

PLANNING AND CONTROL

A Report Prepared

For

THE GENERAL COMMITTEE FOR ADMINISTRATIVE IMPROVEMENT

Office of the Prime Minister

GOVERNMENT OF VIETNAM

December 1966

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" P L A N N I N G A N D C O N T R O L "

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THE CENTRAL COMMITTEE FOR ADMINISTRATIVE IMPROVEMENT

Office of the Prime Minister

Government of Vietnam

By

Raymond E. Kitchell
Planning Consultant
Public Administration Division
USAID/Vietnam

SAIGON
December 12, 1966

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EMBASSY
OF THE
UNITED STATES OF AMERICA

U.S. AID MISSION TO VIETNAM
Public Administration Division

December 12, 1966

Dr. Nguyen Van Bong
Chairman, Prime Minister's
Committee for Administrative Improvement
National Institute for Administration
Saigon, Vietnam

Dear Dr. Bong:

I am hereby officially transmitting to you and your Committee my final report containing my findings, conclusions and recommendations regarding system improvements and organizational arrangements for national planning. It is hoped that the contents of this report, including the technical annexes, will be of use to your Committee and others when preparing appropriate recommendations for the Prime Minister.

It has truly been an honor and a very satisfying professional experience to work with you and your colleagues on this important assignment. I am returning to my work in Brazil with a greater appreciation of the problems facing your Government and admiration for the courage and determination of your people.

Respectfully yours,

A handwritten signature in cursive script that reads "Raymond E. Kitchell".

Raymond E. Kitchell
Planning Consultant

16 Nguyen Hue
Saigon, Vietnam

SUMMARY OF FINDINGS AND LIST OF RECOMMENDATIONS

Findings and Conclusions

- Planning at the national level has been largely ineffective to date.
- There is a growing recognition among GVN officials of the problem and desire to institute reform.
- A general improvement in the public administration of the GVN, systems improvement and a determination to manage and control must accompany any organizational changes designed to improve the effectiveness of planning.
- Major deficiencies and weaknesses contributing to the present state of planning include:
 - instability and lack of continuity.
 - automatic priority of military requirements.
 - poor coordination with foreign aid.
 - shortage of skilled manpower and technique.
 - scarcity of planning data.
 - inadequate organization.
 - over emphasis on economics.
 - non-use of plans.
 - over-reliance on top-down planning.
 - misplaced priority to plan documentation.

List of Report Recommendations

1. A comprehensive, multi-year planning system, designed to facilitate analysis of alternative courses of action, decision-making, allocation of resources and program control, should be designed and installed on the basis of pre-determined system and program priorities. Suggested priorities include:

- initial emphasis to public sector.
- identification of strategic problems.
- determination of critical data needed for planning and means of collection.
- preliminary systems design and requirements.
- phased application by functions and organizations, (e.g., rural development in secure provinces and villages).
- application to projects of known priority, (e.g., Cam Ranh Bay).
- research of carefully selected subjects of strategic importance to transitional and post-war needs.

2. The initial time span selected for comprehensive planning should be short term, i.e., three years or less-- maintained constantly by adding a new plan year annually. Priority should be given to improving short-term systems and techniques such as program planning and budgeting, project management, scheduling, reporting and evaluation.

3. Program planning must be recognized as a continuous and rhythmic process requiring a consistent procedural framework for the formulation, review and revision of ministry plans.

4. At least annually, program guidance and instructions (e.g., objectives, policies, planning assumptions, resource and manpower constraints) in sufficient detail to be meaningful to the recipients, should be issued by the Prime Minister's Office.

5. Elaboration and publication of plan documents should be de-emphasized; staff attention should be focused on the identification of strategic problems, analysis of alternative courses of action for top-level decision, and the implementation of the choices made. Especially at the Prime Minister's level, unnecessary detail should be omitted and the action programs to achieve objectives, i.e., the means, their comparative costs (inputs) and benefits (outputs), and probable consequences and ramifications, should be highlighted.

6. Program decisions reached as a result of plan review should be communicated to all levels which have a responsibility for carrying out these decisions. A reporting system, indicating the time and kind of information or data required, should be centrally established to provide information for control and replanning purposes.

7. A Vice-Premier, Commissioner General, or Secretary of State for Development, reporting directly to the Prime Minister in a staff capacity and having his complete confidence, should be appointed with overall system responsibility for planning, budgeting, program coordination, control and evaluation - without other operational or conflicting responsibilities or duties.

8. The role and participation of Ministry and Provincial officials and staff should be increased with priority given to building up the program planning abilities at these levels, particularly in the area of project management.

9. Closer coordination and integration of planning and budgeting must be facilitated by:

- providing a legal basis for such coordination.
- granting authority to the Director General for Budget to review Ministry base budgets, as well as proposed increases, in terms of plan priorities.
- the annual issuance of clean-cut policy guidance and economic assumptions by the Prime Minister's Office for purposes of budget formulation.

- creating machinery for a more effective review of Ministry budgets in terms of adherence to (or justified change from) national plans and prior program accomplishments.
 - introducing, on a phased schedule starting with highly important programs, the concept of program budgeting.
0. Foreign aid, a primary source of resources, should be a major consideration in the planning and programming processes of the GVN and mechanisms should be created to provide continual and effective liaison and coordination with the principal aid donor.
1. A Planning Council, consisting of a small but selected group of Cabinet members, (e.g. Commissioner Generals of Economy and Finance, War, Cultural and Social Welfare, Rural Development, and the Governor of the National Bank, chaired by the Prime Minister with the Vice-Premier for Development as Vice-Chairman, should be created for the purpose of:
- issuing instructions, guidelines and policies for the formulation and review of development plans and budgets.
 - reviewing and approving plans and budgets, including their annual revision or extension, and other special projects or studies of major significance - subject to final approval by the Prime Minister.
 - reviewing plan progress and accomplishments.
2. The recently created Bureau of Coordination and Review should be raised to Directorate General status and, along with a reorganized and reoriented Directorate General for Planning and Directorate General for Budget, form the career, technical support staff of the Vice Premier for Development. The several Directorate Generals could also serve as Executive Secretariats for the Planning Council, according to the subject matter of particular meetings.
3. The Directorate General of Planning should be reorganized and additional authority granted, as necessary, to perform the following "staff" functions:
- develop a framework for planning, including the preparation of procedures necessary for adequate and consistent plan formulation and review.
 - develop and propose to the Planning Council major objectives, policies, guidelines, and common planning assumptions for use by Ministries and field establishments.
 - review Ministry plan inputs for conformance to instructions, assess realism, and prepare appropriate analysis and recommendations.
 - identify data gaps and prepare appropriate recommendations for remedial action.
 - interpret and array planning data to facilitate analysis of alternatives and high-level decisions.

- translate decisions into coordinated action assignments for the Prime Minister or Planning Council to issue.
- coordinate all planning inputs, including foreign aid, economic and statistical projections, loans, etc.
- provide Executive Secretariat services to the Planning Council and Development Board.
- provide technical staff to work with the Development Board and promote effective liaison.

14. Concurrently with the new role recommended above, the Director General of Planning and his staff should be relieved of all operational responsibilities, (e.g., scholarship program and public corporations); and membership on commissions, committees, ad hoc task forces, etc., should be limited to those most crucial to carrying out his newly assigned duties.

15. A Development Board should be established, chaired by the Vice-Premier for Development, with semi-autonomous status and authority to hire or contract for expert services at market rates, for the following purposes:

- to provide an additional source of advice to the Prime Minister on development, specifically economic and industrial development.
- to provide a liaison between the public and private sectors and to utilize skills outside of government and not available on a full-time basis.
- to give status, continuity, diffusion, and support to development planning and programs.
- to study selected development, economic, and post war problems and propose appropriate recommendations to the Prime Minister.
- to serve as an additional mechanism for program coordination.

16. Immediate steps be taken to increase the effective use of available trained personnel and to attract back from overseas similarly trained Vietnamese. Such steps should include:

- revising the military draft regulations so that optimum use can be made of available skills in terms of total national needs.
- providing incentives, including draft exemption, for trained Vietnamese with needed skills.
- providing in-service training in planning methodology with emphasis on project analysis, planning, and management techniques, including program control and evaluation.

taking steps to increase the recognition, prestige and rewards for a non-political career in program planning and management.

17. Through creation of a Development Board, enlist the cooperation and assistance of non-government forces throughout the nation in the GVN development effort.

18. Request foreign technical assistance for systems design, training, special studies, project analysis, etc., until Vietnamese capacity can be built up to meet the continuing needs.

19. The Vice Premier for Development, with whatever staff assistance is required and as one of his first steps upon appointment, should draw up a list of planning priorities and develop a schedule for gradual implementation throughout the GVN and submit to the Prime Minister for approval and proclamation.

INTRODUCTION

Scope of Assignment

The Central Committee for Administrative Improvement, created by Circular No. 74-UBHP/TT, dated 20 October 1965, from the Office of the Prime Minister, recently completed its first task of selected procedural analysis. By order of the Prime Minister, Circular No. 122-TT/HP/VP on August 9, 1966 (see Appendix No. 1), the Committee was instructed to move into the second phase: improvement of organization and operation of government agencies.

It was decided to review important functions, as well as organizations and, at the request of the Chairman, this consultant was brought in from Brazil to assist the Committee in the area of planning (see Appendix No. 2 for biographical data), particularly as it concerns the Prime Minister's Office.

The terms of reference stated in the Prime Minister's instruction of August 9, 1966, were used as a starting point; but, since the review of a process is somewhat different than the review of an organizational unit, the conventional management survey approach was not utilized in the strict sense of the term. Neither is this report focused on purely structural problems. While not denying the importance of structure, the consultant emphasizes the "essential elements" of the planning system, recognizing that: different organizational combinations are workable; there is no "ideal" organization for planning that has universal application; and finally, but not least, that the consultant is not knowledgeable in the historic, cultural, political and personality factors in play - all of which bear heavily on organization structure.

While this report contains specific recommendations, some of them concerning structure, for the reasons enumerated above, these are not considered sacrosanct by the consultant. Rather, it is hoped that it will stimulate constructive analysis of the planning function by the Central Committee for Administrative Improvement and other qualified and concerned Vietnamese officials. If this is accomplished, this survey can be considered useful.

Survey and Final Report

The survey or fact-finding phase principally involved interviews with high Vietnamese officials (see Appendix No. 3 for listing of names and titles), particularly the Director General for Planning, Mr. Nguyen Anh Tuan, who was exceedingly gracious, helpful and frank and who extracted all the time requested from his busy schedule.

Equally important was the assistance of Dr. Nguyen Van Bong, Chairman of the Central Committee and Rector of the National Institute of Administration. His cooperation and reputation opened many doors which were indispensable in gaining an understanding of current systems and problems, as well as a rich source of suggestions for improvement.

In conforming with the desires of the Committee to keep the report itself as brief as possible, it has been divided into three parts. The first,

the report itself, includes a summary of past and current planning efforts, a compilation of findings, including analysis and conclusions, and a set of recommendations. The second part is an appendix of supporting documents. The final portion includes two technical annexes, one of which was prepared especially for this report.

For those interested in the process of planning and for gaining a better understanding of the findings and recommendations included in this report, it is urged that these annexes be read, preferably before the report itself. The concepts and guidelines in these annexes should prove useful when decisions regarding government planning are being considered.

DEFINITION AND CONCEPT OF PLANNING

Planning is an ambiguous word; it means many things to many people. It has been equated with forecasting, economic analysis, research, and mere budget projections, and to some has often become an end itself.

This is not the concept employed in this survey and report. The crucial question is not the perfection of a universal definition but whether the planning process being reviewed deals adequately with all the system elements, i.e., with top-level political decisions concerning the overall goals and policies of the Government, the translation of these strategic decisions into actionable programs, and the short range scheduling of specific work projects.

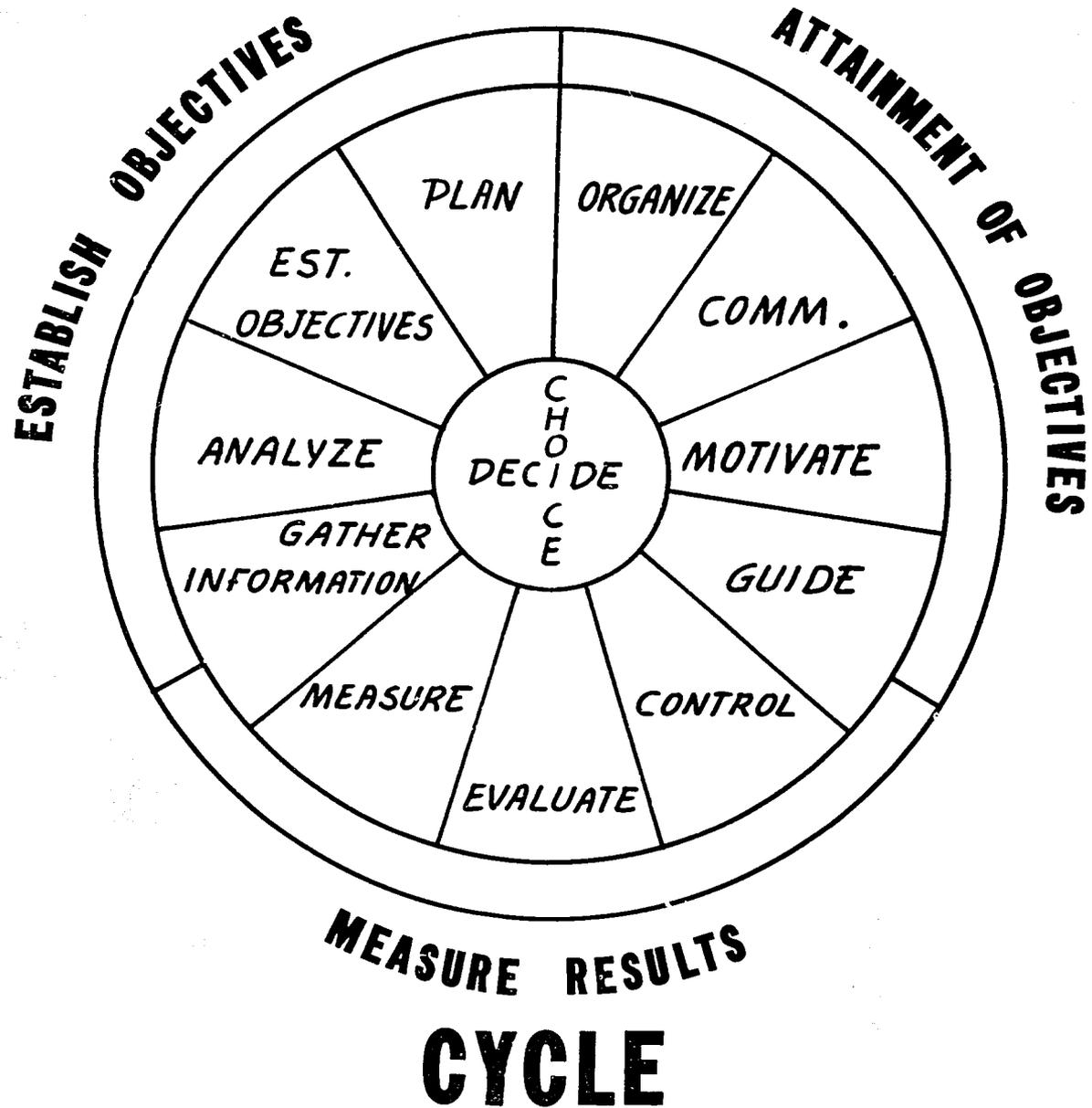
Actionable Planning

The common denominator of all effective planning is that it must be actionable and, as such, an integral part of a government's decision-making and managerial processes. The experiences of many countries, including Vietnam, clearly shows the futility of plans, no matter how "scientific" the preparation and elaborate the documentation, which have little or no impact on the actual operations of the government and its major ministries.

The simple setting forth of goals or targets does not automatically result in achievement. Conversely, the attempt to "blueprint" future programs in the same detail as required for operational purposes can quickly devolve into a paper-pushing exercise in any dynamic environment. Since planning is fundamentally a problem of choosing, the payoff of comprehensive planning is in providing an integrated decision structure for an organization as a whole and a basis for effective control. It requires "causative thinking" - a ways and means of making events happen to shape the future instead of adapting to a future that unfolds from blind forces.

Viewed in this manner, planning becomes a word describing the processes which orient public administrators' attention to the determination of goals and objectives, i.e., the desired results, and the ways and means for their achievement. In other words, it is a systematic approach to problem solving and rationale decision-making using an extended time frame. Its unique

MANAGEMENT



importance in the management cycle is illustrated in Exhibit 1, particularly the importance of objectives.

There are many other useful ways to define, view, or explain the purpose of planning. According to some, planning is experimenting with ideas that represent the resources of an organization without risking the resources themselves. It is a process of thinking ahead and pre-establishing a course of action. Viewed another way, planning is calculated to reduce risk by providing as much information as possible upon which to base a decision. These concepts are quite different from that which considers planning to be only those processes which can determine, in precise detail, future actions to be taken. The latter rates a good plan as that which needs to be changed the least, ignoring the fact that planning is not a mystical method for predicting the future, but, rather, a process of coping with inevitable change by being able to anticipate the range of possible changes and their probable impact or consequences upon an organization's purpose, objectives and resources. 1/

Planner's Context

Planning takes place within a specific but moving time period and in an environment of uncertainty and change, constantly requiring new inputs as well as a feed back from current operations. A simplified version of the planners' context is illustrated in Exhibit 2 and displays the continuity or recycling of the process and its link to action.

To summarize, planning is not conceived of as simply thinking about the distant future in terms of economic models, special studies, etc., but as the primary tool for the day-to-day direction and control of goals, programs and resources.

HISTORICAL SETTING

Early Influences

In the late 1940's and early '50's, while still a part of the French Union, Vietnam was heavily influenced by the French planning experience under the brilliant direction of Jean Monnet. This was understandable but unfortunate for Vietnam because, like many other developed as well as developing nations have learned since, Monnet's planning was unique for France and did not perform so well when transferred to a completely different environment.

The first predecessor agency of the present General Directorate of Planning was established in June 1948 as part of the Ministry of Operations and Planning. One year later, it came under the Ministry of Economy and Planning. In 1950, it was transferred to the Ministry of Public Works, Planning and Communications.

1/ See Annex B, pp. 1 - 4

In 1951, after a short respite, it was designated the Ministry of Planning and Reconstruction (see Appendix No. 4) with the charge to draw up and coordinate programs and projects leading to an increase in national production, a raise in living standards and an improvement in social welfare. It was also to follow the implementation of these programs. Other functions included data collection necessary for reconstruction, coordination, and setting-up of reconstruction budgets and expenditure controls.

The Ministry was divided into two principal bureaus: the Directorate of planning and the Directorate of Reconstruction. In turn, the Directorate of Planning was broken down into the following bureaus and functions:

1. Correspondence Office.
2. Bureau of Technical Coordination and Organization: including the study and coordination of all programs and projects for the modernization and development of Vietnam; controlling the implementation of programs and projects in collaboration with the Ministries in charge of plan execution; and providing the necessary support, e.g., equipment, raw materials, labor and credit, for the realization of technical plans.
3. Committees and sub-committees, by major sectors, for the supply and improvement of equipment.

Following an annual pattern of change, the following year the activity was transferred to the Ministry of Finance and Economy. A Secretariat for Planning and Reconstruction was set up with the Directorate of Planning given the following tasks: study and administer programs and projects of national development; represent Vietnam at the International Plan Committee and Committee of Plan Research; study plans of foreign countries; and maintain relations with foreign countries (see Appendix No. 5).

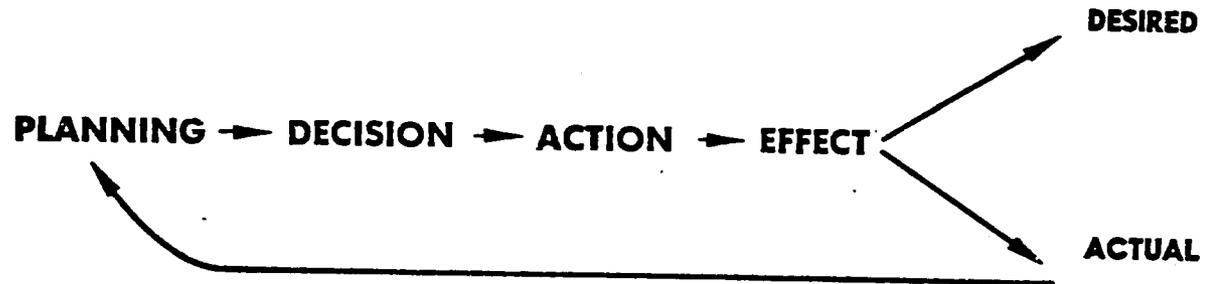
Diem Regime, 1953-1963

In the early stages of the Diem Regime, planning began to undergo a significant change, at least organization-wise. The Ministry was strengthened a strong Minister of the Presidency coordinated the various functions and, in June 1953, a National Planning Council was created (see Appendix No. 6).

The Council, chaired by the President with the assistance of the Vice-chairman of the Council, the Minister of Finance and the Minister of Planning and Reconstruction, consisted (ex officio) of most Ministers and regional representatives, as well as representatives appointed from outside of government. It was assigned the task of proposing all measures leading to national development and harmonization of production. The Council was given the additional task of proposing the means of executing the Plan. The Secretary General for Planning and Reconstruction assumed the Secretariat role.

The official members were responsible for collecting all projects for submission to the Council and could ask any public body to study all issues of interest to the general policy of economic development. Finally, the Vice

PLANNER'S CONTEXT



- TIME FRAME
- UNCERTAINTY
- FEED BACK

President, Minister of Finance, and the Minister of Planning and Reconstruction, were responsible for submitting to the President projects approved by the Inter-Ministerial Commissions created, and, when necessary, to coordinate the activities of various Ministries or the Study Committees comprised of representatives from various interest groups.

The pattern of constantly shifting organizational responsibility for planning, however, continued. In 1954, it was the Ministry of National Economy and Planning and, within nine months, again the Ministry of Planning and Reconstruction. In May 1955, it was assimilated with the Ministry of Finance and Economy. However, as the Diem Government got stronger and more centralized, the President wanted a strong staff, smaller but closer and more responsive to his needs. As a result many Directorate Generals were created including, on November 14, 1955, the Directorate General of Planning under the direct authority of the President with the responsibility for studying, formulating and coordinating development programs and projects and follow-up on implementation. (See Appendix No. 7). In addition to almost full authority for planning, the Director General also was responsible for drafting foreign trade programs and trade agreements and control of works (state-owned or controlled industries) of important interest to the country.

This period proved to be the "hay-day" for professional planners. Prestige was high and influence strong. Two five-year plans, covering 1957-1961 and 1962-1966 were prepared and published.

Post Revolution

Many things changed after the 1963 revolution, including the status of planning and the role and prestige of the Planning Directorate. It was a period of rapid and constant change, characterized by political instability, an increase in the tempo of war, and by general administrative confusion. All these factors, as could be expected, took its toll on planning.

Under President Tho, a former high ranking civil servant and Minister of Economy, interest in economics and planning was maintained for a short period of time but his successor, General Khanh, displayed no such interest or knowledge. Government activities were divided into three large blocks with a Vice President heading each one: politics and war, social and cultural affairs; and economics and finance. This was the beginning of the Planning Directorate's troubles, layered off from access to the President and its role gradually reduced to one primarily of research and special studies.

President Huong kept about the same superstructure but the Vice President became even less important in so far as planning was concerned as he was also Minister of Finance and Governor of the National Bank. It was a period characterized by a weakening of the Presidency and, subsequently, the Ministries became very strong.

President Quat was the last one on the scene before the arrival of the present leaders, President Nguyen Van Thieu and Prime Minister Nguyen Cao Ky.

Quat maintained the "big block" concept but created a Vice President for Pacification. Things were looking up for planning - but not for long. The incumbent proved to be highly political, fond of traveling, and unable to understand or use his technical experts.

DESCRIPTION OF CURRENT ORGANIZATION AND SYSTEM

General Directorate of Planning

The 1955 Presidential Decree which established the General Directorate of Planning (DGP) in the Executive Office of the President and the Arrête on the organization of the Directorate (Appendix No. 8) are still in effect. The DGP is still a part of the Executive or Prime Minister's Office although the Cabinet itself has undergone considerable change (Exhibit No. 3).

The DGP is headed by a Director General and Deputy Director General and consists of three divisions:

Directorate of Studies and Planning - which is broken down into three services: Economic Studies, Technical Studies and Social Studies. Each service is responsible for projects in their respective areas.

Directorate of Technical Assistance, Coordination and Control - includes two services: Technical Assistance, which is principally concerned with the scholarship program, technical assistance projects, and international (technical) conferences; and Coordination and Control. A third unit includes "The Group of Experts" both foreign and Vietnamese technicians.

Administrative Service - is in charge of administrative functions, general accounting, planning documents, and planning legislation.

Each bureau is headed by a Chief assisted by an administrative secretary with very little other professional staff. There are 24 professionals in the DGP, i.e., 20 with Masters Degrees and four with PhDs. Usually, these bureau chiefs chair special committees or act as rapporteurs and perform a liaison role. These planning committees or ad hoc groups will study a special problem or project, e.g., Cam Ranh Bay, a sugar factory, Mekong development, and prepare a report for the Prime Minister.

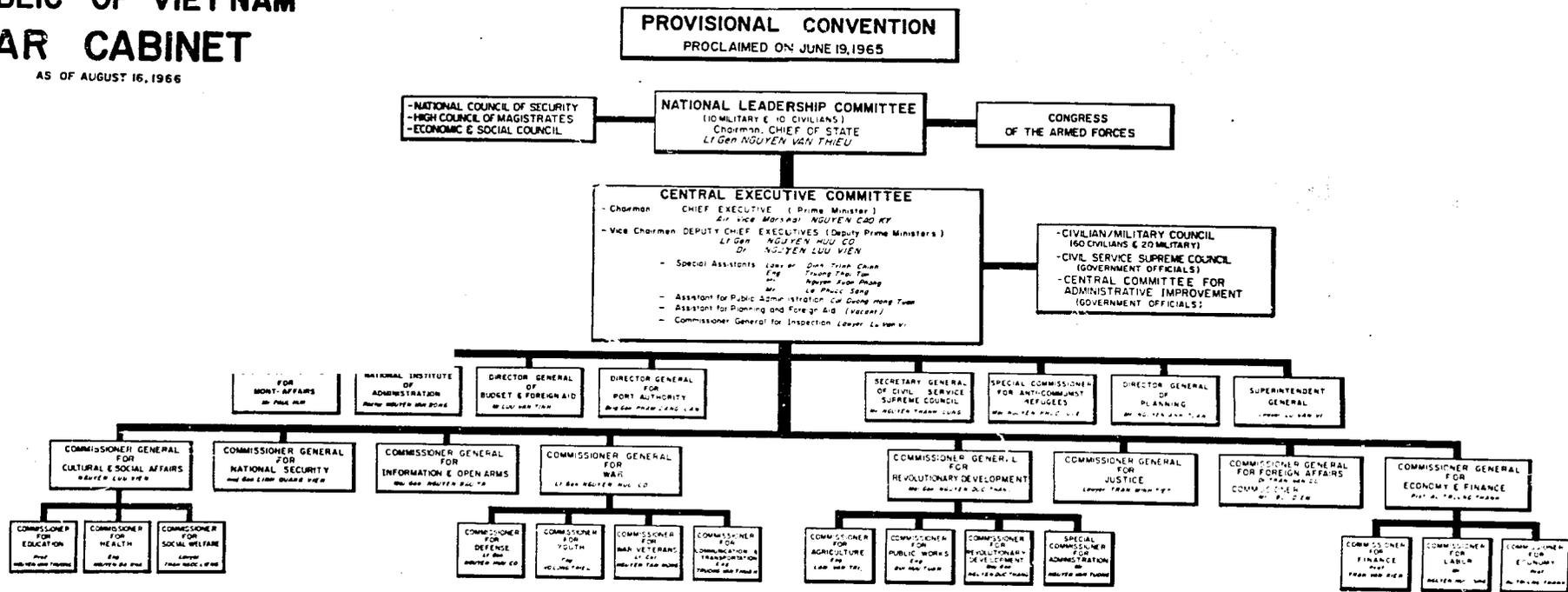
In summary, the responsibilities of the DGP can be grouped into three categories: (1) "elaborating" the plan in coordination with Ministries, i.e., producing the plan document; (2) special programs and projects, including public-owned or controlled industries; and (3) technical assistance coordination.

Prime Minister's Office

In addition to the DGP, there are other units and officials in the Prime Minister's Office concerned with planning. Several of the Special Assist-

REPUBLIC OF VIET NAM WAR CABINET

AS OF AUGUST 16, 1966



ants to the Prime Minister are interested in parts of the planning process, e.g., economic and budget planning and program review, as is the Assistant for Public Administration who is also a member of the Central Committee for Administrative Improvement.

Of course, the Directorate General of Budget and Foreign Aid is involved and the recently created Bureau of Coordination and Review, as its name implies, is designed to facilitate the implementation and control of planning programs. Finally, the Director General of Civil Service has the problem of program cadres to consider. (NOTE: At the time this report was drafted a new Ministry of Planning and Development was appointed but information regarding his role, functions, etc., was not available.)

Ministries

Many ministries are involved in planning their own programs and in the government-wide aspects of several functions. The Ministry of Economy is concerned with economic and fiscal policy, foreign trade and industrial development and, with the National Institute of Statistics, is the prime organization capable of producing planning data. The National Bank is interested in the effect of government programs on monetary affairs and the Ministry of Finance is responsible for tax policy and administration, i.e., the source of revenues. The Ministry of Labor is concerned with the manpower aspects of planning, etc.

Several Ministries have their own planning staffs, perhaps those of the Commissioner General for Revolutionary Development and the Special Commission for Administration being among the outstanding.

Special Projects

To complete the picture, mention must be made of the special committees, authorities, commissions and study groups involved in planning of some type or other. Among the more outstanding are the Joint Economic Committee (GVN-US), the Cam Ranh Bay Authority, the Council of the People and the Army, Mekong Development Committee, Industrial Development Center, and the Committee for Economic and Financial Affairs.

1966 Plan

After the 1963 Revolution, it is not surprising that the new Government paid scant attention to the five-year plan (1962-1967) prepared the previous year. Tinged with the Diem stamp, it was discarded. The War Cabinet put out a program of 26 individual plans prepared by "advisors" without the participation of ministry officials.

The first post-revolutionary attempt to formulate a coordinated and comprehensive plan was made last year, a one-year plan for the current year 1966. The Chief-of-State and Prime Minister called the Cabinet together and instructed them on GVN policies and objectives. Three principal objectives were given:

1. Seek and destroy the Viet Cong.
2. Start an effective rural development program.
3. Provide a basis for a democratic regime.

A Deputy Prime Minister was assigned the responsibility to organize a committee of all Ministers to "elaborate" a plan (Note: in practice, the General Secretary or Technical Assistant to the Minister usually attended).

The Ministries, thereupon, proceeded to develop their individual programs in accordance with the instructions received and, in September, laid out their priorities for Committee Review. Changes, including reductions, were made by the Committee with the cooperation of the concerned Ministries who were free to appeal any differences directly to the Prime Minister. The Director General of Planning served as Secretariat for the Committee.

After this review and presentation of the Ministry programs to the Prime Minister, and his approval, they were turned over to the DGP to prepare an overall plan on the basis of development programs by sectors, not simply by organization. In sum, it was a translation of Ministry programs into a sectorial format with consideration given to the economic affect of these programs.

The Plan document itself is divided into three categories:

1. A general review of the military, political, social and economic situation. It also includes objectives, policies, constraints and attempts to provide a framework for the Plan.
2. Economic analyses, i.e., some micro-economic studies and development plans. It discusses production and consumption, population growth and distribution, imports and exports, wages and prices, etc.
3. The final category is the sector programs. Reportedly, it includes targets and the means for their achievement. /2

After preparation, the Plan document was sent to the Prime Minister's Office and no further word was received by the DGP. It was not until this September that limited distribution to the Ministries was made, after three-quarters of the planning year was over. This was done, in the view of some, to keep its contents secret from the V.C. and to avoid any bureaucratic infighting, and this lack of diffusion is presumably mitigated somewhat by the fact that Ministries prepared their programs in the first place and were familiar with the decisions taken by the Prime Minister.

Recently, the DGP has written to the Ministries asking for the results of their 1966 programs and what they intend to do for 1967. The process described above for 1966 is not being repeated.

/2 The 1966 Plan is available only in Vietnamese so it was not possible to review it in detail. A summary outline, however, is included as Appendix 9.

1966 Budget /3

While there is no "legal" basis for coordination between DGP and the Directorate General of Budget and Foreign Aid (DGBFA), attempts are made. Both Director Generals are together on many commissions and the DGBFA is aware when new projects are proposed.

Every October or November, the budget for the next Fiscal Year, which is on a calendar year basis, is prepared. It is divided roughly into three categories: (1) military, (2) administrative expenses, and (3) capital projects.

Ministry submissions go to the DGBFA who sums them and then makes cuts in proposed expenditures, but not program authority, to fit the total available, i.e., expected revenues, foreign aid, etc.

From 1963 to 1965 there was no direction to the process but last year an attempt was made to relate the 1966 budget to the 1966 Plan and objectives. In the case of capital projects, they were compared with plan priorities. However, administrative expenses are treated differently. Estimates are based on last year's expenditures and review is made of increases only, in other words, base budgeting.

Program Coordination and Review

The lack of adequate management information on program achievements with subsequent loss of control and the concern with this deficiency was recently manifested by issuance of Arrete No. 1683-ND/HP/NV (Appendix No. 10) on September 15, 1966. It created the Bureau of Coordination and Review in the Prime Minister's Office, to be headed by the bureau chief placed directly under the Deputy Director of Cabinet. It will be composed of two principal sections:

A Program Section for assessing progress, pinpointing obstacles, and program coordination and evaluation; and a Technical Section responsible for the visual and verbal presentation of program data and maintaining a chart room for the Prime Minister and his staff.

As of the date of this report, difficulty is being experienced in recruiting someone knowledgeable in this area and in obtaining useful and timely data and reports from the Ministries.

3 It is not the intent here to go into the budget process which will be the subject of a separate report to the Prime Minister's Committee for Administrative Improvement. It is necessary, however, to look at the tie-in between planning and budgeting.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

General

Since the early days of World War II, Vietnam has been subject to continual strife and hardship. From occupation by the Japanese to the return of the French colonials, through independence, civil war and the recent revolution, Vietnam has been hit hard. It is not surprising, therefore, that the normal conditions have been those of instability, lack of continuity, confusion, misuse of scarce resources (particularly human), rapid change, etc. Neither is it hard to understand why effective management, not to mention planning, has been difficult to achieve.

Many high-level GVN officials are severely critical about the lack of effective planning. The history of planning has been described as "a blank sheet of paper". Plans are either non-existent or like a "coat made by many tailors". Coordination has been defined as "aucun", implementation as "rien". Planning and budgeting "operate in two different worlds", etc.

The history of planning organizations has reflected both the instability of government and confusion about just what planning is and what it can do. It has been bounced back and forth between the Chief Executive's Office and various ministries. Even now, as this report was being prepared, a new Ministry of Planning and Development was suddenly created and its intended role is not yet clear.

All this leads up to one almost indisputable fact: national planning to date has been ineffective and, except in isolated cases, the time, effort and cost incurred has been no where near commensurate with benefits received.

Planning by Crisis

Very few governments or business corporations have devoted the time, energy and resources required to develop an effective planning system simply because the rationality of the process appealed to them. On the contrary, advances were more often made in time of acute crises. The great depression of the 1930's and World War II started America planning. Other countries facing such critical problems as unemployment, inflation, lack of food, low living standards, etc., have turned to planning to help find solutions. Large corporations, faced with rapid technological change, loss of markets, higher risks and investment costs, and stiffer competition have also embraced planning as a means of survival.

In other words, when conditions are perfect to install a comprehensive planning system in either government or business, the need has passed or the opportunity to affect the future has already been lost. Certainly,

Vietnam is in a crisis - it is literally fighting for survival in a hostile environment. It has no choice but to seek the optimum use of the resources available to it and it cannot afford to make many bad decisions.

Since the purpose of this survey is to make recommendations for improvements, deficiencies in the present system and organization must necessarily be emphasized. It should be noted, however, that the situation is not as black as a casual reading of this report might imply. First, and perhaps most important, a period of relative political stability is in prospect; second, the military situation is improving with more areas becoming secure and, consequently, subject to development; and, last but not least in importance, there is a growing recognition of the function and importance of planning by experienced and high level GVN officials. It is an old but accurate axiom, "recognition of the problem is half the battle".

One more generalization is required before specifics are discussed. No amount of technique or structural change is any substitute for determined effort, as the past history of planning in the GVN so clearly shows. As much as anything else, a new management philosophy will be required, accompanied by a new way of looking at problems. As Professor Nghiem Dang has pointed out in his book "Vietnam: Politics and Administration", certain Confucian and Napoleonic traditions and the legacy of Weberian bureaucracy must be overcome before "the idea of public administration as a series of positive services rendered to the people according to a set program" is widely accepted. Planning, then, is neither a panacea for all ills nor can it ever be completely rational or technical. It gets to the heart of the decision - making process and, therefore, the core of the political process. The process itself must develop in an evolutionary way.

Major Deficiencies and Weaknesses in GVN Planning

Specific deficiencies will be discussed in connection with the recommendations which follow. It is useful, however, to summarize the major ones, some of which are outside the purview of this report and not subject to administrative action but are nevertheless relevant.

1. Lack of Stability

The political and military situation has resulted in frequent changes in government, ministers and other officials, both at the highest levels and throughout the bureaucracy and provinces. Planning, indeed operations, is difficult without some modicum of continuity.

2. Automatic Priority of the Military

Unless the war is won, everything else becomes academic. However, the war will not be won entirely on the battlefield

as Prime Minister Ky's emphasis on rural development clearly shows. Therefore, the competition for resources, particularly trained managerial and technical manpower, must be resolved in terms of what is good for Vietnam - and this will require compromise and balances between military and civilian needs.

3. Poor Coordination with Foreign Aid

U.S. Foreign Aid is a necessity, but it amounts to a significant portion of the total resources available to the GVN and, therefore, has considerable impact on what the GVN can and cannot do. While coordination is good at the political-military level, it is difficult to coordinate at the technical level when the GVN does not produce effective program plans of its own.

4. Shortage of Skilled Manpower and Technique

People are still the essential element in any system. The problem of Vietnam's scarce human resources, common to all developing countries, is being aggravated by the draft system, political factors, poor motivation for the public service, an export of "brains" to France, and the scourge of war. In-country training facilities are limited and graduates, once trained, are often used in work not related to the training received. Some of the most basic tools of project management are in limited use or are non-existent in many organizations.

5. Scarcity of Planning Data

Timely and accurate data, including projections, national accounts, statistics, program achievements, provincial needs, available resources, etc., are hard to come by and even when collected may become quickly obsoleted by the fortunes of war.

6. Inadequate Organization

Responsibility for staff planning in the Prime Minister's Office is confused, coordination with budgeting and other administrative functions is poor, and the participation of the operating ministries and provinces is often superficial.

7. Over-emphasis on Economic Analysis

Planning to date has been largely attempts to set production targets and estimate costs. The importance of planning as a managerial device, for total development, as a framework for analysis and decision-making, and as a basis for effective

implementation of action programs has not yet been widely understood or accepted. Too much time and importance is given to establishing ends and too little is given to an examination of the means and follow-up.

8. Non-use of Plans

Presumably a reflection of their general inadequacy, plans have little effect on actual operations. When published, they are more often used for propaganda and prestige purposes, not as a basis for direction, action and control. Until they are used for decision-making, particularly in the allocation of resources, at the highest levels they cannot be expected to have much effect or receive serious attention. Above all, top management participation in the process is crucial to success.

9. Over-reliance on Top-down Planning

There is too much reliance on planning at the top levels of government with ministries and provinces relegated to the role of execution. If the ministry cannot plan, it is most likely to be equally unable to implement plans prepared by others. In addition, guidance and instructions from the Prime Minister's Office have been either non-existent, vague or insufficient.

Planning Priorities

No government or large, complex organization has ever been able to move immediately into a fully coordinated, comprehensive, multi-year planning system with any reasonable degree of success. On the other hand, if the first step isn't taken, the rest will never follow. Similarly, it is not possible to do effective long range or intermediate range planning if the system for short range planning and operational implementation is weak. Careful consideration must be given to priority needs and elements of the planning system should be installed in terms of both these needs, feasibility, and logic. The base or foundation for comprehensive planning is good management at the project or operating level, an effective program budgeting system, and a mechanism for the control and evaluation of approved programs.

Recommendation 1 - A comprehensive, multi-year planning system, designed to facilitate analysis of alternative courses of action, decision-making, allocation of resources and program control, should be designed and installed on the basis of pre-determined system and program priorities. Suggested priorities include:

- a. Initial emphasis to public sector;
- b. Identification of current strategic problems;

- c. Determination of critical data needed for planning and means of collection;
- d. Preliminary systems design and requirements;
- e. Phased application by function and organizations, (e.g., rural development in secure provinces and villages);
- f. Application to projects of known priority (e.g., Cam Ranh Bay); and
- g. Research of carefully selected subjects of strategic importance to transitional and post-war needs.

Recommendation 2 - The initial time span selected for comprehensive planning should be short term, i.e., three years or less, maintained constantly by adding a new plan year annually. Priority should be given to improving short term systems and techniques such as program planning and budgeting, project management, scheduling, reporting and evaluation.

System Elements

The essential elements of a planning system, discussed in detail in Annex A, are that it must have retracable logic; it must be actionable; and it must be manageable (See Exhibit (4)). It is a continuous process which requires the participation of all levels of management with the emphasis on decisions and action. Unfortunately, most of these elements are missing in current practices. The process is erratic and participation of top officials and operating management is superficial at best. Undue emphasis is given to "elaborating" a plan in sometimes useless detail with the plan document itself becoming the end product rather than effective and efficient implementation of the decisions arrived at during the process. Guidance in terms of specific goals, policies, planning assumptions, resource constraints, etc., is either lacking or inadequate and a procedural framework for development of plans capable of analysis and comparison has not yet been developed.

