STRATEGIC PLANNING & POLICY GOVERNANCE SUBCOMMITTEE

At the October 1, 2013 City Council meeting, Councilmembers Wayne Powell and Tony D'Errico were delegated as the Strategic Planning & Policy Governance Subcommittee.

The purpose and output of this subcommittee is to research:

- Who are possible facilitators
- What process / framework options are available
- What are the deliverables and how will they be utilized
- How to ensure full and meaningful public engagement
- Role of Policy Governance and Policy Governance model options
- Best practices and processes already in use
- Examine SBCCOG RFP for Strategic Plan Development

Councilmembers Powell and D'Errico were tasked with reporting back to the full council with a status update at the November 19, 2013 City Council meeting.

BACKGROUND MATERIAL

An important item to note upfront is that we intend for the strategic planning process to employ civic engagement to the fullest extent possible. (see notes at the end of this document)

Listed here are several outcomes we would expect to achieve through a comprehensive strategic planning process:

- Ensure our city programs, services, and staff are aligned around a shared vision of the future
- City Council and through implemented Policy Governance, our City Staff, will have a clear strategy and direction for delivering cost-effective services for residents and other stakeholders
- The strategy will be communicated with clarity, both internally and externally

- Implementation of a disciplined methodology for choosing priorities among competing programs and services, under tighter and more stringent budgets
- Implementation of a disciplined methodology for Strategic Management, measuring progress and results, and communicating that progress toward the vision

As a first step, we have put together some background information and definitions to help ensure clarity and alignment of all who may participate in the subcommittee activities as well as the full City Council and all other stakeholders who will participate in the strategic planning process.

What is Strategic Planning?

Strategic planning is an organizational management activity that is used to:

- set priorities,
- focus energy and resources,
- strengthen operations,
- ensure that employees and other stakeholders are working toward common goals,
- establish agreement around intended outcomes/results,
- and assess and adjust the organization's direction in response to a changing environment.

It is a disciplined effort that produces fundamental decisions and actions that:

- shape and guide what an organization is,
- who it serves,
- what it does,
- and why it does it,
- *with a focus on the future*.

Effective strategic planning articulates not only where an organization is going and the actions needed to make progress, but also how it will know if it is successful.

What is a Strategic Plan?

A strategic plan is a document used to communicate with the organization the organizations goals, the actions needed to achieve those goals and all of the other critical elements developed during the planning exercise.

What is Strategic Management?

Strategic management is the comprehensive collection of ongoing activities and processes that organizations use to systematically coordinate and align resources and actions with mission, vision and strategy throughout an organization. Strategic management activities transform the static plan into a system that provides strategic performance feedback to decision making and enables the plan to evolve and grow as requirements and other circumstances change.

What Are the Steps in Strategic Planning & Management?

There are many different frameworks and methodologies for strategic planning and management. While there are no absolute rules regarding the right framework, most follow a similar pattern and have common attributes. Many frameworks cycle through some variation on some very basic phases:

1) analysis or assessment, where an understanding of the current internal and external environments is developed,

2) strategy formulation, where high level strategy is developed and a basic organization level strategic plan is documented

3) strategy execution, where the high level plan is translated into more operational planning and action items, and

4) evaluation or sustainment / management phase, where ongoing refinement and evaluation of performance, culture, communications, data reporting, and other strategic management issues occurs.

The first question in Strategic Planning is the mission / vision question:

- "What is our purpose, why do we exist?"
- "What are we trying to accomplish, what is our picture of the future?"

The second question is the strategy question:

- “Are we doing the right things?”
- “What are our main focus areas, what results do we need to achieve?”

Operational questions (e.g., “Are we doing things right?”) should come later.

The Strategic Plan must be accompanied by an ongoing management process to communicate our city’s shared vision to everyone, improve alignment, focus on what matters the most, drive budget formulation, and improve program and service tracking.

Strategic objectives are the continuous improvement activities that are needed to get the desired results. They are critical for creating value for constituents and other stakeholders, around programs and services that make the objectives actionable, and around the value creation chain (called a strategy map) that defines what must be done to be successful.

Good scorecards focus on outcome and output performance measures that provide real business intelligence (i.e. information, processes and methodologies that support decision making) and contribute to the achievement of operational excellence, employee excellence, and government organization success. Starting with a strategic view of how the organization creates value for residents and stakeholders, the scorecard system links strategy to what must be done operationally to be successful.

A Need for Policy Governance - Statement of the Problem

The most vexing element of public management is that which links the public and management. City Councils and many more public bodies are charged with connecting the public to public enterprise. That dynamic connection, referred to as governance, has long been beset with meager theory development and discomfiting pragmatics. While management of the public's business has become continually more sophisticated, much of public governance ranges from the merely ineffective to the frankly embarrassing.

