generally, the questions are what we have to do for financial success? how municipal funds sustainably grow?
- Citizen perspective is divided into customer management and citizen satisfaction. Generally, the questions are how citizens see us? How we should look to achieve the vision?
- Internal processes: is divided into executive management, citizen management, innovation and municipal employees. This question must be answered that what processes must be improved for citizen satisfaction?
- Learning and growth perspective: is divided into human capital including skills, training and knowledge; information value including organizational information, database and information networks; and organizational capital including leadership, alignment and teamwork.

Vision
Providing best services to citizens and sustainable development

Indicators	Goals	Criteria
Improved organizational structure	Increased productivity	Financial perspective
Savings on costs		
Attracted investments		
Increase in sustainable income sources	Budget growth	
Sustainable budget growth		



Indicators	Goals	Criteria
Good and fair living conditions	Urban management	Citizenship
An attractive environment for children and young people to continue living in this city		
Favorable environment		
Level of citizen satisfaction with municipal costs	Citizen satisfaction	
Citizen satisfaction with municipal services		
level of citizen satisfaction with participation in municipal plans and programs		
Performance of the organization in effort to attract citizen satisfaction		

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Indicators	Goals	Criteria
Services	Executive Management	Internal process of the organization
Equitable distribution of services		
Promoted value of citizen		
Attracting citizens to encourage living in the city		
Sustainable migration		
Sustainable growth of the population	Innovation process	
Production and delivery of new services		
Establishing research centers		
Research and development projects		
New Opportunities for Innovation	The Staff	
Skills		
Healthy workplace		
Improved Employee Performance		
Employees are required to have a plan to do tasks		
Increase in employment opportunities for individuals with expertise		
Reducing off-time to less than 1% in year		



Indicators	Goals	Criteria
Increase in staff skills	Human Capital	Learning and growth
Training		
Increase in knowledge		
Providing innovative tools for storing information	Value of Information	
The application of modern methods of creating urban Database		
Improved information networks		
New solutions for leadership and management	Organizational capital	
Integrated management of municipality		
Teamwork		

Figure 5: strategic plan for municipality of District 1 in Tabriz

The Studied Area

Municipality of the District 1 in Tabriz is one of the ten municipalities of the metropolis Tabriz. According to General Population and Housing Census 2006, population of this district was estimated as 314,071 people. Below is the chart of this municipality. The top of the pyramid is the Mayor followed by Urban Development Department, Administrative and Financial Department, Development Department and Urban Services Department.

