Context is Everything in Planning Decisions

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- **Introduction**

  - The starting point of this generic discussion is to acknowledge that we are today living in highly uncertain times where much has changed, much is changing and much change has yet to take place. This is confirmed by:
    - Climate change developments
    - Rising pollution problems
    - Energy cost hikes, especially oil based
    - Fast changing transport and information technology developments
    - Impacts of globalisation both locally and regionally
    - Changing identities of place and communities
    - Rising security concerns
    - Fast changing lifestyles etc.

  - Such changes offer both threats and opportunities which need to be identified, harnessed and protected against. The only thing we can be sure of is that we cannot manage change on a "business as usual" basis – we have truly entered new times!.

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- Drawing from recent research and a forthcoming publication (Dimitriou and Thompson, 2007), I propose to:

    - Discuss the opportunities and threats of new regionalism and globalization as a new planning context.

    - Examine the role of private enterprise as a major driver of local and regional change and growth.

    - Bring to your attention the 'staircase to growth strategy' which acknowledges the need for both public and private sector to simultaneously plan for three sets of horizons.

    - Identify the importance, influence, basis and dangers of the "tipping points" of ideas, visions and rhetoric in planning both nationally and locally.

    - Alert you to the notion and importance of the "wisdom of crowds".

- **Strategic planning**

  – What needs to be understood is that coping with risk, uncertainty and complexity requires a particular kind of planning - strategic planning - which is *very* different from project planning.

  – Strategic planning *should* provide the framework for project planning. It is *not* merely a process of forecasting and then determining what should be done to assure the fulfilment of these forecasts or the execution of a blueprint design for the future as many would have us believe.

  – A strategy is the plan (and the process) that 'joins-up' major goals, policies and actions into a cohesive entity.

  – "A well-formulated strategy helps to marshal and allocate …. resources into a unique and viable posture based on its relative internal competencies and shortcomings, anticipated changes in the environment, and contingent moves by intelligent opponents" (Quinn, 1995: 5).

- **Planning strategies with spatial implications**

  - Planning with spatial (and equity) implications (whether for territories or infrastructure) is a set of policies and tools of *intervention* at different levels and for different horizon dates, designed to assist the management of strategic change taking place within territories, their economies and societies, directed largely (but not exclusively) by the public sector.

  - It is an exercise ostensibly undertaken in the public interest to protect civil society against *failures* of the market system, problems of unsustainable development and concerns of equity as they affect land use, infrastructure and the spatial distributions of activities in cities and regions.

- **Overcoming the anti-planning bias**

  - Strategic planning often encounters an anti-planning bias, *especially* among those closely associated with booming free market developments and activities or who see vested interests threatened and are comfortable with a "business as usual mode". To overcome this bias it is *imperative* that the planner understands the source and cause of this bias.

  - Strategic planning deals with uncertainty in a variety of ways and on different levels; more often by the use of different scenarios. Failure to do this means that it is *not* a 'strategic' plan but a blueprint. An important task of strategic plans, however, is not only to confront uncertainty but *to do this with 'confidence'*.

- **Planning as learning**

  - On the basis of their use of scenario planning, Shell International has argued that strategic planning is *ultimately* more valued as a learning process than a plan-making one.

  - In the business world, it has been estimated that for "every successful turnaround there is two ailing companies that fail to recover" (de Geus, 1999: 54).

  - If one was to conduct a similar analysis in the public sector of the performance of city, regional planning and transportation agencies, the rate of failure of 'turnaround' could be *very much* higher!

  - An important question, therefore, that needs to be asked is why are some organisations better able to survive than others? Lessons need to be learned and disseminated.

- **The importance of context**

  - "While change is readily apparent, its magnitude and consequences are relatively unknown. The dysfunctions of change in planning mainly lie in:

      - inadequate contextual scanning/sense-making,

      - the lack of change responsiveness capabilities in organisations, and/or

      - the excessive reliance on crisis management" (Basil & Cook, 1974).

– It is imperative for strategic planning to have regard to:

   – the origins of change (e.g. decline of shipbuilding, rising prospects of cruise-based shipping, developments in containerisation),

   – the transitional responses to change (local policy changes, institutional developments etc.), and

   – the development of new strategies for change responsiveness (expressed as regeneration strategies, urban design programmes and local plans).

– As regards the 'origins of change', the expansion and growth of the influence of the European Union (EU) has been particularly pervasive, as has been the collapse of the Communist Bloc and the dramatic improved economic fortunes of Asia, especially China and India.

- – More consequential overall have been the impacts of globalization on the nation state, regions, cities and local industries (especially manufacturing) and the move to market-driven economies, efforts to reduce reliance on government intervention, and the threat to (and partial dismantling of) the welfare state.

