



# STRATEGIC PLANNING

Dear Colleague,

On behalf of the National Minority AIDS Council (NMAC), thank you for picking up this manual and taking a step toward increasing your capacity in this struggle. As we enter the third decade of HIV/AIDS, it is more important than ever to develop our skills and knowledge to better serve our communities and our constituents.

NMAC, established in 1987 as the premier national organization dedicated to developing leadership within communities of color to address the challenge of HIV/AIDS, works to proactively produce and provide skills-building tools to our community. One such tool is the manual that you hold in your hands.

The Technical Assistance, Training and Treatment Division's mission to build the capacity and strength of community-based organizations, community planning groups for HIV prevention and health departments throughout the United States and its territories is supported through a multifaceted approach. This approach includes individualized capacity-building assistance, written information (manuals, publications and information provided through NMAC's website and broadcast e-mail messages) and interactive learning experiences (trainings). All components are integral to providing a comprehensive capacity-building assistance experience, as opposed to offering isolated instances or random episodes of assistance.

After undergoing a revision of existing curricula and publications and an expansion of our current catalog of subject areas to include more organization infrastructure topics, NMAC is proud to present you with this new manual, Strategic Planning. One of 15 topic areas in which we provide capacity-building assistance, this manual will provide you with detailed information, resources and the knowledge to enhance your capacity to provide much-needed services in your community.

Our hope is that this revised manual will give you the skills and knowledge to increase your capacity and serve your community at a greater level than ever before. Please feel free to contact us if you would like further information on other services we can provide to you and your community.

Yours in the struggle,

A handwritten signature in black ink, appearing to read 'Paul Akio Kawata'. The signature is stylized and somewhat abstract, with thick, dark strokes.

Paul Akio Kawata  
Executive Director

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# Preface

## Organizational Effectiveness

Successful community-based organizations (CBOs) can attribute their success to employing 15 key components that support organizational effectiveness. See the model below.

Ongoing learning and training in each of these areas will allow your organization to meet the needs of your constituents.

For information regarding training in any of these areas, contact the National Minority AIDS Council's Technical Assistance, Training and Treatment Division by telephone at (202) 234-5120 or by e-mail at [ta\\_info@nmac.org](mailto:ta_info@nmac.org).

## ORGANIZATIONAL EFFECTIVENESS MODEL

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# Introduction

## Purpose

Nonprofit organizations must have a grounded starting point to effectively accomplish their missions. A strategic plan is a vital tool and an important process that helps an organization reach its goals and achieve success. The purpose of this training manual is to provide learners with the fundamentals of building a successful strategic plan for operating a nonprofit support organization for AIDS advocacy, prevention and treatment. This manual presents information for preparing a strategic plan for people with varying levels of experience in strategic planning.

## Learning Objectives

Upon completion of this workshop, learners will be able to:

- ✓ Explain the importance of a strategic plan.
- ✓ Define the key components of strategic planning.
- ✓ Explain the structure of strategic planning.
- ✓ Initiate the strategic planning process within their organization.
- ✓ Articulate a mission and vision.
- ✓ Conduct an environmental assessment.
- ✓ Explain the differences between strategies, goals and objectives.

## Introduction

This manual offers a framework for strategic planning with suggestions developed specifically for nonprofit organizations dedicated to AIDS advocacy and prevention. Those who already have experience with strategic planning will find this a useful refresher and “source book” of fundamental techniques. Those without such experience will find this to be a comprehensive tool and roadmap to use in building a strategic plan. This workbook defines what strategic planning is — and is not — and explains how to make the best use of the strategic planning process.

When strategic planning works, it is both a creative and a participatory process that builds new insights into helping a group pursue its mission. It is also an important tool that, when used correctly, can help AIDS service organizations achieve their goals. But, a tool’s effectiveness ultimately depends on how well it is used. With this manual, we hope to help learners develop and execute well sound strategic plans that ensure the viability and success of their organizations.

## Pre-training Assessment

The pre-training assessment below is an opportunity for you to check your own knowledge against the information that will be provided in this manual. The correct responses to the assessment are located on page 71.

### Pre-training Assessment

Please circle either True or False for the following statements.

1. **True** **False** Strategic planning is the same thing as long-term planning.
2. **True** **False** Organizations should have a strategic plan, regardless of whether or not they are ready to plan.
3. **True** **False** Four key criteria for building a strategic plan are having a mission and values; environmental assessment; developing strategies, goals and objectives; and writing the strategic plan.
4. **True** **False** Strategic planning prepares for an exact result desired in the future.
5. **True** **False** Strategic planning is not necessary in nonprofit organizations.
6. **True** **False** Only one individual is needed to develop and build a strategic plan.
7. **True** **False** The executive director and board chair are the two most important internal individuals for developing a strategic plan.
8. **True** **False** SWOT stands for strengths, weaknesses, opportunities and threats and helps an organization look internally only.
9. **True** **False** The critical issues an organization faces help it to determine which strategies it will pursue.
10. **True** **False** Editing, proofreading, and generally "polishing" a strategic plan are not as important as the project ideas contained within it.

# UNIT 1:

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## Understanding Strategic Planning

### **Purpose:**

The importance of advance preparation cannot be overemphasized. Before the strategic planning process begins, you will need to complete some background work. You must know as much as possible about your organization, its environment, your staff, the board, funding sources, the intended project and alternative sources for your services. If you do not have all of this information, please don't feel overwhelmed. You will learn what needs to be assembled and where to find it, at a minimum.

