THE STRATEGIC MANAGEMENT OF A CITY’S DEVELOPMENT

ABSTRACT

The contribution deals with a way as to increase the competitiveness of a city. Historically, urban development was more often an incremental event than a planned process. In the nineteenth century, urban planning became influenced by the newly formalised disciplines of architecture and civil engineering, which began to codify both rational and stylistic approaches to solving city problems through physical design. Firstly, there was the industrialised city of the 19th century, where control of building was largely held by businesses and the wealthy elite. Around the turn of the 20th century, there began to be a movement to provide people, and factory workers in particular, with healthier environments. The concept of garden cities arose, and some model towns were built. The growing importance of managing a city’s development means municipal authorities must apply strategic management to a city’s development.

INTRODUCTION

The development of a society makes a lot of demands on a territory where passed the urbanisation process. Thus, the strategic management process influences the development of existing territories. The application of the strategic management approach by the local governments of cities in developing countries is not new. It started to be applied in the Slovak Republic in recent years. First of all, the municipal authorities provide residents with public services, jobs and support for the development of local industry. The competitiveness of a city is determined not only by its available resources, but also by its effective use of them. The application of strategic management can also contribute to the better analysis of these demands and the way they are focused on defined groups of residents with differentiated services.

KEY WORDS

- Urban planners,
- urban development,
- strategic management of a city,
- long-term development,
- urban strategy and plan,
- land managers.

1. WINDS OF CHANGE AFFECTING URBAN AREAS AND LOCAL GOVERNMENTS IN THE SLOVAK REPUBLIC

At the threshold of the 21st century cities and towns form the frontline in the development process. The urban transition offers significant opportunities for countries to improve the quality of life for all their citizens. Not only cities and towns are growing in the size and number of their inhabitants, but also are gaining new influence. Political and fiscal decentralization, which is in all regions, means that municipal authorities now have greater authority - if insufficient capacity - to take charge of the local services that affect the daily lives of residents. Participatory local democracy is providing desirable ground for innovations in the ways that people’s demands are articulated and satisfied. Globalization is leading to major restructuring within countries, shifting trade and production...
away from many traditional urban centers toward cities and towns that can demonstrate market advantage. Strategic management of a city encompasses the space economy, which consists of its economy, geography, urbanism, sociology, and ecology. The aim of strategic management is to find a way how to ensure a city grows as fast as possible by integrating all the available resources and adopting an effective method of a city management. Generally, strategic management of the city has embraced a wide range of issues of urban planning. First of all, the urban plan would come out of a vision and would cover such fields as settlement planning, urban planning, and regional planning. Settlement planning determines the optimum concentration of inhabitants on a territory from the point of view of capacity and possibilities, the concept of the stabilization of the inhabitants and work force, creating conditions for migration of work force from overcrowded cities, etc. Urban planning includes the functional arrangement of a city or region, settlement arrangement, exploiting the territory, the technical infrastructure of a territory, and urban plans. For the purposes of landscape planning, in the planning process it is necessary to devise a way to protect the ecological and cultural environments and their transformations. Slávik¹ (1997) makes the point that the strategic management process encompasses five steps – identify the current mission, vision and objectives, conduct external and internal analyses, and formulate and implement strategies. These steps are a basis for the strategic management process of a city. From the point of view of strategic management, the most important step is the first one. It comes out of the necessity to respect the long-lasting and continual process of urban development. The process is influenced by a vision of future development. The strategic phase (Vítková, 2001) has 3 steps:

1. Analytic – to examine the nature of the present and retrospective state.
2. Predictive – this stage describes the future development of trends, forecasts, visions and variants.
3. Conceptual – sets strategic goals for development, risk management, possibilities of realization, feasibility studies, contributions, and costs.

The basic document on the strategic level is the one embodying the concept of the long-term development. It is a focus-oriented prognosis, which comes out of an analysis of the present state of development and the existing state of the territorial unit. On that basis variants are developed which are chosen as optimal. The next stages, both predictive and conceptual, promote the creation of the conditions for the achievement of goals – urban plans, an urban framework, entrepreneurial activities on the territory, infrastructural development, etc. It is necessary that all the functional parts of any plans have to support the sustainable urban development of a territory, with the aim of achieving the optimal use of its infrastructure and natural conditions. What is, of necessity, a brief description of the process.