- – Most significant of all has been the phenomenal change in 'technological developments' especially those associated with communications, including transport (fast trains, cheap airline travel) and information technology (especially internet and computer based developments). These have fuelled globalization, brought tremendous new opportunities, and spawned many new sociological and behavioural impacts which are only partially understood.

- **New regionalism as a new context**

  – Planners, are continually reminded that they are today operating in a new context. A context where the world is currently made up of a new global political economy, divided into new (often trans-national) 'regions' such as the European internal market (EU), the North American Free Trade Area (NAFTA), the Asia Pacific Economic Cooperation (APEC) area etc.

  – These circumstances are seen to present "the re-emergence of the region as a unit of (global) economic analysis and the territorial sphere most suited to the interaction of political, social and economic processes where there are unimpeded flow across national borders of investment, industry, information technology and individual consumers (Ohmae, 1995).

  – What is most important is how this concept of new regionalism has 'tipped' into political acceptance with so little resistance.

- **Private enterprise as the driver of new growth**

  - Current challenges to strategic planning within the realities of the new regionalism agenda clearly bring two significant developments:

    - The first is "the growing importance of global business as a (major) non-state actor in governing the political economy ….. (with the knowledge that) business actors increasingly interact 'outside the market'" (Spindler, 2002: 5) and thereby reduce the transparency of decision-making.

    - The second is the influence and limitations of 'corporate social responsibility' (CSR) as a potential antidote to unrestrained market forces and profit-making, with scepticism growing as to the sincerity with which this is practiced.

- According to *The Economist,* an important aspect in understanding *why* some firms promote CSR lies in the fundamental fact that private enterprises are *ultimately* dependent upon a supporting infrastructure of laws and permissions to succeed; infrastructure that can *only* be provided by the state with the consent of the electorate.

- The same source suggests that the private sector serves the public good *only* if certain of its conditions are met and that in order to extract the *most* benefit from capitalism, (strategic) public intervention of different types (and a great deal of it) is necessary in different areas of business activity.
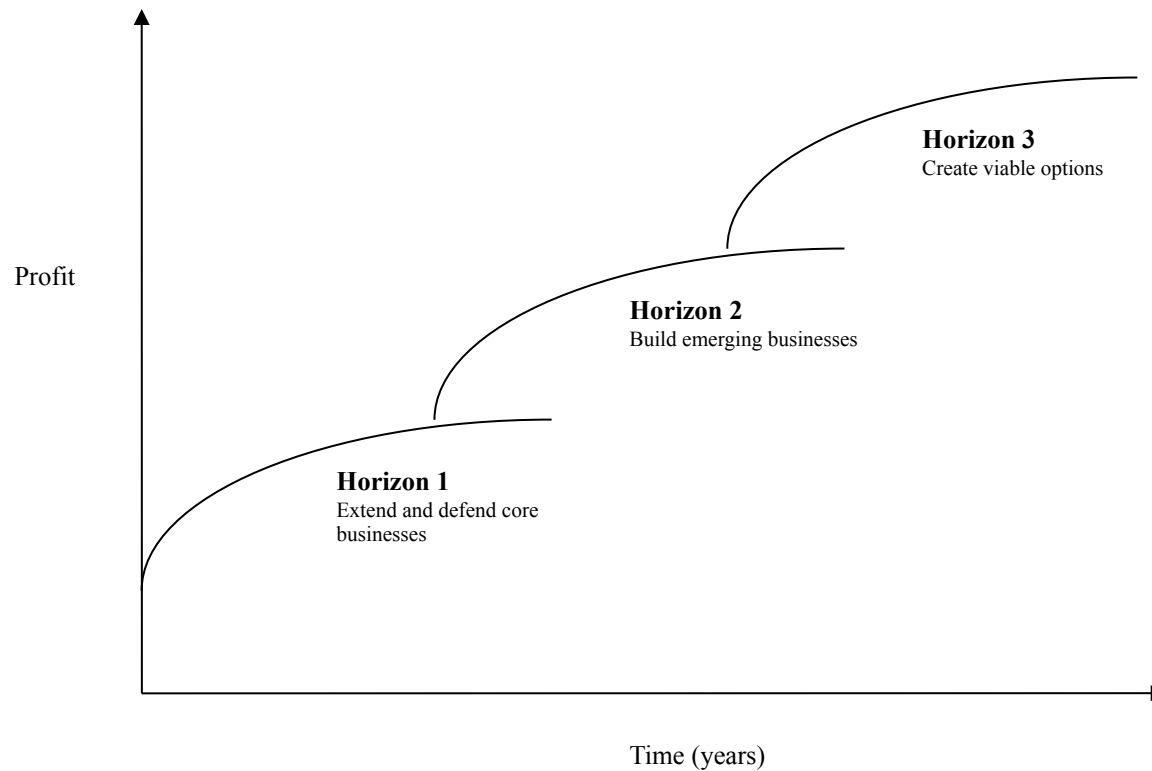
- ## **The three horizons of growth**

  – A very valuable piece of research regarding what it takes for private business ventures - as important drivers of regional and city growth and change - to achieve sustained profitable growth and turn-around failing businesses in today's climates of increased deregulation, competition and globalization was published in a book entitled *The Alchemy of Growth* by Baghai, Coley and White in 1999.