### **Learning Objectives:**

By the end of this unit, learners will be able to:

- ✓ Explain the importance of a strategic plan.
- ✓ Define the key components of strategic planning.
- ✓ Explain the structure of strategic planning.
- ✓ Explain the difference between strategic planning and long-range planning.
- ✓ Describe what a strategic plan is not.
- ✓ State the reasons for strategic planning.

# I. A Definition of Strategic Planning

Strategic planning is a management tool for several key purposes: to help an organization do a better job, to focus its energy, to ensure that members are working toward the same goals and to assess and adjust its direction in response to an ever-changing environment. Strategic planning provides the master plan an organization uses to achieve its aims. It charts the direction and goals of the entire organization and all aspects of its operation. In short:

*Strategic planning is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it, with a focus on the future. (Bryson, 1988.)*

In addition, strategic planning does the following:

- ✓ Shares an organization's vision with a large internal and external audience.
- ✓ Clarifies and makes the organization's mission specific. The process is strategic because it involves choosing how best to respond to the circumstances of the organization's environment.
  - Nonprofits must respond to dynamic and sometimes even hostile environments.
- ✓ Identifies clients, consumers and stakeholders served by the organization.
- ✓ Identifies distinctive strengths and weaknesses of the organization.
- ✓ Scans the relevant environment to find emerging opportunities and threats for an organization.
- ✓ Involves the key people inside and outside the organization in the planning process.
  - The process is about planning because it involves intentionally setting goals (choosing a desired future) and developing an approach to achieving those goals.
- ✓ Creates a context for making choices about possible future directions.
  - The process is disciplined in that it calls for a certain order and pattern to keep it focused and productive.
  - These choices are fundamental decisions and actions that must be made to reach a desired future. The plan ultimately is no more (and no less) than a set of decisions about what to do, why to do it, and how to do it.

The strategic planning process can be complex and challenging, but by using the basic ideas outlined above, you can develop and execute a successful strategic plan.

## STAKEHOLDER

Anyone who cares, or should care, about the organization — anyone who has a “stake” in the success or failure of its mission — is a stakeholder. This encompasses those who must implement the strategic plan, those who benefit from its implementation and those who could significantly help or hinder its implementation: board members, staff (part- and full-time, salaried and volunteer, current and previous), funders (existing, potential), clients (existing, past, potential), community leaders, competitors, potential collaborators, and other agencies in parallel or related fields.



## Strategic Planning and Long-Range Planning

Although many use the terms strategic planning and long-range planning interchangeably, the terms differ in their emphasis on the “assumed” environment. Long-range planning is generally considered to assume current knowledge about future conditions. It looks to ensure the plan’s exact results over the duration of its implementation.

### LONG-RANGE PLANNING

Long-range planning is generally considered to assume current knowledge about future conditions. It looks to ensure the strategic plan’s results over the duration of its implementation.

Strategic planning, however, assumes that your organization must be responsive to a dynamic, changing environment, which may call for changes in the future. Strategic planning, then, stresses the importance of making decisions that will ensure your organization’s ability to successfully respond to changes in the environment.

## Strategic Thinking and Strategic Management

Strategic planning is only useful if it supports strategic thinking and leads to strategic management and, even more importantly, execution. Strategic thinking and subsequent management must result in action.

Dr. Jagdish Sheth, a respected authority on marketing and strategic planning, provides the following framework for understanding strategic management. He says that it means continually asking the question “Are we doing the right thing?” It entails both attention to the “big picture” and the willingness to adapt to changing circumstances and consists of the following three elements:

- ✓ Formulation of the organization’s future mission in light of changing external factors such as regulation, competition, technology and customers.
- ✓ Development of a competitive strategy to achieve the mission.
- ✓ Creation of an organizational structure which will deploy resources to successfully carry out its competitive strategy. (Sheth, 1985.)

Strategic management is adaptive and keeps an organization relevant. In these dynamic times, this approach is more likely to succeed than assuming everything is fine just the way that it is.

## What Strategic Planning Is Not

Strategic planning is about fundamental decisions and actions, but it does not attempt to make future decisions (Steiner, 1979). Strategic planning involves anticipating the future environment, but the decisions are made in the present. This means that over time, your organization must stay abreast of changes in order to make the best decisions it can at any given point — it must manage, as well as plan, strategically. Strategic planning has also been described as a tool — but it is not a substitute for the exercise of judgment by leadership. Ultimately, the leaders of any enterprise need to sit back and ask themselves “What are the most important issues we should respond to?” and “How shall we respond?” And they must have answers.

Finally, strategic planning, though disciplined in many respects, does not typically flow smoothly from one step to the next. It is a creative process, and the fresh insight arrived at today might very well cause you to alter the decision made yesterday. Inevitably, the process moves back and forth several times before arriving at the final set of decisions. So, no one should be surprised if the process feels less like a comfortable trip on a commuter train and more like a ride on a roller coaster. But remember, even roller coaster cars arrive at their destination!

