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Strategy as the Focus for Evaluation

Michael Quinn Patton, Patricia A. Patrizi

Abstract

Strategic thinking and planning have long been the focus of management training and organizational development, but strategy is a new unit of analysis for evaluation. The authors examine the increasing attention given to being strategic in the private sector, in government, in philanthropy, and in the not-for-profit sectors. To respond and adapt to concerns about the implementation and impacts of strategy, strategy needs to be evaluated. The authors look at what strategy is, offer a framework for evaluating strategy, consider issues in strategic evaluation, and examine opportunities for strategic learning based on evaluating strategy. © Wiley Periodicals, Inc., and the American Evaluation Association.

Thinking and Evaluating Strategically

> Unless a variety of opinions are laid before us,
> we have no opportunity of selection, but are bound
> of necessity to adopt the particular view which may
> have been brought forward
> > Herodotus, Greek historian, 5th century B.C.

The contemporary word *strategy* derives from the ancient Greek word *strategos,* which meant to think like a general. The term originated, then, as a reference to military strategy, but in ancient Greece military

leaders were often also territorial governors. *Strategoi,* then, were politicians as well as generals.

Strategy is a new unit of analysis for evaluation. The *Encyclopedia of Evaluation* (Mathison, 2005) has an entry on "strategic planning" but nothing on strategy as an evaluand or on evaluating strategy. Traditionally, evaluation has focused on projects and programs. Organizational development makes the organization the unit of analysis for assessing organizational effectiveness, usually focused on mission fulfillment. Management, in contrast, often focuses on *strategy* as the defining determinant of effectiveness. The language of strategy permeates senior management initiatives in government, philanthropy, the private sector, and the not-for-profit world. Being sensitive and responsive to primary intended users of evaluation has become a hallmark of effective and useful practice. In that sense, being sensitive and responsive to the language and concepts used by primary intended users is a *strategy* for enhancing the relevance and utility of evaluations. We came to focus on the question of what it means to evaluate strategy, because we observed that our senior management clients in all sectors were talking *not* about theories of change or logic models, but about being strategic: Strategic thinking. Strategic planning. Strategic results. Being strategic. Strategy execution. Adapting strategically. And, yes, *evaluating* strategy. In this regard, we are working in the tradition of that eminent evaluation pioneer, Sir Winston Churchill (1874–1965), who is reputed to have observed: "However beautiful the strategy, you should occasionally look at the results."

One of the reasons we think that evaluators have been slow to focus on evaluating strategy is that strategy is closely associated with planning, strategic planning, and as evaluators we don't do planning, we do evaluation. But what's been happening in the world of management is a movement away from a focus on strategy as equivalent to planning, something we'll have more to say about later. For now, we want to emphasize that evaluating strategy is not about evaluating strategic planning, or even strategic plans. It's about evaluating *strategy* itself. And that, we shall argue, makes all the difference.

We begin, then, with a brief overview of how the language of strategy has come to permeate management thinking and writings about organizational effectiveness. We'll then examine some of the diverse definitions of strategy and what it means to be strategic. Then we'll review what we consider to be a particularly useful framework for evaluating strategy. Finally, we'll consider the implications for evaluation of treating strategy as a distinct *evaluand*, that is, a specific unit of analysis and target for evaluation.

Strategy as a Focus

We want to begin with the larger context by giving some sense of how strategy is talked about by organizational leaders, board members, academics,

management consultants, best-selling authors of management books, and influential professional development trainers. As an interdisciplinary and transdisciplinary field, it is important for evaluation to keep abreast of developments in the larger world. What are leaders talking about? How do they conceptualize the challenges they face and the value-added they bring to their organizations? What do they worry about? What are they seeking to improve? *That which concerns them should concern us.* At least that's the premise under which we're working.

Strategic management has long been a private-sector focus and there are lots of books about *strategic management* (e.g., David, 2008; Hill & Jones, 2009; Hitt, Ireland, & Hoskisson, 2010; Pearce & Robinson, 2010). You'll also find a plethora of books on related themes like strategic thinking (Haines, 2007; Sloan, 2006) and strategic planning, including books targeted to the government and not-for-profit sectors (e.g., Bryson, 2004; La Piana, 2008). But we found nothing on *strategic evaluation.*

There is, however, a recognized field of strategy consulting. This is one of the specializations monitored in the annual management consulting recruitment channel report. The 2010 report found that strategy consulting is especially vulnerable to economic conditions.

> Strategy consulting, often the quickest to be hit in a downturn, can also be amongst the last to recover during an upturn. In many respects it's the most discretionary type of consulting spend there is—and this has spillover effects on the hiring trends within strategy consulting. Given this, it is therefore heartening for the industry as a whole to see a general consensus that strategy consulting hiring will gather pace this year—one of the strongest indicators that as an industry we perceive the worst to be very much behind us. (TopConsultant, 2010, p. 10)

One approach to strategy consulting is *strategic performance management.* For example, Rick Johnson, a private-sector management consultant who founded CEO Strategist LLC, markets himself as a "leadership strategist" and asserts that: "Success during the most significant economic challenge since the depression, is Strategic Performance Management" (Johnson, 2008, p. 1). He argues that the big mistake of the past has been too much focus on performance measurement rather than on *strategic* performance management, which he presents as a "platform for the effective management of individuals and teams in order to achieve high levels of organizational success . . . Strategic performance management is a holistic process, bringing together many of the elements which go to make up the successful practice of people management, including in particular—learning and development" (p. 1). A related approach, Strategy-Driven Execution Management, is a proprietary model based on monitoring the implementation and outcomes of strategy (Keyne Insight, 2010).