2. THE GROWING IMPORTANCE OF STRATEGIC MANAGEMENT IN URBAN PLANNING

Strategic management was developed as a result of the search for new methods of company management. The dynamics of the changes, the rising risks of investment, the higher capital intensity, new challenges, local and global competitors, and other factors was not possible to copy using classical methods of management approaches. These strategic approaches started to be applied not only in business organizations, but also in other organizations or institutions (state, municipal). Urbanization, when well managed, facilitates sustained economic growth and thereby promotes broad social welfare gains. The urban planning in the process of strategic management contributes to growth through the real sector (by raising the productivity of output and employment), through the financial sector (by mobilizing and channeling savings, and allowing the accumulation of real wealth in the form of urban real estate), and through fiscal flows. But policy weaknesses can disrupt the benefits from urbanization.

The planning process would come out of the SWOT analysis. The SWOT analysis is a strategic planning tool used to evaluate the strengths, weaknesses, opportunities, and threats of a city. This method is the best suited to local governments to the identification of strategic issues. Generally, SWOT analysis is a basic, straightforward method that provides direction and serves as a basis for the development of plans. It accomplishes this by assessing an organization’s strengths (what an organization can do) and weaknesses (what an organization can not do) in addition to opportunities (potential favorable conditions for an organization) and threats (potential unfavorable conditions for an organization). SWOT analysis is an important step in planning and its value is often underestimated, despite the simplicity in its creation. The role of SWOT analysis is to take the information from the environmental analysis and separate it into internal issues (strengths and weaknesses) and external issues (opportunities and threats). Once this is completed, SWOT analysis determines if the information indicates something that will assist the city in accomplishing its objectives (a strength or opportunity), or if it indicates an obstacle that must be overcome or minimized to achieve desired results (weakness or threat).
The aim of strategic planning is to develop strategies and finally an action plan to implement the goals outlined in the strategic plan. The strategic planning process is depicted in Fig. 1. Moreover, a planned process is necessary to help decision makers identify and resolve the most important issues their cities face. Urban planning is that this type of planning is still essentially spatial – whatever the scale and whatever the sequence. Modern urban and regional planning has arisen in response to specific social and economic problems, which in turn were triggered off by the Industrial Revolution at the end of the nineteenth century. The strategic management of a city is realized by the regional policy, which can be considered as a set of measures by which the spatial development is realized. The strategic objectives improve the effectiveness of development and increase the participation of the civil society. Forging partnerships and reducing corruption requires a closer working relationship with the level of government nearest to the people. While these efforts have brought benefits, they failed to sufficiently recognize that sustainable urban development requires an approach that is even more integrated - across the physical environment, infrastructure, finance, institutions, and social activities. Zúbková (2000) has expressed her view that investments are the most important factor of intensive regional development. They create or recover capital in various forms. Demand for investments influences the trend of the future regional development. The urban transformation (economic, institutional, social, spatial, environmental, cultural, technological) helps in assessing the actions of various stakeholders (firms, service providers, financiers, and government) to identify progress and constraints in making urbanization serve national goals of sustainable poverty reduction and broad-based growth.

Strategic management of a city is the process of specifying goals, developing policies and plans to achieve these objectives, and allocating resources so as to implement the plans. It provides overall direction to a whole city or region. A city’s strategy must be appropriate for its resources, circumstances, and objectives. The process involves matching a city’s strategic advantages to the business environment the city faces. A good urban strategy should integrate goals, policies, and action sequences (tactics) into a cohesive whole.

4. THE ORGANIZATION OF THE PLANNING PROCESS AND STRATEGIES IN A CITY’ S DEVELOPMENT

A three-step strategy formation process (analytic, predictive, conceptual) is referred to as determining where you are now, determining where you want to go, and then determining how to get there. These three questions are the essence of strategic planning. Strategy formation and implementation is an on-going, never-ending, integrated process requiring continuous reassessment and reformation. With the help of a SWOT analysis, a city can obtain a suitable competitive advantage.