## Reasons for Strategic Planning

Why should your organization embark on a strategic planning effort? After all, planning consumes resources and time and takes away from handling the pressures of the moment. Furthermore, defining the direction and activities of an organization's future is a daunting endeavor. Despite the magnitude of the task, however, there are many compelling reasons for taking on the challenge. The process of strategic planning can lead to:

- ✓ Creating a forum for understanding why the organization exists and the values that should influence decisions.
- ✓ Defining a shared vision of the organization's future that can guide the current allocation of scarce resources — which is not to predict the future, but to define the organization's preferred future and establish a perspective that will guide current decisions.
- ✓ Fostering successful communication and building teamwork among the board of directors, staff and external constituencies.
- ✓ Laying the groundwork for meaningful change by stimulating forward thinking and focusing attention on what is really important to the organization's long-term success.

Participation in the process makes for a better-informed staff and board and empowers them to be more effective leaders, managers and decision makers. And they end up with a planning document that they can use to effectively manage the organization. Between the planning process and the realization of a final written plan, a number of tangible benefits can emerge:

- ✓ An explicit understanding of the organization's purpose, mission and values among staff, board and external constituents, with that understanding supporting an increased level of commitment to the organization and its goals.
- ✓ A framework that guides and supports the governance of the organization and orients board and staff toward more strategic thinking and strategic management.
- ✓ A means of monitoring achievements and measuring results.
- ✓ A blueprint for action.
- ✓ Improved services for clients.
- ✓ Information that can be used to "market" your organization to the public and potential funders.

### VALUES

The principles or belief systems that guide an organization's members as they pursue the organization's purpose.

## II. The Strategic Planning Process

There are five fundamental steps in the planning process. These steps are a recommendation, but they are not the only recipe for cooking up a strategic plan. Thoughtful and creative planners will add spice to the mix or elegance to the presentation to develop a strategic plan that best suits their organization.

### Step 1: Getting Ready

To prepare for strategic planning, your organization must first assess if it's ready. While a number of issues must be addressed in assessing readiness, that determination essentially comes down to whether your organization's leaders are truly committed to the effort and whether they are able to devote the necessary attention to the "big picture." For example, when a funding crisis looms, or the founder is about to depart, or the environment is so turbulent that everyone is putting out fires, it may not make sense to take time out for a strategic planning effort.

Once you determine that your organization is indeed ready to begin strategic planning, you must then do four things to pave the way for an organized process:

- ✓ Identify the specific issues or choices that the planning process should address.
- ✓ Clarify roles (who does what in the process).
- ✓ Create a planning committee to develop an organizational profile.
- ✓ Identify the information that must be collected to help make sound decisions.

The product developed at the end of Step 1 is called a work plan. (Depending on the size of your organization, this part of the process can involve many key individuals. It can be shortened, however, if your organization has only a handful of staff that will need to provide input.)

### Step 2: Developing the Mission and Vision Statements

A mission statement is like an introductory paragraph: It must communicate the essence of your organization. An organization's ability to articulate this indicates its focus and purposefulness. A mission statement typically describes an organization in terms of:

- ✓ **Purpose:** Why the organization exists and what it seeks to accomplish.
- ✓ **Business:** The main method or activity through which the organization tries to fulfill this purpose.
- ✓ **Values:** The principles or belief system that guides an organization's members as they pursue the organization's purpose.

Whereas the mission statement summarizes the what, how and why of an organization's work, a vision statement presents an image of what success will "look like." For example the mission statement and vision statement of one organization are as follows:

**Mission:** The mission of the Support Centers of America is to increase the effectiveness of the nonprofit sector by providing management consulting, training and research.

**Vision:** Our guiding principles are to promote client independence, expand cultural proficiency, collaborate with others, ensure our own competence and act as one organization.

From these statements, we can see that the group envisions an ever-increasing global movement to restore and revitalize the quality of life in local communities. The Support Centers of America wants to be a recognized contributor and leader in that movement. With mission and vision statements in hand, this organization has taken an important step toward creating a shared, coherent idea of what it is strategically planning for.

The products developed at the end of Step 2 are a draft mission statement and a draft vision statement. (This step can be very complex for a larger organization with multiple stakeholders. Smaller organizations will be able to come to agreement on a mission more readily.)

## Step 3: Environmental Assessment

Once your organization has clarified why it exists and what it does, it must take a clear-eyed look at its current situation. Remember that part of strategic planning, thinking and management is an awareness of available resources and an eye to the future environment so that your organization can successfully respond to change. This step is about gathering up-to-date information about your organization's strengths, weaknesses, opportunities, threats and performance — assessments that will highlight the critical issues that your organization faces and that its strategic plan must address. These could include a variety of primary concerns, such as funding, new program opportunities, changing regulations or changing needs in the client population; the point is to choose the most important issues to address. Typically a planning committee will agree on no more than ten critical issues around which to organize the strategic plan.

The products that result from Step 3 are a "database" of concrete information that can be used to make decisions and a list of critical issues that demand a response from the organization — the most important issues that the organization needs to address.

### MISSION STATEMENT

A mission statement reflects the essence of an organization's intent and tells when, where and how it will fulfill its purpose.

### VISION STATEMENT

A descriptive sentence that presents a broad image of what success will "look like" for a nonprofit organization.

### ENVIRONMENTAL ASSESSMENT

The process of gathering and analyzing the information needed to make an evaluation of your organization in its environment. The environmental assessment includes the following activities:

- ✓ Collecting internal and external stakeholders' perceptions about the organization.
- ✓ Evaluating programs' impact on clients.
- ✓ Evaluating programs through a cost/benefit analysis.
- ✓ Analyzing programs through a competitive analysis.
- ✓ Defining previous implied strategies.