Government initiatives also use the language of strategy. For example, the federal Office of Management and Budget created a task force "E-Government

Strategy: Simplified Delivery of Services to Citizens" (Office of Management and Budget, 2002) and the Congressional Research Service (2007) reviewed "State E-Government Strategies" to identify "best practices and applications." A widely read Harvard Business School casebook on The Strategy-Focused Government Organization equates being strategy focused and evaluating strategy with use of the balanced scorecard (Kaplan & Norton, 2000). The news is filled with debates about government policy and reform strategies in education, health, the environment, and new directions for foreign-policy strategies, global climate management strategies, and economic-development strategies. As in private-sector management and government policy debates, admonitions to think strategically have permeated the philanthropic sector.

Strategic Philanthropy

Word Spy, a Web site that tracks new words and phrases, credits the earliest usage of "strategic philanthropy" to Ruth Walker commenting on "business philanthropy seen as an investment" in a 1983 article in the *Christian Science Monitor*. Strategic philanthropy "sounds like a contradiction in terms. But observers in the field of corporate social responsibility—which includes philanthropy, volunteerism, and 'social investment'—are arguing that corporate America gives most effectively when it gives to serve enlightened self-interest" (Walker, 1983).

Since that time the phrase has become widely used and has a variety of different meanings and usages. An International Network on Strategic Philanthropy has emerged that associates the phrase with a number of dimensions related to effectiveness:

> Strategic philanthropy refers both to the working philosophy and the program strategies of a foundation. It originates from an entrepreneurial view of foundation activities, which focuses around strategy, key competencies and striving for effective contributions to social change. Strategic philanthropy . . . involves institutions that are driven by:
>
> a vision of the desirable society of the future,
>
> a distinct value orientation in their activities,
>
> a concept of social change to the effect of greater social justice rather than the mere grant-making to address social problems,
>
> the conviction that foundations serve as laboratories to develop model solutions, new ways of thinking, and new understanding for resolving societal problems,
>
> the awareness that innovative models and approaches should include both blueprints and a focus on practical implementation and applicability,

a concern for the effectiveness of their philanthropic endeavors,

a proactive approach, be it in their own activities, be it in partnering or grant-making,

an awareness for capacity building and organizational learning among grantees/partners,

a public policy orientation driven by the potential of taking project results to scale on policy levels,

the insight that philanthropy provides for investment in the production of public goods, preferably aiming at innovations or increased effectiveness. (International Network on Strategic Philanthropy, 2005; Putnam, 2010)

Paul Brest is president of the William and Flora Hewlett Foundation, former Dean of Stanford Law School, and coauthor of the book *Money Well Spent: A Strategic Plan for Smart Philanthropy* (Brest & Harvey, 2008). He argues that "[T]he fundamental tenets of strategic philanthropy are that funders and their grantees should have clear goals, strategies based on sound theories of change, and robust methods for assessing progress toward their goals (Brest, 2010, p. 47), criteria that should resonate with evaluators. But according to a recent report from the Center for Effective Philanthropy (2009), although most foundation executives believe it is important to have an explicit strategy to manage and inform their grant-making decisions, relatively few foundations have actually developed one (Buteau, Buchanan, & Brock, 2009).

The philanthropic Evaluation Roundtable is a network of major philanthropic foundation evaluators. This group meets periodically to consider cutting-edge issues in evaluation. The May 2008 gathering at the Robert Wood Johnson Foundation focused on evaluating strategy. Prior to the meeting, telephone interviews were conducted with senior staff from 14 of the largest philanthropic foundations in the United States focusing on identifying patterns of strategy development, use, and evaluation. Two-thirds of the foundations reported that they had gone through a major change in strategy in the past 18 months, often stimulated by a change in leadership. Strategy articulation was most often associated with strategic planning, but respondents reported that little attention was paid to evaluating strategy. They also reported some push back against the pervasive attention to strategy: "I am strategied out"; "The process [of strategic planning] is becoming a monster."

Foundations devote substantial time, resources, and staff to concerns about strategy, and the language of "being strategic" permeates their organizational cultures and leadership rhetoric, but the findings identified a number of perceived weaknesses in how large and prestigious philanthropic foundations approach strategy formulation—*and a general absence of strategy*

evaluation. Moreover, little is invested in ongoing learning about strategy as it evolves. The broad participation in the Evaluation Roundtable by the leaders in philanthropic evaluation and their enthusiastic reaction to the deliberations about evaluating strategy during the Roundtable conference suggests that this is an important emerging direction with implications for evaluation generally.

Ricardo Millett, former Director of Evaluation for the W. K. Kellogg Foundation and a pioneer in philanthropic evaluation, recently reflected on the state of foundation evaluation in presenting the 2010 Mary E. Corcoran keynote address at the Minnesota Evaluation Studies Institute Annual Conference. He emphasized the absence of strategic evaluation.

> We are still in the infancy stage of evaluation diffusion in the foundation community. I would venture that seventy-five percent or more of all foundations do not apply evaluation tools in their grant making decisions and programming processes, and if they do it is primarily focused on the grantees' performance. Few see "results/outcomes/impact" as a function of their efforts in relation to grantees' efforts informed and framed by some level of *strategic intentionality*.
>
> So what is wrong with this picture? Why do the majority of foundations, while perhaps convinced that having a strategy is important to effective "social betterment" achievement, not engage us more? Is it because our methods are too obtuse and esoteric? Or that we are too expensive and slow in delivering useful information for management decisions. Whatever the reason, I believe that the onus is on us to figure out what is going on and fix it. We need to be more proactive if we want to lead. We need to figure out why the great majority of foundations and non-profits are not understanding or applying our tools. We need to lead the discussion about why the application of our tools can be useful. (Millett, 2010)

Millett went on to recommend that evaluators form a "strategic philanthropy technical assistance team" to learn and work with interested foundations and a group of their grantees to translate their current mission statements to a more explicit strategy that could inform grant decisions and management—and be strategically evaluated. The proposed technical assistance would focus on strategy specification and evaluation. He concluded:

> We must find the inspiration to meet foundations where they are. We must find ways to translate evaluation logic and methods into easier to understand and usable modules, facilitate focus on mission, clear strategies and measurable indicators related to goals and strategy. (Millett, 2010)

Millett's observations about the absence of strategic evaluation were informed by research from the Center for Effective Philanthropy on *Essentials*

of Foundation Strategy (Buteau et al., 2009). The study analyzed how nearly 200 foundation executives and program officers made decisions. They categorized and compared more strategic with less strategic grant makers. They found that more strategic grant makers were:

Able to explain in depth the logic that undergirded their work and the connections between what they did and what they sought to achieve
More likely to seek external feedback
More transparent in communicating their strategies
More engaged in evaluation

In disseminating their findings, the researchers have emphasized thinking strategically about philanthropic work, especially in deciding what new initiatives and approaches to undertake. Whether new ways of doing things make any sense for a particular foundation depends. Depends on what? "It's all about strategy—and strategy, by definition, is not one size fits all" (Buchanan & Buteau, 2010, p. 32).

This emphasis on thinking strategically and evaluating strategy mirrors the views of participants in the philanthropic Evaluation Roundtable. So, with all this attention to strategy in all sectors of engagement—private sector, government, not-for-profit programs, and philanthropy—what is it?

What Is Strategy?

Perception is strong and sight weak. In strategy it is
important to see distant things as if they were close
and to take a distanced view of close things
     Miyamoto Musashi (1584–1645), legendary Japanese swordsman

Strategy is generally understood to be about where an organization is headed and how it intends to get there. Strategies can be visionary or concrete, very long-term or relatively short-term (say 3 years), explicit or implicit, meaningful or mere window-dressing, and agreed on or a source of conflict. These are but a few of the dimensions along which strategies vary and which, by the way, can become criteria for evaluating strategy. The great variety of approaches to strategy and strategic management led strategic management scholars Mintzberg, Lampel, and Ahlstrand (2005) to call their review: *Strategy Safari: The Complete Guide Through the Wilds of Strategic Management.* So, the first question that arises in evaluating strategy is this: What do the people using the word *strategy* mean by it? A related question is: How important to the organization's leadership and culture is thinking strategically, or being strategic, or being perceived as being strategic? Where attention to strategy and strategic thinking are highly valued, opportunities to evaluate strategy will exist.

In looking at various frameworks that might inform evaluating strategy, we resonate to a behavioral approach in which strategy is evaluated by examining patterns of behavior—what the organization actually does—not just its rhetoric about strategy and strategic plans. Herbert Simon, one of the preeminent management and organizational theorists, posited that "the series of decisions which determines behavior over some stretch of time may be called a strategy" (Simon, 1957, p. 67). Working in this tradition, distinguished McGill University management scholar Henry Mintzberg in his book *Tracking Strategies* defines strategy as "pattern: consistency in behavior over time" (Mintzberg, 2007, p. 1). His management scholarship has focused on patterns of organizational behavior as manifest in observable actions, actions that can be tracked and evaluated for their coherence and impacts as strategy. Management scholars are "tracking strategies" and their results with no grounding in evaluation. Evaluation can learn from what management scholars are doing, but deepen and adapt their approaches and insights to the particular concerns and mandates of the evaluation profession.

Management scholarship and private-sector trends spill over to and affect government, nonprofit, and philanthropic sectors where most evaluation has traditionally occurred. Strategic planning is widely used in all sectors, but tracking strategy as *patterns in organizational behavior* is a relatively recent direction that is having a great deal of influence in the private sector, especially through the writings and consulting of Mintzberg. The *Wall Street Journal* named Henry Mintzberg one of the 10 most influential business thinkers ("Wall Street Journal Most Influential Business Thinkers," 2008), and he was the keynote presenter at the 2008 Evaluation Roundtable mentioned earlier, which explored strategic philanthropy. Mintzberg brings a particularly rich set of ideas about what organizational strategy actually is, how it evolves, and how it affects what people in organizations actually do. Although Mintzberg is well known in the business world, we find that Mintzberg's framework is also applicable and well suited for the work of the public and nonprofit sectors—both in his appreciation of the complexity of the challenges faced and the need to build strong learning and adaptive capacities in order to succeed in these arenas.

Strategy, as Mintzberg defines and tracks it, is different from what evaluators typically mean by a theory of change or conceptualize in a logic model. These differences have significant implications for treating strategy as an evaluand. That is the scope and focus of this volume: *strategy as the evaluand and unit of analysis for evaluation.* Strategy is not what a program or organization plans to do or says it does but rather, what it actually does. Strategy is usually defined as a forward-looking plan for a defined future. Mintzberg's approach is to define strategy as systematic patterns of organizational behavior that determine overall direction, how the organization's work is carried out, and where it is carried out. He distinguishes "intended strategy" from "realized strategy." When examined, "realized strategy" (or what was actually done) reveals patterns of behavior and commitments, the

ways that problems are framed, and how an organization relates to the external world. In combination, *these patterns constitute strategy*. Let's take a closer look at Mintzberg's key distinctions and their implications for evaluation.

Strategy Distinctions: Perspective Versus Position

In his teaching, Mintzberg likes to ask, "Was Egg McMuffin, McDonald's breakfast in a bun, a strategic change for the company?" Some respond that it was a strategic change because the innovation constituted a new product aimed at a new market—breakfast eaters. Others say it was a product improvement but not a strategic change because it was still McDonald's fast-food approach (strategy). He calls this "the Egg McMuffin Syndrome"—the failure to distinguish different kinds of change—and evaluators manifest this syndrome every bit as much as business managers and strategic planners.