There is no one point the Prime Minister can turn to for information on program coordination, implementation progress, evaluation, or suggestions for alternatives. The ability to follow through from planning through budget allocations to operations is retarded by the limited authorities (at least as conceived by the incumbents^{4/}) of officials responsible for different points in the process.

In previous plans, commendable efforts have been made to specify objectives and targets. Too often, however, they have been prepared for those areas more easily quantified, e.g., agricultural production, but time-phased actions, i.e. means, to reach the objectives are not included in the documents published.

^{4/} See Annex B, pp. 20-23, on "Program Control, Review and Appraisal".

ELEMENTS *of A* PLANNING SYSTEM

1. RETRACEABLE LOGIC
2. ACTIONABLE
3. MANAGEABLE

LOGICAL BASIS OF PLANNING

MISSION - *PURPOSE OF EXISTENCE*
STRATEGY - *THE "WHAT SHOULD BE"
THROUGH TIME*
GOALS - *THE WHAT TO BE
"ACCOMPLISHED"*

TRANSLATION INTO ACTION

PROGRAMS - *OPERATIONAL AND
DEVELOPMENTAL*
ORGANIZATION - *BREAKING WORK DOWN
INTO UNITS AND ASSIGN-
MENT OF WORK TO PEOPLE*
PROCEDURES - *DETERMINATION OF WORK
FLOW BETWEEN STATIONS*
METHODS - *TO BE USED AT EACH WORK
STATION*

WITHIN MANAGEABLE LIMITS

STANDARDS - *OF ACCOMPLISHMENT, WORK
OUTPUT IN TIME AND QUALITY*
SCHEDULES - *ASSIGNMENT OF RESOURCES
WITHIN SPECIFIC TIME
PERIODS*
BUDGETS - *QUANTITATIVE TRANS-
LATION OF ABOVE
DECISIONS*

Planning is primarily a line function 5/; except in unusual circumstances central planners perform a staff role. The reverse appears to be the case in the GVN. Too much reliance is given to elaboration of plans at the Prime Minister's level, but at the same time inadequate guidelines and instructions are provided the operating ministries. It is not surprising, given this limited and ineffective participation in the process by Ministry and Provincial officials, that plan implementation is weak. The problem is further aggravated by lack of communication. The 1966 Plan was not distributed until the year was almost over. Adequate communication is required to provide officials at all levels with an understanding of the goals, policies and planning assumptions of the Government as a whole, particularly as they affect each Minister's own area of authority. Similarly, he needs to know the plans of other Ministries to provide adequate coordination. This factor is a principal justification for the participation of as many individuals and organizations as possible in the actual formulation and revision of plans 6/.

While there may well be circumstances in which it is not desirable to publish all plans, the principal objectives, policies, premises and other important elements of the Government's plan must be known by those responsible for operations.

Implicit in the above observations is the lack of an effective staff concept, somewhat surprising given the significant influence of the military on government affairs. There is poor use of staff but whether this is due to the inclinations of the line officials themselves or the inadequacy of staff work itself is uncertain. As the size and complexity of problems increase, the importance of staff work to aid the responsible line officials also increases. The technical knowledge and continuity provided by career officials is too precious a commodity to be under-utilized, and it is at this level that day-to-day coordination will stand or fall.

It appears evident, then, that attempts to improve planning must not be aimed exclusively at the Prime Minister's level. Ignoring the needs of the Ministries to improve their own planning and management capacities is like trying to build the roof of a house before the foundation is completed 7/.

Program planning at the Ministry and field levels is generally considered very weak. However, there is indication that at least some Ministries are making determined efforts to improve their internal planning and programming processes and, consequently, their managerial ability. A case in point are the 1967 budget guidelines issued by the

5/ See Annex A, Page 11.

6/ See Annex B, Pages 20-23, on "Program Control, Review and Appraisal".

7/ The reader is referred to Annex A, The Process of Planning, for a fuller explanation of the concepts and reasons underlying the following recommendations.

Ministry of Revolutionary Development. It included a good analysis of current strengths and weaknesses, contained specific development priorities and program guidelines, stressed the quality as well as the quantity of program accomplishments, requested data necessary for planning and evaluation, and related costs to program priorities. Such attempts not only need encouragement and support from the Prime Minister's level, but must be coordinated procedurally as well as program-wise with other Ministries. It is at this point where the role of a central planning staff can make its greatest contribution.

Recommendation 3 - Program planning must be recognized as a continuous and rhythmic process requiring a consistent procedural framework for the formulation, review and revision of Ministry plans.

Recommendation 4 - At least annually, program guidance and instructions (e.g., objectives, policies, planning assumptions, resource and manpower constraints), in sufficient detail to be meaningful to the recipients, should be issued by the Prime Minister's Office.

Recommendation 5 - Elaboration and publication of plan documents should be de-emphasized; staff attention should be focused on the identification of strategic problems, analysis of alternative courses of action for top level decision, and the implementation of the choices made. Especially at the Prime Minister's level, unnecessary detail should be omitted and the action programs to achieve objectives, i.e., the means, their comparative costs (inputs) and benefits (outputs) and probable consequences and ramifications should be highlighted.

Recommendation 6 - Program decisions reached as a result of plan review should be communicated to all levels which have a responsibility for carrying out these decisions. A reporting system, indicating the time and kind of information or data required, should be centrally established to provide information for control and replanning purposes.

Recommendation 7 - A Vice Premier, Commissioner General or Secretary of State for Development, reporting directly to the Prime Minister and having his complete confidence, should be appointed with overall system responsibility for planning, budgeting, program coordination, control and evaluation - without other operational or conflicting responsibilities or duties.

Recommendation 8 - The role and participation of Ministry and Provincial officials and staff should be increased with priority given to building up the program planning abilities at these levels, particularly in the area of project management.

Budgeting

As previously discussed in connection with the 1966 Budget, except for new capital projects, base budgeting is employed. A significant

portion of GVN resources, therefore, is not adequately reviewed in terms of current national goals and priorities. The mere existence of an on-going activity becomes, in effect, its own justification.

There is almost unanimous opinion on the lack of coordination between planning and budgeting - ranging from poor to none. The 1966 Plan did not provide adequate guidance for the Directorate General of Budget and Foreign Aid and even this factor is missing in the preparation of the 1967 Budget, currently in process. Discussions will center upon past expenditures and how to make cuts in proposed expenditures to meet budget ceilings - with little central guidance on priorities, policies, etc.

The "conventional" or administrative-type budget may facilitate legal accountability, but it is not very effective for the purposes of public administration, i.e., (1) relating resource allocations to program priorities; (2) evaluating progress in the accomplishment of GVN goals and policies; and (3) analyzing the impact of government programs on the national economy. In the last ten years, spearheaded by the United Nations, there has been a lot of progress in the economic classification of the budget. More recently, on the basis of experience in the Department of Defense and the introduction of the Planning, Programming and Budgeting System (PPBS) by the U.S. Bureau of Budget, attention is being focused on program budgeting, including the functional classification of expenditures. Here costs, irrespective of the organization responsible for performing the services, are re-arranged according to basic purpose, missions, program aggregates and function served. Only when such a breakdown is available does it become possible to relate ^{8/} government activities as reflected in the budget to development plans.

Program budgeting stresses a government's ends and the progress made in achieving them rather than just the cost (or inputs) required. This has obvious advantages in itself, but a budget that focuses on programs and results makes the integration of development planning and budgeting feasible.

However necessary this linking of planning and budgeting is, the results obtained thus far indicate that it takes a long time before developing countries can make effective use of these new techniques. Program budgeting cannot simply be grafted on to a government's administrative structure from above. ^{9/} As has been previously suggested in regards to planning, it cannot be installed without remedying some of the underlying personnel, organizational and procedural inadequacies which exist in most developing countries. Suggestions on the installation of at least a preliminary effort at program budgeting will probably be included in the Central Committee for Administrative

^{8/} Refer to Annual Budgeting and Development by William I. Abraham, National Planning Association, Planning Methods Series, No. 1, 1965.

^{9/} Albert Waterston, Development Planning: Lessons of Experience, John Hopkins Press, 1965.

Improvement's forthcoming report on budgeting. The purpose here is only to point out the crucial role that budgeting plays in the nexus between development planning and implementation.

Recommendation 9 - Closer coordination and integration of planning and budgeting must be facilitated by:

- a. providing a legal basis for such coordination;
- b. granting authority to the Director General for Budget to review Ministry base budgets, as well as proposed increases, in terms of plan priorities;
- c. the annual issuance of clear cut policy guidance and economic assumptions by the Prime Minister's Office for purposes of budget formulation;
- d. creating machinery for a more effective review of Ministry budgets in terms of adherence to (or justified change from) national plans and prior program accomplishments; and
- e. introducing, on a phased schedule starting with highly important programs, the concept of program budgeting.

Foreign Aid

Under the present circumstances and in the foreseeable future, foreign aid - particularly that rendered by the United States - is and will be one of the principal sources of resources available and a major force in influencing the direction, scope and content of GVN programs - in the economic and social welfare fields, as well as the military. There are very few, if any, historical precedents for the type of aid being given - its primary purpose being to help Vietnam determine its own future and stand on its own feet.

Such assistance, however, cannot be of maximum effectiveness unless it is tied into a rational and technically sound development plan conceived and supported by the GVN itself. Such coordination must first take place in the planning phase, something which does not occur to any reasonable extent at the present, as well as at the stage of allocation and disbursement of funds. The economic aid and technical assistance programs of the United States (and para-military programs) can be used to supplement GVN resources in the accomplishment of priority goals. Every effort must be made to strengthen this coordination and make optimum use of the resources available.

It has already been suggested that a comprehensive, long range plan is not the priority need under present circumstances. This is not meant to imply, however, that strategic problems of a longer range nature can be ignored. There have been recent discussions between the Vietnamese and United States Governments about the need

to study post-war and transitional problems with a view to both preparing for the future and providing hope and incentive for the long suffering Vietnamese people. In addition, there are current projects whose long-run implications can only be ignored at peril, e.g., Cam Ranh Bay.

Recommendation 10 - Foreign aid, a primary source of resources, should be a major consideration in the planning and programming process of the GVN and mechanisms should be created to provide continual and effective liaison and coordination with the principal aid donor.

Organization and Authority

Recommendations concerning a proposed structure for planning have been purposely delayed to emphasize the importance of system elements. There is no doubt that good organization is important for effective planning and program management; but, as previous experience so clearly shows, it is no panacea and is no substitute for leadership and determination.

There are many factors which determine organization structure, among them personalities, tradition, and, not the least, politics. Since there is no known "ideal" organization for planning, and the Central Committee's consultant is unfamiliar with the many social, religious, political and cultural factors which make up the fabric of a nation, it would be presumptuous to suggest any set structure. However, there are certain organizational principles which can be helpful ^{10/}when considering any reorganization and an attempt is made here to apply these principles and previous experience to the existing GVN structure. The proposals may be considered as illustrative, in this sense, and a point of departure for further consideration by the Committee and others. Since the focus of this study is on planning at the Prime Minister's level, recommendations will be restricted to that. It has already been emphasized, and is restated here; that planning cannot be made more effective simply by improving the mechanism or organization at the top. Similar improvements will have to be made at the Ministry and Provincial levels. ^{11/}

From 1948 until 1955, the central organization for planning was changed annually, hardly a situation conducive to planning. With the establishment of a Directorate General for Planning in the Chief Executive's Office, a stability of sorts was achieved which has proved to be more apparent than real. Under a successive series of Vice-Presidents, the DGP has been steadily losing its influence and prestige

^{10/} See Pages 8-14, Annex A, Organizing for Planning.

^{11/} If the recommendations which follow are acted upon, it will amount to a major reorganization of the Executive Office of the Prime Minister (or subsequent Chief Executive, depending upon the structure required by the new Constitution). As such, other considerations besides program planning, control and evaluation will undoubtedly have to be taken into account.

and today, both literally and figuratively, it is far removed from the Prime Minister.

It is human nature to seek a "scapegoat" and the frequent criticism of planning usually centers on the DGP. This is unfair, and equally important, inaccurate. The deficiencies and weaknesses already noted cannot all be laid at the doorstep of the DGP. Most of them are inherent in the general state of Vietnamese public administration and the war situation. This is not to deny that improvement in the operations of the DGP is possible, but only to point out that many of the problems are well known to the incumbent Director General and many of the solutions proposed herein either parallel similar ones of his own or have his general support. ^{12/}

On paper (See Appendix No. 7), the DGP has broad authority. In practice, this authority is limited. So much so, that the incumbent attempts to carry out his duties by maximum participation in commissions special projects, public enterprises and similar activity which will give him some influence on national development. Curiously, this has led to the criticism that he is too busy doing everything but planning; but, as he sees it, he and his staff are salvaging what they can from an unworkable situation.

It is obvious that even though the DGP is officially located in the Prime Minister's Office, the staff planners do not have access to the Prime Minister and suffer accordingly. While several of the recent Special Assistants to the Prime Minister proclaimed strong interest in improving the planning process, their role insofar as planning is concerned is unclear. In effect, the Director General is without a friend in court and finds himself increasingly isolated.

Notwithstanding the previous comment on the already broad authority of the Planning Directorate, through revision or otherwise, the staff planning functions must be expanded beyond just elaboration of a plan. The use of a planning staff at the Chief Executive's level is discussed on Pages 11 and 12, Annex A, so it is sufficient to state here that its primary role is not to produce a plan document but to provide staff assistance to the Prime Minister or his designee in developing a framework for planning, arraying data for decision-making, and providing staff assistance for the implementation and follow-up of such decisions. Other roles can be assigned, but this is the primary one.

In assessing the role of a planning staff, it is important to recall that special studies, research, etc., are not planning per se as they imply no action. They are inputs to the planning process but are not a substitute for a rational and systematic review. Neither, for that matter, are economic projections, targets or policies. They

^{12/} There is no intent here to imply full agreement of the analysis and recommendations of this report on the part of the Director General of Planning.

must be translated into decisions and action-programs, and this is the heart of staff planning.

A curious dilemma appears to have developed. On the one hand, the civil servants, i.e., technicians, believe with a good deal of justification that they are being ignored by the decision-makers. On the other hand, this understandable resentment and disappointment has led some of them to react in such a way that they over-estimate the importance of their own skills and under-estimate the political nature of planning at the national level. Systematic planning is an attempt to introduce rationality to the decision-making process. On the basis of experience to date, however, the "scientific" approach has neither proved infallible nor always superior to other ways of allocating resources. No matter what the system or type government, cutting up the pie is a political decision. The planners cannot be a substitute for such processes but can serve as a catalyst, sounding-board and a nexus between the technicians or bureaucracy and the political leaders. Similarly, ignoring or under-utilization of the scarce skills already available to the Government would appear to be folly. Political decisions must be implemented at the technical level.

There is an almost unanimous opinion on the need for a Planning Board - so much so that this consultant fears too much weight is being given to organizational structure. Opinion quickly divides, however, when it comes to the role, composition and placement of the Board. Some see it basically as a sub-unit of the Cabinet in a political role; others see it purely as a technical body, and still others envision the Board in both roles. There is adequate justification for a Planning Board, e.g., (1) it can raise the prestige of planning and bring it into the limelight again; (2) it can be an additional source of advice to the Prime Minister and his Cabinet; (3) it can provide a device for bringing in outside talent, both from the private sector and in the form of foreign technical assistance; and (4) it can provide a useful liaison and coordination role between the GVN and outside groups interested or involved in development; and (5) it can provide some continuity lacking in the current picture. It cannot, however, be a substitute for the hard staff work that must be performed at the Provincial, Ministry and Prime Minister's levels.

Its primary role, as conceived by this consultant, would be technical and advisory, removed from the political arena as much as possible and supplementing the GVN's planning efforts. Its focus would be on economic and industrial development, the identification and study of problems, and preparation of recommendations for consideration by the Prime Minister.

Recommendation 11 - A Planning Council, consisting of a small but selected group of Cabinet Members (e.g., Commissioner Generals of Economy and Finance, War, Cultural and Social Welfare, Rural Development, and Governor of the National Bank) chaired by the Prime Minister with

the Vice Premier for Development 13/ as Vice Chairman should be created for the purpose of:

- a. issuing instructions, guidelines and policies for the formulation and review of development plans and budgets;
- b. reviewing and approving plans and budgets, including their annual revision or extension, and other special projects or studies of major significance - subject to final approval by the Prime Minister; and,
- c. reviewing plan progress and accomplishments.

Recommendation 12 - The recently created Bureau of Coordination and Review should be raised to Directorate General status and, along with the reorganized and reoriented Directorate General of Planning and Directorate General of Budget, form the career technical support staff of the Vice Premier for Development. The several Directorate Generals can serve as Executive Secretary to the Planning Council according to the subject matter of particular meetings.

Recommendation 13 - The Directorate General of Planning should be reorganized and additional authority granted, as necessary, to perform the following "staff" functions:

- a. develop a framework for planning, including the preparation of procedures necessary for adequate and consistent plan formulation and review;
- b. develop and propose to the Planning Council major objectives, policies, guidelines and common planning assumptions for use by Ministries and field establishments;
- c. review Ministry plan inputs for conformance to instructions, assess realism and prepare appropriate analysis and recommendations;
- d. identify data gaps and prepare appropriate recommendations for remedial action;
- e. interpret and array planning data to facilitate analysis of alternatives and high-level decisions;
- f. translate decisions into coordinated action assignments for the Prime Minister or Planning Council to issue;
- g. coordinate all planning inputs, including foreign aid, economic and statistical projections, loans, etc.

13/ See Recommendation 7.

- h. provide Executive Secretariat services to the Planning Council and Development Board; and,
- i. provide technical staff to work with the Development Board and promote effective liaison.

Recommendation 14 - Concurrently with the new role recommended above, the Director General for Planning and his staff should be relieved of all operational responsibilities (e.g., scholarship program and public corporations) and membership on commissions, committees, ad hoc task forces, etc., should be limited to those most crucial to carrying out his newly assigned duties.

Recommendation 15 - A Development Board should be established, chaired by the Vice Premier for Development, with semi-autonomous status and authority to hire or contract for expert services at market rates, for the following purposes:

- a. to provide an additional source of advice to the Prime Minister on development, specifically economic and industrial development;
- b. to provide a liaison between the public and private sectors and to utilize skills outside Government and not available on a full-time basis;
- c. to give status, continuity, diffusion and support to development planning and programs;
- d. to study selected development, economic and post-war problems and prepare appropriate recommendations to the Prime Minister; and,
- e. to serve as an additional mechanism for program coordination.

Note: See Exhibit 5 for graphic presentation of Recommendations 11-15.

Staffing, Training and Technical Assistance

Better planning and management is essential to Vietnam's survival and growth, but this is easier said than done. All developing countries, and many so-called developed countries, suffer from critical manpower shortages. The situation in Vietnam is further aggravated by the war, the departure of many of its most skilled citizens and the sometime inefficient utilization of the skills available. This shortage limits the rate of speed with which Vietnam can move to a more effective public administration while, at the same time, the needs themselves are increasing.

This dilemma can only be solved in two ways: (1) doing everything that can be done to better utilize available human resources (e.g.,

training, draft exemptions, providing better motivation and tenure), and (2) by filling the gap with outside help.

While good planning and management is not something that can be produced by a machine, there is a growing methodology to planning susceptible to training methods. There include techniques and tools of economic and system analysis, planning and scheduling tools such as networking and critical path scheduling, techniques of project planning and management, reporting, control, evaluating techniques, forecasting and projection methods, etc.

Foreign experts can be particularly useful in systems design ^{14/} analysis of project feasibility, special studies, and in numerous roles which assist in the assembly of information for decision-making but are removed from the sensitive power structure itself, e.g., working on a task force studying a problem for the Development Board.

Because of the strong U.S. interest and involvement in Vietnam, and President Johnson's personal interest in transitional and post-war problems of Vietnam, it is reasonable to assume that the U.S. Government would be receptive to requests for technical assistance, both in providing experts and in supporting indigenous training efforts. This has already been demonstrated by the short-term assignment of the Committee's consultant, detached temporarily from USAID/Brazil, and by statements of highly placed USAID and Embassy officials.

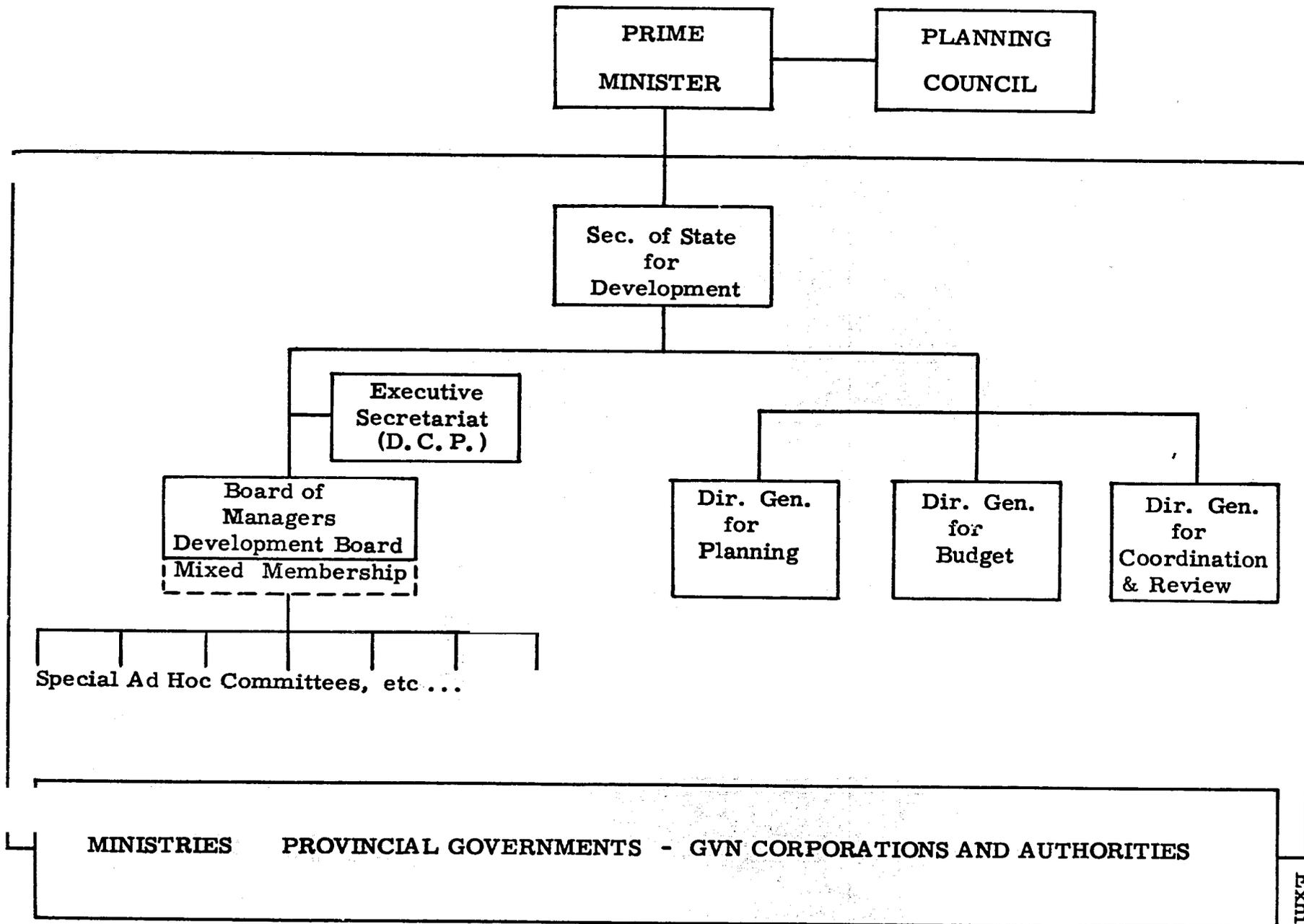
Both the proposed Development Board and the Directorate Generals mentioned in Recommendation 12 could be the recipients of such assistance, plus the National Institute for Administration, and in turn could themselves provide technical assistance to the various Ministries and Provinces.

The recommendations which follow are not meant to be exclusive but only representative of what might be done. For example, there is currently being discussed the possibility of establishing a joint U. S. Development Techniques Analysis Center, an idea worth exploring further.

Recommendation 16 - Immediate steps should be taken to increase the effective use of available trained personnel and to attract back from overseas similarly trained Vietnamese. Such steps should include:

- a. revising the military draft regulations so that optimum use can be made of available skills in terms of total national needs;

^{14/} Experts of any nationality can be used, expertise being the sole criterion. In systems design, however, and in problems relating to large scale investment, because of the unique relationship between the GVN and USA, American nationals would be preferable.



PROPOSED ORGANIZATIONAL SCHEME FOR PLANNING AT OFFICE OF PRIME MINISTER

- b. providing incentives, including draft exemption, for trained Vietnamese with needed skills;
- c. providing in-service training in planning methodology with emphasis on project analysis, planning and management techniques including program control and evaluation; and,
- d. taking steps to increase the recognition, prestige and rewards for a non-political career in program planning and management.

Recommendation 17 - Through creation of a Development Board, enlist the cooperation and assistance of non-government forces throughout the nation in the GVN development effort.

Recommendation 18 - Request foreign technical assistance for systems design, training, special studies, project analysis, etc., until Vietnamese capacity can be built up to meet the continuing needs.

Plan for Planning

Planning doesn't just happen; it must also be planned with adequate time and resources devoted to it. Among the many preparatory steps which have to be taken are:

1. create a planning climate, beginning by demonstrating such interest at the very top;
2. provide the know-how, using both internal and outside sources;
3. assign specific and clear responsibility for plan preparation and review;
4. provide sufficient time for planning; and,
5. provide an appropriate mechanism at the top for stimulation, coordination, review and analysis.

Many of these points have been covered in previous discussion and recommendations, particularly the priorities listed in Recommendation No. 1. Put in a slightly different form, the schedule or priorities should be as follows:

1. strengthening the system for short range planning, budgeting and management control at all levels;
2. working on specific projects and problems of known priority with long range consequences;
3. preparation of selected provincial plans within a coordinated framework of national priorities; and, finally,

4. preparation of multi-year, comprehensive, national development plans.

Recommendation 19 - The Vice Premier for Development, with whatever staff assistance is required, and as one of his first acts upon appointment, should draw up a list of planning priorities and develop a schedule for gradual implementation throughout the GVN and submit to the Prime Minister for approval and proclamation.

APPENDIX Number 1

Translation
USAID/PAD/Vietnam

Republic of Vietnam
Office of the Prime Minister

August 9, 1966
No. 122/TT/HP/VP

FROM: The Prime Minister

TO: Deputy Prime Ministers
Commissioners General
Commissioners
Assistant Commissioners
Special Commissioners

SUBJECT: Improvement of Organization and Operation of
Government Agencies

The Central Committee for Administrative Improvement, created by Circular No. 74-UBHP/TT, dated 20 October 1965, from the Office of the Prime Minister, has completed its first task of selected procedural analysis. As a result, certain administrative procedures governing the operations of several agencies have been simplified and effectiveness improved.

It has not come to my attention that administrative lag is partly due to the complexity in organization of governmental agencies. Consequently, I find that the operation of official business often becomes obstructed by poor structuring (one problem for example, is frequently considered in total at too many levels) and lack of coordination was apparent (several actions made a study of a problem under different aspects but no uniform guidance was given nor summation of results obtained was provided). For that reason, I have instructed the Central Committee for Administrative Improvement to move to the second phase: improvement of organization and operation of government agencies.

In this respect, I think it is highly desirable initially to permit each agency to express its own opinions on optimum structure and methods of operation. In order to prepare for the review work of the Central Committee, you are requested to establish in each Commissariate a Sub-Committee -- reportable to the Central Committee -- to perform the following duties:

1. Gather all current documents dealing with the organization of the Commissariat and develop a sound organizational chart reflecting all authorized components.

2. Illustrate all changes in the organization since November 1, 1963.

3. Propose any further structure or operational changes considered advisable.

4. Compare the old (1963) system of organization with the current one and with any further changes proposed. In the process refer to foreign publications as appropriate to draw good points and shortcomings.

The composition of the sub-committee will be fixed by the agency concerned. However, if desirable, you may request the Central Committee to assign a specialist in Organization and Methods to your Sub-Committee. I have instructed Chairman of the Central Committee to select some professors to render this type assistance. In cases of shortage of O&M personnel, the Chairman may ask for additional foreign advisors.

Results obtained by each sub-committee will be presented to the Central Committee for review and consideration. The Committee is charged with the responsibility of development of sound organization and operating procedure for each Department, then submit its final version to the competent authority for decision, with copy to the Office of the Prime Minister.

With view to strengthening the composition of the Committee, I request that:

1. Any Commissariat that does not now have a representative to the Committee designate a person to that post and inform the Chairman of that decision.

2. The Director General of the Supreme Council for Civil Service and the Director General for Budget & Foreign Aid shall assign special representatives to the Committee to reconcile any of the Committee's suggestions re personnel and public finance.

Air Vice Marshall Nguyen Cao Ky

BIOGRAPHICAL DATA

Name : Raymond E. KITCHELL

Assignment : Public Administration Advisor (Planning Consultant) to the Prime Minister's Central Committee for Administrative Improvement.

Present Position : Public Administration Advisor, FSR-2 USAID/Brazil

Plans, develops, implements, monitors, reports and evaluates assigned projects. Serving as project coordinator for technical assistance in statistics implemented by U. S. Bureau of the Census. Also developing technical assistance projects in state and municipal administration and project planning and management. Assists Chief of Public Administration Office in overall program development and review.

Summary of Previous Experience : From 1961 to 1966, Mr. Kitchell served as a senior Management Analyst in the Office of Management and Organization, U.S. Bureau of the Budget, Executive Office of The President. In this capacity, he was the principal analyst and consultant on planning, served as Executive Secretary of the Presidential Task Force on Cost Reduction, member of the Inter-Agency PERT Coordinating Committee. Also served on Joint Bureau of the Budget-Civil Service Commission-Interior Management Survey Team.

From 1951 to 1961, Mr. Kitchell served in the Department of State and USAID's predecessor agencies as, respectively, management analyst, Business Manager and Executive Assistant (USOM/Jordan), Deputy Chief of Near East, African and South Asian Branch of PAD, Staff Assistant to State/ICA Evaluation Team for the Philippines, Assistant Program Officer (USOM/Cambodia), and Deputy Chief of Far East Branch, PAD.

From 1949 to 1951, Mr. Kitchell served as Budget Analyst in Civil Aeronautics Administration and Office of Budget and Finance, U. S. Department of Agriculture.

Other : Assistant Professorial Lecturer in Public and Business Administration, the George Washington University, Washington, D.C.

Education : BA, cum laude, 1948, Journalism and Political Science, Syracuse University.
MPA, 1952, Public Administration, Maxwell Graduate School of Citizenship and Public Affairs, Syracuse University.

List of Interviews with Vietnamese Officials

Nguyen Van Bong, Chairman, Central Committee for Administrative Improvement and Rector, National Institute of Administration.

Ngheim Dang, Vice Rector, NIA.

Nguyen Duy Xuan, NIA.

Nguyen Anh Tuan, Director General for Planning, Office of the Prime Minister.

Nguyen Xuan Phong, Special Assistant to the Prime Minister. 1/

Col. Duong Hong Tuan, Assistant for Public Administration, Office of the Prime Minister.

Truong Thai Ton, Acting Commissioner General for Economy and Finance. 1/

Khong Huu Dieu, Director, Industrial Development Center.

Lawyer Tuyen, former Vice-Premier.

Au Truong Thanh, Economist and former Commissioner General for Economy and Finance.

Luu Van Tinh, Director General for Budget and Foreign Aid, Office of the Prime Minister.

Tran Van Kien, Commissioner of Finance.

NOTE: Several interviews also held with officials of the American Embassy, USAID, MACV, and United Nations.

Position occupied at date of interview.

DECREE No. 22-KHKT, dated 4.4.1951

Creation of the Ministry of Reconstruction
and Planning

Art. 1 - In the policy framework of economic and social reconstruction of Vietnam, the tasks of the Minister of Reconstruction and Planning are determined as follows.

Art. 2

A. Planning Activities.

The Minister of Reconstruction and Planning has the following tasks:

(1) to draw up and coordinate, in collaboration with the Ministries concerned, programs and projects leading to:

- an increase of national production and promotion of trade with the French Union and other countries.

- a rise in the living standards and an improvement in social welfare.

(2) to follow the implementation of those programs.

B. Reconstruction Activities.

The Minister has the following tasks:

- to collect data necessary for the reconstruction of the country.

- elaborate and coordinate projects for the reconstruction of various regions, cities, provinces or industries ravaged by the war.

- follow the implementation of these programs.

- set up reconstruction budgets and control expenditures.

Art. 3 - The Minister also has the task of working in close collaboration with the Ministries concerned to elaborate plans of technical assistance financed by external sources.

Together with other Ministers, the Minister of Reconstruction and Planning is given the task of representing Vietnam in all international and French Union organizations dealing with the question of reconstruction and equipment.

Art. 4 - The Minister of Reconstruction and Planning drafts laws and regulations pertaining to the above-mentioned activities.

All foreign trade programs, all trade agreements and, in general, all programs of financial and economic importance, all public works projects and all programs of social welfare drawn up by other Ministries must be referred to the Minister of Reconstruction and Planning.

DALAT, April 4, 1951

BAO-DAI

DECREE 17/MPR/ND, dated 4/9/1951

Organization of the Ministry of
Reconstruction and Planning

I/ - Minister's Office

Under the authority of the Deputy Minister, the office has 3 bureaus.

II/ - Directorate of Planning

Under the authority of the Commissioner for Planning. It consists of:

1. A correspondence office

2. A Bureau for Technical Coordination and Organization.
This Bureau has three offices:

- Office No. 1: Study and coordinate all programs and projects for the modernization and development of Vietnam. Represent Vietnam at the International Planning Committee; the Programme Committee and the Managing Board of the Center for Scientific and Technical Research.

- Office No. 2: Control the implementation of programs and projects. Collaborate with the Ministries in charge of plan execution.

- Office No. 3: Realization of technical plans. Support in the form of supplying equipment, raw materials to industrial undertakings, and small industries. Credit. Labor (excluding labor in the building industry).

3. Committees and Sub-Committees for the supply and improvement of equipments: Atomic energy; Industry; Agriculture; Public works; Transport; Labor; and Social Modernization.

III/ - Directorate of Reconstruction

Under the authority of a Director. It has the following offices and bureaus: (1) Correspondence Bureau; (2) Office of City Planning and Construction; and (3) Office of Building Industry.

Saigon, September 4, 1951
Minister of Planning and Reconstruction

DECREE 578-MFEN/Cab, dated 18.9.1952

Creation of the Secretariat for Planning
and Reconstruction in the Ministry of
Finance and Economy

Article 1. - The Minister of Finance and Economy carries out his duties with the help of the following organizations:

1. Ministers' Office
2. Secretariat of Finance
3. Secretariat of Economy
4. Secretariat of Planning and Reconstruction

Secretariat of Planning and Reconstruction.

Article 17. - The Secretariat, under the authority of a Secretary General, has the following Bureaus and Offices:

- Administrative Bureau
- Directorate of Planning
- Directorate of Reconstruction
- Directorate of Finance and Legal Affairs

Article 19. - The Secretariat of Planning has the following tasks:

- Study and administer programmes and projects of national development.
- Represent Vietnam at the International Planning Committee and the Committee of Plan Research.
- Study plans of foreign countries.
- Maintaining relations with international organizations (UN, ECAFE, ILO...).

Saigon 18 - 9 - 1952

Minister of Finance and Economy

DECREE 52-KH, dated 9.6.1953

Creation of the National Planning Council 1/

Art. 1 - The National Planning Council is created and given the task of proposing to the government all measures leading to national development and harmonization of production. The Council also proposes the means of executing the Plan.

Art. 2 - The National Planning Council is presided by the President or his representative with the assistance of the Vice Chairman of the Council and the Ministers of Finance and Planning and Reconstruction, or their representatives. The Council consists of the following members:

1. Ex officio members:

- Minister of Interior
- Minister of Defense
- Minister of Economy
- Minister of Education
- Minister of Public Works
- Minister of Public Health
- Minister of Agriculture
- Minister of Labor and Social Works
- The Regional Representatives

2. Members appointed by the President through proposals made by the Vice Chairman, the Minister of Finance, and the Minister of Planning and Reconstruction.

- 1 representative of Agriculture
- 1 representative of Industry
- 1 representative of commercial undertakings
- 1 representative of banking organization
- 2 technical advisors.

All other Ministers or Under-Ministers may be asked to attend meeting of the Council to discuss matters relating to their departments.

1/ Sometimes known as "The High Council for Monetary Affairs"

7. Give comments on all new projects requiring expenditure of over 4 million piasters, irrespective of their sources of funds.

Art.2- The Director General may also be entrusted with the control of works of important interest to the country.

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Saigon, 8-12-55
NGO-DINH-DIEM

DECREE No. 1125-PTT/TTK, dated 20/12/1954

Creation of Study Committees within the National
Planning Council

Art. 1 - The Committees are created within the National Planning Council. Each Committee is given the task of preparing a partial plan project for a sector of the social and economic activity of the country.

Art. 2 - There are now established the following Committees:

- Committee for the Study of Agriculture.
- Committee for the Small Industries and Handicraft
- Committee for the Public Works
- Committee for the Credit

Art. 3 - Membership of the Agriculture Committee:

1) Representatives of Public Sector:

- Director General of Agriculture
- Director General of the Office of National Agricultural Credit and Handicraft Cooperation
- Director of National Husbandry
- Director of Forestry
- Directorate of Planning (of the Directorate General of Planning and Reconstruction)
- Delegate of the Kings' Office
- Delegates of the Regional Government Representatives.

2) Representatives of the Private Sector:

3 Members representing the Private Sector

(3) Counseling Members:

- The Director of the Institute of Statistics and Economic Research
- Representative of the Ministry of Finance

Art. 4 - Membership of the Small Scale Industries and Handicraft Committee.

Art. 5 - Membership of Public Works Committee.
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Saigon, 20-12-1954
NGO-DINH-DIEM

DECREE 17 TTP, dated 14-11-1955

Creation of the Directorate General of Planning
Under the Direct Authority of the President.

Art.1- All organizations in charge of planning previously attached to the Ministry of Finance and Economy are now directly attached to the President's Department.

Art.2- The Directorate General of Planning is created and under the high authority of the President and is responsible for studying, formulating and coordinating programs and projects of development.

The Directorate General of Planning also has the task of following the implementation of programs and projects approved by the Government.

Saigon, 14-11-1955
NGO-DINH-DIEM

DECREE 157-TTP/VP, dated 8-12-55

Responsibility of the Director General
of Planning

Art.1- The Director General of Planning, under the high authority of the President, has the following tasks:

1. Collaborate with the authorities concerned to elaborate plans and projects pertaining to credit, infrastructure, industrial equipment, mining, energy, handicraft, agriculture and social works.
2. Coordinate those programs and projects in order to set a plan for economic and social development of the country.
3. Study in collaboration with various ministries all measures, draft laws and regulations necessary for the financing and execution of the plan.
4. Follow the implementation of the plan as approved by the Government.
5. Take part in the drafting of foreign trade programs and trade agreements.
6. Collect data and carry out research on problems useful to the administration of his own Directorate as well as to other public and private organizations.

Art. 3 - The Secretariat to the National Planning Council is assumed by Secretary General of Planning and Reconstruction.

Art. 4 - The Vice President, the Minister of Finance, the Minister of Planning and Reconstruction, collect all projects to be submitted to the Council. The Council can ask all administrative bodies and public organizations to study all issues of interest to the general policy of economic development.

Art. 5 - The Vice President, the Minister of Finance, and the Minister of Planning and Reconstruction will submit to the President projects approved by the Inter-Ministerial Commissions which will be created, when necessary, to coordinate activities of various Ministries as well as by the Study Committees comprising representatives of various interested groups of the country.

DALAT 9/6/53

BAO DAI

GENERAL DIRECTORATE OF PLANNING

Creation and Authority

The General Directorate of Planning was established by Presidential Decree No. 17-TTP of November 14, 1955, and Arrete No.385/TTP/KH of January 25, 1956, on the Organization of the Directorate.

This Agency was founded on June 2, 1948, as part of the Department of Operations and Planning; on July 1, 1949, it came under the Department of Economy and Planning; on May 6, 1950, it was transferred to the Department of Public Works, Planning and Communications; and on February 21, 1951, it was designated the Department of Planning and Reconstruction. Thereafter it came successively under the Department of Finance and Economy on July 15, 1952; the Department of National Economy and Planning on January 11, 1954; the Department of Planning and Reconstruction on September 29, 1954; and on May 10, 1955, it was assimilated with the Department of Finance and Economy. On August 16, 1955, the General Directorate of Planning was attached to the Executive Office of the President.

The General Directorate of Planning has the responsibility for studying, drafting and supervising programs and projects for rehabilitation of the country in the fields of finance, economics and social action. It includes projects in agriculture, industry and communications, as well as the general rehabilitation of the country and raising the living standards of its people.

Organization

The General Directorate of Planning, headed by a Director General and Deputy Director General, consists of the following agencies:

A. The Administrative Service in charge of administrative functions, general accounting, planning documents and planning legislation. This Service includes: (1) the Mail Bureau; (2) the Bureau of Personnel, Accounting and Materiel; (3) the Bureau of Documentation, Records and Library; and (4) the Legislation Bureau.

B. The Directorate of Studies and Planning consisting of:

1. The Service of Economic Studies responsible for projects relative to economics, finance, agriculture, forestry, fish breeding, animal husbandry, and related industries. This Service is divided into: (a) the Bureau of Economic and Financial Studies; and (b) the Bureau of Agricultural Studies.

2. The Service of Technical Studies with: (a) the Bureau of Industrial and Handicraft Studies responsible for projects in industries, handicrafts and related problems; and (b) the Bureau of Equipment which studies problems of communications (land, sea and air), electrical energy projects, hydroelectric power, multiple purpose projects and other special problems.

3. The Service of Social Studies with: (a) the Bureau of Social Studies dealing with Health, Education, Social Action and Social Security; and (b) the Bureau of Labor and Manpower which studies wages, professional training, vocational guidance and the distribution and maximum use of manpower.

C. The Directorate of Technical Assistance, Coordination and Control, including:

1. The Technical Assistance Service with: (a) the Technical Training Bureau which disseminates information on various technical branches of study, centralizes applications for scholarships, carries out the decisions of the Control Commission and generally supervises both students receiving technical training and scholarship students; (b) the Bureau of Liaison and Technical Assistance, which is responsible for liaison with government agencies and international organizations regarding technical studies abroad, supervises the carrying out of technical assistance projects and dispatches representatives to technical international conferences.