Strategy development involves the formulation of detailed plans designed to achieve a city’s stated objectives. It is only once a city has identified its strengths and weaknesses, determined market opportunities and threats, and undertaken a review of possible lines of actions available to it, given its resources, that it can work out its strategy. As the space area continues to change, so cities must adapt their strategies and systems to cater to the new challenges. A useful way of finalizing strategic options is to consider a range of scenarios which can be tested according to their potential to generate gains. Analysis of options must, therefore, include a review of potential impacts across all areas as a means of discovering how a change in

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Fig. 1 Strategic planning process of a city development
the strategy. City strategies would focus on the issues of greatest local concern for livability, and the requirements for enhancing city productivity, management, and financing. These exercises would also be an important tool for ensuring balance and coherence between cross-sectoral assistance to cities and sector-specific operations such as in urban transport or water and sanitation.

The concept of a "learning city" is relatively new, but it is at the core of a growing number of regional development strategies, within the context of a knowledge-based economy. The concept is predicated on mobilizing a growing constituency of learners through innovative programming and research partners, public and private sector funding, and advisory partners, all of whom share an interest in urban sustainability. According to a study of a concept of a learning city, we can formulate these characteristics of The Learning City (Holden and Frazier, 2005). The characteristics are:

1. The Capable City
This characteristic examines what can be learned regarding governance and capacity building for urban sustainability. The description will look at how these models evolved organically using a variation of consensus, and will be evaluated using the criteria for good governance developed by the United Nations Centre for Human Settlements (HABITAT).

2. The Ideal City
This characteristic explores the history and force of ideal city planning and the related literary and visual genres of Utopian - and Dystopian - speculation. The Ideal City represents a highly significant aspect of human thought and endeavour, usually conceived in response to actual problems as well as intended to effect substantive improvement in the daily social lives of a individual citizens. This part reviews the main constituents of the Ideal City tradition, examines its impact on the design of urban settlement, and indicates how such conceptual approaches to the building of better civic environment and society can contribute to the creation of more sustainable, habitable and civilized cities in the 21st century.

3. The Livable City
This characteristic poses two central questions: What key factors affect the livability of a city and how does livability relate to sustainability? Livability is defined as "the quality of life" as experienced by the residents within a city or region, and the paper concentrates on a case study what provides lessons for other cities and regions, and concludes that for a region, livability, sustainability and resiliency are three intertwined elements that together will define the quality of life of current and future residents.

one area may have a positive or negative affect on another. Having decided upon a line of action, cities are then charged with the task of effective implementation so that operations and resources are contributing to the effective implementation of strategy.

From the point of view of local authorities, the planning work is centralized in the office of strategic management. The office of strategic management is responsible for financial analysis for a city, long-term financial planning, budget development and management, and the performance of improvement projects. The division works closely with management to facilitate the allocation of city resources in alignment with the strategic direction determined by the citizens, mayor, council, and city’s management. Fiscal integrity is maintained through the implementation of sound financial policies, fiscal stewardship, and compliance with recommended best practices. Clear visions, strategies and action plans are critical to aligning city resources in productive directions. The strategic management process accomplishes the desired plan’s integration and incorporates and expands on the successful elements of the general strategic business plan. The mission and business vision form the basis for the content of the plan.

5. RESULTS OF THE STRATEGIC MANAGEMENT PROCESS - DETERMINED MISSION AND VISION

Each plan consists of that department’s mission, vision, focus areas and goals and strategies. The mission statements describe where they are currently, with statements of purpose. The vision statements describe what they see at the end of the decade, and indicate where they are going. The focus areas and goals identify some key areas that will need attention, and the goals to be achieved, especially in the near term. The strategies describe the alternative approaches that might be used to achieve the goals. Together, the latter define broadly how they are going to get there, with emphasis on the flexibility needed to deal with changing circumstances.

The environment for local planning is constantly changing and planners need to stay on top of city dynamics. Urban planners discuss trends in city management relative to the planning function. They explore the challenges and opportunities presented by a economy and scarce resources.

The city strategy represents the interests of the stakeholders’ vision of a city’s future, analyzes the city’s prospects for economic development, and identifies the priorities for action to implement
4. The Secure City
This characteristic focuses on three key issues: traditional pillars of urban security, threats and forces shaping cities in the 21st century, and a research agenda to explore relationships between adaptive security, preventive security and human security. Action is called for to advance current concepts of capacity building, resilient design and adaptive planning. Integrated risk assessment that is responsive to community needs for prevention and precaution is recommended, and an enhanced role for individual responsibility and community participation to expand social capital is advocated. The Secure City sets a context for emerging national urban agenda and a policy framework for global strategies to improve human security in cities throughout the world.