First, one must distinguish nonstrategic change (improvement within the existing strategy) from strategic change (development of a new direction). Within strategic change, Mintzberg distinguishes changes in *position* from changes in *perspective*. Position focuses on what is done and the territory (landscape, space) in which it is done; for programs this is usually the target population and primary outcomes targeted. Perspective focuses on how something is done; for programs this means how staff work with participants and partners. Egg McMuffin was a strategic change in position (a new product aimed at new market) but was not a change in perspective, because it still involved producing standardized fast food. Changing a position within perspective, Mintzberg says, is relatively easy because it just involves doing new things in an established way. Changing a position together with a perspective is more significant, for which he offers the imagined example of a gourmet "McDuckling a l'Orange" served at your table instead of picked up at the counter. This kind of change is harder because "perspectives are deeply rooted in organizations, in their cultures" (Mintzberg, 2007, p. 8). But change still comes in response to different environments: After long hesitation, Euro Disney decided to serve wine because the local French population demanded it. McDonald's has begun experimenting with variations based on location: including a crab sandwich on the menu in Maine, serving pastries in France, and brewing gourmet coffee in upscale markets.

Changes in position and perspective can be *either* strategic or nonstrategic. Nonstrategic changes are improvements in implementing the existing strategy. A strategic change, in contrast, constitutes a development— a significant *strategic* departure from business as usual. Mintzberg considers offering a Big Mac on a whole-wheat bun to be a minor product improvement within the same strategic perspective (fast food). Those who prefer whole-wheat to white bread would consider this an improvement, but it is not a significant strategic change in how McDonald's does business.

However, targeting gourmet coffee drinkers represents a strategic change in position, not just an improvement in the way it has served coffee in the past.

Now let us illustrate the distinctions between strategic perspective and strategic position at the program level. Consider an employment program that targets chronically unemployed men of color (its strategic position). Originally, the program planned for generalist staff "coaches" to help men of color locate appropriate training and education in the community (outsourcing all training was its strategic perspective). Improvements in this strategy involved getting better at selecting motivated men of color and supporting coaches to match participants appropriately to training and educational opportunities in the community. Strategic developments, beyond improvements, involved more fundamental changes. Changing the target population to include women and low-income whites occurred, in part because new welfare-to-work legislation during the Clinton administration dramatically increased demand among women on welfare for employment training and the program responded to that increased need and demand (a change in strategic position). This did not involve a change in mission, which remained poverty reduction, but did involve an important change in the program's participant composition. Under Mintzberg's distinctions, this constituted a change in strategic position—a change in target population and outcome (or a change in product, in business terms).

A major developmental change in strategic perspective involved the decision to bring most training in house and create the program's own customized courses because outsourcing just wasn't working. The evaluation feedback from both participants placed in jobs and their employers concluded that available training and education in the community didn't meet the needs of the targeted participants. This led to adding to and changing the staff configuration, hiring trainers, placement specialists, and company recruiters, as well as redefining the role of coaches to specialize in what participants needed at different stages in the program. (That participants needed different kinds of coaching at different stages of the program was an evaluation finding.) Other major strategic developments in perspective involved offering empowerment training for employees already employed in customer companies (not just program participants) and creating a program for men in prison. Framing the evaluation as *evaluating strategy* was well received by the program's leadership and funders because the nonprofit leadership came from the private sector where an emphasis on strategy was greatly valued. Indeed, part of the new program's critique of the existing government, nonprofit, and philanthropic sectors was that they were not sufficiently strategic. The organization's leadership resonated to a focus on evaluating strategy (Patton, 2010, Chapter 2).

Mintzberg's strategic distinctions emphasize that it is important to understand both the degree of change (strategic versus nonstrategic) and the kind of strategic change occurring (position, perspective, or both). Non-strategic changes are improvements that involve implementing the existing

strategy better, for example, more efficiently. Strategic changes are developments in that they involve changes in the organization's focus or way of doing business. Chapter 2 in this volume presents an in-depth example of how the International Development Research Centre used Mintzberg's distinctions as a framework for strategic evaluation. Let's look a bit more closely at these distinctions.

Implications of Taking a Strategic Approach to Evaluation

Mintzberg's strategy distinctions offer a way of engaging with key stakeholders to differentiate important evaluation questions. Evaluating *strategy as perspective* means examining how the organization thinks about itself, including the extent to which the organization's leadership, staff, and participants in the organization's programs articulate a consistent view of strategic perspective. Perspective is the core set of values and theories about how change comes about that shape what an organization is—reflecting its sense of how and where it can be effective. Perspective in the nonprofit sector is often based on its core ideas about how desired social change comes about. We often hear perspective articulated as "going to scale," or "comprehensive community change," or "knowledge development and diffusion," and so on. We would posit that most organizations have perspectives—some weak or strong, but more often than not, largely undeclared and therefore unexamined and untested. Organizations with strong and clear *perspective* can use it to make decisions about where it can work most effectively and how. Clear perspective allows an organization to think about the staff it needs, communicate more effectively with its partners and stakeholders, identify where it can work effectively (or not), and deploy its resources accordingly. The strategic evaluation questions are:

> What is the organization's strategic perspective?
> How aligned are understandings about the organization's strategic perspective across different stakeholder constituencies (leadership, staff, program participants, funders)?

In contrast to strategy as perspective, *strategy as position* focuses attention on where an organization aims to have an effect and contribute to outcomes. In the corporate world, position is where a company can establish a niche-based competitive advantage over others. In the worlds of government, philanthropic, and not-for-profit organizations, strategic position has to do with niche. Debates about strategic position in government focus on what the private sector can and should do, what the public sector can and should do, and what they should do together. In the philanthropic world, foundation executives, board members and staff ask: Why should our foundation do this? Who else is engaged in this arena? What would we bring to it that is different and value added? In the not-for-profit world, strategic position has to do with

mission focus versus mission drift, where pursuit of ever-scarce funding can mean following the money wherever it leads regardless of mission.

Strategy as position can productively test how an organization deals with its understanding of its own potential to be effective. Without position it is fairly difficult to even consider an outcomes framework, as position sets the terms of performance—where you will succeed, how much, and in what way. Commitment to a position makes success or failure more obvious than in its absence. The strategic evaluation questions are:

> What is the organization's strategic position?
> How aligned are understandings about the organization's strategic position across different stakeholder constituencies (leadership, staff, program participants, funders)?