2. The Service of Coordination and Control, which is composed of: (a) the Bureau of Project Coordination; and (b) the Control Bureau.

3. The Group of Experts. The General Directorate of Planning is assisted by a Group of Experts including foreign and Vietnamese technicians. The Vietnamese technicians are nominated by the executive departments and appointed by the President to represent each Department or Directorate concerned.

The General Directorate also includes a Committee on Research and Documentation and a Permanent General Secretariat of the Commission on Studies Abroad.

OUTLINE OF THE GVN
NATIONAL DEVELOPMENT PLAN FOR 1966

Part I. Political and Military Situation

Part II. Economic Equilibrium

TITLE I. PRODUCTION AND CONSUMPTION

Chapter I Increasing consumption

Section I : Trend

Section II : Reason

1) Increase living standards

2) Increase population

3) Government program for increasing
production

Chapter II Capacity and degree of production

A. Influence due to the war

- lack of security

- lack of workmanship

- destruction by the war

B. Evolution of production

Section I : Agriculture

I - Agricultural Production

A. Rice and Rubber production

1 - Rice

2 - Rubber

B. Miscellaneous crops

1 - Area cultivated

2 - Production

II - Livestock and Poultry

III - Fisheries

IV - Forestry

Section II : Electricity and Water Supply

1) Electricity

2) Water

Section III : Industry

I - Secure areas

- glass industry

- paper

- cotton spinning

- textile

- beverages

- electrical appliances

II - Insecure areas

- Nongson charcoal mine

- Sugar cane factories

- Chapter III Investment program
 - Section I : Agriculture
 - Section II : Public equipment
 - Section III : Industry

TITLE II. EXPORT AND IMPORT

- Chapter I Situation of Foreign Trade During the Past Year
 - Balance of Payments
 - Export
 - Import
 - Foodstuff, beverage and tobacco
 - Manufactured products
 - Raw material and semi-manufactured produce
- Chapter II Objectives of 1966 Plan
 - Section I : Foreign trade policy during the past years
 - Stimulation of exports
 - Limitation of imports
 - Normalization of imported products
 - Section II : Foreign trade policy in 1966
 - I - import program in 1966
 - II - market supply and normalization

TITLE III. PRICES AND SALARIES

- Chapter I Living Cost Evolution
 - Section I : Present situation
 - II : Evolution
 - a) Price of imported goods
 - b) Price of domestic products
 - c) Price of service and labor
- Chapter II Salary Situation
 - Section I : Present situation
 - II : Measure taken in 1966
 - 1) Price stabilization
 - 2) Satisfaction of labor needs

TITLE IV FINANCE AND MONETARY AFFAIRS

- Chapter I Actual situation
 - Section I : Money supply
 - II : Factors increasing the money supply
 - Deficit of National Budget
 - Expenditure of Foreign Army
 - Influence due to the increase of salaries
 - Private current account
- Chapter II Program for 1966
 - Section I : Financial measures aimed at Budget equilibrium
 - I. Cut down expenditures
 - II. Increase receipts
 - 1) Taxes
 - 2) Public debt
 - 3) Lottery
 - Section II : Monetary measures aimed at preventing inflation
 - 1) Decrease the money supply

- 2) Restrain the speed of the circulation of money
- 3) Stabilize the value of the piaster

Part III. Sectoral Program

TITLE I. AGRICULTURE

Chapter I Increase production

Section I : Rice and miscellaneous crops

A. Foodstuff plantation

1) Rice

a) Production 1962-1964

b) Objectives and programs

- expansion of cultivated area

- increase the yield

- normalization of the market

2) Maize

Production and foreign trade

Objectives and programs

3) Sweet potatoes

4) Peanuts

5) Soybeans

6) Tea

7) Coffee

8) Bananas

B. Industrial plantation

1) Rubber

2) Sugar cane

3) Jute

4) Coconut

5) Tobacco

Section II : Livestock

a) Production

b) Objectives and programs for 1966

Section III : Fisheries

a) Situation 1962-1964

b) Objectives and programs

Section IV : Forestry

a) Production

b) Objectives and programs

Chapter II Agricultural improvement

Section I : Agricultural Hydraulic

a) Work realized in 1964

b) Objectives and programs for 1966

Section II : Land Reform

a) Situation 1962-1964

b) Objectives and programs for 1966

- Section III : Agricultural Credit
 - a) Situation 1962-1964
 - b) Program for 1966
- Section IV : Rural Organization

TITLE II INDUSTRY AND TRADE DEVELOPMENT

Chapter I Industry

- I. Actual situation
- II. Objectives
- III. Program and principal project for 1966-1967
 - a) Increase production in industries and handicrafts
 - b) Establishment of new industries in order to satisfy the military needs.
 - c) Study the establishment of industrial development projects aimed at the re-employment of soldiers by the return of peace.
 - d) Review the policy of investment and industrial credit aimed at satisfaction of the need of the people and construction of infra-structures
 - e) Organize and train an enterprise management team in order to strengthen and control (especially the cost-price) and to guide actual public and joint enterprises in the point of view of commercial and industrial accounting.
- A. Extration industry
 - 1) Nongson charcoal mines
 - 2) Salt
 - 3) Phosphate of Paracels Island
 - 4) White Sand
- B. Mechanical Industry
 - 1) Bicycles
 - 2) Assembling of scooters, motorcycles and sewing machines
 - 3) Assembling of transportation cars
- C. Metal Industry
 - I. Present Situation
 - 1) Foundry
 - 2) Nail products
 - 3) Aluminum industry
 - 4) Metallic furniture industry
 - 5) Tin goods industry
 - II. Government programs

- D. Electrical appliance industry
 - Batteries
 - Electric fans
 - Electric wire
 - Bulbs
 - Radio sets
- E. Chemical and Semi-chemical industry
 - Glass factories
 - Paper factories
 - Paper paste factories
 - Cement factory
 - Refinery
 - Soda and chlorhydric acid
- F. Cotton spinning factory
 - 1) Cotton spinning factory
 - 2) Weaving factory
 - 3) Rayon and synthetic fabrics
 - 4) Finishing factory
 - 5) Blanket factory
 - 6) Jute bag factory
 - 7) Others
- G. Rubber industry
 - 1) Tire renewal
 - 2) Bicycle tires
 - 3) Automobile tires
- H. Leather industry
 - 1) Leather tanning factory
 - 2) Leather goods manufactory
- I. Plastic industry
- J. Agricultural products industry
 - 1) Beverages
 - a) Beer and gaseous drinks
 - b) Wine
 - 2) Tinned foods
 - a) Production capacity
 - b) Actual situation
 - 3) Sugar cane plant
 - a) Handicraft size
 - b) Industrial size
 - 4) Oil factory
 - a) Production
 - b) Exportation
 - 5) Soap factory
 - a) Production
 - b) Value of exportation
 - 6) Rice mill
 - 7) Duck feather dryer
- K. Cam Ranh Bay Project

Chapter II Trade

- i. Import and Export situation during past years.**
 - Balance of payments
 - Exports
 - Imports
 - Foodstuff, beverage and tobacco
 - Manufactured goods
 - Raw material and semi-manufactured products
- II. Foreign trade policy in the past years**
 - Limitation of imports
 - Normalization of market
 - Stimulation of exports
- III. Situation of interior market, supply and market normalization**
- IV. Objectives of new plan**
- V. Principal targets to be realized**

TITLE III PUBLIC EQUIPMENT

Chapter I Transportation and Communications

Section I : Roads

- A. Roads and streets
- B. Railways

Section II : Airways

Section III : Maritime

- A. Seaborn shipping
- B. River shipping

Chapter II Post Administration and Te

Section I : Post Office

Section II : Telegram and Telephone

Section III : Wireless

Chapter III Meteorology

- Present situation
- Program for 1966

Chapter IV Water supply

- 1) Saigon Prefecture
- 2) Other cities
- 3) Countryside

Chapter V Electric Power

- 1) Actual situation in the whole country
- 2) Objectives
 - a) Saigon Prefecture
 - b) Other cities and countryside

Chapter VI Housing

- 1) Actual situation
- 2) Objectives
- 3) Programs
 - a) Saigon and neighbors
 - b) Other cities

TITLE IV SOCIAL EQUIPMENT

Chapter I National Education

- Section I : Primary education**
1) Actual situation
2) Objectives and programs
a) Education reform
b) Expansion

- Section II : Secondary education**
1) Actual situation
2) Objectives and programs
a) Education reform
b) Expansion

Section III : University (Higher education)

Section IV : Technical and professional education

Section V : Adult education

Section VI : Culture

Chapter II Public Health

- I : Actual situation**
A. Difficulties
B. Summary of activities in 1965
- II : Objectives of programs**
A. To share the victory over communists
B. Pacification of the country

Chapter III Social Affairs

- I : Actual situation**
- II : Objectives and programs**
1) Getting rid of social harm
2) Improvement of living standards
3) Rescue disaster victims and communist refugees
4) Formation of a new generation of youth

Chapter IV Labor

- I : Actual situation**
- II : Objectives and programs**
1) Political and syndicate domain
2) Economical and financial domain
3) Social and cultural domain
4) Domain of foreign affairs and public administration

Chapter V Justice

CENTRAL GOVERNMENT: The Bureau of Coordination and Review of the Office of the Prime Minister

Arrete No. 1683-ND/HP/NV dated September 15, 1966, governing the establishment of a "Bureau of Coordination & Review" at the Office of the Prime Minister.

ENACTS:

Art. 1 - There is hereby created in the Office of the Prime Minister an organ named "Bureau of Coordination & Review." This Bureau is placed directly under the Deputy Director of Cabinet in charge of ministries and agencies.

Art. 2 - The Bureau of Coordination & Review is headed by a Bureau Chief. It includes three (3) Sections:

PROGRAM SECTION is responsible for

- Following up and collecting data connected with the development of activities in the various ministries and agencies;
- Making studies of difficulties or obstacles that impede the accomplishment of projects and recommending measures to overcome these difficulties or obstacles;
- Assessing the value and impact of each significant project;
- Studying and making proposals for improvement of governmental programs;
- Coordinating and facilitating inter-ministry programs;
- Presenting papers or special data sheets on developmental activities; and
- Summarizing and popularizing short-range, medium-range, and the long-range programs of the government.

TECHNICAL SECTION is responsible for

- Establishing and updating, for presentation purposes, all charts relative to overall program activities;
- Assuring proper use, preservation, and availability of associated visual aid materials; and
- Maintaining the chart room in proper condition for any special presentations by the Prime Minister and his Assistants or for others to which permission has been extended.

CLERICAL SECTION is responsible for

- Typing official texts, reports, plans of work, etc.; and
- Maintaining all files and documents of the Bureau.

Art. 3 - All Assistants and the Director of Cabinet at the Prime Minister's Office are charged, each as to that which concerns him, with the execution of this Arrete.

s/Duong Hong Tuan
Sept. 15, 1966

ANNEX A

THE PROCESS OF PLANNING

prepared for

The Prime Minister's Committee
f o r
Administrative Improvement
Government of Vietnam

b y

Raymond E. Kitchell
Planning Consultant
U.S. Agency for International Development

Saigon
December 1966

A N N E X A

THE PROCESS OF PLANNING

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THE PROCESS OF PLANNING

THE ELEMENTS OF PLANNING

There are three essentials for an effective planning system. First, it must have retraceable logic. One must be able to look back and tell "why" a certain decision was made and if the original factors involved are still relevant. Second, a planning system must be actionable. It does no good, and perhaps does harm, to prepare plans which cannot possibly be implemented. Resource constraints must be considered and programs, organizations and procedures developed which will facilitate, not retard, desired achievements. Finally, a planning system must be manageable. This will include the establishment of standards, the setting of schedules, and the translation of planning decisions into quantitative terms, i.e., budgets. These elements are schematically displayed in Exhibit 4.

CREATING AN ACTIONABLE PLAN

A. What is an Actionable Plan?

The history of planning is replete with examples of voluminous and gilt-edged planning documents which were prepared and publicized with considerable fanfare but which, in a short time, become collector items for libraries and museums. Sometimes this is enough to serve a political purpose, including the mobilization of resources. More often than not, however, there is a great deal of disappointment and frustration when stated goals do not automatically materialize.

In short, a simple listing of targets, documentation of research, or a series of forecasts will not guarantee any action. True planning must reflect choices and, usually, the most critical choices public leaders must make is the allocation of scarce resources to meet competing needs.

As a guide for the preparation of actionable plans, answers to the following questions will be necessary:

1. Why is some kind of action required?
2. What action should be taken, and with what resources?
3. What will the action accomplish, and when?
4. What conditions must be met to assure that expectations are achieved?

B. Planning Steps

Planning can be simply described as answering the questions enumerated just above. However, this doesn't go far enough for it fails to bring out the iterative and continuous nature of planning - but it does emphasize that planning is only as effective as the decisions made and the resultant actions taken. (See Exhibit 2)

Annex B on current planning concepts goes into considerable depth in describing the steps in planning. These are summarized here as:

- . Recognition of a problem
- . Goals setting
- . Preparation of planning assumptions
- . Development, comparison and analysis of alternative solutions
- . Choice
- . Program design
- . Execution, including control, evaluation and réplanning.

Planning steps do not necessarily take place in the sequence indicated above, nor are they necessarily equally important in varying circumstances. It must be obvious, however, that what is really being described is the entire management process. Planning which is divorced from management will have no effect on operations, an axiom not always realized and probably the foremost reason for the failure of the planning efforts of many newly developing countries. (See Exhibit 1)

The importance of goals setting and the establishment of consistent planning assumptions is brought out clearly in Annex B. Suffice to mention here that the raison d'etre of planning is to develop alternative courses of action for choice by top management and implementation by operating management. Planning systems, and more particularly planning documents, which do not serve this critical purpose are simply useless.

C. Characteristics of Good Plans

As previously stated, planning is a continuous process. The plan document itself is nothing more than a snapshot taken at a particular point in time. Therefore, the ultimate test will concern the efficacy of the process itself rather than any

particular document or organizational arrangement. In making such a judgment, there are certain characteristics which can be used as criteria, but it must be emphasized that these are "ideal" characteristics. New planning efforts, particularly those in newly developing countries, will have to settle for something less than the ideal, recognizing that planning is an evolutionary process and can never reach a state of perfection. Having stated the limitations of these criteria, some characteristics of good plans are listed:

1. Realistic forecasting, based on clearly identified factors causing changes in the areas with which the organization is concerned.
2. Consistency with ministry and/or national capabilities, resources, and major goals and objectives, all of which are clearly determined.
3. Accuracy, adequacy and relevance of data and soundness of analysis.
4. Thoroughness of treatment of major factors and of principal objectives.
5. Clear outlines of practical steps to implement the plan.
6. Provision of sufficient lead time, and practical timing of major events in the plan.
7. Flexibility of the plan to meet unforeseeable changes, whether favorable or adverse.
8. Absence of detail which is of slight importance or interest to those who will be most affected by plans.
9. Harmonizes all parts of the plan with the main purpose, without unwanted gaps or overlays.
10. Challenges management, and the bureaucracy, with high but reasonable objectives.
11. Applies national resources and talents to the most effective and priority uses.
12. Emphasizes what the expected results or outputs will be from the proposed inputs or resources to be utilized.

DECISION LEVELS AND TIME SPANS

A. Characteristics and Levels of Decisions

It is a common but disastrous trait to treat all decisions and, consequently, all plans, as co-equal and similar in character. Such an approach can bring "rigor mortis" to an organization or a government. Not only are top officials robbed of the time and ability to make important decisions, but all decisions tend to be pushed upwards to their maximum limits causing a stiffling of initiative, avoidance of responsibility, unnecessary delay and procrastination.

Some type of a rule must be developed to ascertain that decisions are made at appropriate levels in the hierarchy and that high-level government executives are confronted only with those decisions that are important and of far-reaching effect. The following guidelines can prove useful in developing such rules and in providing for "management by exception":

1. Futurity. The extension of any commitment into the future. In general, the longer into the future a decision commits an organization or government, the higher the level required to make it.
2. Reversibility. The speed with which a decision can be reversed and the difficulties involved in such a reversal also effect the level at which it should be made. In general, the more difficult it is to reverse a decision, the higher the level required.
3. Ramifications. The extent to which other areas, programs, resources or activities within the organization will be affected is another determinant. The greater the impact, the higher the level required.
4. Periodicity. Is the decision one that is made once or rarely, or is it a recurrent affair? In general, the rarer a decision, the higher the level required.

B. Time Span for Planning

One of the most difficult problems facing administrators and staff planners is the selection of the proper time span for planning ^{1/} If the time span is too long it may involve

^{1/} See Pages 18-20, Annex B.

unnecessary expense and time without commensurate contributions to management. On the other hand, if the time span is too short, important problems facing the government may not be recognized or identified early enough to permit remedial action.

There are many theories on how to develop the proper time span, but they generally boil down to being a function of the type of decisions required. For example, Peter Drucker writes that the time span must be long enough to deal with the futurity of present decisions ^{2/} At any rate, there is no scientific formula for determining relevant time spans; intuitive reasoning may play an important role. Nevertheless, there are some factors which should be considered when making such decisions. Among these are the following:

1. The size and resources of an organization. Planning takes time, staff and money; the longer the time span and the more detailed planning becomes, the more expensive it will be. There is always a danger, in large as well as small organizations, that analysis of plans and formulation of the details of derivative plans may cost more than the benefits warrant.

2. The nature and complexity of programs. Long established, stable, and widely accepted programs may find a shorter time span acceptable while the reverse is often true with ministries involved with unique problems requiring difficult analyses and innovative solutions. Where programs are also large and inter-related, a longer time span may be useful simply to provide the time and means for better coordination and control.

3. The lead time required before programs can be accomplished will obviously be a factor, e.g., reforestation or the building of a sugar refinery will require more time than changing a regulation or procedure.

4. A crucial factor affecting both the need for planning itself and the time span required is the environment involved, i.e., both technological, political and, as is so much the case in Vietnam, military. Stability and continuity of political processes is almost a sine qua non. However, it is the very fact of uncertainty in today's rapidly changing world which makes planning so essential and also tends to lengthen the time span necessary to provide an adequate framework for analysis.

^{2/} Peter F. Drucker, "Long-Range Planning - Challenge to Management Science," Management Science, Apr., 1959, pp. 238-249.

It has not been uncommon for organizations and even nations to attempt to make a short range plan do the work of a long range plan and vice versa, with less than perfect results. Another pitfall has been failure to recognize the differences in purpose, scope, method and approach required when planning in the long, intermediate and short ranges.

Long range planning is often and erroneously equated solely with economic analysis and industrial development while short range planning is often synonymous with budget and operations without much concern with overall goals and policies. For these and other reasons, the use of time spans to describe planning processes is confusing at best, misleading at worst. A more useful concept, suggested below, is to discuss the various processes by purpose rather than specific time spans, which are variable anyway.

C. Recognition of Planning Levels

A comprehensive and formal planning system is, then really a system of plans covering various time spans. Individual plans are the building blocks or, more desirably, the derivatives of this system and are arranged in successive echelons. Each echelon receives guidance from a prior plan and refines it by focusing on groups of activities having a common purpose. The ideal system encompasses planning for the entire organization; it allows for plans at all levels of the organization and includes plans for all the different functions, from research to auditing. It facilitates orderly subdivision of the total work of planning into tasks which can be performed separately but which, collectively, assure coverage of the work to be done.

A clear understanding of the purpose of a particular plan or set of plans is crucial to the determination of the content and time span of a plan. While in theory planning is a set of common and iterative steps, in practice there are many distinctions depending upon the magnitude, level, and type of problems to be solved. For illustrative purposes, these types of plans can be categorized as strategic, program development and operations 3/.

1. Strategic planning - is viewed as an ultimate top management device for integrating all plans and planning techniques with well-considered national and organizational purposes and goals. In its simplest description it is a common-sense, practical device for introducing the so-called "systems approach" into top management thinking.

3/ For a fuller development of this consultant's concept, refer to the U.S. Industrial College for the Armed Forces' textbook on "Management: Concepts and Practices" to be published in the spring of 1967.

The strategic plans formulate the purpose of an organization, determine its basic strategy in the light of environmental projections and constraints, and translate these decisions and assumptions into meaningful and attainable goals and policies. While it gives direction to today's operations and tomorrow's programs, encompassing them both, it embraces a longer time span than either, although strategic decisions may be required at any point in the managerial process. Ideally, the process should reach into the future far enough to allow time for making and executing development plans that reflect all foreseeable needs, threats and opportunities for the government, noting however that it should be comprehensive only to the extent required to identify areas which are strategic to the attainment of priority goals. Its primary purpose, then, is to get organizations started toward attainment of its purposes leaving to subsequent plans the details of execution. By definition, this type of planning involves the highest levels of management and is almost exclusively in the domain of high policy and politics.

2. Program Development - can be defined as that process or those processes which concern the translation of strategy and broad goals into definitive objectives, directives and work programs to be accomplished within a specific time schedule. As such, programming is the crucial link which provides the transition from the basic purpose and goals of a government or organization into detailed courses of action, including the providing of the necessary resources at the appropriate time to achieve desired end results.

The function of programming or program development is not only to design new programs to meet new problems and needs but, equally important, to provide management control, i.e., assuring that resources are obtained and used both effectively and efficiently in the accomplishment of objectives. As such, it is carried out within the framework and premises established by strategic planning and becomes much more comprehensive and detailed.

Whereas strategic planning is more likely to involve staff and top management, program development must involve operating, as well as top management. In government, middle management usually plays the crucial role, e.g., bureau chiefs and director generals, and provides the nexus between political and operating (technical) management.

3. Operations Planning - combines a ministry's current projects and activities into actionable plans for functional groups, specifying the total work to be accomplished in the plan's span,

usually short term. It subdivides the work into logical work units; assigns the work stations at which the work will be done; defines the flow of work among the work stations; and establishes the lines of authority that build the work stations into an organization. It also sets short-range schedules and budgets.

The principal purpose here is the achievement of short range targets, within pre-established parameters of time, cost and performance. It is the point just before execution and expenditure of resources and the main emphasis is on projecting in great detail the activities for the next fiscal year with stress on administrative and organizational considerations.

This type of planning is the primary concern of operating management and usually represents the point where a "freeze" is taken on the consideration of alternative courses of action. Efficient and economic implementation become the major concern and the importance of administrative criteria is paramount.

D. Commonalities and Differences

The three types of planning discussed above have certain elements in common. They all include "end result" activities though the ability to specify and quantify these results becomes easier as the time span shortens. Time phasing of activities is essential to all types of planning although, again, the importance of precise schedules increases as the time span shortens. Finally, to some extent all types of plans must deal with the resources required to accomplish objectives although the requirement for precision will vary considerably.

These common characteristics can be misleading and emphasis is given here to the differences and the need for careful discrimination by management. Strategic planning provides the logic and direction, operation's plans deal with the momentum of an organization, while development plans deal with the gap between what the momentum is expected to accomplish, and what ought to be accomplished 4/. Two obvious advantages accrue from this concept of plans: first, organization decisions are put in their logical sequence and given appropriate attention; and, second, gaps or overlaps in action programs are greatly reduced.

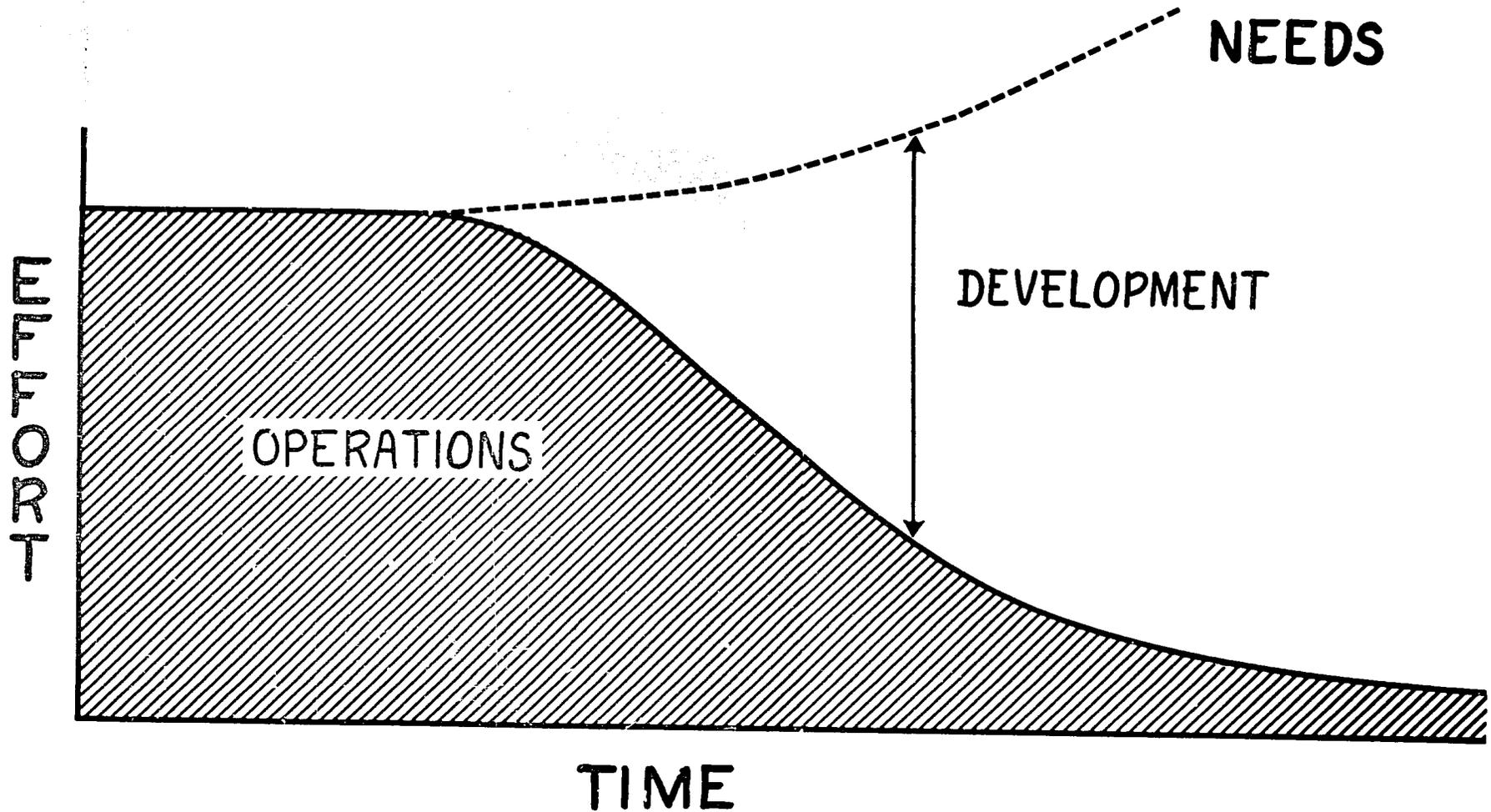
In Exhibit A-2 some of these contrasts are outlined 5/ for easy comparison. It is most important to point out that strategic

4/ See Exhibit A-1

5/ For a revealing study of these contrasts, refer to "Planning and Control Systems: A Framework for Analysis", by Robert N. Anthony, Harvard Business School, 1965.

Application of Effort to Needs

Exhibit A-1



What Is the Development Gap ?

SOME CONTRASTS BETWEEN TYPES OF PLANNING

EXHIBIT A-2

	<u>Strategic Planning</u>	<u>Program Development</u>	<u>Operations Planning</u>
Person primarily involved	Staff and top management	Line and top management	Line and operating management
Number of persons	Small	Large	Maximum
Mental activity	Creative; analytical	Analytical; persuasive	Administrative
Variables	Complex; much judgment	Less complex	Tends to be linear
Time period	Tends to be long	Intermediate	Tends to be short
Periodicity	Irregular, no set schedule	Rhythmic; set timetable	Continuous
Procedures	Unstructured; each different	Ill-structured but programable	Prescribed procedure, regularly followed
Focus	Tends to focus on one aspect at a time	All encompassing	Maximum detail
Source of information	Relies more on external and future	Relies more on internal	Relies more on internal and historical
Product	Intangible; precedent setting	More tangible action within precedent	Detailed plan of action
Communication problem	Relatively simple	Crucial and difficult	Relatively simple
Appraisal of soundness	Extremely difficult	Much less difficult; emphasizes effectiveness	Easiest; emphasizes efficiency

planning and economic planning are not the same processes although they may overlap and economic projections and analyses will contribute to strategic decisions on goals, policies and allocation of resources. In organizing for planning, especially at the level of the Chief Executive, this important distinction should be carefully noted. Economists, just like other staff planners, are only advisors and technicians available to the decision-makers who must consider a great variety of factors, many of them non-economic, when making such decisions.

ORGANIZING FOR PLANNING

Planning can be described as organized or systematic decision making. In these days of large and complex organizations and rapid change, it is impossible for the behavior of a single isolated individual to reach any high degree of rationality. It therefore becomes necessary to delegate important functions and this introduces the concept of formality.

A. The Need for Formal Planning

The first question facing an organization is how formal its planning processes must be. The aim of all planning -- whether formal or informal and for whatever period of time -- is to select a feasible course from among alternatives. Informal planning is a personal art, not easily analyzed. Formal planning, although it involves the same thought processes, is more structured in that it recognizes the distinct tasks which have to be performed, the skills and information required to do them, and the interlocking reasons for them.

In formal planning, various tasks are customarily shared by many people, whose individual contributions are unified by specific procedures. Its scope is usually organization-wide. Formal planning thus contains the attributes of intuitive, or informal, personal planning. In addition, it introduces clearly retraceable reasoning:

- . In determining agency needs
- . In selecting actions to meet these needs
- . In translating the action decisions into tasks for which individuals can be held accountable
- . In providing control mechanisms to assure that the action accomplishes what management intends.

Such planning requires gathering of information, processing it, and arraying it for executive decision. When those things are done systematically and in consciously analyzable fashion, planning is formal.

B. Factors Requiring Formalization

Type of Problem. In general, formal planning will be helpful if the problems faced by an organization are:

Massive and call for more voluminous data gathering and analysis than an informal planning setup can handle.

Obscure and hence require deeper study than any manager can provide from his experience and judgment alone.

Highly complex so that advanced analyses are required.

Important or pressing so that undesirable effects are imminent unless adequate time for innovation, analysis, and coordination is provided.

Nature and Size of Planning Workloads

1. The magnitude of potential consequences. Program problems that determine the planning workload may effect the entire ministry or agency, a substantial part of it, or only a minor portion. The consequences or failure to find a solution to the problems -- or of taking no action -- may thus range from major to inconsequential.

2. Type of data required. Some problems require the gathering and processing of vast quantities of information. Solutions to others depend upon analysis of extremely complex phenomena that are difficult to handle or interpret. Still others may require dealing with kinds of information that are new to agency management, which must come from outside the organization itself, or must be generated by unfamiliar techniques.

3. Importance of alternatives. Where shortages of resources, limitations in the state-of-the-art, rapid changes in the environment, political considerations, competing demands, and other factors constrain the solution of problems, the planning workload will be effected by the necessity of identifying and analyzing feasible alternative courses of action and their probable consequences. Since most problems have a deadline for decision, the need for haste will also effect the planning workload.

C. Advantages Over Informal Planning

If it is decided that an organization's problems warrant the extra cost and effort required to devise a formal system of plans, the following advantages can be obtained:

1. The planning workload can be shared with central, ministry and bureau staffs, thus lightening some of the Prime Minister's burden and tapping the fund of organizational wisdom and creativity.
2. It assures comprehensiveness of approach and analysis geared to the significance of the problem, although occasionally at some sacrifice of speed.
3. It is better able to cope with highly complex situations.
4. It has greater leverage since it contains built-in provision for its own improvement. The more skillful the government becomes in planning, the greater the likelihood that it will be able to identify and strengthen all the other skills required to achieve a successful future for its people.
5. Through the explicitness of its procedures, it forces the development of decisions that reflect the scope of jurisdiction of each part of the government and each level of management.
6. Far from limiting a chief executive's creativity, influence, power or flexibility, it can marshall all of the government's resources in support of objectives.
7. Finally, formalized planning can help sustain continuity of major goals and policies when key political and career managers change.

D. Cost versus Benefits

From the above, it can be seen that in reviewing organizational proposals for policy and program planning at various levels, the first fact to be considered is whether the type of problems and planning workload necessitate a formalized planning system -- in recognition that such a system will require extra cost, time, staff and effort. This effort will not be confined simply to any central planning staff but will involve, at the minimum, some re-orientation of the various management processes of an agency and, under certain conditions, may require major changes in organization, systems, and staffing. In other words, the cost of a formalized planning and programming system must be equated with the expected benefits that such a system can be expected to produce.

E. Guidelines

Adequate Preparation

Planning does not just happen; it must be planned with adequate time and resources devoted to it. In the initial stages, a great amount of effort will have to go into developing procedures, collecting information, and providing the know-how, including especially, appropriate techniques for developing and evaluating goals, objectives, and alternative courses of action. The system's design and data collection stages will involve tapping staff resources and skills throughout the ministry or agency, as well as outside when necessary. Specific assignments of responsibility must be made and an appropriate mechanism must be provided at the top level for stimulation, coordination, assistance, review, etc. A sequencing of steps and scheduling actions will be necessary and sufficient time must be allowed for the system to begin to produce the results expected.

Use of Planning Staffs

The functions of a strategic or policy planning staff, operating at the Chief Executive, Commissioner General, or Ministry level, will usually vary significantly from those assigned to a programming staff at the bureau or operating level. In either case, they will also vary according to the needs of an agency, the desires of top management, and the prior existence of organizational skills and assignments of responsibility for certain important segments of the planning, programming and budgeting processes. Whether operating at the ministry or bureau level, however, it is important to note that planning is a line responsibility and that the staff function of a "planning staff" should be emphasized. It plays a staff role to management and is not a substitute for line management.

A central planning staff at the Prime Minister or Commissioner General level should usually have most or all of the following responsibilities:

1. Developing a framework for planning; providing leadership, and developing procedures necessary for adequate and consistent plan preparation and review.
2. Developing, communicating and monitoring common planning assumptions for use throughout the organization.
3. Assessing the realism and rationality of planning inputs provided by the ministries, bureaus or operating units in response to management's request.

4. Interpreting and arraying this information for top management decision. This includes staff assistance on the identification, development, coordination, analysis and approval of goals, objectives, policies, alternatives and plans.

5. Translating management decisions into coordinated action assignments for the executive to issue.

There are other functions which are sometimes found in central planning and programming staffs and these include:

1. Conducting special studies.
2. Providing advice and assistance to line managers on methods and techniques of planning.
3. Developing a system for measuring, reporting, and evaluating progress in achieving major goals and objectives.
4. Preparation of special reports.

Program level planners are required to assemble, process, and summarize the data needed by central planners for arraying for executive decision-making. In many cases, this involves many of the functions enumerated above. In addition, they are charged with devising specific program plans consistent with the goals, assumptions, policies, procedures, etc., promulgated by top management.

Organizational Location

The organizational location, as well as the size of a planning staff, will depend on the type or level of planning involved and the planning workload. For strategic planning, whose raison d'etre is to service management, close association with top management is indispensable. This means that such a staff must report directly to the Prime Minister or Commissioner himself, or alternatively, to his deputy or to a top management executive committee organized for this purpose. The imposition of levels of management between the planning staff and the chief executive will impair communication and response to executive needs.

Program development requires positioning sufficiently high in the hierarchy to assure adequate coordination with other important management functions. This will be especially true if some parts of the planning function are assigned to separate organizational units. The primary purpose of planning is to assist the decision-maker in making choices and, in order to be effective in this role, such a staff must have access to where decisions are made and must be sufficiently isolated from day-to-day operational problems to permit adequate attention to its primary responsibility.

Relation to Other Management Functions

The necessity to coordinate closely program planning with budgeting and legislative formulation is obvious. The ideal situation would be to have these three functions reporting to the same top level officer, a Minister Extraordinaire. In situations where this is not feasible, effective means for coordination must be developed. In addition, there are other activities which, while not desirable to have organizationally located with the planning or programming function, must also be tied-in closely with the programming system. These include such activities as work measurement, productivity measurement, information management, including data processing, reporting, manpower controls, etc. Since planning provides the framework and guidance for much of these activities, placing the planning unit on an equal organizational footing can hamper its ability to provide such guidance in an effective manner.

As a generalization, it is preferable not to have the planning function report to any line assistants, such as sub-Ministers or bureau chiefs, including those responsible for administration. Lifting it above this level will ameliorate organizational frictions and serve to emphasize its staff role of serving both the chief executive and his principal managers.

Use of Committees, Consultants, Contractors, etc.

With or without the assistance of central planning staffs, it is sometimes useful, even necessary, to establish ad hoc groups and permanent committees. Their use, however, must usually be tailored to specific problems or functions and are not a substitute for formal structure when the planning workload requires such. Some examples and their use follow:

1. Task Forces. Ad hoc groups can be particularly useful, especially in the beginning stages, for goals setting, information collection, special studies and handling problems that cross organizational or even agency lines. They may consist of members from the agency itself, other agencies, or from other public and private organizations. In addition to providing extra staff in a period of heavy workload, they also can provide a fresh look, a degree of objectiveness, and special skills. They are, however, no substitute for continuing responsibility and the knowledge gained in the process, often an important end in itself, can be lost when the group disbands. An added danger in using this device is that alternative or innovative approaches can be compromised at too low a level in the bureaucracy, thus denying to the top executive his right of choice and complete information.

2. Advisory Groups. Such institutions, often established by legislation and usually continuing in nature, can provide an opportunity for outside review of goals, plans, alternatives, etc., especially at the national level. They are not, however, a substitute for executive responsibility and can, because of their usual interest in special fields, programs or institutions, become spokesman for special interest groups, a posture not likely to encourage eliminating marginal programs in favor of innovative approaches to new problems.

3. Consultants. There are many ways consultants, including foreign advisors, and contractors can aid a Planning Board, Ministry, agency or bureau in planning. They can be used for systems design, fact-finding, special studies, developing analytical techniques for specific situations and determining project feasibility. They may help prepare forecasts, develop work measurement indices, and many other similar tasks. They should not, of course, be involved in the actual decision-making process and must be used to supplement ministry or government thinking, not substitute for its lack.

4. Executive Committees. A device used often is to establish executive planning or review committees. At the beginning of a comprehensive planning effort, the main emphasis is on setting the scene for continuous planning efforts throughout the organization and providing a mechanism for coordination and review. Such a committee may serve this purpose well.

With the establishment of a central planning staff, while the data collection and analysis workload is still formidable, its first effort will usually be aimed at developing standard reporting procedures. The executive committee can then begin preparing and reviewing goals which in itself sets off additional needs for studies, reports, etc.

As planning becomes more systemized, routine and comprehensive, the role of an executive committee will become more advisory and less of a coordinating nature. Its continued use will depend, to a large extent, on the desires of the chief administrator but, in most cases, it can be expected to retain a review function as a sounding board for the Prime Minister, Commissioner General or Minister, and serve as an additional device for assuring that policy planning, programming and budgeting are integrated.

STAFFING FOR PLANNING

A. A New Profession?:

A staff planner is not a subject-matter specialist. If he knows more than the official responsible for an operation - he should replace him, not run the organization from the safety of a staff position.

The knowledge that distinguishes planners from line managers is one of outlook and methodology. Planning today is not an art into which you can throw a bright young man with good common sense. Neither is it a science in which you can train men with depth and intensity of formulas and then be assured that they will be effective.

Neither is planning a position where you can promote a less capable executive when there doesn't seem to be any place for him. If a truly effective planning job is expected, planning must involve the following combination:

- A technology including a body of knowledge which helps the planner to do his work;
- A group of social and intellectual attitudes and skills;
- Wisdom, i.e., ability to know what knowledge and past experience are applicable to the problem at hand, and a willingness to abandon theoretical knowledge when it doesn't work (in other words, a pragmatic attitude).

It is doubtful whether a new profession will or should evolve, especially since one of the principal purposes of systematic planning is to make planners, i.e., to enlarge the frame of reference, of managers and staff at all levels and functions within an organization. In effect, the use of comprehensive planning requires a new way of looking at problems. The use of an extended time span and emphasis on analysis of alternatives as aids to making decisions is more important than the introduction of new or specialized staff per se.

B. Analytical and Managerial Ability

A listing of desirable characteristics for staff planners would look similar to a list of any important managerial position. The only feature which may be unique and is crucial is the importance of analytical ability.

The basic responsibility of the staff planner is to collect, process and array information in a manner which makes the correct decision conspicuous to his superiors.

Besides the time, concentration and functional knowledge available in government from staff as well as line managers, planning requires skill in coordinative analysis, conceptualization, and overall deductive conclusion.

These characteristics are not the exclusive domain of economists, mathematicians, or any other professions. They must be sought in the man himself. Finally, and not the least in importance, a staff planner must understand the unique role of planning in the managerial process and have a "passion for implementation". Planners who are unconcerned with implementation of decisions are poor planners.

Some desirable characteristics and skills can be summarized as follows:

1. Ability to identify, analyze, and develop alternative solutions to complex problems.
2. Ability to communicate, educate and persuade others to action.
3. Familiarity with the government's or ministry's own programs.
4. Understanding of the political, social and economic factors effecting the organization.
5. Acquaintance with budgeting, financial analysis, problem-solving and managerial techniques.

C. Basis of Authority

A good charter and organizational location is indispensable to the success of a staff planner, but it is not any guarantee. In practice, the planner's authority will stem mostly from the soundness of his planning and his ability to understand, teach, persuade and win the confidence of line managers.

Conditions favorable to success include:

- Clear recognition by management (the Prime Minister and his Cabinet) for the need for planning;

- Participation by management in planning;
- And sound plans.

Unfavorable conditions, aside from the lack of the foregoing, include:

- Misconceptions of administrators about the nature of planning and the planner's authority;
- Weak implementation of plans;
- And insufficient study and knowledge of how to plan.

ANNEX B

PLANNING: FOUNDATION OF MANAGEMENT
A Summary of Current Planning Concepts

by

Raymond E. Kitchell

A reproduced copy of a chapter in the Industrial College of the Armed Forces textbook on "Management: Concepts and Practice," the Economics of National Security, Washington, D. C., 1963

THE NATURE OF PLANNING

What is Planning?