## Step 4: Developing Strategies, Goals and Objectives

Once you have affirmed your organization's mission and identified its critical issues, it is time to figure out what to do about them: the broad approaches to be taken (strategies), and the general and specific results to be sought (the goals and objectives). Strategies, goals and objectives may come from individual inspiration, group discussion or formal decision-making techniques — but in the end the leadership agrees on how to address the critical issues.

### STRATEGY

A strategy is a coordinated approach or direction adopted by an organization in response to a critical issue and/or goal.

### GOALS

Goals are described in a broad outcome statement that guides a program or management function.

### OBJECTIVE

An objective is a precise, measurable, time-phased result that supports the achievement of a goal

This can take considerable time and flexibility: Discussions at this stage frequently require additional information or a reevaluation of conclusions reached during the environmental assessment. It is even possible that new insights will emerge that change the thrust of the mission statement. To create the best possible plan it is important that planners not be afraid of going back to an earlier step in the process to take advantage of newly available information.

The product of Step 4 is an outline of the organization's strategic directions — the general strategies, long-range goals and specific objectives of its response to critical issues.

## Step 5: Completing the Written Plan

You've articulated the mission, identified the critical issues, and agreed upon the strategies — so Step 5 essentially involves putting all that down on paper. Usually one member of the planning committee, the executive director, or even a planning consultant can draft a final plan document and then submit it for review by all key decision makers (usually the board and top staff). This is also the time to consult with top staff to determine how the document will be translated into operating plans (the detailed action plans for accomplishing the goals proposed by the strategic plan). This important action ensures that the plan addresses key questions about priorities and directions in sufficient detail to serve as a guide. Revisions should not be dragged out for months, but action should be taken to answer any important questions that are raised. It would certainly be a mistake to ignore serious disagreement at this step just to wrap up the process more quickly.

The end result will be a concise description of where the organization is going, how it should get there and why it needs to go that way — ideas that are widely supported by the organization's staff and board. The product of Step 5 is the Strategic Plan.

- Step 1:** Getting ready; initiating the planning process  
Results in a work plan.
- Step 2:** Developing a mission and vision  
Results in a mission statement.
- Step 3:** Conducting an environmental assessment  
Results in a resource database of information.
- Step 4:** Developing strategies, goals and objectives  
Results in an outline of strategic directions.
- Step 5:** Writing the strategic plan  
Results in a strategic plan.

# UNIT 2:

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## Initiating The Planning Process

### **Purpose:**

In this unit we examine the basic elements of initiating the strategic planning process and how to prepare for it. It discusses setting the stage for participation among key stakeholders and developing a general direction for the organization's future.

### **Learning Objective:**

By the end of this unit, learners will be able to:

- ✓ Prepare to develop a strategic plan.
- ✓ Identify whom to include in the process.
- ✓ Determine what information is required to begin planning.

Strategic planning helps your organization become vibrant and capable of evolving. In the book *The Living Company, Habits for Survival in a Turbulent Business Environment*, Arie De Geus writes that organizations are alive, and just like people, they need to be adaptable to their changing environment in order to be successful long term. The challenge of combating AIDS is beyond a doubt such a long-term challenge.

Strategic planning is a good idea, but it is only worthwhile in practice if the organization is ready and the right people in the organization believe in it and are committed to achieving it. (A good definition for commitment, by the way, is unwavering perseverance and emotionally impelled direction.)

The overview provided in Unit 1 outlines requirements for successful planning, as well as potential pitfalls to avoid. Most important is the requirement of a strong commitment to the planning process by the executive director and board leadership. Top leadership must spend significant time and energy on the process or it will never get off the ground. In other words, regardless of how much an organization “needs” to do strategic planning, a program manager or board member will not be able to initiate a planning process alone, or see that it happens successfully.

This does not mean that a visionary on the staff or board has no opportunity to initiate a strategic planning process. One person can be the catalyst to start the process. Such an individual must, however, actively recruit support from leaders by identifying the potential benefits to the organization and helping key stakeholders see the need for planning. For example: Is the staff confused about how their programs relate to each other? Does the board shy away from seeking community support for the organization? Is it unclear what the organization has accomplished and how to measure the success of its efforts? If the answer to these kinds of questions is “yes,” then a compelling case can be made to management for doing strategic planning. This important up-front homework is essential because it will pay off down the line with board and staff commitment to the process.

The strategic planning process is part of a board-staff partnership. The reason both groups need to be involved is that strategic planning is at the intersection of governance (the board’s role) and management (the staff’s role). Whoever initiates the strategic planning process must recognize that its success lies in getting involvement from all parts of the organization.

The executive director and board president need to assess the organization’s readiness and be clear about what they would like the planning process to accomplish. If it makes sense to go forward, then proceed by forming a planning committee.



## I. Getting Ready

Perhaps the best way to start the process of strategic planning is by establishing some context for the effort — if your organization is considering doing such planning, there are probably some underlying reasons and hoped-for outcomes. This is not a formal evaluation, but simply a way to “get a handle on” the concerns and expectations that paint a picture of this effort at the outset.