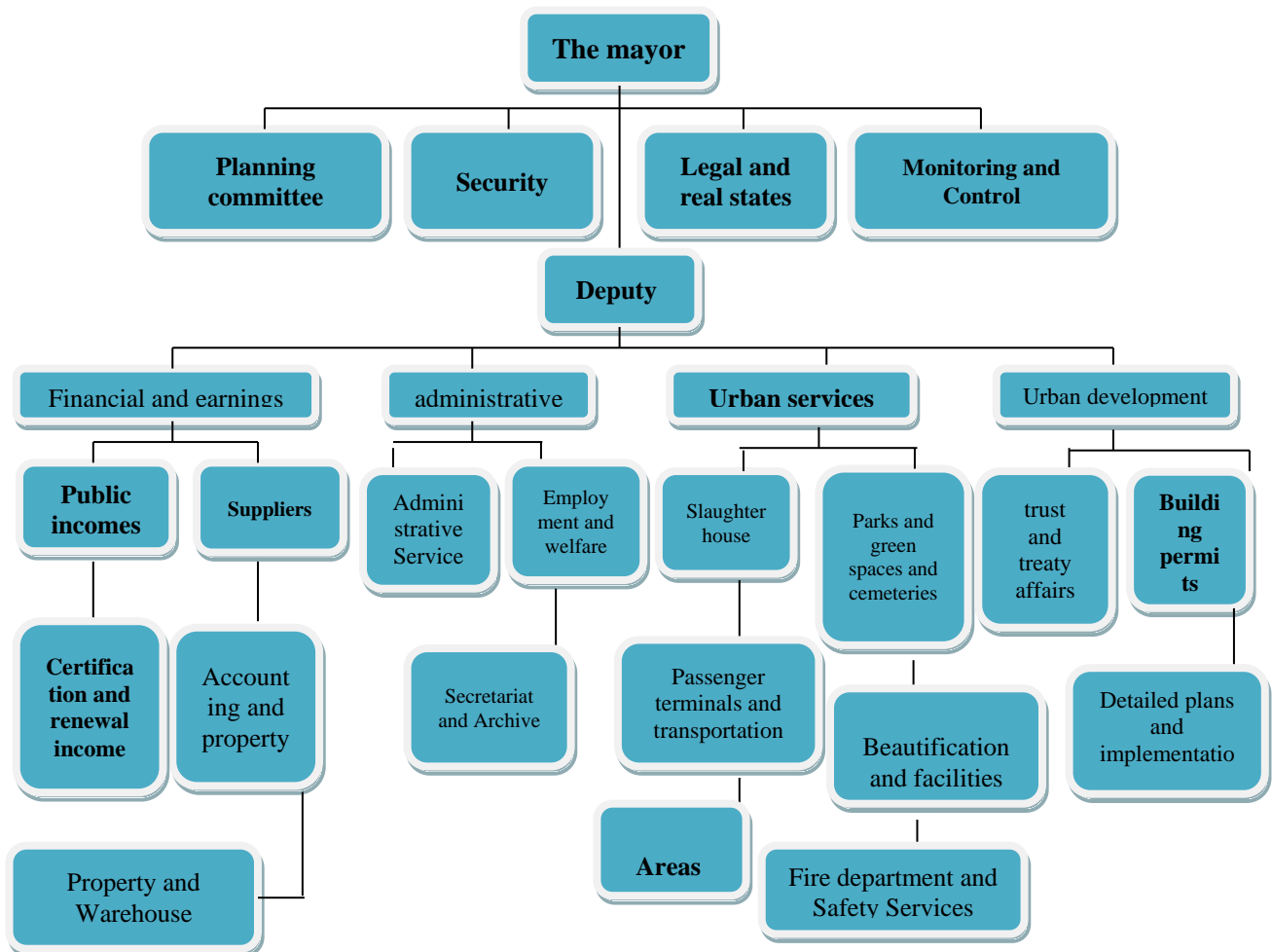


Figure 6: organizational chart of the Municipality of District 1 in Tabriz

Results

In order to implement the strategic plan in the municipal urban management of Tabriz Municipality in District 1, administrative map of the organization was analysed and the strategic plan was evaluated in the following three perspectives.

Financial Perspective

In order to achieve the objectives of financial perspective, it is better that the financial manager oversees the sustainable incomes policy in addition to other sub-sectors. To integrate the financial management and objectives of the financial perspective, the organization requires a section under the Administrative and Financial Department for planning and financial studies. In this case, this department can consider the policies of savings, investments and sustainable sources of income in its agenda.

Citizenship

To achieve objectives of the citizen perspective, it is better to create a section as department of performance evaluation supervised by the mayor. Tasks of this section is evaluation of the living conditions of citizens, levels of citizen satisfaction with public expenditure, citizen satisfaction with municipal services, level of citizen satisfaction with participation in municipal plans and performance evaluation for efforts to attract citizen satisfaction with its performance.

Learning and Growth

In order to learn new skills in the field of urban management and other skills needed in the municipality, it is better to create a section as department of studies and municipal planning under supervision of the mayor. This section includes research centre, planning and studies, development projects and training courses to enhance skills of employees.

Conclusions

Based on findings, adoption of the strategic plan developed by Kaplan and Norton on how to implement strategic planning in public organizations can be helpful in Tabriz municipality to achieve its strategic objectives. Before implementation of the strategic plan, the mayor is recommended to develop a strategic plan for the municipality; using the strategic plan presented in this paper, then, it can successfully implement the objectives of the strategic planning.

The findings of this study and other studies conducted on municipalities of Boise and Macon to implement the strategic plan, they also initially developed the strategic plan after the formulation of strategic planning, to implement and manage the plan. As a result, a strategic plan seems essential to implement the objectives of the municipal strategic planning and its management.

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