Exhibit 1.1 is the evaluation worksheets we used with a group of foundation leaders and evaluators to make distinctions between strategic perspective and strategic position.

Finally, having identified evaluation questions specific to *strategy as perspective* versus *strategy as position*, the next level of evaluation is to look at the relationship between the two. Evaluation questions include:

> What is the relationship between strategic perspective and strategic position?
> How does strategic perspective inform strategic position? To what extent and in what ways does strategic position flow from perspective? What tensions, if any, are manifest between perspective and position? How are these managed?

Figure 1.1 displays this relationship and the evaluation questions that arise from examining the relationship.

Tracking Strategies Over Time: An Evaluation Framework

Another aspect of Mintzberg's work offers an important framework for thinking about, understanding, and engaging in strategy evaluation. Implementing strategy, Mintzberg has found, is inevitably some combination of deliberate and unplanned processes. In studying hundreds of companies over many years, he found that there is no such thing as a perfectly controlled, deliberate process in which intentions lead to formulation of plans, implementation, and the full realization of intended results. The real world doesn't unfold that way. As the graphic in Figure 1.2 shows, realized strategy (where you end up after some period of time) begins as intended strategy (planning), but, not all of what is intended is realized. Some things get dropped or go undone, becoming unrealized strategy. What remains, deliberate strategy, intersects with emergent strategy to become realized strategy. Emergent strategy comes from seizing

Exhibit 1.1. What Is Strategy?

Worksheet # 1: Applying strategy distinctions for evaluation design
Exercise: Apply strategy distinctions and match to evaluation options

Instructions: For your organization, identify and distinguish an example of your strategic perspective and an example of your strategic position. For each, identify the primary evaluation focus and questions. Complete the table below.

	Strategy Story Lines	*Evaluation Approach Matched to Strategy: Identify Evaluation Focus*
Example of your organization's **strategic perspective**	What is the strategy story line (or multiple story lines and points of view) here?	Evaluation focus: Key evaluation questions
Example of your organization's **strategic position**	What is the story line (or multiple story lines and points of view) here?	Evaluation focus: Key evaluation questions

Worksheet # 2: Bringing evidence to bear in evaluating strategy
Data issues and options

Exercise: Identify strategic evaluation *methods and measures*

Instructions: For your organization, having distinguished strategic *perspective* and strategic *position*, and the prospective evaluation focus of each, identify possible methods and measures. Complete the table below.

	Strategies	*Evaluation Approach Matched to Strategy: Identify Key Evaluation Question(s) and Potential Methods/Data to Evaluate the Strategy*

Example of your organization's **strategic perspective**	Differentiate project strategies from overall organization strategies, but examine and articulate their degree of alignment.	1. Review key evaluation questions from previous worksheet.
		
		2. Possible methods/measures
		   a. Project level
		   b. Overall organization level

Example of your organization's **strategic position**	Differentiate project strategies from overall organization strategies, but examine and articulate their degree of alignment.	1. Review key evaluation questions from previous worksheet.
		
		2. Possible methods/measures:
		   a. Project level
		   b. Overall organization level

Figure 1.1. Strategic Perspective in Relation to Strategic Position: Evaluation Questions
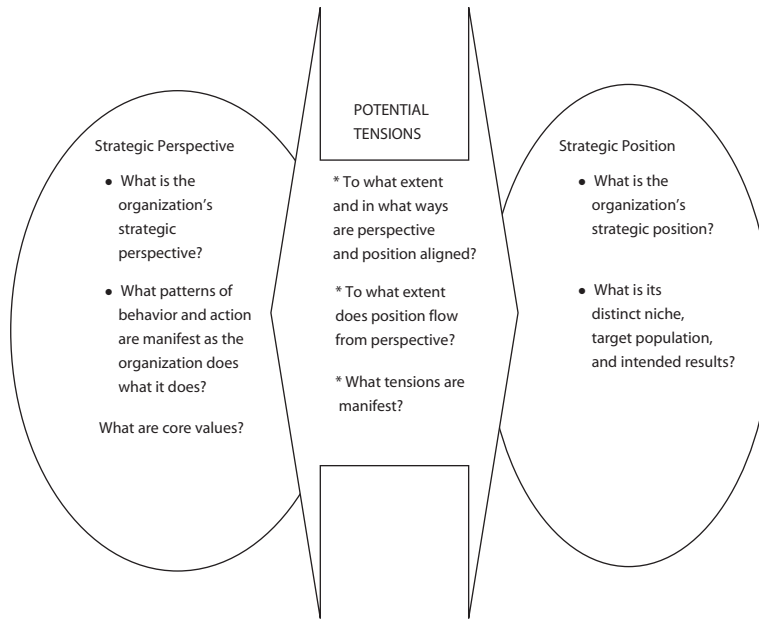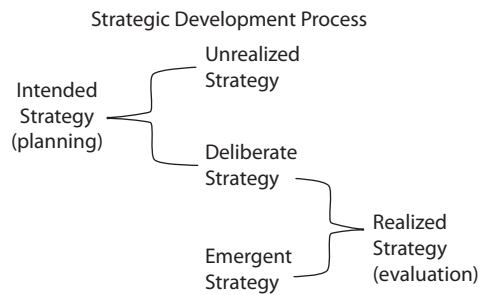
Strategic Perspective

- What is the organization's strategic perspective?

- What patterns of behavior and action are manifest as the organization does what it does?

What are core values?

POTENTIAL TENSIONS

* To what extent and in what ways are perspective and position aligned?

* To what extent does position flow from perspective?

* What tensions are manifest?

Strategic Position

- What is the organization's strategic position?

- What is its distinct niche, target population, and intended results?