### Strategic Planning Readiness Criteria

- ✓ Commitment and support from top leadership, especially the executive director and board president, to see the project through to the end.
- ✓ Clear roles and expectations for all participants in the planning process, including clarity as to who will contribute input to the plan and who will be the decision makers.
- ✓ Access to relevant information for assessing the organization (sufficient market research) and willingness to recognize and respond to the organization’s internal and external environment (strengths, weaknesses, opportunities and threats).
- ✓ At least one strategic thinker and at least one realist, willingness to be inclusive and encourage broad participation so that people feel ownership of and energized by the process.
- ✓ An adequate commitment of organizational resources to complete the planning process as designed, for example, staff time, board time and dollars to spend on the process (market research, consultants).
- ✓ A board and staff that understand the purpose of planning, realize what it is and is not able to accomplish, and have reached consensus about the desired outcomes of the planning process.
- ✓ A true commitment to assessing current programs and to meeting current and future client needs.
- ✓ A willingness to question the status quo and to look at new ways of doing and evaluating things.
- ✓ Good working relationships and an ability to work through conflicts among key players.

## A. Planning Process Considerations

As with any major effort, a strategic planning process has its proper time and place in the life of an organization. Certain conditions and criteria must exist (and others must not) if strategic planning is to be a creative, collaborative, successful endeavor — so it is important to be honest when analyzing your organization's readiness to plan. Use the criteria on page 22 to make sure.

The planning readiness criteria outlined above are the ideal elements your organization should have in place before committing to a strategic planning process. But when considering such an effort, the pitfalls to be avoided are equally important. If you recognize your organization in any of the symptoms below, step back and rethink the feasibility of a strategic planning endeavor at this point in time.

If many of the pitfalls presented below are present, then an in-depth strategic planning process may not be appropriate at this time. Even if your organization is halfway through the planning process before realizing that it isn't really ready to plan, you should stop right there and address the barriers to strategic planning before continuing with the process.

### Strategic Planning Pitfalls

- ✓ Too much formality or rigidity in the planning process so that it lacks simplicity and restrains creativity.
- ✓ Top management that assumes that strategic planning is something separate from the entire management process.
- ✓ Top management that assumes that it can completely delegate the planning function to a planner.
- ✓ Top management so engrossed in current problems (such as a financial crisis or other extreme circumstance) that it has neither the time nor the leeway to look far enough ahead to plan for the future.
- ✓ Top management's tendency to reject the decisions made during the planning process in favor of its own intuitive decisions.
- ✓ Failure to involve line staff and members of the board in the planning process.
- ✓ Failure of top management to include department and division heads in developing plans for their departments.
- ✓ Failure to articulate constraints and non-negotiables up front.
- ✓ Failure to create an organizational climate that is receptive to planning and change.

## B. Prior Experience

In addition to assessing current circumstances, it is useful to assess past efforts at planning and apply lessons learned. If an organization's previous planning processes were successful, then it will want to try to duplicate that success by using similar processes this time around. But if prior planning efforts have not worked well, or the plans that resulted from prior efforts were not followed, then you need to spend some time figuring out why this is so and what changes might benefit future planning efforts. If the management team of your organization has been in place for a few years, there should be a number of staff around who can play the role of historian to give this effort more credibility.

## C. Participation in the Planning Process

Strategic planning should be an inclusive effort that engages key stakeholders at appropriate stages. Who are stakeholders? Anyone who cares, or should care, about the organization and anyone who has a "stake" in the success or failure of its mission is a stakeholder. This encompasses those who must implement the strategic plan, those who benefit from its implementation and those who could significantly help or hinder its implementation, such as board members, staff (part-time and full-time, salaried and volunteer, current and previous), funders (existing, potential), clients (existing, past, potential), community leaders, competitors, potential collaborators and other agencies in parallel or related fields.

Part of the thought and creativity of the strategic planning process is identifying those individuals and groups that traditionally might not be regarded as "key" stakeholders, but who might contribute unique and valuable perspectives. It is important to include this range of participants because a truly inclusive process achieves the following:

- ✓ Helps build internal and external enthusiasm for and commitment to the organization and its strategies — those who feel they have contributed to the planning process then feel invested in it and are more likely to take ownership of the organization's goals and efforts.
- ✓ Adds objectivity to the process — "outsiders" can identify jargon or ask critical questions about issues that "insiders" might assume are common knowledge or simply take for granted.
- ✓ Develops foundations for future working relationships.
- ✓ Establishes a continual information exchange among staff, management, clients and other key stakeholders.
- ✓ Ensures an adequate depth and breadth of data from which to make informed decisions.

## D. Stakeholders' Roles in Planning

Determining how to include all these stakeholders can prove even more challenging than identifying who they are, as there are many different kinds and levels of participation in the strategic planning process:

- ✓ **Leadership:** Taking the initiative to see that decisions get made and things get done.
- ✓ **Facilitation:** Paying attention to process rather than content (a role played, for example, by an outside consultant or neutral participant).
- ✓ **Input:** Providing information and opinions.
- ✓ **Decision-making:** Using that information and those opinions to establish strategies and goals.

It is especially important to delineate between those stakeholders who provide input and those who make decisions. Being asked for an opinion is not the same as having a final say in related decisions, but stakeholders sometimes lose sight of that distinction. It is the responsibility of those who make the decisions to build a framework and process for letting participants know their roles and what will be done with their input and opinions.

The nature of stakeholders' participation will depend on any number of factors — size, "culture" and management style, range of constituents and breadth of services. Below are some general descriptions of specific stakeholders' roles in the strategic planning process.