The terms "planning" and "program planning" have no generally accepted meaning. To some, it appears to mean every management device known to man. To others, it means simply the scheduling of work programs. While planning is indeed an essential management device, and to be effective must be a decision-making process, a balanced definition undoubtedly lies somewhere between these extremes. First it must be emphasized that planning is a process and should not be confused with any one single plan itself. Fundamentally, it is a process of choosing -- a planning problem arises only when alternative courses of action are possible.

The term planning as used in this paper is not limited to forecasting, which is an attempt to find the most probable course of events, or at best, a range of probabilities. Nor is it a process which deals only with future decisions. Rather, its effectiveness as a tool of management depends upon the efficacy of which it can deal with the futurity of present decisions. A prime purpose of planning is to make things happen that might not otherwise occur. This distinguishes the process from those efforts which tend to become an academic exercise in crystal ball gazing, interesting perhaps but removed from reality, i.e., decision-making.

Harold D. Smith, former Director of the Bureau of the Budget, wrote in 1945 that "planning is one of the most simple and natural of mental processes by which thinking men set and achieve their objectives.... In administration, planning and management are one and the same. It seems a truism that planning cannot be effective if separated from management. Plans must be put into effect or they remain in the realm of intention, not action."^{1/}

Planning is the process of determining the objectives of administrative effort and devising the means calculated to achieve them. It is preparation for action. The process itself is neutral and implies no particular set of goals and no one special type of procedure, authoritarian or otherwise. It is simply the endeavor to imply foresight to human activity; planning anticipates desired end results set by management, and prepares the steps necessary for their realization.

^{1/} Harold D. Smith, "The Management of Your Government," New York, McGraw Hill Company, 1945. pp. 15, 19, 24.

Perhaps the most trenchant definition is that developed by Peter Drucker who states that "planning is the continuing process of making present entrepreneurial decisions systematically and with the best possible knowledge of their futurity, organizing systematically the efforts needed to carry out these decisions, and measuring the results of these decisions against the expectations through organized systematic feedback."^{2/}

Planning has always been one of the major functions of the executive in the "classical" school of management theory. Chester Bernard, in writing on the "Functions of the Executive," stated that "executive responsibility is that capacity of leaders by which reflecting attitudes, ideals, hopes derived largely from without themselves they are compelled to bind the wills of men to the accomplishment of purposes beyond their immediate ends, beyond their times."^{3/}

Management is often described as a cyclical process consisting of three essential elements: (1) planning - this stage involves goals-setting, information gathering, analysis, development of alternatives, and the preparation of plans and decisions; (2) direction - this stage is concerned with the attainment of objectives and involves organization, communication, and decision; and (3) control - which involves measurement, evaluation and control for the purpose of measuring results and providing a feedback to the beginning of the cycle and a continuation and improvement of the process.

In a large and complex modern organization, be it a public or private enterprise, it is no longer possible for an executive to make all the decisions or, indeed, to be aware that there are problems requiring decisions. He is forced to break down the process of decision-making and spread the task among many suborganizations and people. In the case of government, this is not necessarily bad, as in most cases it is not desirable that a public official act entirely on his own. Nevertheless, this very diffusion leads to other problems, those of communication, coordination, reconciliation and diffusion of responsibility.

In today's complex society, however, there is usually no alternative but to diffuse decision-making. It is therefore necessary to decentralize some decisions and centralize others, to break up planning work in many ways by assigning special subjects to various people, assigning to different groups responsibility for data collection or analysis, for developing alternatives, for scheduling, for allocation of resources, for measuring, controlling and evaluating. In addition, and this is especially true today when technological, economic and sociological changes

^{2/} Peter F. Drucker, "Long-Range Planning-Challenge to Management Science," Management Science, April 1959, V. 5, pp. 238-249.

^{3/} Chester Bernard, "The Functions of the Executive," Cambridge, Harvard University Press, 1938. p. 283.

are taking place rapidly, decision-making must be spread over a longer time period. In order to give cohesiveness and unity to this diffusion, a framework is required within which specific operating decisions can be made. These guides, the planning instruments, include objectives, policies, procedures and programs.

Importance of Planning

Unless an executive takes the time to plan, he places his organization and himself on a treadmill and reacts to, rather than influences, events. Since effective planning is a part of the decision-making process, it is an essential and every day part of life. Nevertheless, there are some generalizations which can be made about the importance of planning.^{4/}

Directs attention to objectives - With organized activity taking place in an environment of innovation and uncertainty, coupled with an overall limitation on resources and other constraints, planning becomes important as a directional device.

The very process focuses attention on organizational objectives and the strategic factors involved in reaching or accomplishing them. The measurement of accomplishment against goals and the making of decisions within a framework established by goals forces managers at all levels to be consciously alert to the overall organizational objectives and policies. This focus is particularly important in large or new organizations where complexity or lack of standards and tradition requires an integrated decision-making structure.

Prepares for the future - Since the future is unknown and is characterized by change, innovation, and the unexpected, an administrator must be alerted to the need for necessary changes in plans and operations as the future becomes more discernible. Only by considering the future can he recognize quickly that events are taking place which require strategic changes. Planning can also assist the manager in avoiding a decision which will tie his hands to a specific course of action over too long a period of time. It can minimize risk taking, not only by forcing a consideration of alternatives, but also by permitting the administrator to postpone, if this is a desirable course, the making of a decision until a more propitious time. Even in those circumstances where a high degree of certainty exists, the planning process may contribute by highlighting the many different ways available to accomplish an objective, and permit the choice of the one "best" way. One of the most valuable uses of planning is to prepare a strategy for reacting to probable and possible events in the future. Alternative plans can be

^{4/} See especially "The Nature and Purpose of Planning" by Howard Koontz and Cyril O'Donnell, in an excellent series of articles edited by David W. Ewing, Long-Range Planning for Management, Harper & Bros., New York, 1958.

developed by the use of different planning assumptions thereby minimizing the possibility of being caught by surprise when unforeseen events take place - as indeed they will.

Minimizes unnecessary cost - Planning can minimize cost as it concentrates attention on choosing the best and most consistent of available alternatives. It tends to result in joint, rather than piecemeal, activity which in turn provides a more even flow of work with less false starts. Effective planning results in decisive and designed actions instead of recurring crises based on snap judgments and continuation of an activity for its own sake. Finally, the process can provide the discipline necessary to think through the full and complete cost of a contemplated action, not just the initial or development cost. It has value not only for avoiding or minimizing programs which might later have to be abandoned, but also in pointing out those actions which if taken now will permit the maximum return by revealing to an administrator the hidden but real cost in delays.

Provides operational control - Planning is essential to effective control since control is impossible unless the purpose of organized effort is known and understood. The determination of goals or objectives and the development of a designed course of action are essential to the measurement and audit of accomplishments of both organizations and individuals. Definitive objectives provide the most impersonal and objective means to make such an evaluation. In addition, planning provides the means to analyze past mistakes which may be used in improving current or future plans and in providing a systematic review of all organizational units.

Difficulties in planning

In planning, particularly long-range planning, there is a serious semantic problem in distinguishing between forecasting, projections, and planning. Projections often involve estimates of future costs based on currently approved programs, with little or no consideration of future environmental or other changes and usually unrelated to any overall goals. Forecasting, on the other hand, is an attempt to predict the future environment or to project a range of possibilities. Planning is neither forecasting nor projecting, although it usually involves both, but is an attempt to identify desired end-results and devise ways to accomplish them.

One's concept of the planning process is usually strongly influenced by his place in an organization's hierarchy. At the higher levels, planning can be conceived as the development of strategy and as a decision-making device; at the lower levels, it can appear more as an onerous and useless attempt to blueprint future programs for control purposes. The latter is often the case when "line" participation in the process has been limited.

Planners of government programs often encounter resistance of a conscious and sometimes subconscious nature. To some, it is synonymous with central direction and, as such, is viewed as a threat to the democratic way of life and as an inefficient process. Many persons accept planning as a prediction of what will happen as a result of presumably autonomous social and economic forces but reject it as an activity of choice implying purposeful direction. Resistance can also be found for less altruistic reasons. The process of developing objectives and specific courses of action provides an impersonal, consistent, and objective means of evaluating group and individual performance, a prospect not always welcomed by those to be evaluated.

If one understands planning as an attempt to commit oneself to a course of action in the distant future, it is a natural reaction to build in hedges, to avoid being trapped by unforeseen circumstances. This, of course, is especially true if planning is not a continuous process and the emphasis is on the plan itself. There may also be a tradition of independence among the major elements of an organization and consequently the planning process is resisted as a threat to one's independence of action. Finally, it is often difficult to convince constituent organizational units that planning is more than just the sum of individual plans.

Planning, particularly long-range, strategic, or comprehensive planning, is a relatively new process with the state of the art still being developed. By its very nature, planning techniques will vary considerably depending on the type of planning and programs involved and, to a considerable extent, the personality of the chief executive. Consequently, there has been little exchange of experience, a paucity of theoretical development, and a subsequent lack of guidelines and methodology. This has resulted in most organizations having to go through their own trial and error process, a prospect not always welcomed by an executive.

The demands of the present appear more compelling than those of the future, and it has been stated that the urge to procrastinate varies inversely with the distance of the action being considered. In addition to the difficulties of dealing with the unknown, concern with the present - operations - has the attraction of drama, the allure of the spotlight, and the soul-satisfying feeling of tangible accomplishment. For the chief executive, at least, this allure can sometimes be fatal. In a complex organization it is rare indeed when an executive can make his impact felt significantly throughout his domain. It is only when an administrator is concerned with overall goals and strategy that his leadership can have an impact which permeates the entire organization.

Planning requires time, manpower, and adequate facilities, all of which are costly. Once an organization has decided to make concerted and continuing planning efforts, the development of the process requires evolution. Time will be required to provide the necessary feedback to test the adequacy of the objectives originally established and the courses of action which have been selected. Finally, the process must be in operation for a considerable period of time before it can effectively serve as a measure for the control and evaluation of results. It will also take time before the communication and education effects of a comprehensive planning effort permeate the organization.

Planning Requirements

Effective planning requires more than a process and there are some principles and guidelines which have been developed which are useful when considering the nature and structure of planning.^{5/}

Use by top management. Planning must not only be supported but must be used by top management if it is to be effective. If it is not used for decision-making, and if subordinates do not feel that their actions will be held accountable within the framework of an overall plan, the process is likely to devolve into research and data collection of academic interest but without action orientation. Planning without control and review, or control without planning, results in management by reaction, and in a competitive society usually results in the demise of an organization.

The uniqueness of planning. Management involves other functions than planning and each function is interdependent. Planning, however, plays a unique role in that it establishes the goals necessary for meaningful group action. Management by objectives provides the framework and guidance for all other management functions, be it organization, staffing, direction or control.

Must contribute to the accomplishment of objectives. This principle requires that every plan, including all variations, must contribute in some positive way to the accomplishment of group objectives. While plans may focus attention on purposes, there is no justification for a plan which does not provide efficient action in the achievement of stated objectives. By-products of the planning process, such as data collection, education and training of managers, better organization of work flow, etc., are of little use unless a plan results in purposeful and designed action. Similarly, a plan is efficient only if it brings about the accomplishment of goals with a minimum of unsought consequences and with results greater than cost.

^{5/} Harold Koontz, "A Preliminary Statement of Principles of Planning and Control," in the Journal of the Academy of Management, Vol. 1, No. 1, April 1958.

Must be pervasive. Comprehensive and effective planning can neither be done solely by the line, or solely by top management, and certainly not by a central planning staff acting in a vacuum. It involves all of these elements plus outside influences and must permeate all levels of an organization. To attempt to draw a fine line between planning and operations is as unrewarding as drawing artificial boundaries between policy and administration. It is a three-dimensional process operating upwards, downwards, and sideways. Perhaps more precisely it can be described as an organizational matrix for decision-making.

Consistent premises. Planning premises, which are the assumptions for the future, must be consistent and uniform throughout an organization. There must be on the part of the planners and managers an understanding of these premises, and an agreement to use them. While planning premises will not be the same for every manager at every level and in every activity, some will be and will clearly shape others. The use of consistent premises regarding the future will not guarantee success, but the use of inconsistent assumptions will guarantee failure. When the planning premises are consistent and known, necessary changes are more easily accomplished when and as required.

Adequate and proper timing. Effective and efficient planning requires adequate timing horizontally and vertically in the structure of plans. Obviously, the scheduling of key events is critical to an orderly and efficient accomplishment of end results. The planning span must be long enough to permit adequate consideration and coordination of the various steps involved, but not be extended so far into the future as to make it meaningless for the present. Planning also takes time before its effectiveness can be evaluated, and to provide an efficient feedback of performance which serves to strengthen the validity and continuity of the process.

Adequate communication. A plan which is held close to the breast of the administrator or his planners will have little effect on the operations of an organization. Adequate communication is required to provide officials at all levels with an understanding of the goals, policies, and planning assumptions particularly as they affect his own area of authority. Similarly, he needs to know the plans of other units to provide adequate coordination. The need for adequate communication is one of the main justifications for the participation of as many individuals and organizations as possible in the actual formulation and revision of plans. While it may not always be desirable or practicable to completely publicize all plans, the principal policies, premises, goals and other important elements of an organization's plan must be known by those responsible for operational management.

THE PLANNING PROCESS

Planning can be described as a process of interdependent decisions directed towards gaining optimum results as a whole. As discussed earlier, many decisions if handled individually could not be made readily, if at all. This, however, only serves to emphasize their interdependency since one decision may help or limit the alternatives available in another problem. Soon a decision matrix is formed, and in a complex organization an effective, unified structure is required to provide direction and prevent chaos. An unstructured situation without specific guidelines or rules is a prolonged, painful and often ineffective process. The planning process, therefore, including the establishment and refinement of goals, provides the framework and direction necessary for such unified decision-making.

Planning in the Management Cycle. Management is a cyclical process involving planning, direction, and control. Within this cycle, and at any phase, planning or decision-making involves diagnosis, development of alternatives and choice, or as Herbert A. Simon describes the decision-making process, "the activities of intelligence, design and choice." Each phase in itself is a complex decision-making process; as, for example, when the design phase may call for new intelligence activities. The problems at any given level generate subproblems that, in turn, have their own intelligence, design and choice phases, and so on. Simon calls this process complex "the wheels within wheels, within wheels."^{6/}

For purposes of description, the planning process has been broken down into various steps. While these steps are identifiable and discernible, they do not necessarily take place in the sequence shown below. Many take place concurrently or continuously, and some in reverse order.

Goals-setting. The words goals or objectives are often abstract terms made more elusive by the lack of standard usage. Usually a mission or goal is used in the broad sense of establishing the desired relationship between an organization and its environment, recognizing that a change in either the organization or its environment requires a review of existing goals for possible revision. The terms "objectives," "targets," and "milestones" are usually employed when more definitive end-results are described within a predetermined, more limited and specified time span. Goals may be expressed quantitatively or qualitatively. If a program of work can be expressed in numerical terms or a level of service, goals may take the form of standards. In all cases, however, the term goal represents the desired end-results of purposeful action. The primary problem of management is to identify desired end-results then set about devising ways to accomplish them. Since the unknown cannot be understood or planned for, the beginning basis of sound planning is e. >

^{6/} Herbert Alexander Simon, "The New Science of Management Decision," Harper and Bros., Publisher, New York, 1960.

complete, clear, and precise specification of the objectives by management. They set the framework in which specific decisions about programs can be made--the what, when, where, who, why, and how.

The initial attempt at defining the goals of an organization in Government usually repeats the policy or broad goal laid down in legislation or in policy direction from higher levels within the executive branch. In this broad sense the policy statement usually reflects value judgments about what is necessary, desirable, or feasible. When attempts are made to refine these goals, as explained below, the policy formulation and operational planning are joined or, to put it another way, the political and technical processes meld. With the establishment of goals and objectives, it is necessary to formulate the broad policies which will govern their achievement.

Formulating Plans

Top-management's attention to overall goals must be translated into concrete and specific terms in order to be of use in formulating programs of action. Such program plans are likely to be efficient to the extent that the objectives are clearly and carefully formulated, understood, communicated and accepted. Without such agreement and understanding, planning becomes an onerous procedural device which will either be ignored by management or be used to choose the wrong decisions. Agreement on objectives does not guarantee their achievement, but confusion, misunderstanding, or disagreement regarding objectives will guarantee failure.

Planning is essentially a matching of means and ends. Since a complex program usually involves a multiplicity of both, the matching process involves a consideration of means and ends in relation to the organization as a whole rather than an individual matching and becomes an interrelated pattern of activity. Obviously, in a large organization this pattern becomes complicated, and problems arise involving the consideration of priority objectives and the selection of alternative means. In some cases, the objectives may not be complementary or neutral, but may conflict with each other and increase the judgmental factors required in the allocation of resources.

The process of breaking complex problems into sub-problems and establishing a systematic order for tackling them leads to the development of what are sometimes called "means-end-chains."^{7/} The broad overall goal or objective is broken into subobjectives which in turn become the means, when accomplished, for achieving the overall objective. In turn, the subobjectives themselves may be broken down into more detailed ends whose

^{7/} For an excellent discussion on decision-making and planning, see William N. Newman and Charles E. Summer, Jr., "The Process of Management-Concepts, Behavior, and Practice," Prentice-Hall, Inc., New Jersey, 1961.

accomplishment, when realized, would lead to the successful attainment of subobjectives. Such means-end chains may fit into the hierarchial structure of complex organizations and correspond frequently to the various levels.

From the standpoint of higher authority, a particular objective may be looked upon as one of the means for accomplishing its major goal; for the subordinate officials this subobjective is looked upon as the major goal for their activity rather than a means. This difference in viewpoint, depending upon the decision-maker's place in the organization, is one of the major causes for the confusion that exists in the definition of terms.

An objective to be of maximum usefulness and meaning should contain the following elements:

1. It must be achievable through planned effort.
2. It must be directly related to the problem demanding solution; it must be feasible and acceptable in relation to the cost involved.
3. It must be compatible and supportable with other objectives, providing a unified basis for planning, and fit into the hierchial structure of an organization's means-end chains.
4. It must be measurable and concrete.
5. It must represent a decision, not an alternative.

Meaningful objectives can serve management in several ways and can provide:

Coordinated planning because objectives provide a guide for planning throughout the organization. It focuses the activity done by different organizations and people at different times to the desired end results of management. In addition, if there has been full agreement on the objectives, coordination becomes a voluntary way of life and eliminates unproductive efforts to plan every event in detail, an effort impossible of achievement anyway.

A basis for decentralization since if there is agreement on the end results of organized activity, there is little necessity for prior approval of all operational decisions. The scene is then set for the delegation of operational responsibility with top management reserving to itself the final approval of objectives and a review of performance.

A method of control since well defined objectives provide the basis for effective management and the standards for control and measurement of performance. An explicit objective, by its very nature, provides the criterion for measurement and review.

A system of indoctrination, training, and motivation.^{8/} In the case of a new executive, it provides him with the tools for quickly understanding the scope, character and direction of his organization's programs and activities. It also provides him with a means to have an impact much sooner and probably more effectively than would be possible if he had to wait until he had obtained enough experience with actual operations. The use of objectives can also assist in the training of all personnel to think in terms of the organization as a whole, and provides motivation for individual initiative and innovation.

It is often useful to break down long-range goals into short and intermediate range objectives or targets which represent steps toward the accomplishment of the long-range goal. The creation of interim objectives has several advantages:

1. Objectives can be made more meaningful, precise, and tangible.
2. They can provide a more workable time span in the establishment of realistic target dates.
3. They can provide benchmarks for the measurement of progress in the achievement of long-range goals.
4. Interim objectives can provide a bridge between the known and the unknown, or the idealistic and the realistic.
5. And finally, interim objectives, because they can be made more specific, are more useful to management for programming, coordination, and control purposes.

While an organization may have a dominant mission, it will almost always have multiple goals and this is clearly demonstrated in those organizations which are multi-functional. Difficulties arise when emphasis on one goal tends to reduce attention given to others. It becomes exceedingly difficult to keep diverse objectives in balance as tangible, measurable ends usually will receive undue attention and immediate problems will tend to take precedence over long-run issues. No objective is superior to all others, or inferior, at all levels of achievement. The degree of actual achievement relative to acceptable standards, e.g., the incremental value, affects the emphasis to be placed on any one objective.

An important step in the planning process and a prerequisite for sound decision-making is an adequate analysis of the problem requiring planned action. The essential elements of such a diagnosis involve clarifying the results that are wanted, that is, refining the objectives and identifying the key obstacles. This phase, searching the environment for conditions

^{8/} For an interesting treatment of the motivational aspects of planning, see Chapter 7 of Wm. Travers Jerome III's "Executive Control--The Catalyst." John Wiley and Sons, Inc., New York, 1961.

calling for a decision, is the intelligence activity which precedes design and choice. It is at this stage where the assembling and analysis of information on the past and present, and the possibility or probability of future conditions is most important to the manager and the planner. In the military such an analysis is called making an "estimate of the situation."

The human mind cannot give simultaneous attention to the thousands of facts, diverse issues, competing pressures, and values, probabilities, etc., involved, and some means must be found for breaking the total situation into comprehensible parts. The means-end chains concept, already discussed, is one way of breaking complex problems into subproblems and establishing a systematic order for tackling them.

While research contributes to planning, it is not planning as it does not provide the process for development of alternatives and determination of a planned course of action. At some point in the process the decision-maker must make a determination to use the existing knowledge available as a basis for action. The continuous injection of research results and data analysis into the planning process is the only reasonable basis in which an administrator or manager can be sure that at any particular moment in time his planning assumptions are valid.

An administrator attempting to peer into the future will frequently base his forecasting on recurrent events of the past or trends observable in past events, or upon organization commitments already made about some future event. He is faced with the problem of determining an adequate planning gap because if the time between the past and the future becomes too long the inference from one to the other becomes increasingly hazardous. On the other hand, it must be long enough to provide a stable basis for projecting trends. The use of projections and trends is helpful in forecasting the probable course of events or at best a range of probabilities. But it is not a prediction of the future. Long-range planning is necessary precisely because human beings cannot predict or control the future, but can only plan events which will affect the probabilities. Nevertheless, only by anticipating and by clearly spelling out future expectations can it be known when a plan needs to be reviewed and revised because actual events are differing from those expected.

A crucial step prior to the formulation of specific plans, then, is the establishment of planning premises. These may consist of forecast data of a factual nature, evolving from the steps described just above, which set out the basic policies expected to apply to future events. They provide a common basis for planning and a mechanism for review and improvement of a plan as new facts and trends develop. The most important characteristic of a planning assumption is not its eventual validation but its value in developing usable plans. In the early stages of planning, simple and even unlikely assumptions may be useful. In deference to the unknown quality of the future, planning premises should be held to a minimum and detailed only to the extent necessary to explain the observed facts or to develop required plans.

After a problem is defined there is a search for possible solutions. Rarely does the decision-maker have only one way to solve a problem. In actual practice there are usually several different valid approaches each with its own particular advantages and disadvantages. Two most common sources of alternatives are the past experience of an executive himself and the practices followed by other executives in handling similar problems or situations. Looking to the past for guidance in connection with a particular problem is usually a simple and quite often an adequate way. But the difficulty is that yesterday's solution may not be fully satisfactory for today's problem, particularly when the circumstances of today and certainly tomorrow are vastly different from those of yesterday.

In contrast with looking to past experience, planning often adds some new and useful creative elements. Even plans that include much repetition or imitation, but in some important respects are original, indicate the result of creativity. This is illustrated by the concept of research and development which presumes that new discoveries will be made more rapidly when they are actively sought than when simply waiting for them to occur. Creativity can be learned and conditions for stimulating it can be provided when management is interested in so doing.

A rational comparison rests on a clear understanding of the problem to be solved and the alternative being considered. If the problem is clear and the alternatives have been identified, one can proceed to a calculation of the advantages of each alternative. Frequently the advantage of one course of action may be the disadvantage of the reverse course. In this connection taking no action may frequently be, and should be recognized as such, one of the specific alternatives available. The comparison of alternatives requires a frame of mind that analyzes the evidence, sticks to the issues and rules out irrelevant points, proves points logically and is open to considering any valid reasons that may be set forth by those who oppose the proposed alternatives. People are usually strong either at creative thinking or critical analyses but rarely at both. Frequently one who excels in one type of thinking is impatient and scornful of the other; yet both qualities of mind are needed for decision-making.^{9/}

As rational decision-making is hard work and the energy of the executives is limited, it is important that they work on plans that have a good possibility of being carried out and that develop a satisfactory solution as quickly as possible. To expedite getting at the chief issues of the best alternatives, they should concentrate on crucial factors. Two kinds are readily identified and most helpful; requirements that must be met and major considerations. Frequently as a practical matter, a complete analysis of all consequences of each alternative is impossible. Accordingly, using crucial factors to narrow down alternatives probably provides the least likelihood of error as well as reducing the number of alternatives to be projected in detail. It is much easier to approximate a forecast of relationships than it is to estimate absolute amounts.

^{9/} Newman and Summer, op. cit.

There are certain decisions which are absolutely or relatively irrevocable. One of the reasons why planning activities tend to be preoccupied with the physical aspects of a plan is that the decisions made about them are the least reversible parts of it. Such decisions and frequently others constitute commitments. That is an action which obliges the organization to take certain other acts or limits its choice of acts in the future by foreclosing certain alternative possibilities that would otherwise exist.

At least three broad levels of generality in planning are recognized, depending upon the significance of the consequences of action to be taken, namely:

The policy and development level--only the most far-reaching goals and commitments are included in it.

The program level--includes commitments of lesser importance.

The operational level--this provides for description in great detail of the actual operations that will occur; forms, procedures, time schedules, workload, etc. are covered.

There is no sure test that an executive can use to know when he has arrived at a correct choice of alternatives. Nevertheless a number of different ways of checking to reduce the chance of serious error have proved useful. The urgency of action, importance of what is at stake, and the degree of uncertainty, will help determine the checks to be used and how far they should be pressed. In summary form, such checks include:

1. Reviewing the analysis--the decision-maker seeks help from objective sources to try to expose weaknesses or errors, or other criticisms. He can review his data or project the decision into detailed plans which may turn up unexpected consequences or flaws that can be corrected. And, finally, he can reconsider the planning premises to test their validity and reliability.

2. Making a test or dry run--to actually apply the decision on a small scale to verify whether the results will come up to expectation.

3. Hedging--this involves the making of sequential decisions where one part at a time may be applied so that results from it are known and may be used in deciding the next part. This technique is frequently applicable in research and development activities.

4. Securing agreement--this brings the judgment of others to bear and also frequently enhances the acceptability and implementation of the decision.

Planning for Recurring Operations

Establishing precise objectives and selecting a course of action will not by itself guarantee united group effort. Specific plans of action are required and may be divided into two types, those dealing with repetitive actions, and those dealing with a changing set of circumstances. Simon calls these programmed and non-programmed decisions. "Decisions are programmed to the extent that they are repetitive and routine, to the extent that a definite procedure has been worked out for handling them so that they don't have to be treated de novo each time they occur...decisions are non-programmed to the extent that they are novel, unstructured, and consequential."^{10/} However, he adds that these are not really distinct types, but a whole continuum with highly programmed decisions at one end of that continuum and highly unprogrammed decisions at the other end.

Every organization has an extensive set of basic plans, and in the case of the Federal Government they tie back to the substantive authorization act creating the agency, the specific appropriation act, general laws and regulations, executive orders, etc. These plans are frequently collected in manuals, handbooks, circulars and other issuances. At some time, of course, each of these plans and policies have to be decided upon, but once established they become premises or limits or guides for resolving specific problems and become an important means for building particular patterns of behavior in an organization. These types of plans do not always find their origin in conscious and deliberate effort, but may be the results of tradition and custom. While this is not necessarily bad, a periodic review for possible improvement and for checking relationships to objectives is always prudent. The executive has his choice of a broad category of "standing" plans, notably policies, standard methods, and procedures.^{11/}

Policies are general guides to action and may be defined as a continuing decision to be applied to all subsequent situations until superseded. Usually a policy does not blueprint any action, but serves as a guideline or places limits within which action may be taken.

Standardized methods are types of repetitive methods which vary from policy chiefly in their degree of detail as both provide guidance on how problems should be handled. The scientific management movement started by Taylor, Gilbreth, and others, did much to increase productivity by providing standard conditions and methods for doing repetitive types of work. Production planning and control grew out of these efforts as exemplified by an automobile assembly line or by the handling of repetitive paper work in Government, such as processing passport applications. Units of work under standard plans become building blocks for larger plans; they also

^{10/} Herbert A. Simon, op. cit.

^{11/} See Newman and Summer, op. cit., for a detailed discussion on "standing plans," pp 391-411.

facilitate concentration of attention by higher officials on strategic and long-range plans because they are confident of how current operations are to be carried out.

Procedures are predetermined courses of action carrying out repetitive tasks in a systematic way to achieve a specified purpose and, therefore, are essential to the existence of any large-scale organization.

Planning for the non-routine

When dealing with "non-programed" decisions there is no standard method for handling the problem because it is unique, elusive or complex, or of utmost importance. It involves dealing with a single or group of situations rather than a repetitive operation. Newman and Summer describe this as "single-use plans" in which a manager decides in advance what action to take within a given time period or what to do to meet a particular problem.^{12/} It deals with situations which are distinctive. The successive steps required to accomplish the ends within appropriate timing need to be specifically laid out as a program. Referring again to Simon, we have an example of his "wheels within wheels" in that while programing may be thought of as design activity, it involves throughout the process intelligence, design and choice-making.^{13/} Each phase may generate sub-problems that in turn involve the phases of intelligence, design and choice, etc.

Programing involves those processes which concern the translation of planned objectives into specific directives and work programs within a specified time. It is the crucial link between policy, budgeting and operation. Policy statements and global goals may sometimes outline broad courses of action to accomplish stated objectives, and even implicitly or explicitly refer to preferred means, but they are usually not very useful in allocating resources to reach objectives. Within the framework of the general goal, the administrator must prepare work programs which set forth the particular objectives to be realized in a specific time period within a probable allocation of resources. In the aggregate these work programs are expected to accomplish the long-term goal of such organized effort. Programing provides the transition from the basic goals or plan itself to the detailed courses of action, and the provision of all necessary resources at the appropriate time to achieve desired ends.

The program planning process must contain the following characteristics, if it is to effectively serve the needs of management at all levels within an organization.

1. The programming process must facilitate the reduction of policy guidance into specific and time-phased program objectives.

^{12/} Ibid

^{13/} Simon, op. cit.

2. Programing must be conducted within a time cycle which permits the careful development, review, coordination, approval and adjustment of program proposals and the evaluation of the adequacy of programs and available resources to accomplish overall goals.

3. Programs and subprograms must be sufficiently "packaged" to permit analysis and choice by the executive.

4. The process should provide the basis within which annual budgets can be formulated, giving due consideration to program as well as fiscal objectives.

5. The process must include provision for adequate communication of top management decisions made during the reviewing phase.

6. The process must be continuous with constant attention given to the achievement of specific objectives and the review of objectives and programs as required by changing conditions. In this way program planning becomes one of the primary techniques whereby management guides administrative action.

In some organizations, a major program will encompass a large part of the total activity requiring the aggregation of major steps. In the Department of Defense, only nine program packages were used in preparation of the Budget for fiscal year 1963, which covered all of their functions and activities. These major programs were defined as an interrelated group of program elements that must be considered together because they support each other or are close substitutes for each other. To be meaningful, a program should have objectives common to all of its subprograms and implementing efforts.

Within a program, an undertaking of a group of related activities with a scheduled beginning and ending and a specific objective or group of objectives is usually called a project. A project permits the development of a detailed work program involving technical, management and financial detail and a clear assignment of responsibility.

Scheduling involves the determination of what and how much work will be done, at what time and places, and the coordinated movement of any manpower, materials, supplies or components which enter into the flow of work. It is one aspect of the program process and, where the work to be done is clearly specified, may be the only element requiring management's attention. Usually, however, it is only one of many considerations.

In some programs, particularly Government programs which are affected by important factors and considerations originating outside the organization itself, many of the actions required to accomplish an objective are not subject to the control of management and the ability to forecast time, resource needs and availabilities is extremely limited. This requires programing within a framework of which decisions are made sequentially

without undue assumptions about the future, a process now popularly known as dynamic programming. Rather than a static blueprint, the program must be an evolving and moving pattern of action. Creativeness, adaptability, resourcefulness, available alternatives, and hedges become more crucial in this type of a situation.

A Multidimensional Process

Planning functions in such a way as to make the most of time available. Time, itself, may be viewed as a scarce resource of which the planning process makes use. In principle, therefore, there is at some point an optimal amount of time which should be devoted to planning versus efforts spent on improving and controlling operations. It is a most important dimension in the planning process and may be introduced in several ways:

(a) as an operating consideration--picking the most opportune moment to make individual decisions may be satisfactory when the decision-maker has freedom to move fast or slowly, and the course of action decided upon is not interwoven with a series of other actions;

(b) as an aspect of programming--when a proposed action is a step in a network of events, the total requirements of a program will strongly affect its timing; and

(c) as a planning assumption--when consistency of action in a number of areas is wanted but there is need for a complete program, guidance on timing can be provided by a planning assumption or premise. For example, setting a specific date by which a research and development project will deliver a new weapon for testing, can serve as an adequate premise for the preparation of plans for their test, evaluation and production as of a given date.

The time span of planning. The use of five-year plans has become popular in national development and corporate planning. If one of the principal uses of planning is to make current decisions with the knowledge of their future consequences, it is a mistake to determine this future period on the basis of an arbitrarily preselected time span. Rather it should be the nature of the program itself and the time of decision involved which determines the time span for planning. Peter Drucker writes that short and long-range do not describe time spans but stages in a decision.^{14/} Short-range is the stage before a decision becomes fully effective, that is, costs are evident but not yet results. On the other hand, long-range is the period of expected performance needed to make the decision an effective one.

^{14/} Drucker, op. cit.

The planning span tends to be limited to the period of years in which foresight can be exercised with some confidence that predictions bear a reasonable degree of validity. Yet, the certainty required varies with the type of programs involved. For example, some programs, such as those involving reforestation projects, may run for fifty years or more, research and development activities for a span of five to fifteen years, and public work projects usually require up to only five years for planning and completion.

Long-range planning is the most difficult and important span involved as many problems in shorter-ranged planning can be traced to the absence of a clear sense of direction and the priorities which a comprehensive long-range plan provides. There is no precise or standard definition of the term but it usually involves any or a combination of the following: Considering the long-run consequences of current decisions; making long-range forecasts to take advantage of or prepare for anticipated change; and developing a comprehensive, unified, and long-range program for the entire organization. In any case, the purpose of long-range planning is to serve primarily as a guideline and source of strategy, motivation and direction.

Fixing a course over a fairly long period of time requires that a plan be flexible and open-ended. The main concern is with a critical analysis of broad alternatives with respect to key but broad goals. While the uncertainties increase as the time span is extended, the possibility of considering various alternatives and maximizing choice is also greater. Emphasis is on adjusting to the future rather than simply assuming that present conditions will continue unchanged.

Probably the most difficult but interesting and rewarding kind of long-range planning is the development of a program for setting up and accomplishing overall organization objectives. The essential characteristics of such a master plan are that it is comprehensive, covering all major elements, and that it is integrated into a balanced and synchronized program. Such planning can be used for any organization with a sufficient degree of self-determination in its operations that planning for its own future can be worthwhile.

Intermediate-range planning usually includes a time span of four or five years although it will depend to a large extent on the time span used for the long-range plan. One valuable purpose for using an intermediate-range time span is to establish interim objectives between long-term goals and for use in the development of annual programs and budgets. In this case, "targets" with specific end-results and definitive time schedules are developed. While much more detail is involved than with long-range plans, the detail is much less than those in the short-range plans and may become less as the time horizon is extended from the immediate future. While resource allocation becomes more important, final approval will only be required for the short-range and consideration of alternatives is still possible. In fact, the feedback from current operations, the incorporation of new technological developments and the input of additional

information requires a great deal of flexibility. It is a crucial planning phase providing the bridge between the long-run goals and desires and the exigencies of current operations. It lends reality to long-range plans and direction to short-range plans.

Short-range planning involves the determination of administrative action and decisions are heavily influenced by budget limitations. Here the principal efforts involve planning in great detail for the next fiscal year. The famous "who, where, what, why, and by whom" ingredients become critical, as do the types and quantities of manpower, materials, and facilities to be acquired. Administrative considerations are necessarily stressed in the development of a detailed schedule of programs and activities. It represents the point where a "freeze" is taken on the consideration of alternative courses of action. Effective implementation becomes the major concern and the importance of administrative criteria increases.

Interdependence of planning periods. It is questionable whether the ultimate time span selected is as important to the decision-maker as is the integration of long, intermediate, and short-range planning. Inefficiency and ineffectiveness often arise from decisions relating to concurrent operations which fail to take into consideration the effect of such decisions on more long-range objectives. In some cases they may not only fail to contribute to the accomplishment of long-range goals but may actually result in changes which impede or defer the attainment of such goals or require the unintentional change in the goals themselves. On the other hand, planning for the future only, without consideration of or isolated from short-range planning and operations may be equally ineffective. Without such a relationship, long-range plans tend to become vague and unreal, with no effect on the current management and operations of an organization.

PROGRAM CONTROL, REVIEW AND APPRAISAL

Control. Objectives provide the basis of control and the ability to think in terms of organizational goals is essential for an effective system of executive control. Objectives serve as both guidelines for action and as measures of performance. Meaningful control cannot exist without some conception of what the end results should be or are desired. Control has its own special problems, i.e., control points will need to be established and there may be difficult questions of measurement, but more fundamental than these for control is a clear understanding of what constitutes good performance. A comparison of objectives with actual performance enables a manager to evaluate the effectiveness of his control system and provides an objective and impersonal basis for the appraisal of subordinates. Thus the most effective control occurs when primary attention is given to those factors which are most strategic to the appraisal of performance. Similarly, since the past is irretrievable, effective control must be aimed at preventing present and future deviations from selected courses of action.

Measurement. In deciding what indicators are needed to show results, it is obviously helpful to state with precision just what a program is intended to accomplish. This then directs attention to the kinds of data that will indicate the extent of accomplishment. In theory, measurement must be impersonal and objective, that is, apart from the event being measured. But as Drucker points out, measurement of a complex organization determines action--both on the part of the measurer and the measured--and thereby directs, limits and causes behavior and performances of the organization.^{15/} It involves motivation and values as much as any numerical ratio. In multi-year planning, since one is dealing with future actions or expectations which are unobservable and hence unmeasurable, it is necessary to develop program objectives in such a way that their accomplishment, or lack of accomplishment, can be realized as at early a stage as possible. Criteria must also be built into the process for providing a fair understanding of what are significant deviations both in time and in scale from the original plans. Without this there is no feedback possible and, consequently, no way of management control.

Review. Review involves the measurement of performance and the evaluation of findings to profit from experience. The facts are analyzed and evaluated so that conclusions can be distilled from the results of operations for the future. Planning looks ahead and determines what should be done while review looks back, establishing what is actually happening. Nevertheless, there is an intimate interplay between planning and review. Planning can provide the effective framework for review, that is, a clear statement of objectives which should be accomplished, the results which are anticipated, the resources allocated for their accomplishment and those assigned responsibility for execution. The close interaction of planning and review is evidence also by the fact that some planning tools are simultaneously review instruments, e.g., budgets, standard cost factors, performance standards, etc. To learn from miscalculations, that is, to plan better, it is necessary to analyze what went wrong in the past, and this is one reason why continuous and systematic follow-up to the planning process is so important. Moreover, without such a review most organizations and people tend to be careless about the goals, objectives and plans set for themselves. Review has its motivational as well as control and feedback functions.

Appraisal. An appraisal of program effectiveness can be tested by various techniques including, for government, a political test; and for business, a financial test. Complex and large organizations usually require in addition an administrative test which provides evaluation through (a) continuing management control systems and devices that produce a regular flow of current information, and (b) through recurring appraisals that give management an intensive periodic review of selected areas of organization

^{15/} Drucker, op. cit.

activity.^{16/}

Continuing appraisals involve such techniques as: staff meetings and personal conferences; frequent field visits and inspections; review of proposed work plans; periodic reports on progress, problems and accomplishments; budget reviews; and discussions with clientele or representatives of the public. While these techniques are essential to effective day-to-day control of operations, there emphasis is on compliance with currently accepted practices. They tend to operate within the accepted and the existing framework of policies, goals, organization procedures and standards. They may show work accomplishment and reveal isolated problems without providing a basis for evaluation the general effectiveness and economy of performance, especially in terms of accomplishing specific and desired end-results. In addition, in the absence of periodic intensive and comprehensive appraisals, continuing control systems tend to perpetuate themselves. Periodic and comprehensive program appraisals, once initiated and maintained, can give top management the assurance not otherwise readily available, that programs operations, and management control systems are on a sound basis, or that action is under way to correct unsatisfactory conditions, and that the program aggregates are on course to the accomplishment of long-range goals and interim objectives. Such appraisals are intensive evaluations made usually on behalf of top management and conducted by staff who are not directly responsible for the programs and activities being appraised. Among other things, such an evaluation, sometimes called a management audit, involves reviewing the goals and objectives themselves, the planning process, the organization, and the operating methods and management control systems to evaluate their effectiveness and to develop improvements. In short, the objective of such appraisals or evaluations is to test the current framework of goals, policies, programs and operations and the effectiveness of continuing management controls.

Feedback. As discussed before, the management cycle involves planning (including the setting of goals), operations and review. It is feedback which closes the circle within which these elements operate. Feedback is the regular system of communication between the measuring and review points and the decision-maker, providing information about deviations between actual performance and planned performance. The conclusions unearthed in review must be fed back to the planners in order to assure that the organizational planning is sensitive to the results of the past and present. Only by such communication can a dynamic organization maintain its responsiveness to changes in the environment, new concepts, technological developments,

^{16/} See articles by Elmer B. Staats and Wallace S. Sayre on evaluating program effectiveness appearing in Indiana University's selected papers on "Program Formulation and Development," which were delivered at the 1959 management institutes of the American Society for Public Administration.

etc. The feedback process, however, usually requires more than just the input available or generated from within the organization itself. Thus review is only a portion of the feedback process involved. Just as clear goals and objectives are necessary for the adequate measurement and evaluation of performance, so is an adequate review and feedback necessary to continually appraise the adequacy, desirability, and feasibility of current goals and objectives.

