**Three Cases about Strategic Management**

The following three cases should be used together to illustrate various aspects of the strategic planning process and to draw lessons that might be applied to different types of organizations.

**The Environmental Protection Agency**

The Environmental Protection Agency was established in 1970 under a presidential reorganization plan in response to public concern over unhealthy air, polluted rivers, unsafe drinking water, and haphazard waste disposal. Congress gave the EPA responsibility for implementing federal environmental laws. From the start, however, the agency lacked an overarching legislative mission, and its environmental responsibilities had yet to be integrated with one another. As a result, the EPA could not ensure that it was directing its efforts toward the environmental problems that were of greatest concern to citizens or posed the greatest risk to the health of the population or the environment itself. Therefore, the EPA decided in 1992 to launch the National Environmental Goals Project, a long-range planning initiative under which it would involve its stakeholders in developing measurable goals for it to pursue in improving the quality of the nation’s environment.

The EPA designed its National Environmental Goals Project to produce a set of long-range goals, including milestones to be achieved by 2005. The agency recognized that while environmental goals should be grounded in science and factual analysis, they should be based, as well, on the needs and expectations of the nation’s citizens. In 1994 the EPA initiated a series of nine public meetings to hear their views. The meetings were held around the country and included environmental organizations, businesses, state and local governments, tribal governments, and other stakeholders. To provide a basis for discussion, the EPA drafted and distributed to participants a set of goal statements and descriptive information on the 13 broad areas that its staff considered to be of the greatest importance.

The EPA used the information it received at these public meetings to revise and better define its goals. For example, the agency added milestones for managing and cleaning up radioactive waste, restoring contaminated sites to productive use, and slowing habitat losses. Further, it added the goal of improving its dissemination of environmental information and its other education efforts. The EPA found that its stakeholders’ interests included how it carries out its core processes – for example, the amount of flexibility it can offer to the regulated community.

**U.S. Customs Service**

Consider now the oldest federal agency. The missions of the U.S. Customs Service are to ensure that goods and persons entering and exiting the United States comply with all U.S. laws and regulations while also facilitating the legitimate movement of goods and persons through U.S. ports. But by the mid-1990s, long-standing management problems, including weaknesses in strategic planning, threatened the agency’s ability to adapt to changing demands.

Recognizing that the international trade environment had undergone many changes in recent years, the Customs Service identified the new challenges the changes brought in its 1993 strategic plan. The clearest challenge for Customs would be to manage a workload that was growing rapidly and that could not be expected to taper off. From 1986 to 1995, for example, total imports increased by 242 percent, from 1.1 million to 38 million entries. During the same period, passenger arrivals increased by 42 percent, from 304 million to 431 million. Customs anticipated that world trade would also continue to accelerate. During 1997 alone, $730 billion in merchandise was imported into the United States. Over the next several years, Customs expects that figure to grow by more than 10 percent every year.

The Customs Service anticipated that trade issues would assume greater prominence in the coming years as developing countries continue to industrialize, corporations continue to expand internationally, and trade barriers continue to fall. Further, the proliferation of international trade agreements, such as the North American Free Trade Agreement (NAFTA) and the General Agreement on Tariffs and Trade (GATT), should lead to further increases in trade and travel volume.

Internally, Customs anticipated that as public pressures to keep the federal deficit under control continued, no real growth would occur in the agency’s funding. Customs also anticipated attrition among its staff and a loss of valuable expertise due to that attrition. It determined that about 10 percent, or 2,000 employees, would be eligible to retire in five years.

All these forces – external and internal – have caused the Customs Service to begin to redesign its core processes, including those related to the movement of people and cargo into the United States and the movement of cargo out of the States. For example, the agency is undertaking a major reorganization structured from the ground up, using its 301 ports as its foundation.

**Federal Emergency Management Agency**

Established in 1979, the Federal Emergency Management Agency (FEMA) is responsible for the coordination of civil emergency planning as well as the coordination of federal disaster relief. FEMA is responsible for responding to floods, hurricanes, earthquakes, and other natural disasters. The federal response to Hurrican Hugo and the Loma Prieta earthquake in 1989 generated intense criticism. Hurrican Andrew, which leveled much of south Florida in 1992, raised further doubts as to whether FEMA was capable of responding to disasters. In 1993 FEMA’s new director refocused the agency on meeting its mission and aligning its activities to better service the public.

Since FEMA issued its mission statement in April 1993, it has been reexamining its approach to limiting death and property loss from disasters. Traditionally, FEMA had concentrated its efforts on postdisaster assistance. But after taking a hard look at its performance, FEMA concluded that it could better fulfill its mission by addressing the range of activities available before and during, as well as after, diasters.

As part of its first agency-wide strategic planning effort, FEMA comprehensively reviewed its programs and structures and initiated a major reorganization in November 1993. FEMA concluded that all emergencies share certain common traits, pose some common demands, and ought to be approached functionally. FEMA’s new, “all-hazard” mission takes a sequential approach to managing disasters: mitigation of the damage, preparation, response, and recovery.

Note that FEMA now focuses its disaster planning and response processes on steps that need to be taken not just during and after the event but in advance. The build preparedness, FEMA now seeks to form partnerships with other federal, state, and local organizations. For example, the agency works with local governments and the building industry to strengthen building codes so that structures will be better able to withstand disasters. It has also launched an effort to increase the number of flood insurance policyholders – something that had not been a traditional focus of the agency but is now understood as being critical to helping individuals recover from disasters. In sum, by more closely aligning its activities, processes, and resources with its mission, FEMA appears today to be better positioned to accomplish that mission.

Case Questions

1. What aspects of the **strategic management process** are illustrated in these cases?

2. How would you apply the lessons of each to a hospital, a university, and a city government?