- ✓ **Executive Director.** The executive director is usually the chief planner and prime "mover" of the plan through the entire process. He or she works closely with the chair of the planning committee and often serves as the prime liaison between the staff and the planning committee. Sometimes the executive director also writes the strategic plan, but may delegate that responsibility to someone else. Finally, the executive director plays a crucial role in that he or she is ultimately responsible for the implementation of the plan.
- ✓ **Board of Directors.** In its governance capacity, one of the board's primary responsibilities is planning — ensuring a good planning process is in place, contributing a visionary, big-picture perspective to the process and approving the final plan. The board should provide input for the mission, vision, values and environmental assessment aspects of the plan. The board might also be involved in strategy discussions, setting long-term program and administrative priorities and setting goals for itself.
- ✓ **Staff.** Paid and volunteer staffs have programmatic expertise and familiarity with the field and clients, which are vital to shaping a relevant and workable strategic plan. Their involvement not only ensures "buy-in" to the organizational goals and strategies, but is the link between the vision described in the plan and the realization of that vision on a day-to-day basis. Some staff might also be asked to collect data (market research) and evaluate programs. Program managers should have input into setting long-term program objectives and should assist in developing operational plans. Ideally, staff should be represented on the planning committee.
- ✓ **Clients.** The sole reason for most nonprofits' existence is the betterment of society, whether that means enriching cultural life, feeding the hungry or increasing the quality of life of people with AIDS. In a planning process then, it is critical to evaluate what kind of job the organization is and should be doing in this regard. Directly involving past and present clients in the planning process and soliciting accounts of their unique first-hand experience with your organization is one of the best ways to gain insight into its performance and obtain guidance for providing services in the future. For these reasons, some organizations include client representatives on the planning committee.

- ✓ **Funders.** Past, current and potential funders provide another valuable perspective on client needs and how others in the community are either meeting or failing to meet those needs. They may be able to shed some light on the funder community's inclination to fund a specific new program. Likewise, discussions with funders might enable you to design "fundability" into a program at the outset. You should seek funders' input primarily during the environmental assessment stage of the planning process. Current and future funders should also receive an executive summary of the strategic plan.
- ✓ **Community Leaders.** Community leaders can also offer valuable opinions about your organization's strengths and weaknesses, as well as insight into the needs of the community and knowledge of the competition. Some organizations include a key community leader on the planning committee, thereby building in community commitment to the organization and its mission.
- ✓ **Competitors and Potential Collaborators.** You might consider asking competitors to contribute to your environmental assessment — not just to get another outside opinion, but to garner information to help the organization be more competitive and develop collaborative relationships.

## E. Participation: Top-Down, Bottom-Up or Hybrid Planning

Finally, a key influence on stakeholder participation is the style used in the planning process — particularly whether your organization uses a top-down or bottom-up planning process.

A top-down process assumes that those with the highest level of responsibility are in the best position to be big-picture thinkers and plan what is best for the organization. The main drawback to this approach is that it often results in plans that do not have the understanding and support of line staff (those most directly involved in providing services to clients), so the plan may not prove feasible or in the best interests of the clients.

A bottom-up planning process on the other hand compiles plans from individuals or departments, thereby addressing the need for staff input and investment. Such a process, however, can produce a patchwork plan that lacks coherence for the organization as a whole and results in an uncoordinated, even wasteful, use of resources.

The best approach seems to be a hybrid that strikes a balance between the need for decisive leadership and productive collaboration, featuring the open communication of a bottom-up planning process and the clear direction of a top-down process. The net result is an effective combination of the best of both models of participation; the planning process described in this manual is such a hybrid.

## II. Organizing a Strategic Planning Committee

The best approach to writing a successful strategic plan is through teamwork. The purpose of a strategic planning team is to plan, coordinate and lead the process of strategic planning for the organization. You will need a team leader for this group. The size and composition of the team will vary, depending upon the size of the organization. The team should consist of individuals who can provide the necessary input on every portion of the organization's functioning, encompassing all technical and budgetary aspects.

### A. The Planning Committee

The planning committee spearheads the planning process. That means committee members are not responsible for doing all of the work, but they are responsible for ensuring that the work gets done. Basically the committee is the quarterback for the strategic planning effort, deciding which stakeholders to involve and how to involve them, prioritizing or narrowing information for the organization to discuss and evaluate, and creating initial drafts of documents.

A planning committee made up of board members and staff is typically selected by the executive director and the board president. The committee should be convened once management reaches a decision to go ahead. Everyone involved in the planning process must talk the same "planning language" and have a shared understanding of what the process entails. Words such as purpose, mission, strategy, strategic, goal, objective, vision and long-range have different meanings to different people; even the nonprofit and for-profit sectors sometimes use these terms in different ways. As part of this "getting ready" step in the planning process, the planning committee should learn and agree on common language and processes for their strategic planning effort.

### B. Using Consultants

Many organizations include an outside consultant in some or all of the planning process. For example, it is quite common to have a consultant facilitate retreats and meetings, serving as a "conversation traffic cop" so that good ideas do not get lost among the emotions or personalities of the participants. A facilitator can also provide objectivity by asking clarifying questions, challenging assumptions, encouraging the group to question the status quo and seeing that organizational jargon is kept to a minimum. Organizations can also look to consultants for information or training on planning language, tools and processes.