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PLANNING AND CONTROL

A Report Prepared

For

THE GENERAL COMMITTEE FOR ADMINISTRATIVE IMPROVEMENT

Office of the Prime Minister

GOVERNMENT OF VIETNAM

December 1966

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" P L A N N I N G A N D C O N T R O L "

A Report Prepared

For

THE CENTRAL COMMITTEE FOR ADMINISTRATIVE IMPROVEMENT

Office of the Prime Minister

Government of Vietnam

By

Raymond E. Kitchell
Planning Consultant
Public Administration Division
USAID/Vietnam

SAIGON
December 12, 1966

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EMBASSY
OF THE
UNITED STATES OF AMERICA

U.S. AID MISSION TO VIETNAM
Public Administration Division

December 12, 1966

Dr. Nguyen Van Bong
Chairman, Prime Minister's
Committee for Administrative Improvement
National Institute for Administration
Saigon, Vietnam

Dear Dr. Bong:

I am hereby officially transmitting to you and your Committee my final report containing my findings, conclusions and recommendations regarding system improvements and organizational arrangements for national planning. It is hoped that the contents of this report, including the technical annexes, will be of use to your Committee and others when preparing appropriate recommendations for the Prime Minister.

It has truly been an honor and a very satisfying professional experience to work with you and your colleagues on this important assignment. I am returning to my work in Brazil with a greater appreciation of the problems facing your Government and admiration for the courage and determination of your people.

Respectfully yours,

A handwritten signature in cursive script that reads "Raymond E. Kitchell".

Raymond E. Kitchell
Planning Consultant

16 Nguyen Hue
Saigon, Vietnam

SUMMARY OF FINDINGS AND LIST OF RECOMMENDATIONS

Findings and Conclusions

- Planning at the national level has been largely ineffective to date.
- There is a growing recognition among GVN officials of the problem and desire to institute reform.
- A general improvement in the public administration of the GVN, systems improvement and a determination to manage and control must accompany any organizational changes designed to improve the effectiveness of planning.
- Major deficiencies and weaknesses contributing to the present state of planning include:
 - instability and lack of continuity.
 - automatic priority of military requirements.
 - poor coordination with foreign aid.
 - shortage of skilled manpower and technique.
 - scarcity of planning data.
 - inadequate organization.
 - over emphasis on economics.
 - non-use of plans.
 - over-reliance on top-down planning.
 - misplaced priority to plan documentation.

List of Report Recommendations

1. A comprehensive, multi-year planning system, designed to facilitate analysis of alternative courses of action, decision-making, allocation of resources and program control, should be designed and installed on the basis of pre-determined system and program priorities. Suggested priorities include:

- initial emphasis to public sector.
- identification of strategic problems.
- determination of critical data needed for planning and means of collection.
- preliminary systems design and requirements.
- phased application by functions and organizations, (e.g., rural development in secure provinces and villages).
- application to projects of known priority, (e.g., Cam Ranh Bay).
- research of carefully selected subjects of strategic importance to transitional and post-war needs.

2. The initial time span selected for comprehensive planning should be short term, i.e., three years or less-- maintained constantly by adding a new plan year annually. Priority should be given to improving short-term systems and techniques such as program planning and budgeting, project management, scheduling, reporting and evaluation.

3. Program planning must be recognized as a continuous and rhythmic process requiring a consistent procedural framework for the formulation, review and revision of ministry plans.

4. At least annually, program guidance and instructions (e.g., objectives, policies, planning assumptions, resource and manpower constraints) in sufficient detail to be meaningful to the recipients, should be issued by the Prime Minister's Office.

5. Elaboration and publication of plan documents should be de-emphasized; staff attention should be focused on the identification of strategic problems, analysis of alternative courses of action for top-level decision, and the implementation of the choices made. Especially at the Prime Minister's level, unnecessary detail should be omitted and the action programs to achieve objectives, i.e., the means, their comparative costs (inputs) and benefits (outputs), and probable consequences and ramifications, should be highlighted.

6. Program decisions reached as a result of plan review should be communicated to all levels which have a responsibility for carrying out these decisions. A reporting system, indicating the time and kind of information or data required, should be centrally established to provide information for control and replanning purposes.

7. A Vice-Premier, Commissioner General, or Secretary of State for Development, reporting directly to the Prime Minister in a staff capacity and having his complete confidence, should be appointed with overall system responsibility for planning, budgeting, program coordination, control and evaluation - without other operational or conflicting responsibilities or duties.

8. The role and participation of Ministry and Provincial officials and staff should be increased with priority given to building up the program planning abilities at these levels, particularly in the area of project management.

9. Closer coordination and integration of planning and budgeting must be facilitated by:

- providing a legal basis for such coordination.
- granting authority to the Director General for Budget to review Ministry base budgets, as well as proposed increases, in terms of plan priorities.
- the annual issuance of clean-cut policy guidance and economic assumptions by the Prime Minister's Office for purposes of budget formulation.

- creating machinery for a more effective review of Ministry budgets in terms of adherence to (or justified change from) national plans and prior program accomplishments.
 - introducing, on a phased schedule starting with highly important programs, the concept of program budgeting.
10. Foreign aid, a primary source of resources, should be a major consideration in the planning and programming processes of the GVN and mechanisms should be created to provide continual and effective liaison and coordination with the principal aid donor.
11. A Planning Council, consisting of a small but selected group of Cabinet Members, (e.g. Commissioner Generals of Economy and Finance, War, Cultural and Social Welfare, Rural Development, and the Governor of the National Bank, chaired by the Prime Minister with the Vice-Premier for Development as Vice-Chairman, should be created for the purpose of:
- issuing instructions, guidelines and policies for the formulation and review of development plans and budgets.
 - reviewing and approving plans and budgets, including their annual revision or extension, and other special projects or studies of major significance - subject to final approval by the Prime Minister.
 - reviewing plan progress and accomplishments.
12. The recently created Bureau of Coordination and Review should be raised to Directorate General status and, along with a reorganized and reoriented Directorate General for Planning and Directorate General for Budget, form the career, technical support staff of the Vice Premier for Development. The several Directorate Generals could also serve as Executive Secretariats for the Planning Council, according to the subject matter of particular meetings.
13. The Directorate General of Planning should be reorganized and additional authority granted, as necessary, to perform the following "staff" functions:
- develop a framework for planning, including the preparation of procedures necessary for adequate and consistent plan formulation and review.
 - develop and propose to the Planning Council major objectives, policies, guidelines, and common planning assumptions for use by Ministries and field establishments.
 - review Ministry plan inputs for conformance to instructions, assess realism, and prepare appropriate analysis and recommendations.
 - identify data gaps and prepare appropriate recommendations for remedial action.
 - interpret and array planning data to facilitate analysis of alternatives and high-level decisions.

- translate decisions into coordinated action assignments for the Prime Minister or Planning Council to issue.
- coordinate all planning inputs, including foreign aid, economic and statistical projections, loans, etc.
- provide Executive Secretariat services to the Planning Council and Development Board.
- provide technical staff to work with the Development Board and promote effective liaison.

14. Concurrently with the new role recommended above, the Director General of Planning and his staff should be relieved of all operational responsibilities, (e.g., scholarship program and public corporations); and membership on commissions, committees, ad hoc task forces, etc., should be limited to those most crucial to carrying out his newly assigned duties.

15. A Development Board should be established, chaired by the Vice-Premier for Development, with semi-autonomous status and authority to hire or contract for expert services at market rates, for the following purposes:

- to provide an additional source of advice to the Prime Minister on development, specifically economic and industrial development.
- to provide a liaison between the public and private sectors and to utilize skills outside of government and not available on a full-time basis.
- to give status, continuity, diffusion, and support to development planning and programs.
- to study selected development, economic, and post war problems and propose appropriate recommendations to the Prime Minister.
- to serve as an additional mechanism for program coordination.

16. Immediate steps be taken to increase the effective use of available trained personnel and to attract back from overseas similarly trained Vietnamese. Such steps should include:

- revising the military draft regulations so that optimum use can be made of available skills in terms of total national needs.
- providing incentives, including draft exemption, for trained Vietnamese with needed skills.
- providing in-service training in planning methodology with emphasis on project analysis, planning, and management techniques, including program control and evaluation.

taking steps to increase the recognition, prestige and rewards for a non-political career in program planning and management.

17. Through creation of a Development Board, enlist the cooperation and assistance of non-government forces throughout the nation in the GVN development effort.

18. Request foreign technical assistance for systems design, training, special studies, project analysis, etc., until Vietnamese capacity can be built up to meet the continuing needs.

19. The Vice Premier for Development, with whatever staff assistance is required and as one of his first steps upon appointment, should draw up a list of planning priorities and develop a schedule for gradual implementation throughout the GVN and submit to the Prime Minister for approval and proclamation.

INTRODUCTION

Scope of Assignment

The Central Committee for Administrative Improvement, created by Circular No. 74-UBHP/TT, dated 20 October 1965, from the Office of the Prime Minister, recently completed its first task of selected procedural analysis. By order of the Prime Minister, Circular No. 122-TT/HP/VP on August 9, 1966 (see Appendix No. 1), the Committee was instructed to move into the second phase: improvement of organization and operation of government agencies.

It was decided to review important functions, as well as organizations and, at the request of the Chairman, this consultant was brought in from Brazil to assist the Committee in the area of planning (see Appendix No. 2 for biographical data), particularly as it concerns the Prime Minister's Office.

The terms of reference stated in the Prime Minister's instruction of August 9, 1966, were used as a starting point; but, since the review of a process is somewhat different than the review of an organizational unit, the conventional management survey approach was not utilized in the strict sense of the term. Neither is this report focused on purely structural problems. While not denying the importance of structure, the consultant emphasizes the "essential elements" of the planning system, recognizing that: different organizational combinations are workable; there is no "ideal" organization for planning that has universal application; and finally, but not least, that the consultant is not knowledgeable in the historic, cultural, political and personality factors in play - all of which bear heavily on organization structure.

While this report contains specific recommendations, some of them concerning structure, for the reasons enumerated above, these are not considered sacrosanct by the consultant. Rather, it is hoped that it will stimulate constructive analysis of the planning function by the Central Committee for Administrative Improvement and other qualified and concerned Vietnamese officials. If this is accomplished, this survey can be considered useful.

Survey and Final Report

The survey or fact-finding phase principally involved interviews with high Vietnamese officials (see Appendix No. 3 for listing of names and titles), particularly the Director General for Planning, Mr. Nguyen Anh Tuan, who was exceedingly gracious, helpful and frank and who extracted all the time requested from his busy schedule.

Equally important was the assistance of Dr. Nguyen Van Bong, Chairman of the Central Committee and Rector of the National Institute of Administration. His cooperation and reputation opened many doors which were indispensable in gaining an understanding of current systems and problems, as well as a rich source of suggestions for improvement.

In conforming with the desires of the Committee to keep the report itself as brief as possible, it has been divided into three parts. The first,

the report itself, includes a summary of past and current planning efforts, a compilation of findings, including analysis and conclusions, and a set of recommendations. The second part is an appendix of supporting documents. The final portion includes two technical annexes, one of which was prepared especially for this report.

For those interested in the process of planning and for gaining a better understanding of the findings and recommendations included in this report, it is urged that these annexes be read, preferably before the report itself. The concepts and guidelines in these annexes should prove useful when decisions regarding government planning are being considered.

DEFINITION AND CONCEPT OF PLANNING

Planning is an ambiguous word; it means many things to many people. It has been equated with forecasting, economic analysis, research, and mere budget projections, and to some has often become an end itself.

This is not the concept employed in this survey and report. The crucial question is not the perfection of a universal definition but whether the planning process being reviewed deals adequately with all the system elements, i.e., with top-level political decisions concerning the overall goals and policies of the Government, the translation of these strategic decisions into actionable programs, and the short range scheduling of specific work projects.

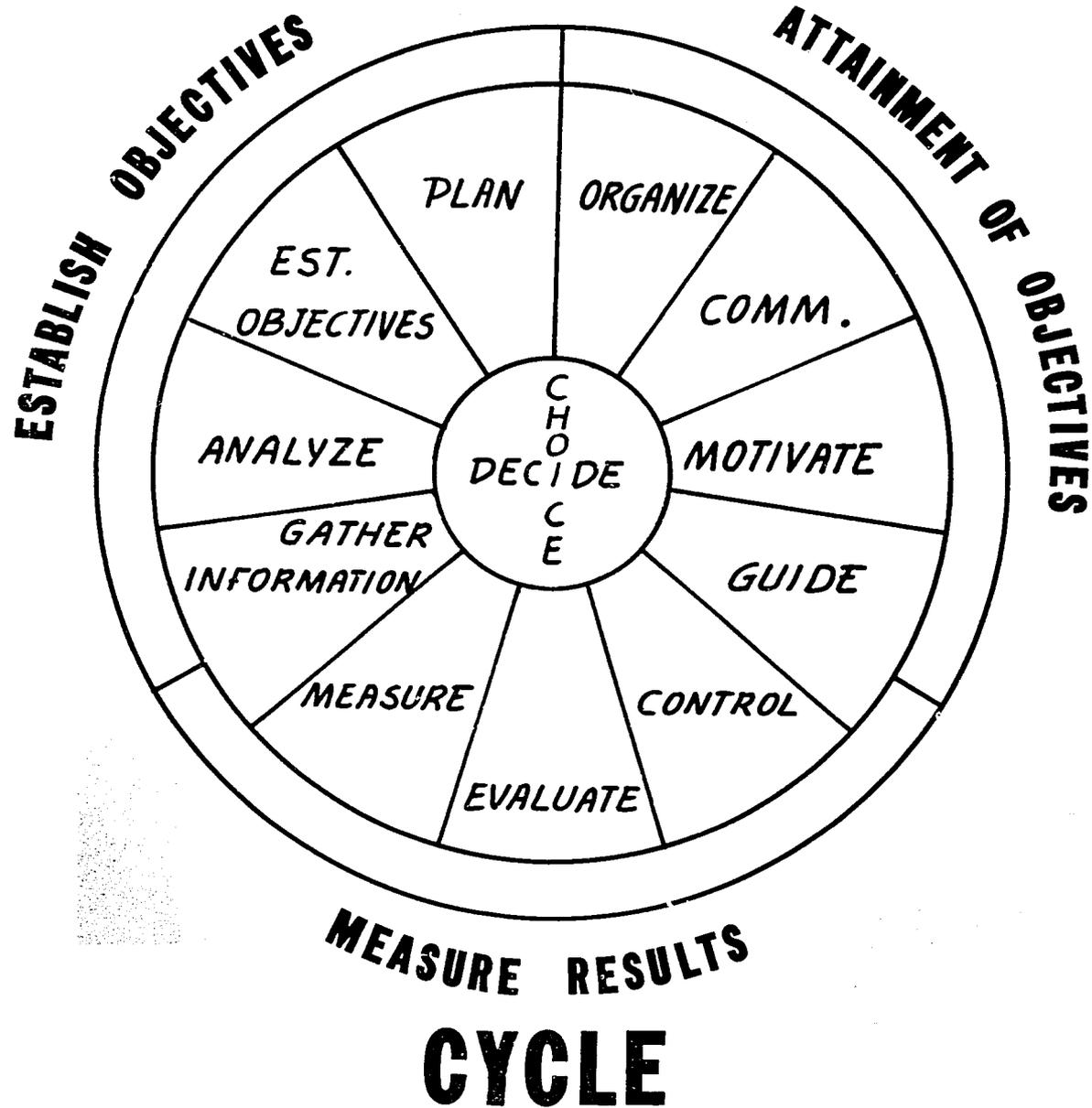
Actionable Planning

The common denominator of all effective planning is that it must be actionable and, as such, an integral part of a government's decision-making and managerial processes. The experiences of many countries, including Vietnam, clearly shows the futility of plans, no matter how "scientific" the preparation and elaborate the documentation, which have little or no impact on the actual operations of the government and its major ministries.

The simple setting forth of goals or targets does not automatically result in achievement. Conversely, the attempt to "blueprint" future programs in the same detail as required for operational purposes can quickly devolve into a paper-pushing exercise in any dynamic environment. Since planning is fundamentally a problem of choosing, the payoff of comprehensive planning is in providing an integrated decision structure for an organization as a whole and a basis for effective control. It requires "causative thinking" - a ways and means of making events happen to shape the future instead of adapting to a future that unfolds from blind forces.

Viewed in this manner, planning becomes a word describing the processes which orient public administrators' attention to the determination of goals and objectives, i.e., the desired results, and the ways and means for their achievement. In other words, it is a systematic approach to problem solving and rationale decision-making using an extended time frame. Its unique

MANAGEMENT



importance in the management cycle is illustrated in Exhibit 1, particularly the importance of objectives.

There are many other useful ways to define, view, or explain the purpose of planning. According to some, planning is experimenting with ideas that represent the resources of an organization without risking the resources themselves. It is a process of thinking ahead and pre-establishing a course of action. Viewed another way, planning is calculated to reduce risk by providing as much information as possible upon which to base a decision. These concepts are quite different from that which considers planning to be only those processes which can determine, in precise detail, future actions to be taken. The latter rates a good plan as that which needs to be changed the least, ignoring the fact that planning is not a mystical method for predicting the future, but, rather, a process of coping with inevitable change by being able to anticipate the range of possible changes and their probable impact or consequences upon an organization's purpose, objectives and resources. 1/

Planner's Context

Planning takes place within a specific but moving time period and in an environment of uncertainty and change, constantly requiring new inputs as well as a feed back from current operations. A simplified version of the planners' context is illustrated in Exhibit 2 and displays the continuity or recycling of the process and its link to action.

To summarize, planning is not conceived of as simply thinking about the distant future in terms of economic models, special studies, etc., but as the primary tool for the day-to-day direction and control of goals, programs and resources.

HISTORICAL SETTING

Early Influences

In the late 1940's and early '50's, while still a part of the French Union, Vietnam was heavily influenced by the French planning experience under the brilliant direction of Jean Monnet. This was understandable but unfortunate for Vietnam because, like many other developed as well as developing nations have learned since, Monnet's planning was unique for France and did not perform so well when transferred to a completely different environment.

The first predecessor agency of the present General Directorate of Planning was established in June 1948 as part of the Ministry of Operations and Planning. One year later, it came under the Ministry of Economy and Planning. In 1950, it was transferred to the Ministry of Public Works, Planning and Communications.

1/ See Annex B, pp. 1 - 4

In 1951, after a short respite, it was designated the Ministry of Planning and Reconstruction (see Appendix No. 4) with the charge to draw up and coordinate programs and projects leading to an increase in national production, a raise in living standards and an improvement in social welfare. It was also to follow the implementation of these programs. Other functions included data collection necessary for reconstruction, coordination, and setting-up of reconstruction budgets and expenditure controls.

The Ministry was divided into two principal bureaus: the Directorate of planning and the Directorate of Reconstruction. In turn, the Directorate of Planning was broken down into the following bureaus and functions:

1. Correspondence Office.
2. Bureau of Technical Coordination and Organization: including the study and coordination of all programs and projects for the modernization and development of Vietnam; controlling the implementation of programs and projects in collaboration with the Ministries in charge of plan execution; and providing the necessary support, e.g., equipment, raw materials, labor and credit, for the realization of technical plans.
3. Committees and sub-committees, by major sectors, for the supply and improvement of equipment.

Following an annual pattern of change, the following year the activity was transferred to the Ministry of Finance and Economy. A Secretariat for Planning and Reconstruction was set up with the Directorate of Planning given the following tasks: study and administer programs and projects of national development; represent Vietnam at the International Plan Committee and Committee of Plan Research; study plans of foreign countries; and maintain relations with foreign countries (see Appendix No. 5).

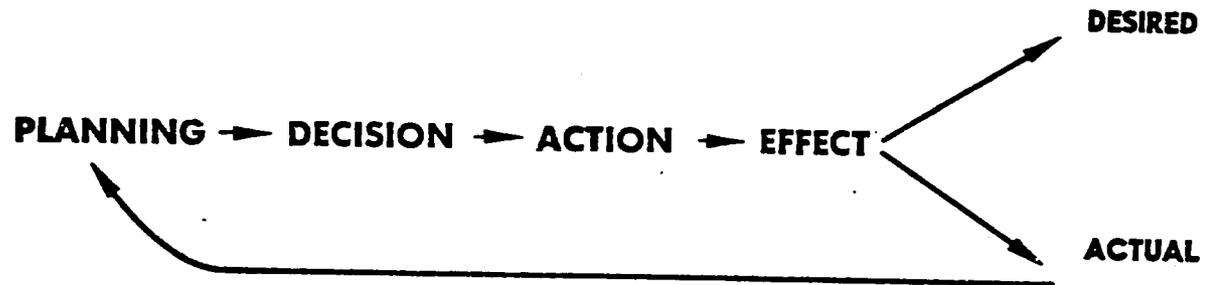
Diem Regime, 1953-1963

In the early stages of the Diem Regime, planning began to undergo a significant change, at least organization-wise. The Ministry was strengthened, a strong Minister of the Presidency coordinated the various functions and, in June 1953, a National Planning Council was created (see Appendix No. 6).

The Council, chaired by the President with the assistance of the Vice-chairman of the Council, the Minister of Finance and the Minister of Planning and Reconstruction, consisted (ex officio) of most Ministers and regional representatives, as well as representatives appointed from outside of government. It was assigned the task of proposing all measures leading to national development and harmonization of production. The Council was given the additional task of proposing the means of executing the Plan. The Secretary General for Planning and Reconstruction assumed the Secretariat role.

The official members were responsible for collecting all projects for submission to the Council and could ask any public body to study all issues of interest to the general policy of economic development. Finally, the Vice

PLANNER'S CONTEXT



- TIME FRAME
- UNCERTAINTY
- FEED BACK

President, Minister of Finance, and the Minister of Planning and Reconstruction, were responsible for submitting to the President projects approved by the Inter-Ministerial Commissions created, and, when necessary, to coordinate the activities of various Ministries or the Study Committees comprised of representatives from various interest groups.

The pattern of constantly shifting organizational responsibility for planning, however, continued. In 1954, it was the Ministry of National Economy and Planning and, within nine months, again the Ministry of Planning and Reconstruction. In May 1955, it was assimilated with the Ministry of Finance and Economy. However, as the Diem Government got stronger and more centralized, the President wanted a strong staff, smaller but closer and more responsive to his needs. As a result many Directorate Generals were created including, on November 14, 1955, the Directorate General of Planning under the direct authority of the President with the responsibility for studying, formulating and coordinating development programs and projects and follow-up on implementation. (See Appendix No. 7). In addition to almost full authority for planning, the Director General also was responsible for drafting foreign trade programs and trade agreements and control of works (state-owned or controlled industries) of important interest to the country.

This period proved to be the "hay-day" for professional planners. Prestige was high and influence strong. Two five-year plans, covering 1957-1961 and 1962-1966 were prepared and published.

Post Revolution

Many things changed after the 1963 revolution, including the status of planning and the role and prestige of the Planning Directorate. It was a period of rapid and constant change, characterized by political instability, an increase in the tempo of war, and by general administrative confusion. All these factors, as could be expected, took its toll on planning.

Under President Tho, a former high ranking civil servant and Minister of Economy, interest in economics and planning was maintained for a short period of time but his successor, General Khanh, displayed no such interest or knowledge. Government activities were divided into three large blocks with a Vice President heading each one: politics and war, social and cultural affairs; and economics and finance. This was the beginning of the Planning Directorate's troubles, layered off from access to the President and its role gradually reduced to one primarily of research and special studies.

President Huong kept about the same superstructure but the Vice President became even less important in so far as planning was concerned as he was also Minister of Finance and Governor of the National Bank. It was a period characterized by a weakening of the Presidency and, subsequently, the Ministries became very strong.

President Quat was the last one on the scene before the arrival of the present leaders, President Nguyen Van Thieu and Prime Minister Nguyen Cao Ky.

Quat maintained the "big block" concept but created a Vice President for Pacification. Things were looking up for planning - but not for long. The incumbent proved to be highly political, fond of traveling, and unable to understand or use his technical experts.

DESCRIPTION OF CURRENT ORGANIZATION AND SYSTEM

General Directorate of Planning

The 1955 Presidential Decree which established the General Directorate of Planning (DGP) in the Executive Office of the President and the Arrete on the organization of the Directorate (Appendix No. 8) are still in effect. The DGP is still a part of the Executive or Prime Minister's Office although the Cabinet itself has undergone considerable change (Exhibit No. 3).

The DGP is headed by a Director General and Deputy Director General and consists of three divisions:

Directorate of Studies and Planning - which is broken down into three services: Economic Studies, Technical Studies and Social Studies. Each service is responsible for projects in their respective areas.

Directorate of Technical Assistance, Coordination and Control - includes two services: Technical Assistance, which is principally concerned with the scholarship program, technical assistance projects, and international (technical) conferences; and Coordination and Control. A third unit includes "The Group of Experts" both foreign and Vietnamese technicians.

Administrative Service - is in charge of administrative functions, general accounting, planning documents, and planning legislation.

Each bureau is headed by a Chief assisted by an administrative secretary with very little other professional staff. There are 24 professionals in the DGP, i.e., 20 with Masters Degrees and four with PhDs. Usually, these bureau chiefs chair special committees or act as rapporteurs and perform a liaison role. These planning committees or ad hoc groups will study a special problem or project, e.g., Cam Ranh Bay, a sugar factory, Mekong development, and prepare a report for the Prime Minister.

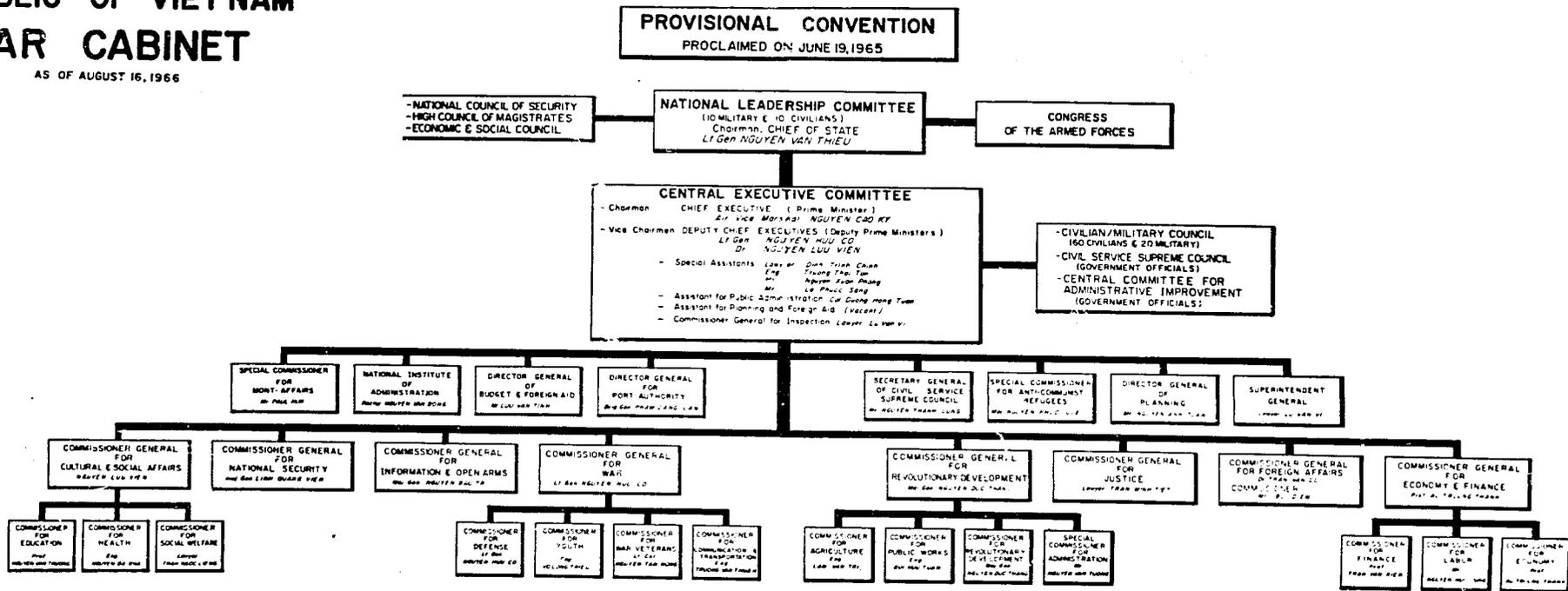
In summary, the responsibilities of the DGP can be grouped into three categories: (1) "elaborating" the plan in coordination with Ministries, i.e., producing the plan document; (2) special programs and projects, including public-owned or controlled industries; and (3) technical assistance coordination.

Prime Minister's Office

In addition to the DGP, there are other units and officials in the Prime Minister's Office concerned with planning. Several of the Special Assist-

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ants to the Prime Minister are interested in parts of the planning process, e.g., economic and budget planning and program review, as is the Assistant for Public Administration who is also a member of the Central Committee for Administrative Improvement.

Of course, the Directorate General of Budget and Foreign Aid is involved and the recently created Bureau of Coordination and Review, as its name implies, is designed to facilitate the implementation and control of planning programs. Finally, the Director General of Civil Service has the problem of program cadres to consider. (NOTE: At the time this report was drafted a new Ministry of Planning and Development was appointed but information regarding his role, functions, etc., was not available.)

Ministries

Many ministries are involved in planning their own programs and in the government-wide aspects of several functions. The Ministry of Economy is concerned with economic and fiscal policy, foreign trade and industrial development and, with the National Institute of Statistics, is the prime organization capable of producing planning data. The National Bank is interested in the effect of government programs on monetary affairs and the Ministry of Finance is responsible for tax policy and administration, i.e., the source of revenues. The Ministry of Labor is concerned with the manpower aspects of planning, etc.

Several Ministries have their own planning staffs, perhaps those of the Commissioner General for Revolutionary Development and the Special Commission for Administration being among the outstanding.

Special Projects

To complete the picture, mention must be made of the special committees, authorities, commissions and study groups involved in planning of some type or other. Among the more outstanding are the Joint Economic Committee (GVN-US), the Cam Ranh Bay Authority, the Council of the People and the Army, Mekong Development Committee, Industrial Development Center, and the Committee for Economic and Financial Affairs.

1966 Plan

After the 1963 Revolution, it is not surprising that the new Government paid scant attention to the five-year plan (1962-1967) prepared the previous year. Tinged with the Diem stamp, it was discarded. The War Cabinet put out a program of 26 individual plans prepared by "advisors" without the participation of ministry officials.

The first post-revolutionary attempt to formulate a coordinated and comprehensive plan was made last year, a one-year plan for the current year 1966. The Chief-of-State and Prime Minister called the Cabinet together and instructed them on GVN policies and objectives. Three principal objectives were given:

1. Seek and destroy the Viet Cong.
2. Start an effective rural development program.
3. Provide a basis for a democratic regime.

A Deputy Prime Minister was assigned the responsibility to organize a committee of all Ministers to "elaborate" a plan (Note: in practice, the General Secretary or Technical Assistant to the Minister usually attended).

The Ministries, thereupon, proceeded to develop their individual programs in accordance with the instructions received and, in September, laid out their priorities for Committee Review. Changes, including reductions, were made by the Committee with the cooperation of the concerned Ministries who were free to appeal any differences directly to the Prime Minister. The Director General of Planning served as Secretariat for the Committee.

After this review and presentation of the Ministry programs to the Prime Minister, and his approval, they were turned over to the DGP to prepare an overall plan on the basis of development programs by sectors, not simply by organization. In sum, it was a translation of Ministry programs into a sectorial format with consideration given to the economic affect of these programs.

The Plan document itself is divided into three categories:

1. A general review of the military, political, social and economic situation. It also includes objectives, policies, constraints and attempts to provide a framework for the Plan.
2. Economic analyses, i.e., some micro-economic studies and development plans. It discusses production and consumption, population growth and distribution, imports and exports, wages and prices, etc.
3. The final category is the sector programs. Reportedly, it includes targets and the means for their achievement. /2

After preparation, the Plan document was sent to the Prime Minister's Office and no further word was received by the DGP. It was not until this September that limited distribution to the Ministries was made, after three-quarters of the planning year was over. This was done, in the view of some, to keep its contents secret from the V.C. and to avoid any bureaucratic infighting, and this lack of diffusion is presumably mitigated somewhat by the fact that Ministries prepared their programs in the first place and were familiar with the decisions taken by the Prime Minister.

Recently, the DGP has written to the Ministries asking for the results of their 1966 programs and what they intend to do for 1967. The process described above for 1966 is not being repeated.

/2 The 1966 Plan is available only in Vietnamese so it was not possible to review it in detail. A summary outline, however, is included as Appendix 9.

1966 Budget /3

While there is no "legal" basis for coordination between DGP and the Directorate General of Budget and Foreign Aid (DGBFA), attempts are made. Both Director Generals are together on many commissions and the DGBFA is aware when new projects are proposed.

Every October or November, the budget for the next Fiscal Year, which is on a calendar year basis, is prepared. It is divided roughly into three categories: (1) military, (2) administrative expenses, and (3) capital projects.

Ministry submissions go to the DGBFA who sums them and then makes cuts in proposed expenditures, but not program authority, to fit the total available, i.e., expected revenues, foreign aid, etc.

From 1963 to 1965 there was no direction to the process but last year an attempt was made to relate the 1966 budget to the 1966 Plan and objectives. In the case of capital projects, they were compared with plan priorities. However, administrative expenses are treated differently. Estimates are based on last year's expenditures and review is made of increases only, in other words, base budgeting.

Program Coordination and Review

The lack of adequate management information on program achievements with subsequent loss of control and the concern with this deficiency was recently manifested by issuance of Arrete No. 1683-ND/HP/NV (Appendix No. 10) on September 15, 1966. It created the Bureau of Coordination and Review in the Prime Minister's Office, to be headed by the bureau chief placed directly under the Deputy Director of Cabinet. It will be composed of two principal sections:

A Program Section for assessing progress, pinpointing obstacles, and program coordination and evaluation; and a Technical Section responsible for the visual and verbal presentation of program data and maintaining a chart room for the Prime Minister and his staff.

As of the date of this report, difficulty is being experienced in recruiting someone knowledgeable in this area and in obtaining useful and timely data and reports from the Ministries.

3 It is not the intent here to go into the budget process which will be the subject of a separate report to the Prime Minister's Committee for Administrative Improvement. It is necessary, however, to look at the tie-in between planning and budgeting.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

General

Since the early days of World War II, Vietnam has been subject to continual strife and hardship. From occupation by the Japanese to the return of the French colonials, through independence, civil war and the recent revolution, Vietnam has been hit hard. It is not surprising, therefore, that the normal conditions have been those of instability, lack of continuity, confusion, misuse of scarce resources (particularly human), rapid change, etc. Neither is it hard to understand why effective management, not to mention planning, has been difficult to achieve.

Many high-level GVN officials are severely critical about the lack of effective planning. The history of planning has been described as "a blank sheet of paper". Plans are either non-existent or like a "coat made by many tailors". Coordination has been defined as "aucun", implementation as "rien". Planning and budgeting "operate in two different worlds", etc.

The history of planning organizations has reflected both the instability of government and confusion about just what planning is and what it can do. It has been bounced back and forth between the Chief Executive's Office and various ministries. Even now, as this report was being prepared, a new Ministry of Planning and Development was suddenly created and its intended role is not yet clear.

All this leads up to one almost indisputable fact: national planning to date has been ineffective and, except in isolated cases, the time, effort and cost incurred has been no where near commensurate with benefits received.

Planning by Crisis

Very few governments or business corporations have devoted the time, energy and resources required to develop an effective planning system simply because the rationality of the process appealed to them. On the contrary, advances were more often made in time of acute crises. The great depression of the 1930's and World War II started America planning. Other countries facing such critical problems as unemployment, inflation, lack of food, low living standards, etc., have turned to planning to help find solutions. Large corporations, faced with rapid technological change, loss of markets, higher risks and investment costs, and stiffer competition have also embraced planning as a means of survival.

In other words, when conditions are perfect to install a comprehensive planning system in either government or business, the need has passed or the opportunity to affect the future has already been lost. Certainly,

Vietnam is in a crisis - it is literally fighting for survival in a hostile environment. It has no choice but to seek the optimum use of the resources available to it and it cannot afford to make many bad decisions.

Since the purpose of this survey is to make recommendations for improvements, deficiencies in the present system and organization must necessarily be emphasized. It should be noted, however, that the situation is not as black as a casual reading of this report might imply. First, and perhaps most important, a period of relative political stability is in prospect; second, the military situation is improving with more areas becoming secure and, consequently, subject to development; and, last but not least in importance, there is a growing recognition of the function and importance of planning by experienced and high level GVN officials. It is an old but accurate axiom, "recognition of the problem is half the battle".

One more generalization is required before specifics are discussed. No amount of technique or structural change is any substitute for determined effort, as the past history of planning in the GVN so clearly shows. As much as anything else, a new management philosophy will be required, accompanied by a new way of looking at problems. As Professor Nghiem Dang has pointed out in his book "Vietnam: Politics and Administration", certain Confucian and Napoleonic traditions and the legacy of Weberian bureaucracy must be overcome before "the idea of public administration as a series of positive services rendered to the people according to a set program" is widely accepted. Planning, then, is neither a panacea for all ills nor can it ever be completely rational or technical. It gets to the heart of the decision - making process and, therefore, the core of the political process. The process itself must develop in an evolutionary way.

Major Deficiencies and Weaknesses in GVN Planning

Specific deficiencies will be discussed in connection with the recommendations which follow. It is useful, however, to summarize the major ones, some of which are outside the purview of this report and not subject to administrative action but are nevertheless relevant.

1. Lack of Stability

The political and military situation has resulted in frequent changes in government, ministers and other officials, both at the highest levels and throughout the bureaucracy and provinces. Planning, indeed operations, is difficult without some modicum of continuity.

2. Automatic Priority of the Military

Unless the war is won, everything else becomes academic. However, the war will not be won entirely on the battlefield

as Prime Minister Ky's emphasis on rural development clearly shows. Therefore, the competition for resources, particularly trained managerial and technical manpower, must be resolved in terms of what is good for Vietnam - and this will require compromise and balances between military and civilian needs.

3. Poor Coordination with Foreign Aid

U.S. Foreign Aid is a necessity, but it amounts to a significant portion of the total resources available to the GVN and, therefore, has considerable impact on what the GVN can and cannot do. While coordination is good at the political-military level, it is difficult to coordinate at the technical level when the GVN does not produce effective program plans of its own.

4. Shortage of Skilled Manpower and Technique

People are still the essential element in any system. The problem of Vietnam's scarce human resources, common to all developing countries, is being aggravated by the draft system, political factors, poor motivation for the public service, an export of "brains" to France, and the scourge of war. In-country training facilities are limited and graduates, once trained, are often used in work not related to the training received. Some of the most basic tools of project management are in limited use or are non-existent in many organizations.

5. Scarcity of Planning Data

Timely and accurate data, including projections, national accounts, statistics, program achievements, provincial needs, available resources, etc., are hard to come by and even when collected may become quickly obsoleted by the fortunes of war.

6. Inadequate Organization

Responsibility for staff planning in the Prime Minister's Office is confused, coordination with budgeting and other administrative functions is poor, and the participation of the operating ministries and provinces is often superficial.

7. Over-emphasis on Economic Analysis

Planning to date has been largely attempts to set production targets and estimate costs. The importance of planning as a managerial device, for total development, as a framework for analysis and decision-making, and as a basis for effective

implementation of action programs has not yet been widely understood or accepted. Too much time and importance is given to establishing ends and too little is given to an examination of the means and follow-up.

8. Non-use of Plans

Presumably a reflection of their general inadequacy, plans have little effect on actual operations. When published, they are more often used for propaganda and prestige purposes, not as a basis for direction, action and control. Until they are used for decision-making, particularly in the allocation of resources, at the highest levels they cannot be expected to have much effect or receive serious attention. Above all, top management participation in the process is crucial to success.

9. Over-reliance on Top-down Planning

There is too much reliance on planning at the top levels of government with ministries and provinces relegated to the role of execution. If the ministry cannot plan, it is most likely to be equally unable to implement plans prepared by others. In addition, guidance and instructions from the Prime Minister's Office have been either non-existent, vague or insufficient.

Planning Priorities

No government or large, complex organization has ever been able to move immediately into a fully coordinated, comprehensive, multi-year planning system with any reasonable degree of success. On the other hand, if the first step isn't taken, the rest will never follow. Similarly, it is not possible to do effective long range or intermediate range planning if the system for short range planning and operational implementation is weak. Careful consideration must be given to priority needs and elements of the planning system should be installed in terms of both these needs, feasibility, and logic. The base or foundation for comprehensive planning is good management at the project or operating level, an effective program budgeting system, and a mechanism for the control and evaluation of approved programs.

Recommendation 1 - A comprehensive, multi-year planning system, designed to facilitate analysis of alternative courses of action, decision-making, allocation of resources and program control, should be designed and installed on the basis of pre-determined system and program priorities. Suggested priorities include:

- a. Initial emphasis to public sector;
- b. Identification of current strategic problems;

- c. Determination of critical data needed for planning and means of collection;
- d. Preliminary systems design and requirements;
- e. Phased application by function and organizations, (e.g., rural development in secure provinces and villages);
- f. Application to projects of known priority (e.g., Cam Ranh Bay); and
- g. Research of carefully selected subjects of strategic importance to transitional and post-war needs.

Recommendation 2 - The initial time span selected for comprehensive planning should be short term, i.e., three years or less, maintained constantly by adding a new plan year annually. Priority should be given to improving short term systems and techniques such as program planning and budgeting, project management, scheduling, reporting and evaluation.

System Elements

The essential elements of a planning system, discussed in detail in Annex A, are that it must have retracable logic; it must be actionable; and it must be manageable (See Exhibit (4)). It is a continuous process which requires the participation of all levels of management with the emphasis on decisions and action. Unfortunately, most of these elements are missing in current practices. The process is erratic and participation of top officials and operating management is superficial at best. Undue emphasis is given to "elaborating" a plan in sometimes useless detail with the plan document itself becoming the end product rather than effective and efficient implementation of the decisions arrived at during the process. Guidance in terms of specific goals, policies, planning assumptions, resource constraints, etc., is either lacking or inadequate and a procedural framework for development of plans capable of analysis and comparison has not yet been developed.

There is no one point the Prime Minister can turn to for information on program coordination, implementation progress, evaluation, or suggestions for alternatives. The ability to follow through from planning through budget allocations to operations is retarded by the limited authorities (at least as conceived by the incumbents^{4/}) of officials responsible for different points in the process.

