

10. Strategic plan

Introduction and aim

A responsibility of Governors is to examine and agree the provider's strategic plan. Normally, the head of the provider will bring forward a draft strategic plan for consideration, discussion and ultimately approval by the governing body. However, the actual process by which a governing body discharges its responsibility to approve the strategy plan varies between providers.

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1. A changing context

The policy context and operating environment for higher education has become more changeable and less predictable. Higher education providers need to think carefully about how they can best succeed in an uncertain environment. Each provider must make choices and select a 'strategic' position within the higher education sector that gives them the best opportunity to be successful.

2. Strategic plans

A strategic plan documents a provider's strategy. Typically, a plan will set out the direction of travel and the areas of activities which are the provider's chosen priorities. The strategic priorities will determine resource commitments and lead to actions.

3. The fit between the strategic plan and the provider

The choice of strategy will reflect what the provider is seeking to achieve (goals and aims) and be informed by its capacity and capabilities (resources). It should take account of the provider's core values and beliefs, and be aligned with its culture¹.

4. A successful strategy

For higher education providers there is no one accepted way of developing a successful strategy. Successful strategies are not formulaic, and need to be crafted to fit a specific context. Typically, successful strategies are based on a mix of insight and imagination; a combination of deduction and inductive thinking. The resulting strategy should have a clear focus.

5. Codes of governance

The codes of governance applying to higher education place a clear responsibility on governing bodies with regard to a provider's strategic plan. [The Higher Education Code of Governance](#) says: 'the strategic plan plays a crucial role in ensuring the successful performance of the institution, and the governing body will want to demonstrate its commitment to and support for the plan by formally approving or endorsing it in accordance with its constitution².' As part of their primary responsibilities the [Scottish Code](#) requires that the governing body should as a minimum, approve the mission and strategic vision of the Institution, and its strategic plan³.



6. Deciding on a process

The chair of the governing body and the head of the provider will need to agree how to best engage the Governors in the development and approval of the strategic plan. There will need to be a jointly agreed and planned process to allow for sufficient debate, modifications and final approval.

7. The role of the head of the provider

The expectation is that the head of the provider, working with the executive team, will develop and place before the governing body a draft strategic plan for consideration and comment by Governors. The draft should draw on the executive's deep understanding of the higher education sector, and an assessment of the opportunities and challenges facing the provider.

8. Creating a culture for dialogue

There needs to be a culture of openness and mutual trust between the governing body and the executive team for the process of developing the strategy to be one where Governors feel able to question and challenge a draft strategic plan. Such a culture will enable ideas to be shared and openly validated. A process of 'sell and defend' should be avoided. This occurs where the head of provider and executive team put forward a strategy that they feel obliged to defend in the face of questioning and challenge by Governors. If this is to be avoided, the chair of the governing body and the head of provider need to work together to ensure there is an appropriate 'tone' to the discussions involving the strategic plan.

9. Finding time for discussion

The mechanisms used to develop and approve a strategic plan vary. With a limited number of scheduled meetings and normally full agendas, it can be difficult to gain sufficient time to examine and discuss the draft strategic plan in detail. To ensure there is time, it may be necessary create additional opportunities outside of the regular cycle of governing body meetings.

10. The process in practice

'Strategy' or 'away days' are often used to discuss and assist the development of a strategic plan. Alternatively, some providers use a committee of the governing body or joint committee with senate (e.g. strategic development committee) as a way of consulting and commenting in detail on a draft strategy, prior to the strategy being placed before the full governing body for consideration.

11. How much influence do Governors exercise?

In practice, the influence of Governors in the development of a strategy plan varies. Normally, if a governing body has confidence in the head of provider and the executive team and the provider's performance is judged to be satisfactory or better, then Governors are likely to be highly supportive of any plan brought forward. Conversely, if Governors have less confidence in the head of provider and the executive team, or the provider's performance is weak, then a proposed plan may be subject to greater scrutiny.

12. Distinguishing a 'good' from 'bad' strategy

How does a Governor decide whether a strategic plan placed before a governing body constitutes a 'good' or 'bad' strategy? Is it possible to distinguish between 'good' and 'bad' strategies?⁴

13. A 'bad' strategy

Typically, a bad strategy is characterised by:

- being too general and having little or no substance;
- failing to recognise the challenges facing the provider, and not addressing the issues that it needs to;
- mistaking goals for strategy, by describing ends, but not the means; and
- having too many objectives, and thereby lacking focus.