- The authors of this publication report on a number of critical conclusions, namely:

    - executives must discuss as much about future aspired horizons as where they have been;

    - very few companies sustain above-average growth for their industry year after year; and

    - sustained economic growth can only be achieved by the pursuit of 'three horizons' of growth simultaneously and a 'staircase to growth strategy'.

Figure 1: The Three Horizons and Growth Staircase

(Source - Baghai, Coley and White,1999)

Profit

Horizon 3
Create viable options

Horizon 2
Build emerging businesses

Horizon 1
Extend and defend core
businesses

Time (years)

- – The implications of this 'staircase to growth strategy' for urban and regional development and infrastructure planning are profound because the traditional expertise of most public sector change agencies has been in Horizon 3 rather than Horizon 1 which has contributed to the creation of 'strategic gaps' developing between the different planning horizons emphases of the two sectors.

- – With public bodies increasingly entering into partnership relationships with the private sector, they have felt obliged to 'fall-in line' with Horizon 1 priorities and synchronise their activities more with those of the short-term focus of private enterprise.

- – Paradoxically, this has taken place when business gurus are discovering the importance of more forward thinking strategies.

- – The public sector, on the other hand, has recently gone through a period (since 1980s especially) of shedding its institutional capacity for forward thinking at the very time it is needed most, and is in short supply in industry.

- – This mismatch does not bode well for either the public or private sector as the problems of recent planning, finance and delivery efforts of public transport in the UK (railways in particular) suggest.

- – These experiences demonstrate that the private sector *needs* a strong public sector to succeed and deliver what is expected of it; a conclusion supported by *The Economist* and one that is contrary to much of the conventional thinking about globalization and new regionalism.

- **Tipping points and the battle for ideas/visions**

  – Where did the notion come from that the private sector does *not* need a strong public sector to assist it attain sustained growth; and where is the evidence for this position?

  – How were politicians (and the public) convinced (if indeed they were) that minimum public sector intervention in urban and regional development is to be preferred?

  – The fact of the matter is that these and other ideas, notions and visions, all of which impact on policy making and planning, each have their own ideological and theoretical roots, and their own heyday of rhetoric and influence that wax or wane over time (and even space).

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– Gladwell's book, *The Tipping Point* (2000), helps us understand how some of these ideas "stuck" for it alerts the world of the process by which certain products, ideas and ways of behaving cross the threshold or "tip" and 'take off'.

– Gladwell's invaluable insights into the pivotal role that certain parties and individuals can have in changing perceptions or perpetuating trends, ideas and policies sheds light on the rules of what he calls "the epidemics of ideas" that make specific ideas and visions (such as new regionalism) ignite and stick, and others fade.

- **The wisdom of crowds**

  - Another recent influential publication that acknowledges the importance of the 'power of context' in strategic decision-making and policy-making is Surowiecki's book entitled *The Wisdom of Crowds* (2004). The controversial premise of this publication is that if you want to make a 'correct' decision or solve a strategic problem, *under the right circumstances,* large groups of people are often smarter than a few experts.

  - He argues that "chasing the expert is a mistake …. and a costly one at that". He explains that although non-specialists have less information at hand than the specialist, and possess limited foresight, "when their imperfect judgements are aggregated in the right way, their collective intelligence is often excellent" (2004: xiv).

– The conclusion, that *under certain circumstances,* large groups of people are often smarter than a few experts has amazing implications for city and transportation planning, environmental management and for those involved in making policy-making more effective, democratic and decentralized.

– The introduction by government of Regional Assemblies in the UK (and National Assemblies in Wales and Scotland), is more in harmony with Surowiecki's belief in collective intelligence.

– One of the striking considerations about the 'wisdom of crowd' thesis is that "even though its effects are all around us, it's easy to miss, and, even when it's seen, it can be hard to accept" (Surowiecki, 2004: xiv). The rejection by the populace of a North East Regional Assembly in UK is an example, as is the rejection by referendum in France and Germany of the proposed European constitution.

- **References**

  – To be provided