In previous plans, commendable efforts have been made to specify objectives and targets. Too often, however, they have been prepared for those areas more easily quantified, e.g., agricultural production, but time-phased actions, i.e. means, to reach the objectives are not included in the documents published.

^{4/} See Annex B, pp. 20-23, on "Program Control, Review and Appraisal".

ELEMENTS *of A* PLANNING SYSTEM

1. RETRACEABLE LOGIC
2. ACTIONABLE
3. MANAGEABLE

LOGICAL BASIS OF PLANNING

MISSION - *PURPOSE OF EXISTENCE*
STRATEGY - *THE "WHAT SHOULD BE"
THROUGH TIME*
GOALS - *THE WHAT TO BE
"ACCOMPLISHED"*

TRANSLATION INTO ACTION

PROGRAMS - *OPERATIONAL AND
DEVELOPMENTAL*
ORGANIZATION - *BREAKING WORK DOWN
INTO UNITS AND ASSIGN-
MENT OF WORK TO PEOPLE*
PROCEDURES - *DETERMINATION OF WORK
FLOW BETWEEN STATIONS*
METHODS - *TO BE USED AT EACH WORK
STATION*

WITHIN MANAGEABLE LIMITS

STANDARDS - *OF ACCOMPLISHMENT, WORK
OUTPUT IN TIME AND QUALITY*
SCHEDULES - *ASSIGNMENT OF RESOURCES
WITHIN SPECIFIC TIME
PERIODS*
BUDGETS - *QUANTITATIVE TRANS-
LATION OF ABOVE
DECISIONS*

Planning is primarily a line function 5/; except in unusual circumstances central planners perform a staff role. The reverse appears to be the case in the GVN. Too much reliance is given to elaboration of plans at the Prime Minister's level, but at the same time inadequate guidelines and instructions are provided the operating ministries. It is not surprising, given this limited and ineffective participation in the process by Ministry and Provincial officials, that plan implementation is weak. The problem is further aggravated by lack of communication. The 1966 Plan was not distributed until the year was almost over. Adequate communication is required to provide officials at all levels with an understanding of the goals, policies and planning assumptions of the Government as a whole, particularly as they affect each Minister's own area of authority. Similarly, he needs to know the plans of other Ministries to provide adequate coordination. This factor is a principal justification for the participation of as many individuals and organizations as possible in the actual formulation and revision of plans 6/.

While there may well be circumstances in which it is not desirable to publish all plans, the principal objectives, policies, premises and other important elements of the Government's plan must be known by those responsible for operations.

Implicit in the above observations is the lack of an effective staff concept, somewhat surprising given the significant influence of the military on government affairs. There is poor use of staff but whether this is due to the inclinations of the line officials themselves or the inadequacy of staff work itself is uncertain. As the size and complexity of problems increase, the importance of staff work to aid the responsible line officials also increases. The technical knowledge and continuity provided by career officials is too precious a commodity to be under-utilized, and it is at this level that day-to-day coordination will stand or fall.

It appears evident, then, that attempts to improve planning must not be aimed exclusively at the Prime Minister's level. Ignoring the needs of the Ministries to improve their own planning and management capacities is like trying to build the roof of a house before the foundation is completed 7/.

Program planning at the Ministry and field levels is generally considered very weak. However, there is indication that at least some Ministries are making determined efforts to improve their internal planning and programming processes and, consequently, their managerial ability. A case in point are the 1967 budget guidelines issued by the

5/ See Annex A, Page 11.

6/ See Annex B, Pages 20-23, on "Program Control, Review and Appraisal".

7/ The reader is referred to Annex A, The Process of Planning, for a fuller explanation of the concepts and reasons underlying the following recommendations.

Ministry of Revolutionary Development. It included a good analysis of current strengths and weaknesses, contained specific development priorities and program guidelines, stressed the quality as well as the quantity of program accomplishments, requested data necessary for planning and evaluation, and related costs to program priorities. Such attempts not only need encouragement and support from the Prime Minister's level, but must be coordinated procedurally as well as program-wise with other Ministries. It is at this point where the role of a central planning staff can make its greatest contribution.

Recommendation 3 - Program planning must be recognized as a continuous and rhythmic process requiring a consistent procedural framework for the formulation, review and revision of Ministry plans.

Recommendation 4 - At least annually, program guidance and instructions (e.g., objectives, policies, planning assumptions, resource and manpower constraints), in sufficient detail to be meaningful to the recipients, should be issued by the Prime Minister's Office.

Recommendation 5 - Elaboration and publication of plan documents should be de-emphasized; staff attention should be focused on the identification of strategic problems, analysis of alternative courses of action for top level decision, and the implementation of the choices made. Especially at the Prime Minister's level, unnecessary detail should be omitted and the action programs to achieve objectives, i.e., the means, their comparative costs (inputs) and benefits (outputs) and probable consequences and ramifications should be highlighted.

Recommendation 6 - Program decisions reached as a result of plan review should be communicated to all levels which have a responsibility for carrying out these decisions. A reporting system, indicating the time and kind of information or data required, should be centrally established to provide information for control and replanning purposes.

Recommendation 7 - A Vice Premier, Commissioner General or Secretary of State for Development, reporting directly to the Prime Minister and having his complete confidence, should be appointed with overall system responsibility for planning, budgeting, program coordination, control and evaluation - without other operational or conflicting responsibilities or duties.

Recommendation 8 - The role and participation of Ministry and Provincial officials and staff should be increased with priority given to building up the program planning abilities at these levels, particularly in the area of project management.

Budgeting

As previously discussed in connection with the 1966 Budget, except for new capital projects, base budgeting is employed. A significant

portion of GVN resources, therefore, is not adequately reviewed in terms of current national goals and priorities. The mere existence of an on-going activity becomes, in effect, its own justification.

There is almost unanimous opinion on the lack of coordination between planning and budgeting - ranging from poor to none. The 1966 Plan did not provide adequate guidance for the Directorate General of Budget and Foreign Aid and even this factor is missing in the preparation of the 1967 Budget, currently in process. Discussions will center upon past expenditures and how to make cuts in proposed expenditures to meet budget ceilings - with little central guidance on priorities, policies, etc.

The "conventional" or administrative-type budget may facilitate legal accountability, but it is not very effective for the purposes of public administration, i.e., (1) relating resource allocations to program priorities; (2) evaluating progress in the accomplishment of GVN goals and policies; and (3) analyzing the impact of government programs on the national economy. In the last ten years, spearheaded by the United Nations, there has been a lot of progress in the economic classification of the budget. More recently, on the basis of experience in the Department of Defense and the introduction of the Planning, Programming and Budgeting System (PPBS) by the U.S. Bureau of Budget, attention is being focused on program budgeting, including the functional classification of expenditures. Here costs, irrespective of the organization responsible for performing the services, are re-arranged according to basic purpose, missions, program aggregates and function served. Only when such a breakdown is available does it become possible to relate ^{8/} government activities as reflected in the budget to development plans.

Program budgeting stresses a government's ends and the progress made in achieving them rather than just the cost (or inputs) required. This has obvious advantages in itself, but a budget that focuses on programs and results makes the integration of development planning and budgeting feasible.

However necessary this linking of planning and budgeting is, the results obtained thus far indicate that it takes a long time before developing countries can make effective use of these new techniques. Program budgeting cannot simply be grafted on to a government's administrative structure from above. ^{9/} As has been previously suggested in regards to planning, it cannot be installed without remedying some of the underlying personnel, organizational and procedural inadequacies which exist in most developing countries. Suggestions on the installation of at least a preliminary effort at program budgeting will probably be included in the Central Committee for Administrative

^{8/} Refer to Annual Budgeting and Development by William I. Abraham, National Planning Association, Planning Methods Series, No. 1, 1965.

^{9/} Albert Waterston, Development Planning: Lessons of Experience, John Hopkins Press, 1965.

Improvement's forthcoming report on budgeting. The purpose here is only to point out the crucial role that budgeting plays in the nexus between development planning and implementation.

Recommendation 9 - Closer coordination and integration of planning and budgeting must be facilitated by:

- a. providing a legal basis for such coordination;
- b. granting authority to the Director General for Budget to review Ministry base budgets, as well as proposed increases, in terms of plan priorities;
- c. the annual issuance of clear cut policy guidance and economic assumptions by the Prime Minister's Office for purposes of budget formulation;
- d. creating machinery for a more effective review of Ministry budgets in terms of adherence to (or justified change from) national plans and prior program accomplishments; and
- e. introducing, on a phased schedule starting with highly important programs, the concept of program budgeting.

Foreign Aid

Under the present circumstances and in the foreseeable future, foreign aid - particularly that rendered by the United States - is and will be one of the principal sources of resources available and a major force in influencing the direction, scope and content of GVN programs - in the economic and social welfare fields, as well as the military. There are very few, if any, historical precedents for the type of aid being given - its primary purpose being to help Vietnam determine its own future and stand on its own feet.

Such assistance, however, cannot be of maximum effectiveness unless it is tied into a rational and technically sound development plan conceived and supported by the GVN itself. Such coordination must first take place in the planning phase, something which does not occur to any reasonable extent at the present, as well as at the stage of allocation and disbursement of funds. The economic aid and technical assistance programs of the United States (and para-military programs) can be used to supplement GVN resources in the accomplishment of priority goals. Every effort must be made to strengthen this coordination and make optimum use of the resources available.

It has already been suggested that a comprehensive, long range plan is not the priority need under present circumstances. This is not meant to imply, however, that strategic problems of a longer range nature can be ignored. There have been recent discussions between the Vietnamese and United States Governments about the need

to study post-war and transitional problems with a view to both preparing for the future and providing hope and incentive for the long suffering Vietnamese people. In addition, there are current projects whose long-run implications can only be ignored at peril, e.g., Cam Ranh Bay.

Recommendation 10 - Foreign aid, a primary source of resources, should be a major consideration in the planning and programming process of the GVN and mechanisms should be created to provide continual and effective liaison and coordination with the principal aid donor.

Organization and Authority

Recommendations concerning a proposed structure for planning have been purposely delayed to emphasize the importance of system elements. There is no doubt that good organization is important for effective planning and program management; but, as previous experience so clearly shows, it is no panacea and is no substitute for leadership and determination.

There are many factors which determine organization structure, among them personalities, tradition, and, not the least, politics. Since there is no known "ideal" organization for planning, and the Central Committee's consultant is unfamiliar with the many social, religious, political and cultural factors which make up the fabric of a nation, it would be presumptuous to suggest any set structure. However, there are certain organizational principles which can be helpful ^{10/}when considering any reorganization and an attempt is made here to apply these principles and previous experience to the existing GVN structure. The proposals may be considered as illustrative, in this sense, and a point of departure for further consideration by the Committee and others. Since the focus of this study is on planning at the Prime Minister's level, recommendations will be restricted to that. It has already been emphasized, and is restated here; that planning cannot be made more effective simply by improving the mechanism or organization at the top. Similar improvements will have to be made at the Ministry and Provincial levels. ^{11/}

From 1948 until 1955, the central organization for planning was changed annually, hardly a situation conducive to planning. With the establishment of a Directorate General for Planning in the Chief Executive's Office, a stability of sorts was achieved which has proved to be more apparent than real. Under a successive series of Vice-Presidents, the DGP has been steadily losing its influence and prestige

^{10/} See Pages 8-14, Annex A, Organizing for Planning.

^{11/} If the recommendations which follow are acted upon, it will amount to a major reorganization of the Executive Office of the Prime Minister (or subsequent Chief Executive, depending upon the structure required by the new Constitution). As such, other considerations besides program planning, control and evaluation will undoubtedly have to be taken into account.

and today, both literally and figuratively, it is far removed from the Prime Minister.

It is human nature to seek a "scapegoat" and the frequent criticism of planning usually centers on the DGP. This is unfair, and equally important, inaccurate. The deficiencies and weaknesses already noted cannot all be laid at the doorstep of the DGP. Most of them are inherent in the general state of Vietnamese public administration and the war situation. This is not to deny that improvement in the operations of the DGP is possible, but only to point out that many of the problems are well known to the incumbent Director General and many of the solutions proposed herein either parallel similar ones of his own or have his general support. ^{12/}

On paper (See Appendix No. 7), the DGP has broad authority. In practice, this authority is limited. So much so, that the incumbent attempts to carry out his duties by maximum participation in commissions, special projects, public enterprises and similar activity which will give him some influence on national development. Curiously, this has led to the criticism that he is too busy doing everything but planning; but, as he sees it, he and his staff are salvaging what they can from an unworkable situation.

It is obvious that even though the DGP is officially located in the Prime Minister's Office, the staff planners do not have access to the Prime Minister and suffer accordingly. While several of the recent Special Assistants to the Prime Minister proclaimed strong interest in improving the planning process, their role insofar as planning is concerned is unclear. In effect, the Director General is without a friend in court and finds himself increasingly isolated.

Notwithstanding the previous comment on the already broad authority of the Planning Directorate, through revision or otherwise, the staff planning functions must be expanded beyond just elaboration of a plan. The use of a planning staff at the Chief Executive's level is discussed on Pages 11 and 12, Annex A, so it is sufficient to state here that its primary role is not to produce a plan document but to provide staff assistance to the Prime Minister or his designee in developing a framework for planning, arraying data for decision-making, and providing staff assistance for the implementation and follow-up of such decisions. Other roles can be assigned, but this is the primary one.

In assessing the role of a planning staff, it is important to recall that special studies, research, etc., are not planning per se as they imply no action. They are inputs to the planning process but are not a substitute for a rational and systematic review. Neither, for that matter, are economic projections, targets or policies. They

^{12/} There is no intent here to imply full agreement of the analysis and recommendations of this report on the part of the Director General of Planning.

must be translated into decisions and action-programs, and this is the heart of staff planning.

A curious dilemma appears to have developed. On the one hand, the civil servants, i.e., technicians, believe with a good deal of justification that they are being ignored by the decision-makers. On the other hand, this understandable resentment and disappointment has led some of them to react in such a way that they over-estimate the importance of their own skills and under-estimate the political nature of planning at the national level. Systematic planning is an attempt to introduce rationality to the decision-making process. On the basis of experience to date, however, the "scientific" approach has neither proved infallible nor always superior to other ways of allocating resources. No matter what the system or type government, cutting up the pie is a political decision. The planners cannot be a substitute for such processes but can serve as a catalyst, sounding-board and a nexus between the technicians or bureaucracy and the political leaders. Similarly, ignoring or under-utilization of the scarce skills already available to the Government would appear to be folly. Political decisions must be implemented at the technical level.

There is an almost unanimous opinion on the need for a Planning Board - so much so that this consultant fears too much weight is being given to organizational structure. Opinion quickly divides, however, when it comes to the role, composition and placement of the Board. Some see it basically as a sub-unit of the Cabinet in a political role; others see it purely as a technical body, and still others envision the Board in both roles. There is adequate justification for a Planning Board, e.g., (1) it can raise the prestige of planning and bring it into the limelight again; (2) it can be an additional source of advice to the Prime Minister and his Cabinet; (3) it can provide a device for bringing in outside talent, both from the private sector and in the form of foreign technical assistance; and (4) it can provide a useful liaison and coordination role between the GVN and outside groups interested or involved in development; and (5) it can provide some continuity lacking in the current picture. It cannot, however, be a substitute for the hard staff work that must be performed at the Provincial, Ministry and Prime Minister's levels.

Its primary role, as conceived by this consultant, would be technical and advisory, removed from the political arena as much as possible and supplementing the GVN's planning efforts. Its focus would be on economic and industrial development, the identification and study of problems, and preparation of recommendations for consideration by the Prime Minister.

Recommendation 11 - A Planning Council, consisting of a small but selected group of Cabinet Members (e.g., Commissioner Generals of Economy and Finance, War, Cultural and Social Welfare, Rural Development, and Governor of the National Bank) chaired by the Prime Minister with

the Vice Premier for Development 13/ as Vice Chairman should be created for the purpose of:

- a. issuing instructions, guidelines and policies for the formulation and review of development plans and budgets;
- b. reviewing and approving plans and budgets, including their annual revision or extension, and other special projects or studies of major significance - subject to final approval by the Prime Minister; and,
- c. reviewing plan progress and accomplishments.

Recommendation 12 - The recently created Bureau of Coordination and Review should be raised to Directorate General status and, along with the reorganized and reoriented Directorate General of Planning and Directorate General of Budget, form the career technical support staff of the Vice Premier for Development. The several Directorate Generals can serve as Executive Secretary to the Planning Council according to the subject matter of particular meetings.

Recommendation 13 - The Directorate General of Planning should be reorganized and additional authority granted, as necessary, to perform the following "staff" functions:

- a. develop a framework for planning, including the preparation of procedures necessary for adequate and consistent plan formulation and review;
- b. develop and propose to the Planning Council major objectives, policies, guidelines and common planning assumptions for use by Ministries and field establishments;
- c. review Ministry plan inputs for conformance to instructions, assess realism and prepare appropriate analysis and recommendations;
- d. identify data gaps and prepare appropriate recommendations for remedial action;
- e. interpret and array planning data to facilitate analysis of alternatives and high-level decisions;
- f. translate decisions into coordinated action assignments for the Prime Minister or Planning Council to issue;
- g. coordinate all planning inputs, including foreign aid, economic and statistical projections, loans, etc.

13/ See Recommendation 7.

- h. provide Executive Secretariat services to the Planning Council and Development Board; and,
- i. provide technical staff to work with the Development Board and promote effective liaison.

Recommendation 14 - Concurrently with the new role recommended above, the Director General for Planning and his staff should be relieved of all operational responsibilities (e.g., scholarship program and public corporations) and membership on commissions, committees, ad hoc task forces, etc., should be limited to those most crucial to carrying out his newly assigned duties.

Recommendation 15 - A Development Board should be established, chaired by the Vice Premier for Development, with semi-autonomous status and authority to hire or contract for expert services at market rates, for the following purposes:

- a. to provide an additional source of advice to the Prime Minister on development, specifically economic and industrial development;
- b. to provide a liaison between the public and private sectors and to utilize skills outside Government and not available on a full-time basis;
- c. to give status, continuity, diffusion and support to development planning and programs;
- d. to study selected development, economic and post-war problems and prepare appropriate recommendations to the Prime Minister; and,
- e. to serve as an additional mechanism for program coordination.

Note: See Exhibit 5 for graphic presentation of Recommendations 11-15.

Staffing, Training and Technical Assistance

Better planning and management is essential to Vietnam's survival and growth, but this is easier said than done. All developing countries, and many so-called developed countries, suffer from critical manpower shortages. The situation in Vietnam is further aggravated by the war, the departure of many of its most skilled citizens and the sometime inefficient utilization of the skills available. This shortage limits the rate of speed with which Vietnam can move to a more effective public administration while, at the same time, the needs themselves are increasing.

This dilemma can only be solved in two ways: (1) doing everything that can be done to better utilize available human resources (e.g.,

training, draft exemptions, providing better motivation and tenure), and (2) by filling the gap with outside help.

While good planning and management is not something that can be produced by a machine, there is a growing methodology to planning susceptible to training methods. There include techniques and tools of economic and system analysis, planning and scheduling tools such as networking and critical path scheduling, techniques of project planning and management, reporting, control, evaluating techniques, forecasting and projection methods, etc.

Foreign experts can be particularly useful in systems design ^{14/} analysis of project feasibility, special studies, and in numerous roles which assist in the assembly of information for decision-making but are removed from the sensitive power structure itself, e.g., working on a task force studying a problem for the Development Board.

Because of the strong U.S. interest and involvement in Vietnam, and President Johnson's personal interest in transitional and post-war problems of Vietnam, it is reasonable to assume that the U.S. Government would be receptive to requests for technical assistance, both in providing experts and in supporting indigenous training efforts. This has already been demonstrated by the short-term assignment of the Committee's consultant, detached temporarily from USAID/Brazil, and by statements of highly placed USAID and Embassy officials.

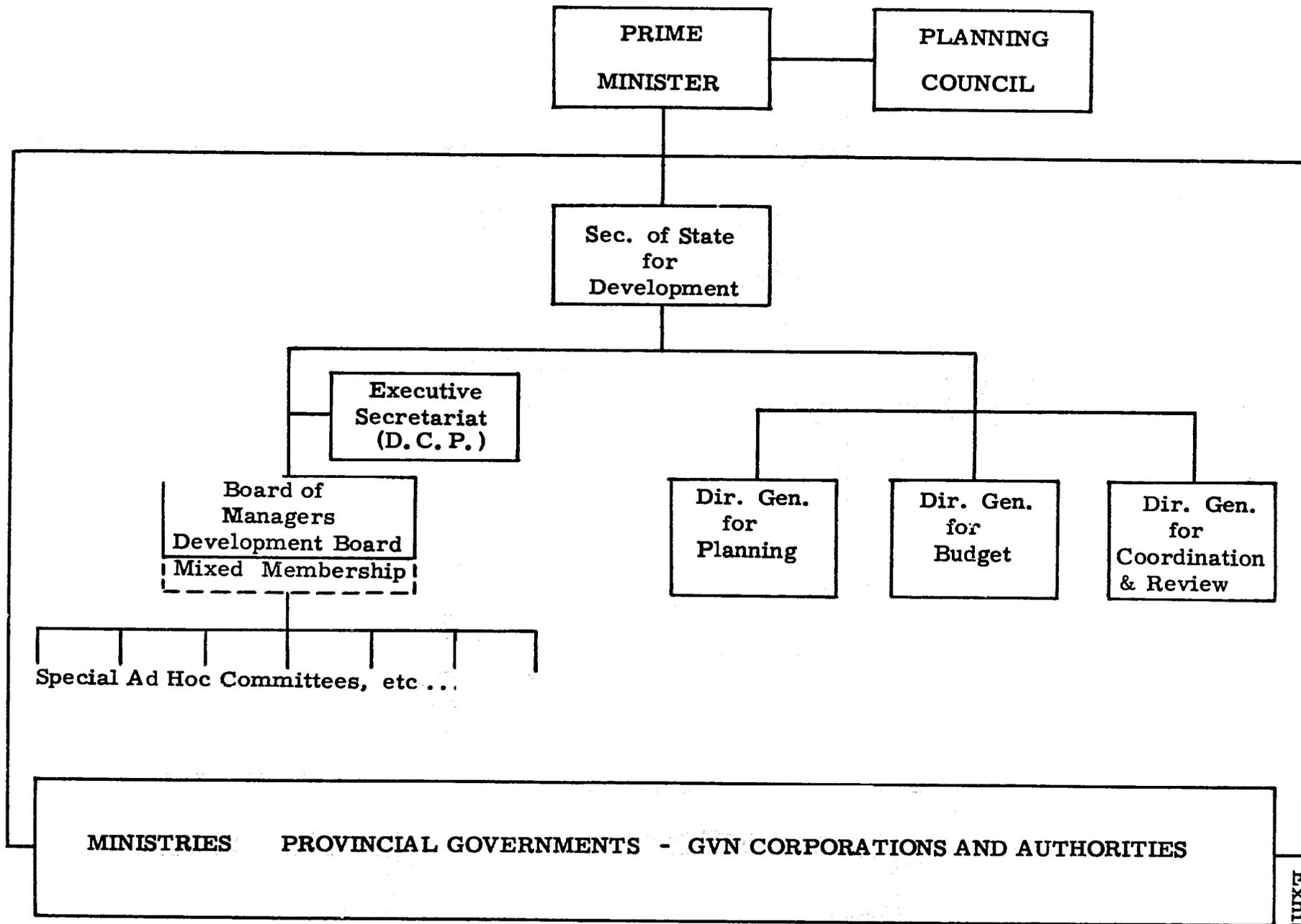
Both the proposed Development Board and the Directorate Generals mentioned in Recommendation 12 could be the recipients of such assistance, plus the National Institute for Administration, and in turn could themselves provide technical assistance to the various Ministries and Provinces.

The recommendations which follow are not meant to be exclusive but only representative of what might be done. For example, there is currently being discussed the possibility of establishing a joint U. S. Development Techniques Analysis Center, an idea worth exploring further.

Recommendation 16 - Immediate steps should be taken to increase the effective use of available trained personnel and to attract back from overseas similarly trained Vietnamese. Such steps should include:

- a. revising the military draft regulations so that optimum use can be made of available skills in terms of total national needs;

^{14/} Experts of any nationality can be used, expertise being the sole criterion. In systems design, however, and in problems relating to large scale investment, because of the unique relationship between the GVN and USA, American nationals would be preferable.



PROPOSED ORGANIZATIONAL SCHEME FOR PLANNING AT OFFICE OF PRIME MINISTER

- b. providing incentives, including draft exemption, for trained Vietnamese with needed skills;
- c. providing in-service training in planning methodology with emphasis on project analysis, planning and management techniques including program control and evaluation; and,
- d. taking steps to increase the recognition, prestige and rewards for a non-political career in program planning and management.

Recommendation 17 - Through creation of a Development Board, enlist the cooperation and assistance of non-government forces throughout the nation in the GVN development effort.

Recommendation 18 - Request foreign technical assistance for systems design, training, special studies, project analysis, etc., until Vietnamese capacity can be built up to meet the continuing needs.

Plan for Planning

Planning doesn't just happen; it must also be planned with adequate time and resources devoted to it. Among the many preparatory steps which have to be taken are:

1. create a planning climate, beginning by demonstrating such interest at the very top;
2. provide the know-how, using both internal and outside sources;
3. assign specific and clear responsibility for plan preparation and review;
4. provide sufficient time for planning; and,
5. provide an appropriate mechanism at the top for stimulation, coordination, review and analysis.

Many of these points have been covered in previous discussion and recommendations, particularly the priorities listed in Recommendation No. 1. Put in a slightly different form, the schedule or priorities should be as follows:

1. strengthening the system for short range planning, budgeting and management control at all levels;
2. working on specific projects and problems of known priority with long range consequences;
3. preparation of selected provincial plans within a coordinated framework of national priorities; and, finally,

4. preparation of multi-year, comprehensive, national development plans.

Recommendation 19 - The Vice Premier for Development, with whatever staff assistance is required, and as one of his first acts upon appointment, should draw up a list of planning priorities and develop a schedule for gradual implementation throughout the GVN and submit to the Prime Minister for approval and proclamation.

Translation
USAID/PAD/Vietnam

Republic of Vietnam
Office of the Prime Minister

August 9, 1966
No. 122/TT/HP/VP

FROM: The Prime Minister

TO: Deputy Prime Ministers
Commissioners General
Commissioners
Assistant Commissioners
Special Commissioners

SUBJECT: Improvement of Organization and Operation of
Government Agencies

The Central Committee for Administrative Improvement, created by Circular No. 74-UBHP/TT, dated 20 October 1965, from the Office of the Prime Minister, has completed its first task of selected procedural analysis. As a result, certain administrative procedures governing the operations of several agencies have been simplified and effectiveness improved.

It has not come to my attention that administrative lag is partly due to the complexity in organization of governmental agencies. Consequently, I find that the operation of official business often becomes obstructed by poor structuring (one problem for example, is frequently considered in total at too many levels) and lack of coordination was apparent (several actions made a study of a problem under different aspects but no uniform guidance was given nor summation of results obtained was provided). For that reason, I have instructed the Central Committee for Administrative Improvement to move to the second phase: improvement of organization and operation of government agencies.

In this respect, I think it is highly desirable initially to permit each agency to express its own opinions on optimum structure and methods of operation. In order to prepare for the review work of the Central Committee, you are requested to establish in each Commissariate a Sub-Committee -- reportable to the Central Committee -- to perform the following duties:

1. Gather all current documents dealing with the organization of the Commissariat and develop a sound organizational chart reflecting all authorized components.

2. Illustrate all changes in the organization since November 1, 1963.

3. Propose any further structure or operational changes considered advisable.

4. Compare the old (1963) system of organization with the current one and with any further changes proposed. In the process refer to foreign publications as appropriate to draw good points and shortcomings.

The composition of the sub-committee will be fixed by the agency concerned. However, if desirable, you may request the Central Committee to assign a specialist in Organization and Methods to your Sub-Committee. I have instructed Chairman of the Central Committee to select some professors to render this type assistance. In cases of shortage of O&M personnel, the Chairman may ask for additional foreign advisors.

Results obtained by each sub-committee will be presented to the Central Committee for review and consideration. The Committee is charged with the responsibility of development of sound organization and operating procedure for each Department, then submit its final version to the competent authority for decision, with copy to the Office of the Prime Minister.

With view to strengthening the composition of the Committee, I request that:

1. Any Commissariat that does not now have a representative to the Committee designate a person to that post and inform the Chairman of that decision.

2. The Director General of the Supreme Council for Civil Service and the Director General for Budget & Foreign Aid shall assign special representatives to the Committee to reconcile any of the Committee's suggestions re personnel and public finance.

Air Vice Marshall Nguyen Cao Ky

BIOGRAPHICAL DATA

Name : Raymond E. KITCHELL

Assignment : Public Administration Advisor (Planning Consultant) to the Prime Minister's Central Committee for Administrative Improvement.

Present Position : Public Administration Advisor, FSR-2 USAID/Brazil

Plans, develops, implements, monitors, reports and evaluates assigned projects. Serving as project coordinator for technical assistance in statistics implemented by U. S. Bureau of the Census. Also developing technical assistance projects in state and municipal administration and project planning and management. Assists Chief of Public Administration Office in overall program development and review.

Summary of Previous Experience : From 1961 to 1966, Mr. Kitchell served as a senior Management Analyst in the Office of Management and Organization, U.S. Bureau of the Budget, Executive Office of The President. In this capacity, he was the principal analyst and consultant on planning, served as Executive Secretary of the Presidential Task Force on Cost Reduction, member of the Inter-Agency PERT Coordinating Committee. Also served on Joint Bureau of the Budget-Civil Service Commission-Interior Management Survey Team.

From 1951 to 1961, Mr. Kitchell served in the Department of State and USAID's predecessor agencies as, respectively, management analyst, Business Manager and Executive Assistant (USOM/Jordan), Deputy Chief of Near East, African and South Asian Branch of PAD, Staff Assistant to State/ICA Evaluation Team for the Philippines, Assistant Program Officer (USOM/Cambodia), and Deputy Chief of Far East Branch, PAD.

From 1949 to 1951, Mr. Kitchell served as Budget Analyst in Civil Aeronautics Administration and Office of Budget and Finance, U. S. Department of Agriculture.

Other : Assistant Professorial Lecturer in Public and Business Administration, the George Washington University, Washington, D.C.

Education : BA, cum laude, 1948, Journalism and Political Science, Syracuse University.
MPA, 1952, Public Administration, Maxwell Graduate School of Citizenship and Public Affairs, Syracuse University.

List of Interviews with Vietnamese Officials

Nguyen Van Bong, Chairman, Central Committee for Administrative Improvement and Rector, National Institute of Administration.

Ngheim Dang, Vice Rector, NIA.

Nguyen Duy Xuan, NIA.

Nguyen Anh Tuan, Director General for Planning, Office of the Prime Minister.

Nguyen Xuan Phong, Special Assistant to the Prime Minister. 1/

Col. Duong Hong Tuan, Assistant for Public Administration, Office of the Prime Minister.

Truong Thai Ton, Acting Commissioner General for Economy and Finance. 1/

Khong Huu Dieu, Director, Industrial Development Center.

Lawyer Tuyen, former Vice-Premier.

Au Truong Thanh, Economist and former Commissioner General for Economy and Finance.

Luu Van Tinh, Director General for Budget and Foreign Aid, Office of the Prime Minister.

Tran Van Kien, Commissioner of Finance.

NOTE: Several interviews also held with officials of the American Embassy, USAID, MACV, and United Nations.

1/ Position occupied at date of interview.

DECREE No. 22-KHKT, dated 4.4.1951

Creation of the Ministry of Reconstruction

and Planning

Art. 1 - In the policy framework of economic and social reconstruction of Vietnam, the tasks of the Minister of Reconstruction and Planning are determined as follows.

Art. 2

A. Planning Activities.

The Minister of Reconstruction and Planning has the following tasks:

(1) to draw up and coordinate, in collaboration with the Ministries concerned, programs and projects leading to:

- an increase of national production and promotion of trade with the French Union and other countries.

- a rise in the living standards and an improvement in social welfare.

(2) to follow the implementation of those programs.

B. Reconstruction Activities.

The Minister has the following tasks:

- to collect data necessary for the reconstruction of the country.

- elaborate and coordinate projects for the reconstruction of various regions, cities, provinces or industries ravaged by the war.

- follow the implementation of these programs.

- set up reconstruction budgets and control expenditures.

Art. 3 - The Minister also has the task of working in close collaboration with the Ministries concerned to elaborate plans of technical assistance financed by external sources.

Together with other Ministers, the Minister of Reconstruction and Planning is given the task of representing Vietnam in all international and French Union organizations dealing with the question of reconstruction and equipment.

Art. 4 - The Minister of Reconstruction and Planning drafts laws and regulations pertaining to the above-mentioned activities.

All foreign trade programs, all trade agreements and, in general, all programs of financial and economic importance, all public works projects and all programs of social welfare drawn up by other Ministries must be referred to the Minister of Reconstruction and Planning.

DALAT, April 4, 1951

BAO-DAI

DECREE 17/MPR/ND, dated 4/9/1951

Organization of the Ministry of
Reconstruction and Planning

I/ - Minister's Office

Under the authority of the Deputy Minister, the office has 3 bureaus.

II/ - Directorate of Planning

Under the authority of the Commissioner for Planning. It consists of:

1. A correspondence office

2. A Bureau for Technical Coordination and Organization.
This Bureau has three offices:

- Office No. 1: Study and coordinate all programs and projects for the modernization and development of Vietnam. Represent Vietnam at the International Planning Committee; the Programme Committee and the Managing Board of the Center for Scientific and Technical Research.

- Office No. 2: Control the implementation of programs and projects. Collaborate with the Ministries in charge of plan execution.

- Office No. 3: Realization of technical plans. Support in the form of supplying equipment, raw materials to industrial undertakings, and small industries. Credit. Labor (excluding labor in the building industry).

3. Committees and Sub-Committees for the supply and improvement of equipments: Atomic energy; Industry; Agriculture; Public works; Transport; Labor; and Social Modernization.

III/ - Directorate of Reconstruction

Under the authority of a Director. It has the following offices and bureaus: (1) Correspondence Bureau; (2) Office of City Planning and Construction; and (3) Office of Building Industry.

Saigon, September 4, 1951
Minister of Planning and Reconstruction

DECREE 578-MFEN/Cab, dated 18.9.1952

Creation of the Secretariat for Planning
and Reconstruction in the Ministry of
Finance and Economy

Article 1. - The Minister of Finance and Economy carries out his duties with the help of the following organizations:

1. Ministers' Office
2. Secretariat of Finance
3. Secretariat of Economy
4. Secretariat of Planning and Reconstruction

Secretariat of Planning and Reconstruction.

Article 17. - The Secretariat, under the authority of a Secretary General, has the following Bureaus and Offices:

- Administrative Bureau
- Directorate of Planning
- Directorate of Reconstruction
- Directorate of Finance and Legal Affairs

Article 19. - The Secretariat of Planning has the following tasks:

- Study and administer programmes and projects of national development.
- Represent Vietnam at the International Planning Committee and the Committee of Plan Research.
- Study plans of foreign countries.
- Maintaining relations with international organizations (UN, ECAFE, ILO...).

saigon 18 - 9 - 1952

Minister of Finance and Economy

DECREE 52-KH, dated 9.6.1953

Creation of the National Planning Council 1/

Art. 1 - The National Planning Council is created and given the task of proposing to the government all measures leading to national development and harmonization of production. The Council also proposes the means of executing the Plan.

Art. 2 - The National Planning Council is presided by the President or his representative with the assistance of the Vice Chairman of the Council and the Ministers of Finance and Planning and Reconstruction, or their representatives. The Council consists of the following members:

1. Ex officio members:

- Minister of Interior
- Minister of Defense
- Minister of Economy
- Minister of Education
- Minister of Public Works
- Minister of Public Health
- Minister of Agriculture
- Minister of Labor and Social Works
- The Regional Representatives

2. Members appointed by the President through proposals made by the Vice Chairman, the Minister of Finance, and the Minister of Planning and Reconstruction.

- 1 representative of Agriculture
- 1 representative of Industry
- 1 representative of commercial undertakings
- 1 representative of banking organization
- 2 technical advisors.

All other Ministers or Under-Ministers may be asked to attend meeting of the Council to discuss matters relating to their departments.

1/ Sometimes known as "The High Council for Monetary Affairs"

7. Give comments on all new projects requiring expenditure of over 4 million piasters, irrespective of their sources of funds.

Art.2- The Director General may also be entrusted with the control of works of important interest to the country.

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Saigon, 8-12-55
NGO-DINH-DIEM

DECREE No. 1125-PTT/TTK, dated 20/12/1954

Creation of Study Committees within the National
Planning Council

Art. 1 - The Committees are created within the National Planning Council. Each Committee is given the task of preparing a partial plan project for a sector of the social and economic activity of the country.

Art. 2 - There are now established the following Committees:

- Committee for the Study of Agriculture.
- Committee for the Small Industries and Handicraft
- Committee for the Public Works
- Committee for the Credit

Art. 3 - Membership of the Agriculture Committee:

1) Representatives of Public Sector:

- Director General of Agriculture
- Director General of the Office of National Agricultural Credit and Handicraft Cooperation
- Director of National Husbandry
- Director of Forestry
- Directorate of Planning (of the Directorate General of Planning and Reconstruction)
- Delegate of the Kings' Office
- Delegates of the Regional Government Representatives.

) Representatives of the Private Sector:

3 Members representing the Private Sector

(3) Counseling Members:

- The Director of the Institute of Statistics and Economic Research
- Representative of the Ministry of Finance

Art. 4 - Membership of the Small Scale Industries and Handicraft Committee.

Art. 5 - Membership of Public Works Committee.

saigon, 20-12-1954
NGO-DINH-DIEM

DECREE 17 TTP, dated 14-11-1955

Creation of the Directorate General of Planning
Under the Direct Authority of the President.

Art.1- All organizations in charge of planning previously attached to the Ministry of Finance and Economy are now directly attached to the President's Department.

Art.2- The Directorate General of Planning is created and under the high authority of the President and is responsible for studying, formulating and coordinating programs and projects of development.

The Directorate General of Planning also has the task of following the implementation of programs and projects approved by the Government.

Saigon, 14-11-1955
NGO-DINH-DIEM

DECREE 157-TTP/VP, dated 8-12-55

Responsibility of the Director General
of Planning

Art.1- The Director General of Planning, under the high authority of the President, has the following tasks:

1. Collaborate with the authorities concerned to elaborate plans and projects pertaining to credit, infrastructure, industrial equipment, mining, energy, handicraft, agriculture and social works.
2. Coordinate those programs and projects in order to set a plan for economic and social development of the country.
3. Study in collaboration with various ministries all measures, draft laws and regulations necessary for the financing and execution of the plan.
4. Follow the implementation of the plan as approved by the Government.
5. Take part in the drafting of foreign trade programs and trade agreements.
6. Collect data and carry out research on problems useful to the administration of his own Directorate as well as to other public and private organizations.

Art. 3 - The Secretariat to the National Planning Council is assumed by Secretary General of Planning and Reconstruction.

Art. 4 - The Vice President, the Minister of Finance, the Minister of Planning and Reconstruction, collect all projects to be submitted to the Council. The Council can ask all administrative bodies and public organizations to study all issues of interest to the general policy of economic development.

Art. 5 - The Vice President, the Minister of Finance, and the Minister of Planning and Reconstruction will submit to the President projects approved by the Inter-Ministerial Commissions which will be created, when necessary, to coordinate activities of various Ministries as well as by the Study Committees comprising representatives of various interested groups of the country.

DALAT 9/6/53

BAO DAI

GENERAL DIRECTORATE OF PLANNING

Creation and Authority

The General Directorate of Planning was established by Presidential Decree No. 17-TTP of November 14, 1955, and Arrete No.385/TTP/KH of January 25, 1956, on the Organization of the Directorate.

This Agency was founded on June 2, 1948, as part of the Department of Operations and Planning; on July 1, 1949, it came under the Department of Economy and Planning; on May 6, 1950, it was transferred to the Department of Public Works, Planning and Communications; and on February 21, 1951, it was designated the Department of Planning and Reconstruction. Thereafter it came successively under the Department of Finance and Economy on July 15, 1952; the Department of National Economy and Planning on January 11, 1954; the Department of Planning and Reconstruction on September 29, 1954; and on May 10, 1955, it was assimilated with the Department of Finance and Economy. On August 16, 1955, the General Directorate of Planning was attached to the Executive Office of the President.

The General Directorate of Planning has the responsibility for studying, drafting and supervising programs and projects for rehabilitation of the country in the fields of finance, economics and social action. It includes projects in agriculture, industry and communications, as well as the general rehabilitation of the country and raising the living standards of its people.

Organization

The General Directorate of Planning, headed by a Director General and Deputy Director General, consists of the following agencies:

A. The Administrative Service in charge of administrative functions, general accounting, planning documents and planning legislation. This Service includes: (1) the Mail Bureau; (2) the Bureau of Personnel, Accounting and Materiel; (3) the Bureau of Documentation, Records and Library; and (4) the Legislation Bureau.

B. The Directorate of Studies and Planning consisting of:

1. The Service of Economic Studies responsible for projects relative to economics, finance, agriculture, forestry, fish breeding, animal husbandry, and related industries. This Service is divided into: (a) the Bureau of Economic and Financial Studies; and (b) the Bureau of Agricultural Studies.

2. The Service of Technical Studies with: (a) the Bureau of Industrial and Handicraft Studies responsible for projects in industries, handicrafts and related problems; and (b) the Bureau of Equipment which studies problems of communications (land, sea and air), electrical energy projects, hydroelectric power, multiple purpose projects and other special problems.

3. The Service of Social Studies with: (a) the Bureau of Social Studies dealing with Health, Education, Social Action and Social Security; and (b) the Bureau of Labor and Manpower which studies wages, professional training, vocational guidance and the distribution and maximum use of manpower.

C. The Directorate of Technical Assistance, Coordination and Control, including:

1. The Technical Assistance Service with: (a) the Technical Training Bureau which disseminates information on various technical branches of study, centralizes applications for scholarships, carries out the decisions of the Control Commission and generally supervises both students receiving technical training and scholarship students; (b) the Bureau of Liaison and Technical Assistance, which is responsible for liaison with government agencies and international organizations regarding technical studies abroad, supervises the carrying out of technical assistance projects and dispatches representatives to technical international conferences.