When considering whether to include consultants in the strategic planning process, a planning committee should first have a clear understanding of what it really wants from a consultant and what assistance a consultant can actually provide. Peter Block, author of *Flawless Consulting*, describes three main roles that an effective consultant should play:

- ✓ As “a pair of hands,” a consultant can do tasks that a client organization knows how to do but doesn’t have the person power to accomplish. (For example, organizing meetings, drafting documents and conducting interviews with clients).
- ✓ In the “expert” role, a consultant provides knowledge or skills that the organization does not have in house. (For example, evaluating a program or management function or analyzing the implications of environmental trends in funding or service delivery).
- ✓ In the “collaborative” role, the consultant works as a partner with the organization, contributing process knowledge but leaving the rest to the client. The client has the expertise and person-power to accomplish tasks once the approach is determined. As an example, a consultant can provide guidance on the planning process and facilitate planning meetings and retreats, but clearly leave the content debate to the client

Typically, consultants prove most helpful to a nonprofit when they offer a combination of all three roles — with the emphasis on the collaborative role, which can significantly add to the productivity and continuity of the planning process. If no one has experience with strategic planning, then a consultant’s assistance with designing the planning process will help focus planners’ energy where it is most needed and preclude “reinventing the wheel.” Also, an outsider working with the group offers objectivity and neutrality. Sometimes it takes an outsider to ask the hard questions, and a skilled facilitator will help bring to the surface disagreements about important issues as well as manage potential conflicts in a constructive way.

Still, it can be expensive to pay a consultant to do work that a staff member could do. If cost is a key consideration, this could in itself determine what role (if any) a consultant should play in the strategic planning process.

If your organization does decide to hire a consultant, you should seek one who has expertise in your field and your kind of organization. If you can’t find one who fits that bill, try distributing the consultation tasks among a few consultants. For example, a development specialist might be the right person to conduct a study to help plan fundraising but lack the skills to guide a planning process. In that case, find a fundraising expert and a consultant with broader experience in strategic planning.

In choosing a consultant, you should also look for fit. A consultant may have all the expertise one could ask for, but still shouldn’t be hired unless he or she inspires confidence. The consultant must be both a good listener and not afraid to speak honestly. Many important issues will be discussed in the planning process, perhaps including delicate ones that require discretion or arouse conflict, so a good, trusting working relationship between the consultant and the planning committee is crucial to a successful strategic planning process.

## Checklist for Working with a Consultant

The following list delineates many of the issues described above and is a handy reference for organizers as they to consider working with and then establish a working relationship with a consultant. (The list is adapted from an article by Barbara Davis, published in "The Grantsmanship Center News," March/April 1983.)

- ✓ Clarify your broad expectations of the work a consultant will do.
- ✓ Decide roughly how much you want to spend.
- ✓ Talk with at least two consultants and check the references they provide you.
- ✓ Ask each consultant you are seriously considering to submit a written proposal that summarizes the work to be performed, the time line and the cost.
- ✓ Make sure that you feel comfortable working with the consultant you select.
- ✓ Develop a clearly worded written contract that includes the following:
  - List of "deliverables."
  - A projected completion date.
  - A schedule for payment.
  - Checkpoints along the way at which the client and consultant can evaluate progress and resolve any problems that may have arisen.
  - A mechanism by which either party can terminate the contract before it is completed.
  - The name of the person in your organization who has the authority to agree to expenditures or approve the consultant's work.
  - The name of the person who will do the actual consulting work.

## C. Planning Principles and Values

At the outset, the planning committee should state the principles and values that will broadly govern the strategic planning effort. Planning principles and values serve as a framework for assessing the integrity and responsibility of the planning process. For example, the following planning principles and values could apply to your strategic planning:

- ✓ **Inclusiveness:** Input will be sought from all levels within the organization.
- ✓ **Meaningful participation:** Staff should feel that their participation is substantive and has the potential to influence the outcome of the plan.
- ✓ **Share the work:** The successful completion of the planning process should not depend on only one or two people.
- ✓ **Focus on the big picture:** There should be no expectation that every concern or complaint will be addressed by the strategic planning process. You will however, address all critical issues, regardless of how difficult those issues may be.
- ✓ **Ownership:** Seek to develop deep ownership of your mission, vision, critical issues and corporate strategies. Be strategic; your plans will be responsive to the environment based on your understanding of the probable future environment. Much of this understanding will come from in-depth market research.



## D. Organizational History and Profile

Part of the context of your organization's strategic planning effort is its history: where it came from and how it arrived where it is today. The planning committee should have a common understanding of this context, a shared knowledge of the "cultural history" and current form of the organization, so that all committee members build the plan on the same foundation. As part of "getting ready" for strategic planning then, you should prepare an organizational history and organizational profile.

The history is a brief summary of the events that have shaped the organization. For example, when the organization was founded, a timeline that shows when programs were first offered, milestones reached in the organization and its programs, and significant external events that affected the organization's course.

The organizational profile is a summary of all programs. This can be accomplished in three basic steps. It might be done more quickly by using documents that already present this information, such as annual reports or brochures. Here's how to create the organizational profile:

- ✓ List all specific program activities and services. (For example, counseling and support, housing, information and referral, speaking engagements at corporations and public policy updates.)
- ✓ Group these program activities and services according to common outcomes, categories, similar services, or the like. A program group is an umbrella or collection of related programs. Think of these groupings as "program buckets," i.e., education, direct services, advocacy.
- ✓ List each program activity or service under the most appropriate program group, and note current levels of activity and scale of current programs (including production data such as number of clients served, cost per unit of service, geographic locations serviced).
- ✓ Record current staffing levels for all programs and for the entire organization, as well as the size of the board of directors.
- ✓ Summarize sources and uses of funds, financial condition and other related organizational and management data.