Figure 1.2. An Evaluation Framework for Tracking Strategy

Strategic Development Process

Intended Strategy (planning)

Unrealized Strategy

Deliberate Strategy

Emergent Strategy

Realized Strategy (evaluation)

Source: Created from Mintzberg (2007, Chapter 1).

new opportunities, which is a reason some things that were planned go undone as new and better opportunities arise (Mintzberg, 2007, Chapter 1).

These insights about strategy implementation and realization in the real-world contrast significantly with the classic accountability-oriented approach of evaluation in which program implementation and results are measured and judged based on what a program planned to do and achieve (intended outcomes). Under such an accountability framework, an innovative and adaptive program that seizes new opportunities and adjusts to

changing conditions will be evaluated negatively. Strategic evaluation, in contrast, expects that some of what is planned will go unrealized, some will be implemented roughly as expected, and some new things will emerge. Strategic evaluation tracks and documents these different aspects of strategic implementation—and their implications for results. This framework generates the following evaluation questions:

What was the intended (planned) strategy?
What aspects of the intended strategy were implemented as planned, becoming *realized strategy*?
What planned strategy elements were dropped? Why?
What unplanned and emergent strategies were implemented, becoming part of realized strategy? Why? How? With what implications?
What has been learned (over some period of time) about the relationships among intended, implemented, dropped, emergent, and ultimately realized strategies? (See Figure 1.2.)

Strategy Evaluation and Learning

If deliberate strategy is about control, emergent strategy is about learning. . . . Almost every sensible real-life strategy process combines emergent learning with deliberate control. (Mintzberg, 2007, p. 5)

Mintzberg emphasizes that ongoing attention to strategy should focus on learning and adaptation, not accountability (i.e., whether what was planned was actually implemented as planned with the planned results). In Mintzberg's model, strategy is an ongoing process of venturing and learning that supports how an organization creates strategy over time. "Doing" is the precursor to "learning," and learning is the precursor to developing a robust vision for the work to be done going forward. Planning follows, hopefully based on a strong understanding of the organization—its competencies, how it works best, how it recognizes and appreciates opportunities, and how it gauges situations where goals might be reached. Problems arise when strategy formulation and implementation are treated as separate realities. Too often when a program fails to meet an objective, program execution is blamed, when in reality, he argues, inadequate strategy development, separated in time and place from the actual work, is often the root of the problem. Thus, organizations are strongest when they employ cycles of venturing, learning, and visioning as part and parcel of how strategy is approached. Mintzberg believes that often organizations start with the plan before they know what they can do well and before they have the experience to understand where and how they have succeeded. They need to engage in strategic learning.

Strategic learning has emerged as a way of describing an approach to evaluation that aims at "helping organizations or groups learn in real-time and adapt their strategies to the changing circumstances around them. It means integrating evaluation and evaluative thinking into strategic decision making and bringing timely data to the table for reflection and use. It means making evaluation a part of the intervention—embedding it so that it influences the process" (Coffman, Reed, Morariu, Ostenso, & Stamp, 2010, p. 4). In particular, strategic learning connects evaluation and strategy as explicitly interdependent and mutually reinforcing.

> *Evaluation is a support for strategy*. First and foremost, evaluation must be seen and positioned as a key support for strategy development and management; it should have a seat at the strategy table. Traditionally, evaluation is not viewed in this way. It is considered a separate component, usually entering after a strategy already has been developed or implemented. An emphasis on strategic learning fundamentally changes evaluation's role and positioning. (Coffman et al., 2010, p. 5)

The worldwide battle against polio offers an example in this regard, as well as an illustration of Mintzberg's framework (Figure 1.2) depicting how strategy changes over time. Polio, recently thought to be on the verge of eradication, is once again spreading through countries thought to have completely controlled the disease. This has focused attention on the global health debate about alternative strategies: "Is humanity better served by waging wars on individual diseases, like polio? Or is it better to pursue a broader set of health goals simultaneously—improving hygiene, expanding immunizations, providing clean drinking water—that don't eliminate any one disease, but might improve the overall health of people in developing countries?" (Guth, 2010). Over a period of two decades, the polio eradication campaign has cost $8.2 billion, with The Bill and Melinda Gates Foundation having contributed nearly $1 billion to wipe out the disease.

Fighting individual diseases is a focused, targeted, vertical strategy with clear, specific, and measurable outcomes, the kind of project-oriented approach evaluators have traditionally urged in logic modeling exercises. Improving the overall health care system and population health is a broader, horizontal strategy with less well-defined goals and multifaceted interventions. Such a strategy involves systems change as the broad impact, a complex theory of change that lends itself to a more developmental evaluation approach (Patton, 2010, Chapter 5). The Gates Foundation had been following the vertical strategy, not only in polio but in concentrating on developing vaccines for other diseases. The re-emergence of polio has been interpreted as a failure of the vertical strategy. "Disease-specific wars can succeed only if they also strengthen the overall health system in poor countries" (Guth, 2010).

[Mr. Gates] built his foundation on the promise of life-saving vaccines, reflecting his penchant toward finding technological solutions to problems. As polio shows, technology can be hampered by political, religious and societal obstacles in the countries where he's spending his money. He's still learning how to navigate through those forces. (Guth, 2010)

The new strategy of the Gates Foundation and world health authorities more generally integrates both vertical and horizontal strategies. This change is an example of how strategic evaluation can support strategic learning.

Strategic Knowledge, Rhetoric, and Behavior: Evaluation Comparisons

H. Igor Ansoff (1918–2002) is considered the father of strategic management ("Management Guru," 2008). The Igor Ansoff Strategy Prize is named in his honor. Max Boisot received the Igor Ansoff Strategy Prize for his influential book, *Knowledge Assets* (Boisot, 1998), in which he examined strategically the important distinctions, important to evaluators, between data, information and knowledge.