Although City Councils' pivotal role in society is founded in political philosophy, their customs and conduct are normally not rooted in the profound, but in a hodgepodge of tradition-blessed practices and individual personalities. Most scholarly attention and most practical study of public management continues to be just that, a focus on management. Despite its authoritative oversight role, governance remains the most understudied, undeveloped, least rational element in enterprise.

The job confronting a City Council is staggering. Is it even possible to design a part-time leadership role with any hope of addressing the massive burden of accountability thrust upon it? How can a City Council do more than rubber stamp the rapid flow of choices when there is no time for relaxed deliberation? How can City Councils fully exercise their authority without intruding into City Manager prerogatives, thereby damaging the executive force crucial to success? In the case of elected bodies, can independently elected officials be expected to coalesce into a responsible group? How can a City Council know what it needs to know without being overwhelmed with data? How can a City Council get its arms around the organization while keeping its fingers out? The conventional wisdom provides insufficient guidance for these issues. The problem is not simply that traditional practices are inadequate - existing concepts of governance are not up to the task. The need seems obvious for governance theory capable of rationally framing the myriad issues that confront City Councils.

What is Governance?

When defining the dynamic connection between the public and the city enterprise it is imperative that we begin and end with PURPOSE... and that responsibility belongs to the City Council, the body holding primary and topmost accountability for our city.

Governance is far more than looking over management's shoulders, taking public positions, or providing a forum for individual members. The task of municipal governance is not to manage cities, but to govern the management of cities -- traditionally an elusive distinction.

The purpose of governance is to ensure, on behalf of our stakeholders, that the city achieves what it should achieve while avoiding those behaviors and situations that should be avoided.

This purpose appears so obvious as to be worth little attention. To the contrary, if this core purpose is satisfied, all other City Council contributions and practices are optional. If it is not satisfied, all other City Council contributions and practices -- no matter how intelligent or well conducted in themselves -- will fail to yield accountable City Council leadership. A carefully crafted, conceptually rigorous purpose of governance itself, then, forms the heart of City Council effectiveness.

The Policy Governance model urges City Councils to spend most of their time connecting with constituents-as-owners rather than constituents-as-

customers, for constituents are both stockholders and consumers. The council then uses this rich but elusive source of input to determine not how city management should operate, but what should be the ends of its operation.

The .. ends' concept embraces three related elements:

(1) the results constituents should experience in their lives,
(2) the targeting of these results (for whom)
(3) the cost of these results in dollars or in opportunities foregone.

By determining these key aspects of government, a City Council is its constituents' purchasing agent. Ends are controversial and difficult to pin down even in organizations less complex than city government. And when stated, they provide the continuously evolving answer to the question, "what is this city government for?" Moreover, the ground is laid for subsequent evaluation of whether governmental operation is successful -- an invaluable tool in city manager evaluation.

At its best, governance is about values, vision and strategic leadership.

A highly concentrated emphasis on 'ends' is as exciting as it is difficult. Policy Governance provides a simple resolution of the dilemma: The City Council should assertively prescribe the 'ends", but it should stay out of the 'means' except to say what it will not allow.

As to staff means, then, anything the City Council has not prohibited is allowed. Managerial prerogatives and City Council control are enhanced simultaneously. Budgeting, city services, personnel actions, and a host of normal City Council topics are means not ends. City government doesn't exist for these things, but for their results. But because traditional council operation focuses on oversight of means, not on defining ends, government comes to be driven by means rather than ends, evaluated on means rather than ends, and funded on means rather than ends. A means driven system cannot enable the managerial flexibility necessary for excellence. (Moreover, with obscure ends, how can it even recognize excellence?) Government management understandably becomes wed to favored methods and practices more than to outcomes.

With re-invention most overdue at the top of government, a thorough paradigm shift -- not a mere fixing up -- is called for to redesign the way constituents, city staff, and city council members see the job of governance.

A theory of governance must address the integrity of a City Council's relationship with the ownership, including strategies to overcome the snares inherent in exercising group responsibility, discerning the general will, and rising above personal agendas.

Even a masterful job of defining the general will is for naught unless that will propels action toward its satisfaction.

The City Council must interact with an administrative function in a way most likely to ensure realization of the general will the City Council has painstakingly defined. Consequently, the measure of accountability for any City Council is the fulfillment of public will - the product of two separate functions: first determining that will, then ensuring its execution. This is an unremarkable conclusion, albeit one that requires adroit handling of the governance management relationship - the first quandary of which is to properly conceive the difference in these roles.