5. The Youth Friendly City
This characteristic explores what opportunities exist for the greater recognition of the rights and needs of children and youth in urban settings through a significantly enhanced role in urban governance and community building. By enabling children and youth to participate fully in their own development and environment, this paper demonstrates the potential among youth for building capacity, and for becoming insightful resources in developing strong and thriving local neighbourhoods and cities.

The concept of a learning city helps to develop clear visions, goals, and strategies for cities. This means, for instance, promoting effective competition among land developers and service providers; making local government budgets more transparent and thereby reducing the perceived risks of partnership for private financiers; increasing channels of information and collaboration among community groups, informal sector operators, and local government agencies; and refining policy tools such as targeted subsidies, basic land use planning, and urban transport management to address social and environmental externalities in the urban economy in the future. Another common feature of learning cities is their determination to create globally competitive, knowledge-intensive industrial and service activities and to base their work on the local capacity for learning, innovation and change.

What are some of the different strategies and how is each city or region building its own model of development and change? But in each case, the goal is to be competitive in a global marketplace through learning and innovation and to tool up for the new century. The German city of Jena offers the example of an economic and cultural transition. Before 1989 and German reunification, Jena's economy was dominated not only by its position as an East German city, but also by the Carl Zeiss optics and instrumentation complex. This technological basis was clearly useful as a catalyst for today's learning city. The Zeiss complex employed 23,000 local people out of a total of 68,000. Today the figure has dropped to 4,500. But now a new development strategy is promoting Jena as a high-tech region and some 200 companies have already set up shop there. The biotechnology sector employs 1,000 people and is growing. These sweeping economic and cultural changes have all occurred with remarkable speed. The French example of a learning region is around Poitiers. This predominantly rural area has set its sights on development through communication technology, multi-media and a highly skilled workforce. A theme park called Futuroscope, combining research and development with education and leisure activities, is the focus of its strategy. Thus far, it has attracted 70 firms and created 1,500 jobs in the park and 12,000 jobs indirectly in the whole region. It is also a major tourist site, drawing visitors from around the world. Most of the development is funded by public money.

The Andalusia region of Spain offers another kind of development model. Facing Africa and benefiting from a mild climate, ancient seaports, extensive agriculture and a rich cultural heritage, this historical melting pot and tourist attraction is not one of Spain's wealthiest regions. It is now consciously working to diversify its activities. Recent investments in communications, technology and research, combined with the presence of well-established universities and cities like Seville, Malaga, Cadiz, Cordoba and Granada should provide a magnet for new companies and enterprises. Regional co-operation and networking among the cities are proving to be important tools in carving out this learning city region.

As the examples above show, firms and knowledge institutions clustered in the same location have greater opportunities to share a culture and understanding that facilitate the process of social interaction and learning. Nowadays all cities and regions have resources which can be used to manage local economic development, provided they are part of a sustained regional development strategy that emphasises long-term goals over short-term gains. Synergy between the rural and urban economies is a particularly important channel through which growing urban areas contribute to national development. If cities and towns are to promote the welfare of their residents and of the nation’s citizens, they must be sustainable, and functional. First and foremost, they must be livable - ensuring a decent quality of life and equitable opportunity for all residents. To achieve that goal, they must also be competitive, well governed and managed, and financially sustainable, or bankable.

6. THE EXAMPLE OF THE STRATEGIC PLAN OF THE CITY OF TACOMA

Tacoma is a city which is situated in the northeastern part of the U.S.A. (Washington state). The population of Tacoma is about 200,
The city has developed a strategic plan that selected three strategic priorities for 2005-2010. The vision of the City of Tacoma focuses on the preferred future for the entire city. The vision has the aim to develop the city and the community as follows: Tacoma is recognized as a livable and progressive international city, regarded for the richness of its multi-cultural population and its natural setting. The vision is the basis for its strategic planning.