2. The Service of Coordination and Control, which is composed of: (a) the Bureau of Project Coordination; and (b) the Control Bureau.

3. The Group of Experts. The General Directorate of Planning is assisted by a Group of Experts including foreign and Vietnamese technicians. The Vietnamese technicians are nominated by the executive departments and appointed by the President to represent each Department or Directorate concerned.

The General Directorate also includes a Committee on Research and Documentation and a Permanent General Secretariat of the Commission on Studies Abroad.

OUTLINE OF THE GVN
NATIONAL DEVELOPMENT PLAN FOR 1966

- Part I. Political and Military Situation
- Part II. Economic Equilibrium

TITLE I. PRODUCTION AND CONSUMPTION

Chapter I Increasing consumption

Section I : Trend

Section II : Reason

- 1) Increase living standards
- 2) Increase population
- 3) Government program for increasing production

Chapter II Capacity and degree of production

A. Influence due to the war

- lack of security
- lack of workmanship
- destruction by the war

B. Evolution of production

Section I : Agriculture

I - Agricultural Production

A. Rice and Rubber production

- 1 - Rice
- 2 - Rubber

B. Miscellaneous crops

- 1 - Area cultivated
- 2 - Production

II - Livestock and Poultry

III - Fisheries

IV - Forestry

Section II : Electricity and Water Supply

- 1) Electricity
- 2) Water

Section III : Industry

I - Secure areas

- glass industry
- paper
- cotton spinning
- textile
- beverages
- electrical appliances

II - Insecure areas

- Nongson charcoal mine
- Sugar cane factories

- Chapter III Investment program
 - Section I : Agriculture
 - Section II : Public equipment
 - Section III : Industry

TITLE II. EXPORT AND IMPORT

- Chapter I Situation of Foreign Trade During the Past Year
 - Balance of Payments
 - Export
 - Import
 - Foodstuff, beverage and tobacco
 - Manufactured products
 - Raw material and semi-manufactured produce
- Chapter II Objectives of 1966 Plan
 - Section I : Foreign trade policy during the past years
 - Stimulation of exports
 - Limitation of imports
 - Normalization of imported products
 - Section II : Foreign trade policy in 1966
 - I - import program in 1966
 - II - market supply and normalization

TITLE III. PRICES AND SALARIES

- Chapter I Living Cost Evolution
 - Section I : Present situation
 - II : Evolution
 - a) Price of imported goods
 - b) Price of domestic products
 - c) Price of service and labor
- Chapter II Salary Situation
 - Section I : Present situation
 - II : Measure taken in 1966
 - 1) Price stabilization
 - 2) Satisfaction of labor needs

TITLE IV FINANCE AND MONETARY AFFAIRS

- Chapter I Actual situation
 - Section I : Money supply
 - II : Factors increasing the money supply
 - Deficit of National Budget
 - Expenditure of Foreign Army
 - Influence due to the increase of salaries
 - Private current account
- Chapter II Program for 1966
 - Section I : Financial measures aimed at Budget equilibrium
 - I. Cut down expenditures
 - II. Increase receipts
 - 1) Taxes
 - 2) Public debt
 - 3) Lottery
 - Section II : Monetary measures aimed at preventing inflation
 - 1) Decrease the money supply

- 2) Restrain the speed of the circulation of money
- 3) Stabilize the value of the piaster

Part III. Sectoral Program

TITLE I. AGRICULTURE

Chapter I Increase production

Section I : Rice and miscellaneous crops

A. Foodstuff plantation

1) Rice

a) Production 1962-1964

b) Objectives and programs

- expansion of cultivated area

- increase the yield

- normalization of the market

2) Maize

Production and foreign trade

Objectives and programs

3) Sweet potatoes

4) Peanuts

5) Soybeans

6) Tea

7) Coffee

8) Bananas

B. Industrial plantation

1) Rubber

2) Sugar cane

3) Jute

4) Coconut

5) Tobacco

Section II : Livestock

a) Production

b) Objectives and programs for 1966

Section III : Fisheries

a) Situation 1962-1964

b) Objectives and programs

Section IV : Forestry

a) Production

b) Objectives and programs

Chapter II Agricultural improvement

Section I : Agricultural Hydraulic

a) Work realized in 1964

b) Objectives and programs for 1966

Section II : Land Reform

a) Situation 1962-1964

b) Objectives and programs for 1966

- Section III : Agricultural Credit
 - a) Situation 1962-1964
 - b) Program for 1966
- Section IV : Rural Organization

TITLE II INDUSTRY AND TRADE DEVELOPMENT

Chapter I Industry

- I. Actual situation
- II. Objectives
- III. Program and principal project for 1966-1967
 - a) Increase production in industries and handicrafts
 - b) Establishment of new industries in order to satisfy the military needs.
 - c) Study the establishment of industrial development projects aimed at the re-employment of soldiers by the return of peace.
 - d) Review the policy of investment and industrial credit aimed at satisfaction of the need of the people and construction of infra-structures
 - e) Organize and train an enterprise management team in order to strengthen and control (especially the cost-price) and to guide actual public and joint enterprises in the point of view of commercial and industrial accounting.
- A. Extration industry
 - 1) Nongson charcoal mines
 - 2) Salt
 - 3) Phosphate of Paracels Island
 - 4) White Sand
- B. Mechanical Industry
 - 1) Bicycles
 - 2) Assembling of scooters, motorcycles and sewing machines
 - 3) Assembling of transportation cars
- C. Metal Industry
 - I. Present Situation
 - 1) Foundry
 - 2) Nail products
 - 3) Aluminum industry
 - 4) Metallic furniture industry
 - 5) Tin goods industry
 - II. Government programs

- D. Electrical appliance industry
 - Batteries
 - Electric fans
 - Electric wire
 - Bulbs
 - Radio sets
- E. Chemical and Semi-chemical industry
 - Glass factories
 - Paper factories
 - Paper paste factories
 - Cement factory
 - Refinery
 - Soda and chlorhydric acid
- F. Cotton spinning factory
 - 1) Cotton spinning factory
 - 2) Weaving factory
 - 3) Rayon and synthetic fabrics
 - 4) Finishing factory
 - 5) Blanket factory
 - 6) Jute bag factory
 - 7) Others
- G. Rubber industry
 - 1) Tire renewal
 - 2) Bicycle tires
 - 3) Automobile tires
- H. Leather industry
 - 1) Leather tanning factory
 - 2) Leather goods manufactory
- I. Plastic industry
- J. Agricultural products industry
 - 1) Beverages
 - a) Beer and gaseous drinks
 - b) Wine
 - 2) Tinned foods
 - a) Production capacity
 - b) Actual situation
 - 3) Sugar cane plant
 - a) Handicraft size
 - b) Industrial size
 - 4) Oil factory
 - a) Production
 - b) Exportation
 - 5) Soap factory
 - a) Production
 - b) Value of exportation
 - 6) Rice mill
 - 7) Duck feather dryer
- K. Cam Ranh Bay Project

- Chapter II Trade**
- i. Import and Export situation during past years.**
 - Balance of payments
 - Exports
 - Imports
 - Foodstuff, beverage and tobacco
 - Manufactured goods
 - Raw material and semi-manufactured products
 - II. Foreign trade policy in the past years**
 - Limitation of imports
 - Normalization of market
 - Stimulation of exports
 - III. Situation of interior market, supply and market normalization**
 - IV. Objectives of new plan**
 - V. Principal targets to be realized**

TITLE III PUBLIC EQUIPMENT

- Chapter I Transportation and Communications**
- Section I : Roads**
 - A. Roads and streets
 - B. Railways
 - Section II : Airways**
 - Section III : Maritime**
 - A. Seaborn shipping
 - B. River shipping
- Chapter II Post Administration and Telecommunications**
- Section I : Post Office**
 - Section II : Telegram and Telephone**
 - Section III : Wireless**
- Chapter III Meteorology**
- Present situation
 - Program for 1966
- Chapter IV Water supply**
- 1) Saigon Prefecture
 - 2) Other cities
 - 3) Countryside
- Chapter V Electric Power**
- 1) Actual situation in the whole country
 - 2) Objectives
 - a) Saigon Prefecture
 - b) Other cities and countryside
- Chapter VI Housing**
- 1) Actual situation
 - 2) Objectives
 - 3) Programs
 - a) Saigon and neighbors
 - b) Other cities

TITLE IV SOCIAL EQUIPMENT

Chapter I National Education

- Section I : Primary education**
1) Actual situation
2) Objectives and programs
a) Education reform
b) Expansion

- Section II : Secondary education**
1) Actual situation
2) Objectives and programs
a) Education reform
b) Expansion

Section III : University (Higher education)

Section IV : Technical and professional education

Section V : Adult education

Section VI : Culture

Chapter II Public Health

- I : Actual situation**
A. Difficulties
B. Summary of activities in 1965
- II : Objectives of programs**
A. To share the victory over communists
B. Pacification of the country

Chapter III Social Affairs

- I : Actual situation**
- II : Objectives and programs**
1) Getting rid of social harm
2) Improvement of living standards
3) Rescue disaster victims and communist refugees
4) Formation of a new generation of youth

Chapter IV Labor

- I : Actual situation**
- II : Objectives and programs**
1) Political and syndicate domain
2) Economical and financial domain
3) Social and cultural domain
4) Domain of foreign affairs and public administration

Chapter V Justice

CENTRAL GOVERNMENT: The Bureau of Coordination and Review of the Office of the Prime Minister

Arrete No. 1683-ND/HP/NV dated September 15, 1966, governing the establishment of a "Bureau of Coordination & Review" at the Office of the Prime Minister.

ENACTS:

Art. 1 - There is hereby created in the Office of the Prime Minister an organ named "Bureau of Coordination & Review." This Bureau is placed directly under the Deputy Director of Cabinet in charge of ministries and agencies.

Art. 2 - The Bureau of Coordination & Review is headed by a Bureau Chief. It includes three (3) Sections:

PROGRAM SECTION is responsible for

- Following up and collecting data connected with the development of activities in the various ministries and agencies;
- Making studies of difficulties or obstacles that impede the accomplishment of projects and recommending measures to overcome these difficulties or obstacles;
- Assessing the value and impact of each significant project;
- Studying and making proposals for improvement of governmental programs;
- Coordinating and facilitating inter-ministry programs;
- Presenting papers or special data sheets on developmental activities; and
- Summarizing and popularizing short-range, medium-range, and the long-range programs of the government.

TECHNICAL SECTION is responsible for

- Establishing and updating, for presentation purposes, all charts relative to overall program activities;
- Assuring proper use, preservation, and availability of associated visual aid materials; and
- Maintaining the chart room in proper condition for any special presentations by the Prime Minister and his Assistants or for others to which permission has been extended.

CLERICAL SECTION is responsible for

- Typing official texts, reports, plans of work, etc.; and
- Maintaining all files and documents of the Bureau.

Art. 3 - All Assistants and the Director of Cabinet at the Prime Minister's Office are charged, each as to that which concerns him, with the execution of this Arrete.

s/Duong Hong Tuan
Sept. 15, 1966

ANNEX A

THE PROCESS OF PLANNING

prepared for

The Prime Minister's Committee
f o r
Administrative Improvement
Government of Vietnam

b y

Raymond E. Kitchell
Planning Consultant
U.S. Agency for International Development

Saigon
December 1966

A N N E X A

THE PROCESS OF PLANNING

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THE PROCESS OF PLANNING

THE ELEMENTS OF PLANNING

There are three essentials for an effective planning system. First, it must have retraceable logic. One must be able to look back and tell "why" a certain decision was made and if the original factors involved are still relevant. Second, a planning system must be actionable. It does no good, and perhaps does harm, to prepare plans which cannot possibly be implemented. Resource constraints must be considered and programs, organizations and procedures developed which will facilitate, not retard, desired achievements. Finally, a planning system must be manageable. This will include the establishment of standards, the setting of schedules, and the translation of planning decisions into quantitative terms, i.e., budgets. These elements are schematically displayed in Exhibit 4.

CREATING AN ACTIONABLE PLAN

A. What is an Actionable Plan?

The history of planning is replete with examples of voluminous and gilt-edged planning documents which were prepared and publicized with considerable fanfare but which, in a short time, become collector items for libraries and museums. Sometimes this is enough to serve a political purpose, including the mobilization of resources. More often than not, however, there is a great deal of disappointment and frustration when stated goals do not automatically materialize.

In short, a simple listing of targets, documentation of research, or a series of forecasts will not guarantee any action. True planning must reflect choices and, usually, the most critical choices public leaders must make is the allocation of scarce resources to meet competing needs.

As a guide for the preparation of actionable plans, answers to the following questions will be necessary:

1. Why is some kind of action required?
2. What action should be taken, and with what resources?
3. What will the action accomplish, and when?
4. What conditions must be met to assure that expectations are achieved?

B. Planning Steps

Planning can be simply described as answering the questions enumerated just above. However, this doesn't go far enough for it fails to bring out the iterative and continuous nature of planning - but it does emphasize that planning is only as effective as the decisions made and the resultant actions taken. (See Exhibit 2)

Annex B on current planning concepts goes into considerable depth in describing the steps in planning. These are summarized here as:

- . Recognition of a problem
- . Goals setting
- . Preparation of planning assumptions
- . Development, comparison and analysis of alternative solutions
- . Choice
- . Program design
- . Execution, including control, evaluation and réplanning.

Planning steps do not necessarily take place in the sequence indicated above, nor are they necessarily equally important in varying circumstances. It must be obvious, however, that what is really being described is the entire management process. Planning which is divorced from management will have no effect on operations, an axiom not always realized and probably the foremost reason for the failure of the planning efforts of many newly developing countries. (See Exhibit 1)

The importance of goals setting and the establishment of consistent planning assumptions is brought out clearly in Annex B. Suffice to mention here that the raison d'etre of planning is to develop alternative courses of action for choice by top management and implementation by operating management. Planning systems, and more particularly planning documents, which do not serve this critical purpose are simply useless.

C. Characteristics of Good Plans

As previously stated, planning is a continuous process. The plan document itself is nothing more than a snapshot taken at a particular point in time. Therefore, the ultimate test will concern the efficacy of the process itself rather than any

particular document or organizational arrangement. In making such a judgment, there are certain characteristics which can be used as criteria, but it must be emphasized that these are "ideal" characteristics. New planning efforts, particularly those in newly developing countries, will have to settle for something less than the ideal, recognizing that planning is an evolutionary process and can never reach a state of perfection. Having stated the limitations of these criteria, some characteristics of good plans are listed:

1. Realistic forecasting, based on clearly identified factors causing changes in the areas with which the organization is concerned.
2. Consistency with ministry and/or national capabilities, resources, and major goals and objectives, all of which are clearly determined.
3. Accuracy, adequacy and relevance of data and soundness of analysis.
4. Thoroughness of treatment of major factors and of principal objectives.
5. Clear outlines of practical steps to implement the plan.
6. Provision of sufficient lead time, and practical timing of major events in the plan.
7. Flexibility of the plan to meet unforeseeable changes, whether favorable or adverse.
8. Absence of detail which is of slight importance or interest to those who will be most affected by plans.
9. Harmonizes all parts of the plan with the main purpose, without unwanted gaps or overlays.
10. Challenges management, and the bureaucracy, with high but reasonable objectives.
11. Applies national resources and talents to the most effective and priority uses.
12. Emphasizes what the expected results or outputs will be from the proposed inputs or resources to be utilized.

DECISION LEVELS AND TIME SPANS

A. Characteristics and Levels of Decisions

It is a common but disastrous trait to treat all decisions and, consequently, all plans, as co-equal and similar in character. Such an approach can bring "rigor mortis" to an organization or a government. Not only are top officials robbed of the time and ability to make important decisions, but all decisions tend to be pushed upwards to their maximum limits causing a stiffling of initiative, avoidance of responsibility, unnecessary delay and procrastination.

Some type of a rule must be developed to ascertain that decisions are made at appropriate levels in the hierarchy and that high-level government executives are confronted only with those decisions that are important and of far-reaching effect. The following guidelines can prove useful in developing such rules and in providing for "management by exception":

1. Futurity. The extension of any commitment into the future. In general, the longer into the future a decision commits an organization or government, the higher the level required to make it.

2. Reversibility. The speed with which a decision can be reversed and the difficulties involved in such a reversal also effect the level at which it should be made. In general, the more difficult it is to reverse a decision, the higher the level required.

3. Ramifications. The extent to which other areas, programs, resources or activities within the organization will be affected is another determinant. The greater the impact, the higher the level required.

4. Periodicity. Is the decision one that is made once or rarely, or is it a recurrent affair? In general, the rarer a decision, the higher the level required.

B. Time Span for Planning

One of the most difficult problems facing administrators and staff planners is the selection of the proper time span for planning ^{1/} If the time span is too long it may involve

^{1/} See Pages 18-20, Annex B.

unnecessary expense and time without commensurate contributions to management. On the other hand, if the time span is too short, important problems facing the government may not be recognized or identified early enough to permit remedial action.

There are many theories on how to develop the proper time span, but they generally boil down to being a function of the type of decisions required. For example, Peter Drucker writes that the time span must be long enough to deal with the futurity of present decisions ^{2/} At any rate, there is no scientific formula for determining relevant time spans; intuitive reasoning may play an important role. Nevertheless, there are some factors which should be considered when making such decisions. Among these are the following:

1. The size and resources of an organization. Planning takes time, staff and money; the longer the time span and the more detailed planning becomes, the more expensive it will be. There is always a danger, in large as well as small organizations, that analysis of plans and formulation of the details of derivative plans may cost more than the benefits warrant.

2. The nature and complexity of programs. Long established, stable, and widely accepted programs may find a shorter time span acceptable while the reverse is often true with ministries involved with unique problems requiring difficult analyses and innovative solutions. Where programs are also large and inter-related, a longer time span may be useful simply to provide the time and means for better coordination and control.

3. The lead time required before programs can be accomplished will obviously be a factor, e.g., reforestation or the building of a sugar refinery will require more time than changing a regulation or procedure.

4. A crucial factor affecting both the need for planning itself and the time span required is the environment involved, i.e., both technological, political and, as is so much the case in Vietnam, military. Stability and continuity of political processes is almost a sine qua non. However, it is the very fact of uncertainty in today's rapidly changing world which makes planning so essential and also tends to lengthen the time span necessary to provide an adequate framework for analysis.

^{2/} Peter F. Drucker, "Long-Range Planning - Challenge to Management Science," Management Science, Apr., 1959, pp. 238-249.

It has not been uncommon for organizations and even nations to attempt to make a short range plan do the work of a long range plan and vice versa, with less than perfect results. Another pitfall has been failure to recognize the differences in purpose, scope, method and approach required when planning in the long, intermediate and short ranges.

Long range planning is often and erroneously equated solely with economic analysis and industrial development while short range planning is often synonymous with budget and operations without much concern with overall goals and policies. For these and other reasons, the use of time spans to describe planning processes is confusing at best, misleading at worst. A more useful concept, suggested below, is to discuss the various processes by purpose rather than specific time spans, which are variable anyway.

C. Recognition of Planning Levels

A comprehensive and formal planning system is, then really a system of plans covering various time spans. Individual plans are the building blocks or, more desirably, the derivatives of this system and are arranged in successive echelons. Each echelon receives guidance from a prior plan and refines it by focusing on groups of activities having a common purpose. The ideal system encompasses planning for the entire organization; it allows for plans at all levels of the organization and includes plans for all the different functions, from research to auditing. It facilitates orderly subdivision of the total work of planning into tasks which can be performed separately but which, collectively, assure coverage of the work to be done.

A clear understanding of the purpose of a particular plan or set of plans is crucial to the determination of the content and time span of a plan. While in theory planning is a set of common and iterative steps, in practice there are many distinctions depending upon the magnitude, level, and type of problems to be solved. For illustrative purposes, these types of plans can be categorized as strategic, program development and operations 3/.

1. Strategic planning - is viewed as an ultimate top management device for integrating all plans and planning techniques with well-considered national and organizational purposes and goals. In its simplest description it is a common-sense, practical device for introducing the so-called "systems approach" into top management thinking.

3/ For a fuller development of this consultant's concept, refer to the U.S. Industrial College for the Armed Forces' textbook on "Management: Concepts and Practices" to be published in the spring of 1967.

The strategic plans formulate the purpose of an organization, determine its basic strategy in the light of environmental projections and constraints, and translate these decisions and assumptions into meaningful and attainable goals and policies. While it gives direction to today's operations and tomorrow's programs, encompassing them both, it embraces a longer time span than either, although strategic decisions may be required at any point in the managerial process. Ideally, the process should reach into the future far enough to allow time for making and executing development plans that reflect all foreseeable needs, threats and opportunities for the government, noting however that it should be comprehensive only to the extent required to identify areas which are strategic to the attainment of priority goals. Its primary purpose, then, is to get organizations started toward attainment of its purposes leaving to subsequent plans the details of execution. By definition, this type of planning involves the highest levels of management and is almost exclusively in the domain of high policy and politics.

2. Program Development - can be defined as that process or those processes which concern the translation of strategy and broad goals into definitive objectives, directives and work programs to be accomplished within a specific time schedule. As such, programming is the crucial link which provides the transition from the basic purpose and goals of a government or organization into detailed courses of action, including the providing of the necessary resources at the appropriate time to achieve desired end results.

The function of programming or program development is not only to design new programs to meet new problems and needs but, equally important, to provide management control, i.e., assuring that resources are obtained and used both effectively and efficiently in the accomplishment of objectives. As such, it is carried out within the framework and premises established by strategic planning and becomes much more comprehensive and detailed.

Whereas strategic planning is more likely to involve staff and top management, program development must involve operating, as well as top management. In government, middle management usually plays the crucial role, e.g., bureau chiefs and director generals, and provides the nexus between political and operating (technical) management.

3. Operations Planning - combines a ministry's current projects and activities into actionable plans for functional groups, specifying the total work to be accomplished in the plan's span,

usually short term. It subdivides the work into logical work units; assigns the work stations at which the work will be done; defines the flow of work among the work stations; and establishes the lines of authority that build the work stations into an organization. It also sets short-range schedules and budgets.

The principal purpose here is the achievement of short range targets, within pre-established parameters of time, cost and performance. It is the point just before execution and expenditure of resources and the main emphasis is on projecting in great detail the activities for the next fiscal year with stress on administrative and organizational considerations.

This type of planning is the primary concern of operating management and usually represents the point where a "freeze" is taken on the consideration of alternative courses of action. Efficient and economic implementation become the major concern and the importance of administrative criteria is paramount.

D. Commonalities and Differences

The three types of planning discussed above have certain elements in common. They all include "end result" activities though the ability to specify and quantify these results becomes easier as the time span shortens. Time phasing of activities is essential to all types of planning although, again, the importance of precise schedules increases as the time span shortens. Finally, to some extent all types of plans must deal with the resources required to accomplish objectives although the requirement for precision will vary considerably.

These common characteristics can be misleading and emphasis is given here to the differences and the need for careful discrimination by management. Strategic planning provides the logic and direction, operation's plans deal with the momentum of an organization, while development plans deal with the gap between what the momentum is expected to accomplish, and what ought to be accomplished 4/. Two obvious advantages accrue from this concept of plans: first, organization decisions are put in their logical sequence and given appropriate attention; and, second, gaps or overlaps in action programs are greatly reduced.

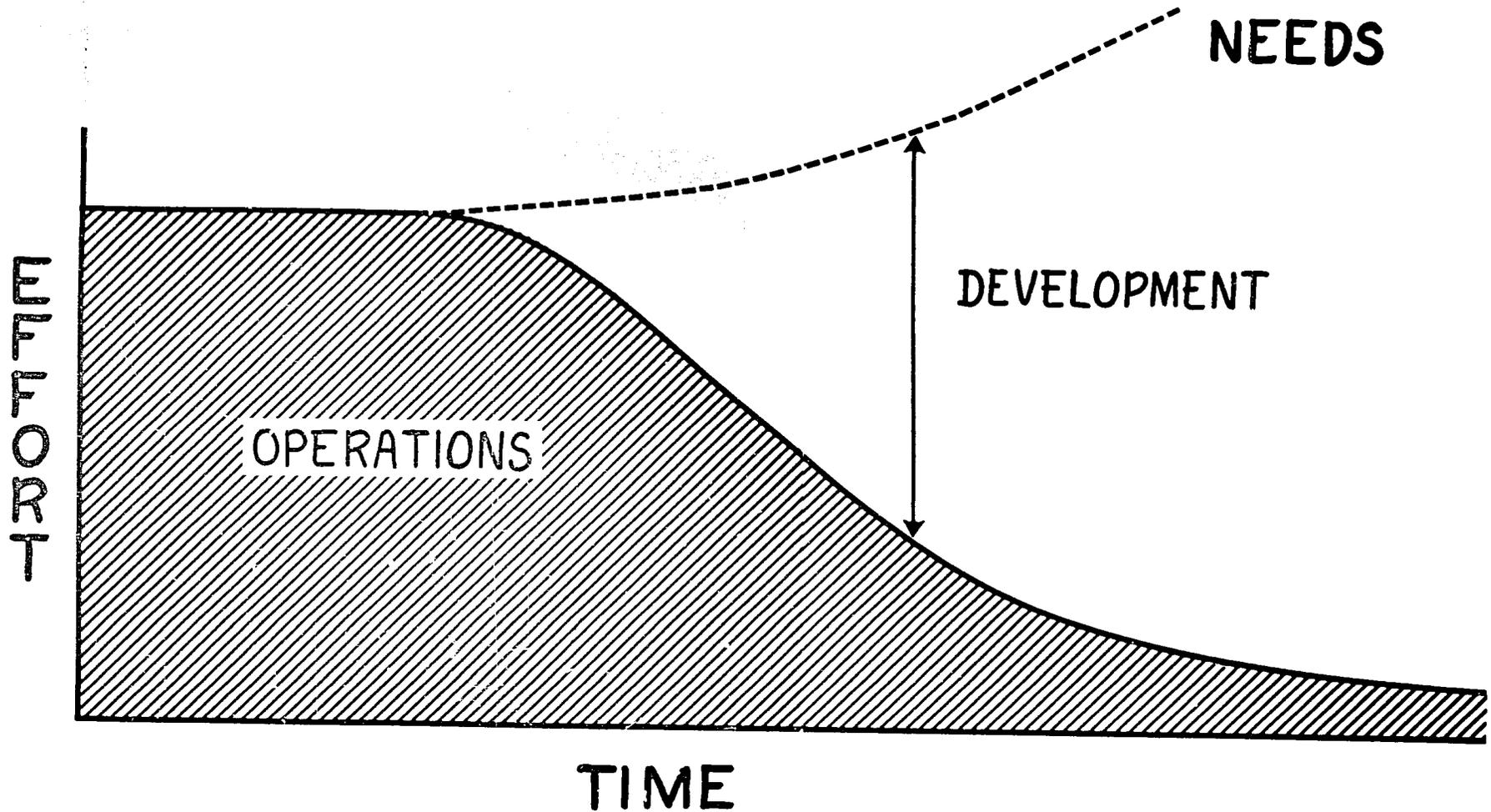
In Exhibit A-2 some of these contrasts are outlined 5/ for easy comparison. It is most important to point out that strategic

4/ See Exhibit A-1

5/ For a revealing study of these contrasts, refer to "Planning and Control Systems: A Framework for Analysis", by Robert N. Anthony, Harvard Business School, 1965.

Application of Effort to Needs

Exhibit A-1



What Is the Development Gap?

SOME CONTRASTS BETWEEN TYPES OF PLANNING

EXHIBIT A-2

	<u>Strategic Planning</u>	<u>Program Development</u>	<u>Operations Planning</u>
Person primarily involved	Staff and top management	Line and top management	Line and operating management
Number of persons	Small	Large	Maximum
Mental activity	Creative; analytical	Analytical; persuasive	Administrative
Variables	Complex; much judgment	Less complex	Tends to be linear
Time period	Tends to be long	Intermediate	Tends to be short
Periodicity	Irregular, no set schedule	Rhythmic; set timetable	Continuous
Procedures	Unstructured; each different	Ill-structured but programable	Prescribed procedure, regularly followed
Focus	Tends to focus on one aspect at a time	All encompassing	Maximum detail
Source of information	Relies more on external and future	Relies more on internal	Relies more on internal and historical
Product	Intangible; precedent setting	More tangible action within precedent	Detailed plan of action
Communication problem	Relatively simple	Crucial and difficult	Relatively simple
Appraisal of soundness	Extremely difficult	Much less difficult; emphasizes effectiveness	Easiest; emphasizes efficiency

planning and economic planning are not the same processes although they may overlap and economic projections and analyses will contribute to strategic decisions on goals, policies and allocation of resources. In organizing for planning, especially at the level of the Chief Executive, this important distinction should be carefully noted. Economists, just like other staff planners, are only advisors and technicians available to the decision-makers who must consider a great variety of factors, many of them non-economic, when making such decisions.

ORGANIZING FOR PLANNING

Planning can be described as organized or systematic decision making. In these days of large and complex organizations and rapid change, it is impossible for the behavior of a single isolated individual to reach any high degree of rationality. It therefore becomes necessary to delegate important functions and this introduces the concept of formality.

A. The Need for Formal Planning

The first question facing an organization is how formal its planning processes must be. The aim of all planning -- whether formal or informal and for whatever period of time -- is to select a feasible course from among alternatives. Informal planning is a personal art, not easily analyzed. Formal planning, although it involves the same thought processes, is more structured in that it recognizes the distinct tasks which have to be performed, the skills and information required to do them, and the interlocking reasons for them.

In formal planning, various tasks are customarily shared by many people, whose individual contributions are unified by specific procedures. Its scope is usually organization-wide. Formal planning thus contains the attributes of intuitive, or informal, personal planning. In addition, it introduces clearly retraceable reasoning:

- . In determining agency needs
- . In selecting actions to meet these needs
- . In translating the action decisions into tasks for which individuals can be held accountable
- . In providing control mechanisms to assure that the action accomplishes what management intends.

Such planning requires gathering of information, processing it, and arraying it for executive decision. When those things are done systematically and in consciously analyzable fashion, planning is formal.

B. Factors Requiring Formalization

Type of Problem. In general, formal planning will be helpful if the problems faced by an organization are:

Massive and call for more voluminous data gathering and analysis than an informal planning setup can handle.

Obscure and hence require deeper study than any manager can provide from his experience and judgment alone.

Highly complex so that advanced analyses are required.

Important or pressing so that undesirable effects are imminent unless adequate time for innovation, analysis, and coordination is provided.

Nature and Size of Planning Workloads

1. The magnitude of potential consequences. Program problems that determine the planning workload may effect the entire ministry or agency, a substantial part of it, or only a minor portion. The consequences or failure to find a solution to the problems -- or of taking no action -- may thus range from major to inconsequential.

2. Type of data required. Some problems require the gathering and processing of vast quantities of information. Solutions to others depend upon analysis of extremely complex phenomena that are difficult to handle or interpret. Still others may require dealing with kinds of information that are new to agency management, which must come from outside the organization itself, or must be generated by unfamiliar techniques.

3. Importance of alternatives. Where shortages of resources, limitations in the state-of-the-art, rapid changes in the environment, political considerations, competing demands, and other factors constrain the solution of problems, the planning workload will be effected by the necessity of identifying and analyzing feasible alternative courses of action and their probable consequences. Since most problems have a deadline for decision, the need for haste will also effect the planning workload.

C. Advantages Over Informal Planning

If it is decided that an organization's problems warrant the extra cost and effort required to devise a formal system of plans, the following advantages can be obtained:

1. The planning workload can be shared with central, ministry and bureau staffs, thus lightening some of the Prime Minister's burden and tapping the fund of organizational wisdom and creativity.
2. It assures comprehensiveness of approach and analysis geared to the significance of the problem, although occasionally at some sacrifice of speed.
3. It is better able to cope with highly complex situations.
4. It has greater leverage since it contains built-in provisions for its own improvement. The more skillful the government becomes in planning, the greater the likelihood that it will be able to identify and strengthen all the other skills required to achieve a successful future for its people.
5. Through the explicitness of its procedures, it forces the development of decisions that reflect the scope of jurisdiction of each part of the government and each level of management.
6. Far from limiting a chief executive's creativity, influence, power or flexibility, it can marshall all of the government's resources in support of objectives.
7. Finally, formalized planning can help sustain continuity of major goals and policies when key political and career managers change.

D. Cost versus Benefits

From the above, it can be seen that in reviewing organizational proposals for policy and program planning at various levels, the first fact to be considered is whether the type of problems and planning workload necessitate a formalized planning system -- in recognition that such a system will require extra cost, time, staff and effort. This effort will not be confined simply to any central planning staff but will involve, at the minimum, some re-orientation of the various management processes of an agency and, under certain conditions, may require major changes in organization, systems, and staffing. In other words, the cost of a formalized planning and programming system must be equated with the expected benefits that such a system can be expected to produce.

E. Guidelines

Adequate Preparation

Planning does not just happen; it must be planned with adequate time and resources devoted to it. In the initial stages, a great amount of effort will have to go into developing procedures, collecting information, and providing the know-how, including especially, appropriate techniques for developing and evaluating goals, objectives, and alternative courses of action. The system's design and data collection stages will involve tapping staff resources and skills throughout the ministry or agency, as well as outside when necessary. Specific assignments of responsibility must be made and an appropriate mechanism must be provided at the top level for stimulation, coordination, assistance, review, etc. A sequencing of steps and scheduling actions will be necessary and sufficient time must be allowed for the system to begin to produce the results expected.

Use of Planning Staffs

The functions of a strategic or policy planning staff, operating at the Chief Executive, Commissioner General, or Ministry level, will usually vary significantly from those assigned to a programming staff at the bureau or operating level. In either case, they will also vary according to the needs of an agency, the desires of top management, and the prior existence of organizational skills and assignments of responsibility for certain important segments of the planning, programming and budgeting processes. Whether operating at the ministry or bureau level, however, it is important to note that planning is a line responsibility and that the staff function of a "planning staff" should be emphasized. It plays a staff role to management and is not a substitute for line management.

A central planning staff at the Prime Minister or Commissioner General level should usually have most or all of the following responsibilities:

1. Developing a framework for planning; providing leadership, and developing procedures necessary for adequate and consistent plan preparation and review.
2. Developing, communicating and monitoring common planning assumptions for use throughout the organization.
3. Assessing the realism and rationality of planning inputs provided by the ministries, bureaus or operating units in response to management's request.

4. Interpreting and arraying this information for top management decision. This includes staff assistance on the identification, development, coordination, analysis and approval of goals, objectives, policies, alternatives and plans.

5. Translating management decisions into coordinated action assignments for the executive to issue.

There are other functions which are sometimes found in central planning and programming staffs and these include:

1. Conducting special studies.
2. Providing advice and assistance to line managers on methods and techniques of planning.
3. Developing a system for measuring, reporting, and evaluating progress in achieving major goals and objectives.
4. Preparation of special reports.

Program level planners are required to assemble, process, and summarize the data needed by central planners for arraying for executive decision-making. In many cases, this involves many of the functions enumerated above. In addition, they are charged with devising specific program plans consistent with the goals, assumptions, policies, procedures, etc., promulgated by top management.

Organizational Location

The organizational location, as well as the size of a planning staff, will depend on the type or level of planning involved and the planning workload. For strategic planning, whose raison d'etre is to service management, close association with top management is indispensable. This means that such a staff must report directly to the Prime Minister or Commissioner himself, or alternatively, to his deputy or to a top management executive committee organized for this purpose. The imposition of levels of management between the planning staff and the chief executive will impair communication and response to executive needs.

Program development requires positioning sufficiently high in the hierarchy to assure adequate coordination with other important management functions. This will be especially true if some parts of the planning function are assigned to separate organizational units. The primary purpose of planning is to assist the decision-maker in making choices and, in order to be effective in this role, such a staff must have access to where decisions are made and must be sufficiently isolated from day-to-day operational problems to permit adequate attention to its primary responsibility.

Relation to Other Management Functions

The necessity to coordinate closely program planning with budgeting and legislative formulation is obvious. The ideal situation would be to have these three functions reporting to the same top level officer, a Minister Extraordinaire. In situations where this is not feasible, effective means for coordination must be developed. In addition, there are other activities which, while not desirable to have organizationally located with the planning or programming function, must also be tied-in closely with the programming system. These include such activities as work measurement, productivity measurement, information management, including data processing, reporting, manpower controls, etc. Since planning provides the framework and guidance for much of these activities, placing the planning unit on an equal organizational footing can hamper its ability to provide such guidance in an effective manner.

As a generalization, it is preferable not to have the planning function report to any line assistants, such as sub-Ministers or bureau chiefs, including those responsible for administration. Lifting it above this level will ameliorate organizational frictions and serve to emphasize its staff role of serving both the chief executive and his principal managers.

Use of Committees, Consultants, Contractors, etc.

With or without the assistance of central planning staffs, it is sometimes useful, even necessary, to establish ad hoc groups and permanent committees. Their use, however, must usually be tailored to specific problems or functions and are not a substitute for formal structure when the planning workload requires such. Some examples and their use follow:

1. Task Forces. Ad hoc groups can be particularly useful, especially in the beginning stages, for goals setting, information collection, special studies and handling problems that cross organizational or even agency lines. They may consist of members from the agency itself, other agencies, or from other public and private organizations. In addition to providing extra staff in a period of heavy workload, they also can provide a fresh look, a degree of objectiveness, and special skills. They are, however, no substitute for continuing responsibility and the knowledge gained in the process, often an important end in itself, can be lost when the group disbands. An added danger in using this device is that alternative or innovative approaches can be compromised at too low a level in the bureaucracy, thus denying to the top executive his right of choice and complete information.

2. Advisory Groups. Such institutions, often established by legislation and usually continuing in nature, can provide an opportunity for outside review of goals, plans, alternatives, etc. especially at the national level. They are not, however, a substitute for executive responsibility and can, because of their usual interest in special fields, programs or institutions, become spokesman for special interest groups, a posture not likely to encourage eliminating marginal programs in favor of innovative approaches to new problems.

3. Consultants. There are many ways consultants, including foreign advisors, and contractors can aid a Planning Board, Ministry, agency or bureau in planning. They can be used for systems design, fact-finding, special studies, developing analytic techniques for specific situations and determining project feasibility. They may help prepare forecasts, develop work measurement indices, and many other similar tasks. They should not, of course be involved in the actual decision-making process and must be used to supplement ministry or government thinking, not substitute for its lack.

4. Executive Committees. A device used often is to establish executive planning or review committees. At the beginning of a comprehensive planning effort, the main emphasis is on setting the scene for continuous planning efforts throughout the organization and providing a mechanism for coordination and review. Such a committee may serve this purpose well.

With the establishment of a central planning staff, while the data collection and analysis workload is still formidable, its first effort will usually be aimed at developing standard reporting procedures. The executive committee can then begin preparing and reviewing goals which in itself sets off additional needs for studies, reports, etc.

As planning becomes more systemized, routine and comprehensive, the role of an executive committee will become more advisory and less of a coordinating nature. Its continued use will depend, to a large extent, on the desires of the chief administrator but, in most cases, it can be expected to retain a review function as a sounding board for the Prime Minister, Commissioner General or Minister, and serve as an additional device for assuring that policy planning, programming and budgeting are integrated.

STAFFING FOR PLANNING

A. A New Profession?:

A staff planner is not a subject-matter specialist. If he knows more than the official responsible for an operation - he should replace him, not run the organization from the safety of a staff position.

The knowledge that distinguishes planners from line managers is one of outlook and methodology. Planning today is not an art into which you can throw a bright young man with good common sense. Neither is it a science in which you can train men with depth and intensity of formulas and then be assured that they will be effective.

Neither is planning a position where you can promote a less capable executive when there doesn't seem to be any place for him. If a truly effective planning job is expected, planning must involve the following combination:

- A technology including a body of knowledge which helps the planner to do his work;
- A group of social and intellectual attitudes and skills;
- Wisdom, i.e., ability to know what knowledge and past experience are applicable to the problem at hand, and a willingness to abandon theoretical knowledge when it doesn't work (in other words, a pragmatic attitude).

It is doubtful whether a new profession will or should evolve, especially since one of the principal purposes of systematic planning is to make planners, i.e., to enlarge the frame of reference, of managers and staff at all levels and functions within an organization. In effect, the use of comprehensive planning requires a new way of looking at problems. The use of an extended time span and emphasis on analysis of alternatives as aids to making decisions is more important than the introduction of new or specialized staff per se.

B. Analytical and Managerial Ability

A listing of desirable characteristics for staff planners would look similar to a list of any important managerial position. The only feature which may be unique and is crucial is the importance of analytical ability.

The basic responsibility of the staff planner is to collect, process and array information in a manner which makes the correct decision conspicuous to his superiors.

Besides the time, concentration and functional knowledge available in government from staff as well as line managers, planning requires skill in coordinative analysis, conceptualization, and overall deductive conclusion.

These characteristics are not the exclusive domain of economists, mathematicians, or any other professions. They must be sought in the man himself. Finally, and not the least in importance, a staff planner must understand the unique role of planning in the managerial process and have a "passion for implementation". Planners who are unconcerned with implementation of decisions are poor planners.

Some desirable characteristics and skills can be summarized as follows:

1. Ability to identify, analyze, and develop alternative solutions to complex problems.
2. Ability to communicate, educate and persuade others to action.
3. Familiarity with the government's or ministry's own programs.
4. Understanding of the political, social and economic factors effecting the organization.
5. Acquaintance with budgeting, financial analysis, problem-solving and managerial techniques.

C. Basis of Authority

A good charter and organizational location is indispensable to the success of a staff planner, but it is not any guarantee. In practice, the planner's authority will stem mostly from the soundness of his planning and his ability to understand, teach, persuade and win the confidence of line managers.

Conditions favorable to success include:

- Clear recognition by management (the Prime Minister and his Cabinet) for the need for planning;

- Participation by management in planning;
- And sound plans.

Unfavorable conditions, aside from the lack of the foregoing, include:

- Misconceptions of administrators about the nature of planning and the planner's authority;
- Weak implementation of plans;
- And insufficient study and knowledge of how to plan.

ANNEX B

PLANNING: FOUNDATION OF MANAGEMENT
A Summary of Current Planning Concepts

by

Raymond E. Kitchell

A reproduced copy of a chapter in the Industrial College of the Armed Forces textbook on "Management: Concepts and Practice," the Economics of National Security, Washington, D. C., 1963

THE NATURE OF PLANNING

What is Planning?

