

# Planning the County's Business

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## **SUMMARY**

Both the private sector and business schools have long recognized the value of meaningful and measurable business plans. Business plans are one of the key elements in ensuring a successful venture.

Under the direction of the Orange County Executive Officer (CEO) the various agencies of the county have been preparing business plans. Recognizing that this is a new experience for many administrators, the 2001-2002 Orange County Grand Jury has recognized improvement in the product compared to the prior year. The Grand Jury finds a need for more improvement in the preparation of business plans.

## **INTRODUCTION**

The Orange County Grand Jury recognized the need for meaningful business plans. The Grand Jury wanted to satisfy themselves as to the quality of the plans created by the various department managers. The Grand Jury initiated a study of the quality of the plans that had been prepared.

## **PURPOSE**

To review a representative number of county business plans to ensure that each department is following the CEO's instructions for the preparation of business plans.

## **METHOD OF STUDY**

The Grand Jury used the CEO's memorandum entitled "2002 Business Plan Instructions," dated October 1, 2001 for purposes of evaluating the business plans of all 24 county departments. It is important to note that these instructions were more definitive and challenging than those given for the prior year's plans. Business plans were obtained from all county departments.

## **BACKGROUND**

The Strategic Planning Process, Business Plan Purpose, and the Standard Business Plan format were succinctly described in the CEO's instructions. The Grand Jury determined that the key elements of a business plan, that would be meaningful in directing the departments' activities, would be a clear statement of a goal, a strategic quantifiable Operational Plan for the successful attaining of the goal, and lastly, a quantifiable Outcome Measure, or a quantified measure of the results of each of the goals. Without exception, each of the elements, as mandated by the CEO, were covered in the business plans.

In each of the business plans examined by the Grand Jury, there were one or more goals. Upon review, the Grand Jury observed that the goals were broad to the extent that they were not clearly measurable. The wording of the goals was such that successful attainment was virtually assured. Rarely if ever did the Grand Jury see a goal expressed in terminology such as "our goal is to increase by xx%" for example. In at least one plan, the Mission Statement of the department was used as their goal.

The business plans included a section entitled Operational Plan. The Grand Jury was careful not to involve itself in the nuts and bolts of the operation of the department. The study focused on whether there was a detailed description on the multiple strategic actions that the department was going to accomplish to meet their various goals. Again, as in the goals, the Operational Plans were sufficiently broad to guarantee success. For example, the Grand Jury saw statements about increasing or decreasing staffing to ensure attainment of a goal, but rarely was there a statement of measurable outcome.

A key function of any business plan is to measure how well the department performed against its goals at the end of the year. This is a great challenge for the manager, because it is the rare manager who wants to run the risk of the appearance of failure. That being said, the Outcome Measurement section is most important. There needs to be a measurable result for each segment of the Strategic Plan. For the most part, the Grand

Jury saw a description of the criteria to be measured, but rarely was there a commentary or an expression of the baseline of the measurement.

In summary, there was evidence of a sincere effort to produce meaningful business plans. The Grand Jury recognizes that this is a learning process on the part of the departmental managers. There remain many opportunities to improve the product for the benefit of the taxpayers of the county.

## **FINDINGS**

Under the Penal Code §933 and §933.05, the 2001-2002 Orange County Grand Jury requests a response from the office of the Orange County CEO for each of the findings presented in this section.

With respect to improving the quality of the departmental business plans, the 2001-2002 Orange County Grand Jury has made three findings:

1. Goals in the business plans were lacking in measurable content.
2. Strategic Operational Plans for each goal were lacking in specificity as to the outcomes desired to assure the attainment of the individual goals.
3. The Outcome Measures or result measurements lacked an expression of the baseline against which the new goal was to be measured.

**Response to findings 1, 2, and 3 is requested from the Orange County CEO.**

## **RECOMMENDATIONS**

Under Penal Code §933 and §933.05, the 2001-2002 Orange County Grand Jury requests responses from the governmental entity to which it is addressed. These responses are submitted to the Presiding Judge of the Superior Court.

Based on the findings the 2001-2002 Orange County Grand Jury recommends that:

1. Goals in the business plans should include a quantifiable statement as to how attainment of the various goals will be measured. (Finding 1)
2. The Strategic Operational Plans for each goal should be specific as to the actions to be taken to accomplish the goal. (Finding 2)
3. The Outcome Measures should state the quantifiable baseline against which the results are to be measured and restate the quantifiable goal. (Finding 3)

**Response to the recommendations 1, 2, and 3 is requested from the Orange County CEO.**

#### **COMMENDATIONS**

The 2001-2002 Orange County Grand Jury applauds the efforts of the Orange County CEO in his insistence and direction in the creation of meaningful business plans. The Grand Jury acknowledges the diligent effort on the part of the various department heads in this difficult process of learning how to create meaningful and measurable business plans. The Grand Jury recognizes the improvement in the 2002 business plans compared to the 2001 plans.