The mission of the city expresses present-day values and approach to day-to-day business operations and services. The mission of the City of Tacoma is to provide high-quality, innovative and cost-effective municipal services that enhance the lives of citizens and entrepreneurs, the vitality of our neighborhoods and business districts through teamwork, integrity and continuous improvement. On the basis of the existing vision and mission, a city plan is developed based on three scenarios: the probable, possible and preferred futures (Fig. 2):

- **Probable future**: What Tacoma will look like in 10 years if the leaders do nothing differently.
- **Possible future**: What Tacoma can look like in 10 years with action from leadership.
- **Preferred future**: What leaders want to move toward as the preferred future and will take steps to effect.

The analysis examined the probable and possible futures in order to focus upon and select a preferred future. The selection of strategic priorities to lead the City toward that preferred future followed. Under the general topics of economic development, safety and neighborhoods, and government performance, the Tacoma City Council selected three strategic priorities for the 2005-2010 Strategic Plan:

- A safe, healthy, livable community
- A balanced, vibrant economy
- A results-oriented government

The first priority - a safe, healthy, livable community - this priority affects every citizen of Tacoma and the quality of their lives. Its main aim is to reduce the crime rate (10 percent reduction), increase the sense of citizen safety, improve the business environment, and support environmental activities and practises. The second priority - a balanced, vibrant economy - mobilizes its resources to increase the overall productivity and competitiveness of the local economy. A vibrant, productive economy relies upon available infrastructure, physical landscape, capital, labor, and market economies. The qualities that typify a desirable city in which to live are the same qualities that will encourage business attraction and retention. The intent is to encourage existing businesses to reinvest and expand, as well as to attract new firms and investment. Tacoma needs to attract and retain diverse businesses that are environmentally sensitive, and that provide family-wage jobs with opportunities for economic self-sufficiency. Additionally, this will provide the City an increasing revenue base to meet the increasing needs of the community. The intent is to stabilize revenues, thereby allowing a more long-term financial plan for the maintenance of essential services and the enhancement of the quality of life for our citizens. The third priority - a results-oriented government - is to be accountable to taxpayers and ratepayers in providing efficient and effective services in an open and transparent manner.

These priorities form regional opportunities and solutions to issues and doing so with a workforce that reflects the diversity of our changing community.

### 7. APPLYING THE RESULTS OF STRATEGIC MANAGEMENT TO THE LONG-TERM DEVELOPMENT OF CITIES

Generally, economic development is a process by which a community mobilizes its resources to increase the overall productivity and competitiveness of the local economy. These priorities can enhance the competitiveness of a city. The intent is to stabilize revenues, thereby allowing a more long-term financial plan for the maintenance of essential services and the enhancement of the quality of life for the citizens.
The city representatives have to manage the development of the city on a strategic level to gain a competitive advantage and attract investors. Local government are increasingly under pressure to develop long-range strategic plans that chart out agency goals on a multi-year basis. Mandates require agencies to use strategic planning at all levels of the organization to develop goals, refine policies, and manage initiatives. Strategic planning in a local context requires a modified approach to traditional strategic planning that mixes statutory requirements with the evolving dynamics of public policy issues faced by local government.

State and local governments also will begin grouping into clusters related government functions in areas such as health and human services to provide more efficient and effective service to citizens and comply with legislative and regulatory mandates. The measures provide a means for identifying historical values, monitoring recent progress, and when possible, comparing city or region to the nation as a whole. Strategic planning involves identifying challenges or opportunities and then developing a urban plan to meet those challenges and move toward desired results for the public.

The urban and local government strategy is also grounded in sound principles about the rationales for public and private action in support of urban development. Municipalities bear the basic responsibilities of government at its lowest tier for allocating resources and promoting social equity, within constraints set by higher levels of government (which assign functions and fiscal authority), and for ensuring the provision of local public goods and services, through partnerships with the private sector and civil society.

CONCLUSION

In the theory and practise of strategic management important changes have been recorded in recent decades. The strategic management of a city is not possible to consider as a modern trend. First of all, it is an actual response to contemporary conditions and forthcoming trends in development of cities and regions. One successful way to increase the development of the city or region is to develop marketing strategies for increasing attractiveness to possible investors. This trend is a real challenge for city representatives in city halls which establish conditions for sustainable development of cities.

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