Data: discernible differences between alternative states of a system

Information: data that modify the expectations or conditional readiness of an observer

Knowledge: the set of expectations that an observer holds with respect to an event. "It is a disposition to act in a particular way that has to be inferred from behavior rather than observed directly." (Boisot, 1998, p. 21)

These definitions and distinctions call attention to the significance of examining strategy through observed organizational behaviors not just organizational rhetoric. Knowledge is the basis for strategic expectations. A change in knowledge can be expected to alter strategic expectations. "Clearly, knowledge structures—i.e., expectations—are modified by the arrival of new information, and such information, in turn, has to be extracted from the data generated by phenomena" (Boisot, 1998, p. 21).

This dynamic view of strategy is consistent with Mintzberg. Knowledge structures, for Boisot, are the basis for *strategic intent* (Boisot, 1998, pp. 186–187). A classic evaluation comparison, then, would be between expressed strategic intent and actual strategic behavior. Or, expressed more directly: Is the organization walking its strategy talk? And is the organization generating and adapting to new knowledge?

Boisot, like Mintzberg, has emphasized that context matters in understanding how consistent or dynamic strategy is as implementation unfolds. The degree to which an organization's environment is predictable or turbulent

affects knowledge generation and adaptation imperatives. Traditional, methodical, and detailed strategic planning works when the environment is relatively knowable, stable, and manageable. However, when the complexity of the environment reduces certainty because of turbulence and lack of definitive knowledge about how to achieve desired results, strategic approaches must be more emergent and flexible. Evaluating strategy would then need to be highly adaptive and developmental (Patton, 2010), matching the evaluation approach to the strategic approach.

Strategy and Policy: Strategic Policy Evaluation

One focus for strategic learning and one question that often emerges in considering strategy as an evaluand is how, if at all, evaluating strategy is different from evaluating policy. Internationally, Aotearoa, New Zealand, evaluators Nan Wehipeihana and Jane Davidson have been working on strategic policy evaluation (Wehipeihana & Davidson, 2010). Drawing on the work of Davidson and Martineau (2007) on strategic uses of evaluation, they differentiate strategic policy evaluation as focusing on "strategic goals and high level outcomes and ultimately, the achievement of the organisation's mission or vision. . . .[This] differs from programme or intervention evaluation primarily with respect to the type and scope of information provided and its intended users. Findings are designed and timed to be useful not only to those implementing the interventions that form part of a strategy, but to those reviewing and reformulating the overarching strategy itself" (Wehipeihana & Davidson, p. 3). Strategic policy evaluation in their framework poses questions that go beyond the evaluation of a single initiative. Examples include:

1. What is the value of a particular policy initiative as a contributor to strategic policy outcomes?

2. How well does each initiative fit with and complement the other initiatives that make up the strategic policy mix?

3. What is the collective value of the suite of initiatives to achieve a particular strategic outcome? (Wehipeihana & Davidson, 2010, p. 4)

What differentiates strategic policy evaluation from just policy evaluation as typically undertaken is the strategic focus on *Big Picture* questions: answering macrolevel cross-project questions. They conclude:

Strategic policy evaluation is about strategically planning to get from evaluation the answers to critical policy questions.

Strategic policy evaluation needs to be a planned, conscious and deliberative process with a focus on policy evaluation—as opposed to assuming that the answers will "fall out of" a series of programme evaluations.

> A policy evaluation framework that looks *at* evaluations of individual initiatives and *across* these initiatives as well as mapping up to key outcomes and strategic goals is a must. (Wehipeihana & Davidson, 2010, p. 20)

This issue includes an example of strategic policy evaluation, the W. K. Kellogg evaluation of the U.S. policy of *devolution* that shifted much responsibility for welfare-reform decision making from the federal government to state and local officials. In examining that case example through the lens of strategy we faced the challenge of differentiating strategy evaluation from policy evaluation. We settled on, and offer here for your consideration, the following basis for distinguishing the two: Policy is the content (what is to be done) and strategy is the process (how it is to be done). In the devolution example, the policy content was welfare rules and regulation. The strategy was how reform decisions would be made (devolution) and how reform would be implemented (allowing variations and experiments at the state and local levels). Using these distinctions between policy and strategy, strategic policy evaluation would be a comprehensive approach that would examine both what and how, both outcomes and process, both means and ends.

Strategy Formulation Versus Strategic Execution

> In real life, strategy is actually very straightforward.
> You pick a general direction and implement like hell.
>   Jack Welch, former CEO, General Electric

The final set of evaluation questions we would offer at this point concern strategy development and articulation versus strategy execution. The field of evaluation has long distinguished between *idea failure* versus *implementation failure,* and emphasized the importance of being able to tell the difference. When something doesn't work, is it because it's a bad idea (e.g., poor theory or weak strategy) or because of bad implementation? Likewise, in evaluating strategy, it becomes important to look at tensions that arise between strategy articulation and development versus strategy implementation and execution. "Execution trumps strategy, every time," is the title of a speech given to the Evaluation Roundtable by Dr. Steven Schroeder, a former foundation executive, as he recounted his efforts to eradicate tobacco use in the United States. His greatest lesson in his work on this campaign was his recognition that *a priori* strategy along with post hoc evaluation had little to do with the decisions that were made during implementation. Strong execution backed up by solid information was his key to decision making in his groundbreaking work at the Robert Wood Johnson Foundation.