The terms "planning" and "program planning" have no generally accepted meaning. To some, it appears to mean every management device known to man. To others, it means simply the scheduling of work programs. While planning is indeed an essential management device, and to be effective must be a decision-making process, a balanced definition undoubtedly lies somewhere between these extremes. First it must be emphasized that planning is a process and should not be confused with any one single plan itself. Fundamentally, it is a process of choosing -- a planning problem arises only when alternative courses of action are possible.

The term planning as used in this paper is not limited to forecasting, which is an attempt to find the most probable course of events, or at best, a range of probabilities. Nor is it a process which deals only with future decisions. Rather, its effectiveness as a tool of management depends upon the efficacy of which it can deal with the futurity of present decisions. A prime purpose of planning is to make things happen that might not otherwise occur. This distinguishes the process from those efforts which tend to become an academic exercise in crystal ball gazing, interesting perhaps but removed from reality, i.e., decision-making.

Harold D. Smith, former Director of the Bureau of the Budget, wrote in 1945 that "planning is one of the most simple and natural of mental processes by which thinking men set and achieve their objectives.... In administration, planning and management are one and the same. It seems a truism that planning cannot be effective if separated from management. Plans must be put into effect or they remain in the realm of intention."^{1/}

Planning is the process of determining the objectives of administrative effort and devising the means calculated to achieve them. It is preparation for action. The process itself is neutral and implies no particular set of goals and no one special type of procedure, authoritarian or otherwise. It is simply the endeavor to imply foresight to human activity; planning anticipates desired end results set by management, and prepares the steps necessary for their realization.

^{1/} Harold D. Smith, "The Management of Your Government," New York, McGraw Hill Company, 1945. pp. 15, 19, 24.

Perhaps the most trenchant definition is that developed by Peter Drucker who states that "planning is the continuing process of making present entrepreneurial decisions systematically and with the best possible knowledge of their futurity, organizing systematically the efforts needed to carry out these decisions, and measuring the results of these decisions against the expectations through organized systematic feedback."^{2/}

Planning has always been one of the major functions of the executive in the "classical" school of management theory. Chester Bernard, in writing on the "Functions of the Executive," stated that "executive responsibility is that capacity of leaders by which reflecting attitudes, ideals, hopes derived largely from without themselves they are compelled to bind the wills of men to the accomplishment of purposes beyond their immediate ends, beyond their times."^{3/}

Management is often described as a cyclical process consisting of three essential elements: (1) planning - this stage involves goals-setting, information gathering, analysis, development of alternatives, and the preparation of plans and decisions; (2) direction - this stage is concerned with the attainment of objectives and involves organization, communication, and decision; and (3) control - which involves measurement, evaluation and control for the purpose of measuring results and providing a feedback to the beginning of the cycle and a continuation and improvement of the process.

In a large and complex modern organization, be it a public or private enterprise, it is no longer possible for an executive to make all the decisions or, indeed, to be aware that there are problems requiring decisions. He is forced to break down the process of decision-making and spread the task among many suborganizations and people. In the case of government, this is not necessarily bad, as in most cases it is not desirable that a public official act entirely on his own. Nevertheless, this very diffusion leads to other problems, those of communication, coordination, reconciliation and diffusion of responsibility.

In today's complex society, however, there is usually no alternative but to diffuse decision-making. It is therefore necessary to decentralize some decisions and centralize others, to break up planning work in many ways by assigning special subjects to various people, assigning to different groups responsibility for data collection or analysis, for developing alternatives, for scheduling, for allocation of resources, for measuring, controlling and evaluating. In addition, and this is especially true today when technological, economic and sociological changes

^{2/} Peter F. Drucker, "Long-Range Planning-Challenge to Management Science," Management Science, April 1959, V. 5, pp. 238-249.

^{3/} Chester Bernard, "The Functions of the Executive," Cambridge, Harvard University Press, 1938. p. 283.

are taking place rapidly, decision-making must be spread over a longer time period. In order to give cohesiveness and unity to this diffusion, a framework is required within which specific operating decisions can be made. These guides, the planning instruments, include objectives, policies, procedures and programs.

Importance of Planning

Unless an executive takes the time to plan, he places his organization and himself on a treadmill and reacts to, rather than influences, events. Since effective planning is a part of the decision-making process, it is an essential and every day part of life. Nevertheless, there are some generalizations which can be made about the importance of planning.^{4/}

Directs attention to objectives - With organized activity taking place in an environment of innovation and uncertainty, coupled with an overall limitation on resources and other constraints, planning becomes important as a directional device.

The very process focuses attention on organizational objectives and the strategic factors involved in reaching or accomplishing them. The measurement of accomplishment against goals and the making of decisions within a framework established by goals forces managers at all levels to be consciously alert to the overall organizational objectives and policies. This focus is particularly important in large or new organizations where complexity or lack of standards and tradition requires an integrated decision-making structure.

Prepares for the future - Since the future is unknown and is characterized by change, innovation, and the unexpected, an administrator must be alerted to the need for necessary changes in plans and operations as the future becomes more discernible. Only by considering the future can he recognize quickly that events are taking place which require strategic changes. Planning can also assist the manager in avoiding a decision which will tie his hands to a specific course of action over too long a period of time. It can minimize risk taking, not only by forcing a consideration of alternatives, but also by permitting the administrator to postpone, if this is a desirable course, the making of a decision until a more propitious time. Even in those circumstances where a high degree of certainty exists, the planning process may contribute by highlighting the many different ways available to accomplish an objective, and permit the choice of the one "best" way. One of the most valuable uses of planning is to prepare a strategy for reacting to probable and possible events in the future. Alternative plans can be

^{4/} See especially "The Nature and Purpose of Planning" by Howard Koontz and Cyril O'Donnell, in an excellent series of articles edited by David W. Ewing, Long-Range Planning for Management, Harper & Bros., New York, 1958.

developed by the use of different planning assumptions thereby minimizing the possibility of being caught by surprise when unforeseen events take place - as indeed they will.

Minimizes unnecessary cost - Planning can minimize cost as it concentrates attention on choosing the best and most consistent of available alternatives. It tends to result in joint, rather than piecemeal, activity which in turn provides a more even flow of work with less false starts. Effective planning results in decisive and designed actions instead of recurring crises based on snap judgments and continuation of an activity for its own sake. Finally, the process can provide the discipline necessary to think through the full and complete cost of a contemplated action, not just the initial or development cost. It has value not only for avoiding or minimizing programs which might later have to be abandoned, but also in pointing out those actions which if taken now will permit the maximum return by revealing to an administrator the hidden but real cost in delays.

Provides operational control - Planning is essential to effective control since control is impossible unless the purpose of organized effort is known and understood. The determination of goals or objectives and the development of a designed course of action are essential to the measurement and audit of accomplishments of both organizations and individuals. Definitive objectives provide the most impersonal and objective means to make such an evaluation. In addition, planning provides the means to analyze past mistakes which may be used in improving current or future plans and in providing a systematic review of all organizational units.

Difficulties in planning

In planning, particularly long-range planning, there is a serious semantic problem in distinguishing between forecasting, projections, and planning. Projections often involve estimates of future costs based on currently approved programs, with little or no consideration of future environmental or other changes and usually unrelated to any overall goals. Forecasting, on the other hand, is an attempt to predict the future environment or to project a range of possibilities. Planning is neither forecasting nor projecting, although it usually involves both, but is an attempt to identify desired end-results and devise ways to accomplish them.

One's concept of the planning process is usually strongly influenced by his place in an organization's hierarchy. At the higher levels, planning can be conceived as the development of strategy and as a decision-making device; at the lower levels, it can appear more as an onerous and useless attempt to blueprint future programs for control purposes. The latter is often the case when "line" participation in the process has been limited.

Planners of government programs often encounter resistance of a conscious and sometimes subconscious nature. To some, it is synonymous with central direction and, as such, is viewed as a threat to the democratic way of life and as an inefficient process. Many persons accept planning as a prediction of what will happen as a result of presumably autonomous social and economic forces but reject it as an activity of choice implying purposeful direction. Resistance can also be found for less altruistic reasons. The process of developing objectives and specific courses of action provides an impersonal, consistent, and objective means of evaluating group and individual performance, a prospect not always welcomed by those to be evaluated.

If one understands planning as an attempt to commit oneself to a course of action in the distant future, it is a natural reaction to build in hedges, to avoid being trapped by unforeseen circumstances. This, of course, is especially true if planning is not a continuous process and the emphasis is on the plan itself. There may also be a tradition of independence among the major elements of an organization and consequently the planning process is resisted as a threat to one's independence of action. Finally, it is often difficult to convince constituent organizational units that planning is more than just the sum of individual plans.

Planning, particularly long-range, strategic, or comprehensive planning, is a relatively new process with the state of the art still being developed. By its very nature, planning techniques will vary considerably depending on the type of planning and programs involved and, to a considerable extent, the personality of the chief executive. Consequently, there has been little exchange of experience, a paucity of theoretical development, and a subsequent lack of guidelines and methodology. This has resulted in most organizations having to go through their own trial and error process, a prospect not always welcomed by an executive.

The demands of the present appear more compelling than those of the future, and it has been stated that the urge to procrastinate varies inversely with the distance of the action being considered. In addition to the difficulties of dealing with the unknown, concern with the present - operations - has the attraction of drama, the allure of the spotlight, and the soul-satisfying feeling of tangible accomplishment. For the chief executive, at least, this allure can sometimes be fatal. In a complex organization it is rare indeed when an executive can make his impact felt significantly throughout his domain. It is only when an administrator is concerned with overall goals and strategy that his leadership can have an impact which permeates the entire organization.

Planning requires time, manpower, and adequate facilities, all of which are costly. Once an organization has decided to make concerted and continuing planning efforts, the development of the process requires evolution. Time will be required to provide the necessary feedback to test the adequacy of the objectives originally established and the courses of action which have been selected. Finally, the process must be in operation for a considerable period of time before it can effectively serve as a measure for the control and evaluation of results. It will also take time before the communication and education effects of a comprehensive planning effort permeate the organization.

Planning Requirements

Effective planning requires more than a process and there are some principles and guidelines which have been developed which are useful when considering the nature and structure of planning.^{5/}

Use by top management. Planning must not only be supported but must be used by top management if it is to be effective. If it is not used for decision-making, and if subordinates do not feel that their actions will be held accountable within the framework of an overall plan, the process is likely to devolve into research and data collection of academic interest but without action orientation. Planning without control and review, or control without planning, results in management by reaction, and in a competitive society usually results in the demise of an organization.

The uniqueness of planning. Management involves other functions than planning and each function is interdependent. Planning, however, plays a unique role in that it establishes the goals necessary for meaningful group action. Management by objectives provides the framework and guidance for all other management functions, be it organization, staffing, direction or control.

Must contribute to the accomplishment of objectives. This principle requires that every plan, including all variations, must contribute in some positive way to the accomplishment of group objectives. While plans may focus attention on purposes, there is no justification for a plan which does not provide efficient action in the achievement of stated objectives. By-products of the planning process, such as data collection, education and training of managers, better organization of work flow, etc., are of little use unless a plan results in purposeful and designed action. Similarly, a plan is efficient only if it brings about the accomplishment of goals with a minimum of unsought consequences and with results greater than cost.

^{5/} Harold Koontz, "A Preliminary Statement of Principles of Planning and Control," in the Journal of the Academy of Management, Vol. 1, No. 1, April 1958.

Must be pervasive. Comprehensive and effective planning can neither be done solely by the line, or solely by top management, and certainly not by a central planning staff acting in a vacuum. It involves all of these elements plus outside influences and must permeate all levels of an organization. To attempt to draw a fine line between planning and operations is as unrewarding as drawing artificial boundaries between policy and administration. It is a three-dimensional process operating upwards, downwards, and sideways. Perhaps more precisely it can be described as an organizational matrix for decision-making.

Consistent premises. Planning premises, which are the assumptions for the future, must be consistent and uniform throughout an organization. There must be on the part of the planners and managers an understanding of these premises, and an agreement to use them. While planning premises will not be the same for every manager at every level and in every activity, some will be and will clearly shape others. The use of consistent premises regarding the future will not guarantee success, but the use of inconsistent assumptions will guarantee failure. When the planning premises are consistent and known, necessary changes are more easily accomplished when and as required.

Adequate and proper timing. Effective and efficient planning requires adequate timing horizontally and vertically in the structure of plans. Obviously, the scheduling of key events is critical to an orderly and efficient accomplishment of end results. The planning span must be long enough to permit adequate consideration and coordination of the various steps involved, but not be extended so far into the future as to make it meaningless for the present. Planning also takes time before its effectiveness can be evaluated, and to provide an efficient feedback of performance which serves to strengthen the validity and continuity of the process.

Adequate communication. A plan which is held close to the breast of the administrator or his planners will have little effect on the operations of an organization. Adequate communication is required to provide officials at all levels with an understanding of the goals, policies, and planning assumptions particularly as they affect his own area of authority. Similarly, he needs to know the plans of other units to provide adequate coordination. The need for adequate communication is one of the main justifications for the participation of as many individuals and organizations as possible in the actual formulation and revision of plans. While it may not always be desirable or practicable to completely publicize all plans, the principal policies, premises, goals and other important elements of an organization's plan must be known by those responsible for operational management.

THE PLANNING PROCESS

Planning can be described as a process of interdependent decisions directed towards gaining optimum results as a whole. As discussed earlier, many decisions if handled individually could not be made readily, if at all. This, however, only serves to emphasize their interdependency since one decision may help or limit the alternatives available in another problem. Soon a decision matrix is formed, and in a complex organization an effective, unified structure is required to provide direction and prevent chaos. An unstructured situation without specific guidelines or rules is a prolonged, painful and often ineffective process. The planning process, therefore, including the establishment and refinement of goals, provides the framework and direction necessary for such unified decision-making.

Planning in the Management Cycle. Management is a cyclical process involving planning, direction, and control. Within this cycle, and at any phase, planning or decision-making involves diagnosis, development of alternatives and choice, or as Herbert A. Simon describes the decision-making process, "the activities of intelligence, design and choice." Each phase in itself is a complex decision-making process; as, for example, when the design phase may call for new intelligence activities. The problems at any given level generate subproblems that, in turn, have their own intelligence, design and choice phases, and so on. Simon calls this process complex "the wheels within wheels, within wheels."^{6/}

For purposes of description, the planning process has been broken down into various steps. While these steps are identifiable and discernible, they do not necessarily take place in the sequence shown below. Many take place concurrently or continuously, and some in reverse order.

Goals-setting. The words goals or objectives are often abstract terms made more elusive by the lack of standard usage. Usually a mission or goal is used in the broad sense of establishing the desired relationship between an organization and its environment, recognizing that a change in either the organization or its environment requires a review of existing goals for possible revision. The terms "objectives," "targets," and "milestones" are usually employed when more definitive end-results are described within a predetermined, more limited and specified time span. Goals may be expressed quantitatively or qualitatively. If a program of work can be expressed in numerical terms or a level of service, goals may take the form of standards. In all cases, however, the term goal represents the desired end-results of purposeful action. The primary problem of management is to identify desired end-results then set about devising ways to accomplish them. Since the unknown cannot be understood or planned for, the beginning basis of sound planning is e.

^{6/} Herbert Alexander Simon, "The New Science of Management Decision," Harper and Bros., Publisher, New York, 1960.

complete, clear, and precise specification of the objectives by management. They set the framework in which specific decisions about programs can be made--the what, when, where, who, why, and how.

The initial attempt at defining the goals of an organization in Government usually repeats the policy or broad goal laid down in legislation or in policy direction from higher levels within the executive branch. In this broad sense the policy statement usually reflects value judgments about what is necessary, desirable, or feasible. When attempts are made to refine these goals, as explained below, the policy formulation and operational planning are joined or, to put it another way, the political and technical processes meld. With the establishment of goals and objectives, it is necessary to formulate the broad policies which will govern their achievement.

Formulating Plans

Top-management's attention to overall goals must be translated into concrete and specific terms in order to be of use in formulating programs of action. Such program plans are likely to be efficient to the extent that the objectives are clearly and carefully formulated, understood, communicated and accepted. Without such agreement and understanding, planning becomes an onerous procedural device which will either be ignored by management or be used to choose the wrong decisions. Agreement on objectives does not guarantee their achievement, but confusion, misunderstanding, or disagreement regarding objectives will guarantee failure.

Planning is essentially a matching of means and ends. Since a complex program usually involves a multiplicity of both, the matching process involves a consideration of means and ends in relation to the organization as a whole rather than an individual matching and becomes an interrelated pattern of activity. Obviously, in a large organization this pattern becomes complicated, and problems arise involving the consideration of priority objectives and the selection of alternative means. In some cases, the objectives may not be complementary or neutral, but may conflict with each other and increase the judgmental factors required in the allocation of resources.

The process of breaking complex problems into sub-problems and establishing a systematic order for tackling them leads to the development of what are sometimes called "means-end-chains."^{7/} The broad overall goal or objective is broken into subobjectives which in turn become the means, when accomplished, for achieving the overall objective. In turn, the subobjectives themselves may be broken down into more detailed ends whose

^{7/} For an excellent discussion on decision-making and planning, see William N. Newman and Charles E. Summer, Jr., "The Process of Management-Concepts, Behavior, and Practice," Prentice-Hall, Inc., New Jersey, 1961.

accomplishment, when realized, would lead to the successful attainment of subobjectives. Such means-end chains may fit into the hierarchial structure of complex organizations and correspond frequently to the various levels.

From the standpoint of higher authority, a particular objective may be looked upon as one of the means for accomplishing its major goal; for the subordinate officials this subobjective is looked upon as the major goal for their activity rather than a means. This difference in viewpoint, depending upon the decision-maker's place in the organization, is one of the major causes for the confusion that exists in the definition of terms.

An objective to be of maximum usefulness and meaning should contain the following elements:

1. It must be achievable through planned effort.
2. It must be directly related to the problem demanding solution; it must be feasible and acceptable in relation to the cost involved.
3. It must be compatible and supportable with other objectives, providing a unified basis for planning, and fit into the hierchial structure of an organization's means-end chains.
4. It must be measurable and concrete.
5. It must represent a decision, not an alternative.

Meaningful objectives can serve management in several ways and can provide:

Coordinated planning because objectives provide a guide for planning throughout the organization. It focuses the activity done by different organizations and people at different times to the desired end results of management. In addition, if there has been full agreement on the objectives, coordination becomes a voluntary way of life and eliminates unproductive efforts to plan every event in detail, an effort impossible of achievement anyway.

A basis for decentralization since if there is agreement on the end results of organized activity, there is little necessity for prior approval of all operational decisions. The scene is then set for the delegation of operational responsibility with top management reserving to itself the final approval of objectives and a review of performance.

A method of control since well defined objectives provide the basis for effective management and the standards for control and measurement of performance. An explicit objective, by its very nature, provides the criterion for measurement and review.

A system of indoctrination, training, and motivation.^{8/} In the case of a new executive, it provides him with the tools for quickly understanding the scope, character and direction of his organization's programs and activities. It also provides him with a means to have an impact much sooner and probably more effectively than would be possible if he had to wait until he had obtained enough experience with actual operations. The use of objectives can also assist in the training of all personnel to think in terms of the organization as a whole, and provides motivation for individual initiative and innovation.

It is often useful to break down long-range goals into short and intermediate range objectives or targets which represent steps toward the accomplishment of the long-range goal. The creation of interim objectives has several advantages:

1. Objectives can be made more meaningful, precise, and tangible.
2. They can provide a more workable time span in the establishment of realistic target dates.
3. They can provide benchmarks for the measurement of progress in the achievement of long-range goals.
4. Interim objectives can provide a bridge between the known and the unknown, or the idealistic and the realistic.
5. And finally, interim objectives, because they can be made more specific, are more useful to management for programming, coordination, and control purposes.

While an organization may have a dominant mission, it will almost always have multiple goals and this is clearly demonstrated in those organizations which are multi-functional. Difficulties arise when emphasis on one goal tends to reduce attention given to others. It becomes exceedingly difficult to keep diverse objectives in balance as tangible, measurable ends usually will receive undue attention and immediate problems will tend to take precedence over long-run issues. No objective is superior to all others, or inferior, at all levels of achievement. The degree of actual achievement relative to acceptable standards, e.g., the incremental value, affects the emphasis to be placed on any one objective.

An important step in the planning process and a prerequisite for sound decision-making is an adequate analysis of the problem requiring planned action. The essential elements of such a diagnosis involve clarifying the results that are wanted, that is, refining the objectives and identifying the key obstacles. This phase, searching the environment for conditions

^{8/} For an interesting treatment of the motivational aspects of planning, see Chapter 7 of Wm. Travers Jerome III's "Executive Control--The Catalyst." John Wiley and Sons, Inc., New York, 1961.

calling for a decision, is the intelligence activity which precedes design and choice. It is at this stage where the assembling and analysis of information on the past and present, and the possibility or probability of future conditions is most important to the manager and the planner. In the military such an analysis is called making an "estimate of the situation."

The human mind cannot give simultaneous attention to the thousands of facts, diverse issues, competing pressures, and values, probabilities, etc., involved, and some means must be found for breaking the total situation into comprehensible parts. The means-end chains concept, already discussed, is one way of breaking complex problems into subproblems and establishing a systematic order for tackling them.

While research contributes to planning, it is not planning as it does not provide the process for development of alternatives and determination of a planned course of action. At some point in the process the decision-maker must make a determination to use the existing knowledge available as a basis for action. The continuous injection of research results and data analysis into the planning process is the only reasonable basis in which an administrator or manager can be sure that at any particular moment in time his planning assumptions are valid.

An administrator attempting to peer into the future will frequently base his forecasting on recurrent events of the past or trends observable in past events, or upon organization commitments already made about some future event. He is faced with the problem of determining an adequate planning gap because if the time between the past and the future becomes too long the inference from one to the other becomes increasingly hazardous. On the other hand, it must be long enough to provide a stable basis for projecting trends. The use of projections and trends is helpful in forecasting the probable course of events or at best a range of probabilities. But it is not a prediction of the future. Long-range planning is necessary precisely because human beings cannot predict or control the future, but can only plan events which will affect the probabilities. Nevertheless, only by anticipating and by clearly spelling out future expectations can it be known when a plan needs to be reviewed and revised because actual events are differing from those expected.

A crucial step prior to the formulation of specific plans, then, is the establishment of planning premises. These may consist of forecast data of a factual nature, evolving from the steps described just above, which set out the basic policies expected to apply to future events. They provide a common basis for planning and a mechanism for review and improvement of a plan as new facts and trends develop. The most important characteristic of a planning assumption is not its eventual validation but its value in developing usable plans. In the early stages of planning, simple and even unlikely assumptions may be useful. In deference to the unknown quality of the future, planning premises should be held to a minimum and detailed only to the extent necessary to explain the observed facts or to develop required plans.

After a problem is defined there is a search for possible solutions. Rarely does the decision-maker have only one way to solve a problem. In actual practice there are usually several different valid approaches each with its own particular advantages and disadvantages. Two most common sources of alternatives are the past experience of an executive himself and the practices followed by other executives in handling similar problems or situations. Looking to the past for guidance in connection with a particular problem is usually a simple and quite often an adequate way. But the difficulty is that yesterday's solution may not be fully satisfactory for today's problem, particularly when the circumstances of today and certainly tomorrow are vastly different from those of yesterday.

In contrast with looking to past experience, planning often adds some new and useful creative elements. Even plans that include much repetition or imitation, but in some important respects are original, indicate the result of creativity. This is illustrated by the concept of research and development which presumes that new discoveries will be made more rapidly when they are actively sought than when simply waiting for them to occur. Creativity can be learned and conditions for stimulating it can be provided when management is interested in so doing.

A rational comparison rests on a clear understanding of the problem to be solved and the alternative being considered. If the problem is clear and the alternatives have been identified, one can proceed to a calculation of the advantages of each alternative. Frequently the advantage of one course of action may be the disadvantage of the reverse course. In this connection taking no action may frequently be, and should be recognized as such, one of the specific alternatives available. The comparison of alternatives requires a frame of mind that analyzes the evidence, sticks to the issues and rules out irrelevant points, proves points logically and is open to considering any valid reasons that may be set forth by those who oppose the proposed alternatives. People are usually strong either at creative thinking or critical analyses but rarely at both. Frequently one who excels in one type of thinking is impatient and scornful of the other; yet both qualities of mind are needed for decision-making.^{9/}

As rational decision-making is hard work and the energy of the executives is limited, it is important that they work on plans that have a good possibility of being carried out and that develop a satisfactory solution as quickly as possible. To expedite getting at the chief issues of the best alternatives, they should concentrate on crucial factors. Two kinds are readily identified and most helpful; requirements that must be met and major considerations. Frequently as a practical matter, a complete analysis of all consequences of each alternative is impossible. Accordingly, using crucial factors to narrow down alternatives probably provides the least likelihood of error as well as reducing the number of alternatives to be projected in detail. It is much easier to approximate a forecast of relationships than it is to estimate absolute amounts.

^{9/} Newman and Summer, op. cit.

There are certain decisions which are absolutely or relatively irrevocable. One of the reasons why planning activities tend to be preoccupied with the physical aspects of a plan is that the decisions made about them are the least reversible parts of it. Such decisions and frequently others constitute commitments. That is an action which obliges the organization to take certain other acts or limits its choice of acts in the future by foreclosing certain alternative possibilities that would otherwise exist.

At least three broad levels of generality in planning are recognized, depending upon the significance of the consequences of action to be taken, namely:

The policy and development level--only the most far-reaching goals and commitments are included in it.

The program level--includes commitments of lesser importance.

The operational level--this provides for description in great detail of the actual operations that will occur; forms, procedures, time schedules, workload, etc. are covered.

There is no sure test that an executive can use to know when he has arrived at a correct choice of alternatives. Nevertheless a number of different ways of checking to reduce the chance of serious error have proved useful. The urgency of action, importance of what is at stake, and the degree of uncertainty, will help determine the checks to be used and how far they should be pressed. In summary form, such checks include:

1. Reviewing the analysis--the decision-maker seeks help from objective sources to try to expose weaknesses or errors, or other criticisms. He can review his data or project the decision into detailed plans which may turn up unexpected consequences or flaws that can be corrected. And, finally, he can reconsider the planning premises to test their validity and reliability.

2. Making a test or dry run--to actually apply the decision on a small scale to verify whether the results will come up to expectation.

3. Hedging--this involves the making of sequential decisions where one part at a time may be applied so that results from it are known and may be used in deciding the next part. This technique is frequently applicable in research and development activities.

4. Securing agreement--this brings the judgment of others to bear and also frequently enhances the acceptability and implementation of the decision.

Planning for Recurring Operations

Establishing precise objectives and selecting a course of action will not by itself guarantee united group effort. Specific plans of action are required and may be divided into two types, those dealing with repetitive actions, and those dealing with a changing set of circumstances. Simon calls these programmed and non-programmed decisions. "Decisions are programmed to the extent that they are repetitive and routine, to the extent that a definite procedure has been worked out for handling them so that they don't have to be treated de novo each time they occur...decisions are non-programmed to the extent that they are novel, unstructured, and consequential."^{10/} However, he adds that these are not really distinct types, but a whole continuum with highly programmed decisions at one end of that continuum and highly unprogrammed decisions at the other end.

Every organization has an extensive set of basic plans, and in the case of the Federal Government they tie back to the substantive authorization act creating the agency, the specific appropriation act, general laws and regulations, executive orders, etc. These plans are frequently collected in manuals, handbooks, circulars and other issuances. At some time, of course, each of these plans and policies have to be decided upon, but once established they become premises or limits or guides for resolving specific problems and become an important means for building particular patterns of behavior in an organization. These types of plans do not always find their origin in conscious and deliberate effort, but may be the results of tradition and custom. While this is not necessarily bad, a periodic review for possible improvement and for checking relationships to objectives is always prudent. The executive has his choice of a broad category of "standing" plans, notably policies, standard methods, and procedures.^{11/}

Policies are general guides to action and may be defined as a continuing decision to be applied to all subsequent situations until superseded. Usually a policy does not blueprint any action, but serves as a guideline or places limits within which action may be taken.

Standardized methods are types of repetitive methods which vary from policy chiefly in their degree of detail as both provide guidance on how problems should be handled. The scientific management movement started by Taylor, Gilbreth, and others, did much to increase productivity by providing standard conditions and methods for doing repetitive types of work. Production planning and control grew out of these efforts as exemplified by an automobile assembly line or by the handling of repetitive paper work in Government, such as processing passport applications. Units of work under standard plans become building blocks for larger plans; they also

^{10/} Herbert A. Simon, op. cit.

^{11/} See Newman and Summer, op. cit., for a detailed discussion on "standing plans," pp 391-411.

facilitate concentration of attention by higher officials on strategic and long-range plans because they are confident of how current operations are to be carried out.

Procedures are predetermined courses of action carrying out repetitive tasks in a systematic way to achieve a specified purpose and, therefore, are essential to the existence of any large-scale organization.

Planning for the non-routine

When dealing with "non-programmed" decisions there is no standard method for handling the problem because it is unique, elusive or complex, or of utmost importance. It involves dealing with a single or group of situations rather than a repetitive operation. Newman and Summer describe this as "single-use plans" in which a manager decides in advance what action to take within a given time period or what to do to meet a particular problem.^{12/} It deals with situations which are distinctive. The successive steps required to accomplish the ends within appropriate timing need to be specifically laid out as a program. Referring again to Simon, we have an example of his "wheels within wheels" in that while programming may be thought of as design activity, it involves throughout the process intelligence, design and choice-making.^{13/} Each phase may generate sub-problems that in turn involve the phases of intelligence, design and choice, etc.

Programming involves those processes which concern the translation of planned objectives into specific directives and work programs within a specified time. It is the crucial link between policy, budgeting and operation. Policy statements and global goals may sometimes outline broad courses of action to accomplish stated objectives, and even implicitly or explicitly refer to preferred means, but they are usually not very useful in allocating resources to reach objectives. Within the framework of the general goal, the administrator must prepare work programs which set forth the particular objectives to be realized in a specific time period within a probable allocation of resources. In the aggregate these work programs are expected to accomplish the long-term goal of such organized effort. Programming provides the transition from the basic goals or plan itself to the detailed courses of action, and the provision of all necessary resources at the appropriate time to achieve desired ends.

The program planning process must contain the following characteristics, if it is to effectively serve the needs of management at all levels within an organization.

1. The programming process must facilitate the reduction of policy guidance into specific and time-phased program objectives.

^{12/} Ibid

^{13/} Simon, op. cit.

2. Programing must be conducted within a time cycle which permits the careful development, review, coordination, approval and adjustment of program proposals and the evaluation of the adequacy of programs and available resources to accomplish overall goals.

3. Programs and subprograms must be sufficiently "packaged" to permit analysis and choice by the executive.

4. The process should provide the basis within which annual budgets can be formulated, giving due consideration to program as well as fiscal objectives.

5. The process must include provision for adequate communication of top management decisions made during the reviewing phase.

6. The process must be continuous with constant attention given to the achievement of specific objectives and the review of objectives and programs as required by changing conditions. In this way program planning becomes one of the primary techniques whereby management guides administrative action.

In some organizations, a major program will encompass a large part of the total activity requiring the aggregation of major steps. In the Department of Defense, only nine program packages were used in preparation of the Budget for fiscal year 1963, which covered all of their functions and activities. These major programs were defined as an interrelated group of program elements that must be considered together because they support each other or are close substitutes for each other. To be meaningful, a program should have objectives common to all of its subprograms and implementing efforts.

Within a program, an undertaking of a group of related activities with a scheduled beginning and ending and a specific objective or group of objectives is usually called a project. A project permits the development of a detailed work program involving technical, management and financial detail and a clear assignment of responsibility.

Scheduling involves the determination of what and how much work will be done, at what time and places, and the coordinated movement of any manpower, materials, supplies or components which enter into the flow of work. It is one aspect of the program process and, where the work to be done is clearly specified, may be the only element requiring management's attention. Usually, however, it is only one of many considerations.

In some programs, particularly Government programs which are affected by important factors and considerations originating outside the organization itself, many of the actions required to accomplish an objective are not subject to the control of management and the ability to forecast time, resource needs and availabilities is extremely limited. This requires programing within a framework of which decisions are made sequentially

without undue assumptions about the future, a process now popularly known as dynamic programing. Rather than a static blueprint, the program must be an evolving and moving pattern of action. Creativeness, adaptability, resourcefulness, available alternatives, and hedges become more crucial in this type of a situation.

A Multidimensional Process

Planning functions in such a way as to make the most of time available. Time, itself, may be viewed as a scarce resource of which the planning process makes use. In principle, therefore, there is at some point an optimal amount of time which should be devoted to planning versus efforts spent on improving and controlling operations. It is a most important dimension in the planning process and may be introduced in several ways:

(a) as an operating consideration--picking the most opportune moment to make individual decisions may be satisfactory when the decision-maker has freedom to move fast or slowly, and the course of action decided upon is not interwoven with a series of other actions;

(b) as an aspect of programing--when a proposed action is a step in a network of events, the total requirements of a program will strongly affect its timing; and

(c) as a planning assumption--when consistency of action in a number of areas is wanted but there is need for a complete program, guidance on timing can be provided by a planning assumption or premise. For example, setting a specific date by which a research and development project will deliver a new weapon for testing, can serve as an adequate premise for the preparation of plans for their test, evaluation and production as of a given date.

The time span of planning. The use of five-year plans has become popular in national development and corporate planning. If one of the principal uses of planning is to make current decisions with the knowledge of their future consequences, it is a mistake to determine this future period on the basis of an arbitrarily preselected time span. Rather it should be the nature of the program itself and the time of decision involved which determines the time span for planning. Peter Drucker writes that short and long-range do not describe time spans but stages in a decision.^{14/} Short-range is the stage before a decision becomes fully effective, that is, costs are evident but not yet results. On the other hand, long-range is the period of expected performance needed to make the decision an effective one.

^{14/} Drucker, op. cit.

The planning span tends to be limited to the period of years in which foresight can be exercised with some confidence that predictions bear a reasonable degree of validity. Yet, the certainty required varies with the type of programs involved. For example, some programs, such as those involving reforestation projects, may run for fifty years or more, research and development activities for a span of five to fifteen years, and public work projects usually require up to only five years for planning and completion.

Long-range planning is the most difficult and important span involved as many problems in shorter-ranged planning can be traced to the absence of a clear sense of direction and the priorities which a comprehensive long-range plan provides. There is no precise or standard definition of the term but it usually involves any or a combination of the following: Considering the long-run consequences of current decisions; making long-range forecasts to take advantage of or prepare for anticipated change; and developing a comprehensive, unified, and long-range program for the entire organization. In any case, the purpose of long-range planning is to serve primarily as a guideline and source of strategy, motivation and direction.

Fixing a course over a fairly long period of time requires that a plan be flexible and open-ended. The main concern is with a critical analysis of broad alternatives with respect to key but broad goals. While the uncertainties increase as the time span is extended, the possibility of considering various alternatives and maximizing choice is also greater. Emphasis is on adjusting to the future rather than simply assuming that present conditions will continue unchanged.

Probably the most difficult but interesting and rewarding kind of long-range planning is the development of a program for setting up and accomplishing overall organization objectives. The essential characteristics of such a master plan are that it is comprehensive, covering all major elements, and that it is integrated into a balanced and synchronized program. Such planning can be used for any organization with a sufficient degree of self-determination in its operations that planning for its own future can be worthwhile.

Intermediate-range planning usually includes a time span of four or five years although it will depend to a large extent on the time span used for the long-range plan. One valuable purpose for using an intermediate-range time span is to establish interim objectives between long-term goals and for use in the development of annual programs and budgets. In this case, "targets" with specific end-results and definitive time schedules are developed. While much more detail is involved than with long-range plans, the detail is much less than those in the short-range plans and may become less as the time horizon is extended from the immediate future. While resource allocation becomes more important, final approval will only be required for the short-range and consideration of alternatives is still possible. In fact, the feedback from current operations, the incorporation of new technological developments and the input of additional

information requires a great deal of flexibility. It is a crucial planning phase providing the bridge between the long-run goals and desires and the exigencies of current operations. It lends reality to long-range plans and direction to short-range plans.

Short-range planning involves the determination of administrative action and decisions are heavily influenced by budget limitations. Here the principal efforts involve planning in great detail for the next fiscal year. The famous "who, where, what, why, and by whom" ingredients become critical, as do the types and quantities of manpower, materials, and facilities to be acquired. Administrative considerations are necessarily stressed in the development of a detailed schedule of programs and activities. It represents the point where a "freeze" is taken on the consideration of alternative courses of action. Effective implementation becomes the major concern and the importance of administrative criteria increases.

Interdependence of planning periods. It is questionable whether the ultimate time span selected is as important to the decision-maker as is the integration of long, intermediate, and short-range planning. Inefficiency and ineffectiveness often arise from decisions relating to concurrent operations which fail to take into consideration the effect of such decisions on more long-range objectives. In some cases they may not only fail to contribute to the accomplishment of long-range goals but may actually result in changes which impede or defer the attainment of such goals or require the unintentional change in the goals themselves. On the other hand, planning for the future only, without consideration of or isolated from short-range planning and operations may be equally ineffective. Without such a relationship, long-range plans tend to become vague and unreal, with no effect on the current management and operations of an organization.

PROGRAM CONTROL, REVIEW AND APPRAISAL

Control. Objectives provide the basis of control and the ability to think in terms of organizational goals is essential for an effective system of executive control. Objectives serve as both guidelines for action and as measures of performance. Meaningful control cannot exist without some conception of what the end results should be or are desired. Control has its own special problems, i.e., control points will need to be established and there may be difficult questions of measurement, but more fundamental than these for control is a clear understanding of what constitutes good performance. A comparison of objectives with actual performance enables a manager to evaluate the effectiveness of his control system and provides an objective and impersonal basis for the appraisal of subordinates. Thus the most effective control occurs when primary attention is given to those factors which are most strategic to the appraisal of performance. Similarly, since the past is irretrievable, effective control must be aimed at preventing present and future deviations from selected courses of action.

Measurement. In deciding what indicators are needed to show results, it is obviously helpful to state with precision just what a program is intended to accomplish. This then directs attention to the kinds of data that will indicate the extent of accomplishment. In theory, measurement must be impersonal and objective, that is, apart from the event being measured. But as Drucker points out, measurement of a complex organization determines action--both on the part of the measurer and the measured--and thereby directs, limits and causes behavior and performances of the organization.^{15/} It involves motivation and values as much as any numerical ratio. In multi-year planning, since one is dealing with future actions or expectations which are unobservable and hence unmeasurable, it is necessary to develop program objectives in such a way that their accomplishment, or lack of accomplishment, can be realized as at early a stage as possible. Criteria must also be built into the process for providing a fair understanding of what are significant deviations both in time and in scale from the original plans. Without this there is no feedback possible and, consequently, no way of management control.

Review. Review involves the measurement of performance and the evaluation of findings to profit from experience. The facts are analyzed and evaluated so that conclusions can be distilled from the results of operations for the future. Planning looks ahead and determines what should be done while review looks back, establishing what is actually happening. Nevertheless, there is an intimate interplay between planning and review. Planning can provide the effective framework for review, that is, a clear statement of objectives which should be accomplished, the results which are anticipated, the resources allocated for their accomplishment and those assigned responsibility for execution. The close interaction of planning and review is evidence also by the fact that some planning tools are simultaneously review instruments, e.g., budgets, standard cost factors, performance standards, etc. To learn from miscalculations, that is, to plan better, it is necessary to analyze what went wrong in the past, and this is one reason why continuous and systematic follow-up to the planning process is so important. Moreover, without such a review most organizations and people tend to be careless about the goals, objectives and plans set for themselves. Review has its motivational as well as control and feedback functions.

Appraisal. An appraisal of program effectiveness can be tested by various techniques including, for government, a political test; and for business, a financial test. Complex and large organizations usually require in addition an administrative test which provides evaluation through (a) continuing management control systems and devices that produce a regular flow of current information, and (b) through recurring appraisals that give management an intensive periodic review of selected areas of organization

^{15/} Drucker, op. cit.

activity.^{16/}

Continuing appraisals involve such techniques as: staff meetings and personal conferences; frequent field visits and inspections; review of proposed work plans; periodic reports on progress, problems and accomplishments; budget reviews; and discussions with clientele or representatives of the public. While these techniques are essential to effective day-to-day control of operations, there emphasis is on compliance with currently accepted practices. They tend to operate within the accepted and the existing framework of policies, goals, organization procedures and standards. They may show work accomplishment and reveal isolated problems without providing a basis for evaluation the general effectiveness and economy of performance, especially in terms of accomplishing specific and desired end-results. In addition, in the absence of periodic intensive and comprehensive appraisals, continuing control systems tend to perpetuate themselves. Periodic and comprehensive program appraisals, once initiated and maintained, can give top management the assurance not otherwise readily available, that programs operations, and management control systems are on a sound basis, or that action is under way to correct unsatisfactory conditions, and that the program aggregates are on course to the accomplishment of long-range goals and interim objectives. Such appraisals are intensive evaluations made usually on behalf of top management and conducted by staff who are not directly responsible for the programs and activities being appraised. Among other things, such an evaluation, sometimes called a management audit, involves reviewing the goals and objectives themselves, the planning process, the organization, and the operating methods and management control systems to evaluate their effectiveness and to develop improvements. In short, the objective of such appraisals or evaluations is to test the current framework of goals, policies, programs and operations and the effectiveness of continuing management controls.

Feedback. As discussed before, the management cycle involves planning (including the setting of goals), operations and review. It is feedback which closes the circle within which these elements operate. Feedback is the regular system of communication between the measuring and review points and the decision-maker, providing information about deviations between actual performance and planned performance. The conclusions unearthed in review must be fed back to the planners in order to assure that the organizational planning is sensitive to the results of the past and present. Only by such communication can a dynamic organization maintain its responsiveness to changes in the environment, new concepts, technological developments,

^{16/} See articles by Elmer B. Staats and Wallace S. Sayre on evaluating program effectiveness appearing in Indiana University's selected papers on "Program Formulation and Development," which were delivered at the 1959 management institutes of the American Society for Public Administration.

etc. The feedback process, however, usually requires more than just the input available or generated from within the organization itself. Thus review is only a portion of the feedback process involved. Just as clear goals and objectives are necessary for the adequate measurement and evaluation of performance, so is an adequate review and feedback necessary to continually appraise the adequacy, desirability, and feasibility of current goals and objectives.