Crafting an effective relationship between the City Council and those who administer must honor the separation of these roles. The City Council cannot be timid about being in charge (lest the general will be weakly expressed), but must at the same time delegate powerfully to maximize the managerial product (lest the general will be weakly executed). Enlightened delegation is more than pulling the strings of puppets. The public's business deserves the full engagement of professional, scientific, or other competence even while it is being controlled in a larger sense by the City Council's translation of the general will. The phenomenon is not unlike one I might have with my solicitor. He or she must be free to use the full range of training and experience, yet always toward ends that I control. My intelligence must go toward clear enunciation of my needs; my solicitor's intelligence must go toward how best to satisfy them. There is a legitimacy in the roles of both principal and agent. In other words, a City Council would be wise to stick to its own knitting, rather than to meddle in the proper roles of its subordinates. Just what the City Council's 'knitting' should be and how it is best carried out are, of course, the central questions for a theory of governance. Ironically, an important part of the answer is found in the argument of Plato's antagonist in a fictional account by Hospers:

> It is reasonable to consult an expert on what means we should adopt once the end is specified,but the situation is not the same with regard to the end sat which the governmental policies should aim. . . But whether the end aimed at is itself a good thing- whether the ideology in question s really an evil one - is a moral question which is not the special prerogative of the expert. It requires men of great vision and

> understanding, with the assistance of experts who can inform them of countless details that they can not possibly know, to rule the state. I gladly leave the means to experts - that is what they are trained for; but I do not willingly leave the choice of ends to them. The freedom to choose ends must be left, ultimately, to the people themselves.
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> (Hospers 1970 370)

A theory of governance must address the integrity of a City Council's relationship with management, including strategies for empowerment, fairness, and accountability. The result of that relationship should be that the City Council is rigorously in control and, simultaneously, management is optimally empowered. Practices popularly labeled 'micromanaging,' 'meddling,' as well as 'rubber stamping' have no place in such a theory.

THE POLICY GOVERNANCE MODEL

The profound intimacy between a City Council and the ownership should both precede and dominate the relationship between a City Council and management. The City Council is foremost a voice from ownership to management and only secondarily a link in the other direction. The City Council's rightful fidelity is to the ownership, not to management. The pertinent consanguinity is City Council-ownership, not City Council-administration. Therefore, *the governance function is a derivative of ownership rather than of management*. A theory of governance does not begin with considerations of the needs and language of management, then, but considerations of the needs and language of ownership.

This point of departure flies in the face of common practice, in which City Councils are counseled that the deluge of managerial material, formats, and concepts is precisely what they should master. Because governance is less developed than management, City Councils have accepted managerial concepts as the *lingua franca* of Council Chambers. City Councils have construed their job as looking over the shoulders of managers, reviewing the same reports, confronting the same questions, operating with the same time horizons, and trudging through the same details. Governance, in other words, has been treated as a subcategory of management rather than as a distinct function with its own principles and concepts. It is no wonder that distinguishing governance from management - City Council and City Manager roles - has been perennially difficult. Indeed, some contend an adversary relationship to be inevitable.

To the extent a theory of governance is conceptually coherent and complete, it creates a framework in which a host of familiar, concrete issues can be

resolved. These include all the questions that come up around City Manager evaluation, City Council role in planning, fiduciary responsibility, constituent relationships, City Council training, agenda control, role of the mayor, committee assignments, and many others. Since City Councils so commonly exhibit a great deal of indecision, confusion, inconsistency, and even outright incompetence in the face of these familiar issues, there is reason to question the adequacy of current underlying assumptions about governance and, Carver maintains, reason to strive for a more effective paradigm upon which City Councils can operate.

The Policy Governance model is a complete theory of governance built from social contract philosophy; from Greenleaf's concept of servant-leadership; and from modern management. Rather than a theory of execution, it is a theory of ownership and the expression of ownership in the organizational context. It positions the City Council as a completely separate function facing the ownership in the primary direction and the executive organization in the other - quite different from seeing governance as an extension or sub-discipline of management. It requires City Council members to be servant leaders rather than either demagogues or administrators.

To set the stage for this logic, Carver emphasizes that the City Council is not seen here as 'running' the organization it governs. The City Council is not running city government just as the hospital board is not running the hospital. Put another way, the City Council does not exist to help management manage - its purpose is not to advise, but to govern. The literature and practice in quasi-public nonprofits and in public organizations commonly present the City Council as augmenting management and concerning itself with the specifics of managing. The Policy Governance model, in concert with Mill and Rousseau, conceives of the City Council as a body having its arms firmly around public purpose rather than its fingers in the execution of that purpose. To be consistent with this peculiar role, differentiating among the complex aspects of the public's business requires concepts and language different from those of management.