The tension between strategy formulation versus strategy execution has long been the subject of attention and debate in the business world. For many years, the importance of strategic planning and strategy development received primary emphasis. But recent business books have emphasized execution, as in these best-selling titles:

Execution: The Discipline of Getting Things Done (Bossidy, Charan, & Burck, 2002)
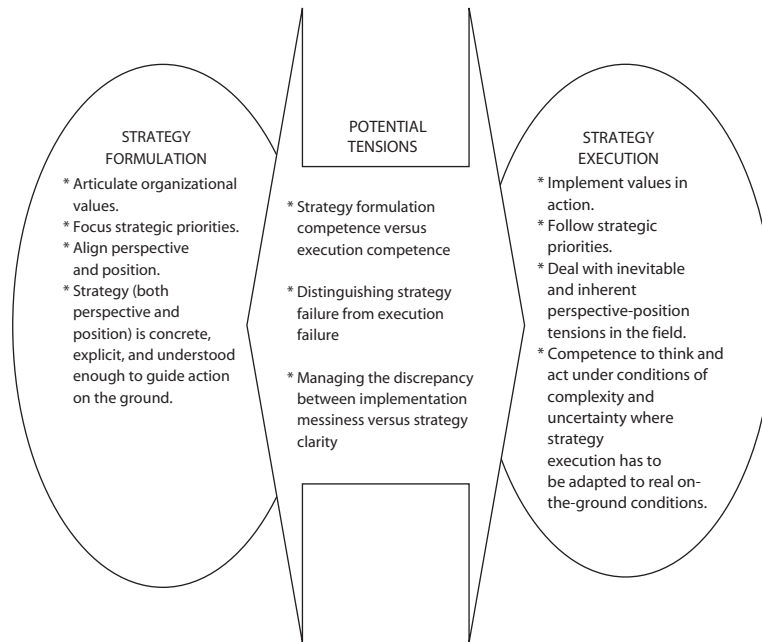*Execution Premium* (Kaplan & Norton, 2008)
Execution Revolution: Solving the One Business Problem That Makes Solving All Other Problems Easier (Harpst, 2008)

One lesson from these experts is that execution is not a lower-down-in-the-organization issue, whereas strategy is the purview of senior management. Senior management, they argue, has to attend to execution every bit as much as strategy. Therein lies the tension. How to attend to both? And therein reside more evaluation questions for evaluating strategy.

This example illustrates the point of this opening chapter, namely, that the language of strategy provides a particular window into issues of program and organizational effectiveness and opportunities for improvement that make evaluating strategy a special niche worthy of attention. Yes, it would be possible when hearing about issues of strategy formulation versus strategy execution to revert to traditional evaluation language about idea failure versus implementation failure. But that means imposing our language on those with whom we work. If their language and concerns are about strategy, both strategy formulation and strategy execution, then that is the appropriate way to conceptualize and focus the strategic evaluation inquiry. Figure 1.3 presents this relationship graphically.

Strategic Alignment

A common issue that emerges when evaluating strategy concerns the nature and extent of strategic alignment. Is strategic perspective aligned with strategic position? This question was one of the guiding issues that emerged in evaluating the strategy of the International Development Research Centre featured in the next chapter. The findings of the strategic review pointed to the importance of managing tensions between strategic perspective and strategic position as well as tensions between strategy formulation and strategy execution, another arena in which alignment issues arise. A strategic alignment issue for philanthropic foundations is consistency between grant-making strategy and investment strategy (financial investments of the foundation's endowment). Program-related investments, in which endowment funds are invested in accordance with the institution's mission and values, seek to align grant-making and investment strategies. Kramer, Mahmud, and Makka (2010) provide a

Figure 1.3. Strategy Formulation Versus Execution

STRATEGY FORMULATION

* Articulate organizational values.
* Focus strategic priorities.
* Align perspective and position.
* Strategy (both perspective and position) is concrete, explicit, and understood enough to guide action on the ground.

POTENTIAL TENSIONS

* Strategy formulation competence versus execution competence

* Distinguishing strategy failure from execution failure

* Managing the discrepancy between implementation messiness versus strategy clarity

STRATEGY EXECUTION

* Implement values in action.
* Follow strategic priorities.
* Deal with inevitable and inherent perspective-position tensions in the field.
* Competence to think and act under conditions of complexity and uncertainty where strategy execution has to be adapted to real on-the-ground conditions.

case example of this "integrated strategy for grantmaking and mission investing" in the arena of climate change.

Strategic alignment is one example of a criterion for evaluating strategy. The final chapter in this volume, on methods and measurement issues, provides additional criteria.

Conclusion

There is always a better strategy than the one you have;
you just haven't thought of it yet.
        Sir Brian Pitman, former CEO of Lloyds TSB (Pitman, 2003)

This chapter has suggested that a better strategy for evaluating strategy is to treat strategy as an evaluand. This is especially appropriate for those stakeholders who place a great value on strategic thinking and those organizations where the language of *being strategic* permeates the organizational culture. With this as the basic premise of the chapter, we adapted Mintzberg's framework for distinguishing and tracking strategies to the challenges of evaluating strategy.

Our focus has been on recognition of behavioral and organizational patterns. Strategy is revealed by examining those patterns and evaluation involves, in part, comparing rhetoric about strategy with the behavioral realities of how the organization operates strategically, thereby helping an organization separate the rhetoric from the reality of their work. It is in the dynamic tension between strategy as perspective versus strategy as position that many organizations trip up on in their efforts to be strategic. Perspectives and positions are often at odds as different people at different places in the organization focus on different aspects of strategy. An overarching evaluation question, then, is inquiry into the strategic alignment of various parts of the organization. Evaluating strategy involves evaluating that alignment, including alignment between strategy as articulated versus strategy as actually executed.

In essence, evaluating strategy can be an evaluation strategy. The tactics of evaluation involve a specific design, methods, and measurements. Evaluation strategy concerns overall purpose and intended uses. In being strategic about evaluation, the wisdom of the great Chinese General Sun Tzu on *The Art of War* (6th century B.C.) is germane. He observed:

> Strategy without tactics is the slowest route to victory.
> Tactics without strategy is the noise before defeat.

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MICHAEL QUINN PATTON is founder and director of Utilization-Focused Evaluation, and author of the book by that name. He is a former president of the American Evaluation Association.

PATRICIA A. PATRIZI is chair of the Evaluation Roundtable and principal of Patrizi Associates, Philadelphia.