The manifestation of a bad strategy may be an overly long and poorly focused strategic plan, containing unclear or an excessive number of objectives, some of which may be in conflict.

14. A 'good' strategy

Typically, a good strategy:

- offers a clear way forward by addressing the challenges faced by the provider;
- has a clear focus, with perhaps one or two pivotal objectives;
- contains a coherent set of actions, allowing resources to be clearly aligned with the objectives; and
- is easy to explain, communicate and share with stakeholders.

The plan should include clear aims (intentions) and stretching, but achievable, outcomes (objectives).



15. Approving the strategic plan

Governors need to assure themselves that any proposed strategy is 'fit-for-purpose'. To make an assessment of whether the plan is fit-for-purpose, Governors should have sufficient understanding of the sector and provider's position within it. When 'signing-off' a strategic plan, Governors must be confident that it offers a sustainable basis for the provider to operate and prosper in the immediate- and longer-term.

16. Sustainability

Sustainability is about ensuring that the provider operates 'today' in ways that do not undermine its ability to operate 'tomorrow'. To be sustainable, resources should be managed in such a way that, as a minimum, current capabilities and capacities are maintained at current levels into the future, and that the provider is positioned to respond to anticipated threats. This highlights the need for Governors to be mindful of the longer-term, as well as the immediate term, when making strategic decisions.

17. Strategies have a finite life

A constantly evolving environment for higher education means that even the most successful strategy will become redundant in time. This may be accelerated if there are significant discontinuities in the policy environment. Consequently, there is need to periodically review a provider's strategy. It has been noted that *'there is simply no one perfect strategy that will last for all time'*⁵.

18. When to review?

There should be a thorough review of a provider's strategic plan on a regular basis. This may not necessarily have to happen every year, but should, as general guidance, take place every two or three years. Between full reviews, governors should receive regular (at least annually) updates on progress in achieving the agreed outcomes to the strategic plan.

19. A failure to review

Evidence from the past suggests that providers get into difficulties when governors do not ensure that a comprehensive review of a provider's strategic position and strategy takes place; or when over-optimistic assumptions or projections contained in a strategic plan remain unchallenged. As a consequence, corrective adjustments are delayed. The opportunity to adapt in a timely manner to emerging difficulties is lost. Problems build over-time, until they reach a point when they cannot easily be ignored

and more drastic action is necessary. If effective action is delayed for too long the situation may deteriorate and potentially threaten the provider's survival: *'a turnaround is a transformation tragically delayed – an expense substitute for a well-timed adaptation'*⁶.

20. Conclusions

Developing and articulating an appropriate strategy requires careful consideration and skill. A strategic plan should set the provider's direction of travel and provide the basis for aligning supporting policies and resources. Strategic plans should not be excessively long, or leave the reader unclear as to how the provider will prioritise and allocate resources. It should also be possible to communicate readily the key priorities contained in the strategic plan to stakeholders.

21. Questions to review

- Q How is the governing body involved in the formulation and approval of the strategic plan?
- Q Is there sufficient time to examine and comment on the draft strategic plan?
- Q Do discussions on the strategic plan take place in a culture that encourages open debate and discussion?
- Q Are Governors' comments reflected in subsequent drafts of the strategic plan?
- Q Does the adopted strategic plan provide a clear direction and associated priorities?
- Q Is the strategic plan aligned with the organisation's culture?
- Q When was the strategic plan last thoroughly reviewed?
- Q Does the current strategic plan remain fit-for-purpose?



End notes and reading

- ¹ Organisational culture typically develops over a long-period of time, and, in most circumstances, is generally acknowledged to be difficult to change. Attempts to change culture can lead to unpredictable results. If the proposed strategic plan is based on the intention to change the provider's culture, very careful consideration will need to be given not just to the reasons why, but how to ensure the change is successful, and that the strategy can be implemented. [Briefing Note 27 Governing Bodies and Culture](#) offers further comment on these matters.
- ² The Higher Education Code of Governance, Revised June 2018, p.15.
- ³ The Scottish Code of Good HE Governance, July 2017, p.10.
- ⁴ Rumelt R (2011), *Good Strategy/Bad Strategy*. London: Profile Books.
- ⁵ Lafley A.G. and Mann R (2013), *Playing to Win: how strategy really works*. Boston: Harvard University Review Press, p.88.
- ⁶ Hamel G, cited in Hensmans M, Johnson G and Yip G (2013), *Strategic Transformations*, London: Palgrave Macmillan