IMPLICATIONS OF POLICY GOVERNANCE

Policymaking

Because policy has been defined to include all possible pronouncements within a carefully crafted arrangement, the compendium of City Council policies is at the same time exhaustive and brief. It is the single, central repository of written City Council wisdom, rather than one of several City

Council products. Replacing reams of previous City Council documents, these documents often number fewer than fifty pages - City Council members can actually master all of them, using them as working documents and making frequent amendments. Moreover, City Council policies are truly the City Council's policies, having been generated from City Council deliberation, not parroted from management recommendations. Explicit, comprehensive governing values of the organization enable new City Council members to find quickly what the City Council stands for. The City Council and City Manager have an unambiguous source for knowing City Council expectations of their roles. To find what the City Council has said, there is no need to search through years of minutes and document approvals, along with all the chancy inferences needed in such a process, nor to listen to single City Council members' versions.

Agenda Control

City Council meetings should be the council's meetings, not management's meetings for the council. As long as City Councils fill their time with the examination of managerial material and as long as they allow management to move ahead only after detailed approvals, City Council agendas will necessarily be filled to overflowing with management matters. Managers, of course, know these matters better than anyone, so come to be masters of their masters' agendas - a formula for poor governance. The City Council can own its own agenda simply by attending to the policy concepts already discussed. It merely looks several years into the future and plans its own job of clarifying values. There is no need to exclude the City Manager from this process; indeed, to do so would be wasteful of the City Council's greatest resource. But the City Manager can be helpful as the City Council does its job rather than by his or her assuming ownership of the City Council's job. Regardless how pure the City Manager's motives, taking more responsibility for governance than do the governors cannot create good governance, but only its superficial appearance.

As Wolfe contended:

Who... sets the agenda? This is not a trivial question. Often the most powerful person is not the one who decides yes or no, but the person who puts the questions in the first place. Participatory politics becomes far less appealing if the agenda is to be set by appointed officials. (Wolfe 1996 101)

Community Engagement

This is from a White Paper entitled "The Connected Community: Local Governments as partners in Citizen Engagement and Community Building" by James H. Svara and Janet Denhardt from Arizona State University, presented in cooperation with the Alliance for Innovation, October 15, 2010.

Adapting the guidelines of the International Association of Public Participation, the city commits itself to these standards for each of these approaches:

- Inform- "We will provide the public with balanced and objective information to assist them in understanding a problem, alternatives, opportunities and/or solutions."
- Consult- "We will collect public feedback on analysis, alternatives and/or decisions from our community."
- Involve- "We will work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered."
- Collaborate- "We will partner with the public in each aspect of the decision including the development of alternatives and identification of the preferred solution."3

In addition to involving and collaborating as areas of engagement, local governments should have dialogue with citizens about areas in which citizens are empowered to act or to take on responsibility to act on their own. To reinforce the definition, it is useful to make explicit what does not qualify as citizen engagement. Trainers for Commonsense California say that citizen engagement is not:

- Selling the public on…;
- Getting votes for…;
- Convincing the public to….;
- A meeting to complain/find fault with…;
- A process where staff…controls [the] outcome….

Furthermore, in their view, citizen engagement does not occur at council meetings.

Thus, citizen engagement activities provide the opportunity for interchange and learning from each other. One-way exchanges are important for giving

and receiving information and can be the foundation for engagement, but engagement is qualitatively different. In the view of Jim Keene, city manager of Palo Alto, the question for public administrators to ask is "what conversations can the city support that create stronger social and civic capital?" He notes that there is inherent tension when governments encourage citizens to do what citizens need to do for themselves. When this tension is handled well, public administrators are acting, as Keene put it, "authentically" and advancing engagement (Pearce & Pearce 2010, 21).

Much of the work in this document relating to Policy Governance is taken from various writings and publications of J. Carver and M. Carver.

Policy Governance is a registered service mark of John Carver.

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Carver, J. and Carver, M. (1997a) 'Basic Principles of Policy Governance'. The Carver Guide Series on Effective Board Governance. Booklet 1. San Francisco, CA: Jossey-Bass.

- (1997b) Reinventing Your Board: A Step-by-Step Guide to Implementing Policy Governance, San Francisco, CA: Jossey-Bass.

Stakeholders (Owners & Customers)

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City Council (Policy Makers)

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City Manager (Chief Administrator)

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City Staff (Implementation)