## E. Identifying Information Needed for Planning

Effective strategic plans are the end product of discussion by informed individuals. Much of the information will be analyzed during the environmental assessment in Step 3, but there is some research and information-gathering that can be started earlier. This information includes:

- ✓ Key trends in the program environment, plans and attitudes of major existing funders, views of key community informants, demographic changes within the target population, regulatory changes.
- ✓ List of competitors, including what services they offer and prices they charge.

- ✓ Client statistics and other information needed to evaluate programs, client data trends for the past five years, changes in client mix based on staff observation, consumer attitudes, quality indicators, changes in the program base over the last five years.
- ✓ Financial trends of the organization over the past five years.

At the first meeting of the planning committee, participants should brainstorm to create a list of information that the committee and management will need during the environmental assessment discussion and in order to make planning decisions.

Then, prioritize data needs. Develop a plan for how and when data will be collected and who will collect it. This is also the time to set a broad timetable for completing the strategic planning process. It is not uncommon to take up to six months, but this depends on the size of your organization, the number of stakeholders and your organizational readiness to act.

### F. Developing a Work Plan

Last, but not least, the planning committee will need to develop an overall work plan for managing the planning effort (also referred to as a “plan to plan”). The work plan should outline the activities involved over the course of the entire planning process, people responsible for executing or overseeing those tasks, desired outcomes, resources required (e.g., time and money) and/or timeframes. Use the work plan as a guide; it will probably need to be adjusted along the way. Try to be as realistic as you can in estimating the time needed for each activity.

### G. Using Retreats

Retreats provide a means for involving a larger group of people in the strategic planning process (traditionally the board of directors and some or all staff). They allow participants to step back from day-to-day operations to consider how best to serve clients — and whether this means doing things differently. When well-organized and effectively managed, planning retreats can be a wonderful vehicle for educating participants about the organization, increasing creativity, encouraging buy-in, and fostering communication and teamwork.

When to hold a retreat, whom to invite and what to accomplish depend on the nature of the planning process. For example, you can hold a retreat at the beginning of the planning process to establish its direction, in the middle of the process to include a larger group in the environmental analysis and generation of strategic options and choices, or toward the end of the process to present the research findings and recommendations of the planning committee. Some organizations choose not to embark on a full-blown strategic planning process at all, instead limiting their strategic planning effort to a one- or two-day retreat, in which case the retreat is the entire strategic planning process.

Given such options, it is clear that a primary task of the planning committee is to decide whom to involve in the planning process and how to involve them. After the strategic plan is complete, you might consider using an annual retreat as a “check-in” opportunity

where the larger group can revisit the plan to make sure it is still appropriate for an ever-changing environment.

The success of a retreat depends heavily on the caliber of pre-meeting preparation; inadequate preparation not only impedes the efficiency and productivity of a retreat, but it can also diminish participants' confidence in the entire strategic planning process. Before the retreat, organizers should:

- ✓ State clearly what they want to accomplish and who should attend.
- ✓ Decide if the retreat is to be an idea-generating meeting, a decision-making meeting or a combination of the two.
- ✓ Prepare an agenda that details desired outcomes along with agenda items and time allocated to each agenda item.
- ✓ Identify processes to be used during a retreat and who is responsible for each agenda topic.
- ✓ Be sure that the agenda allows enough time to discuss topics adequately and still complete the scheduled discussions.
- ✓ Mail or distribute the agenda and other materials to participants in advance so everyone arrives ready to work.
- ✓ State clearly how the discussion and decisions will be recorded, and what type of minutes will be shared with the participants.
- ✓ Select one person to facilitate the meeting, keep the group focused and on schedule, enforce ground rules and encourage appropriate participation. A board or staff member with facilitation skills or an outside facilitator can do the job, as long as the individual is able to focus on managing the meeting process and remain objective with respect to the content of the discussions.
- ✓ Build in time at the end of the retreat to explain to participants what will happen next in the planning process.

# UNIT 3:

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## Developing a Mission and Vision

### **Purpose:**

In this unit we examine the basic elements of mission and vision. It discusses setting the stage for participation among key stakeholders and developing the direction for the organization's future.

### **Learning Objective:**

By the end of this unit, learners will be able to:

- ✓ Prepare a mission statement.
- ✓ Prepare a vision statement.
- ✓ Identify whom to include in the process.

The point of creating a strategic plan is to establish a common understanding of the organization's work. Perhaps the most succinct reflection of this shared understanding lies in the mission and vision statements — declarations of intentions, hopes and expectations.

The call to action for AIDS service organizations is based on a global timeline of events that includes:

- ✓ The earth forms 4.5 billion years ago.
- ✓ Bacteria and viruses appear about 3 billion years ago.
- ✓ Early man appears 4 million to 7 million years ago.
- ✓ Modern man, *homo sapiens*, appears about 100,000 years ago.
- ✓ Modern vaccinations are invented about 200 years ago, though they were known to earlier Asian civilizations.
- ✓ Antibiotics are discovered about 75 years ago.
- ✓ 405,000 Americans die during World War II; 408,000 have died from AIDS by 2002.
- ✓ More than 42 million are infected with AIDS worldwide by 2002.

These facts lead to the conclusion that we have a great deal of work to do because the virus has a head start.

## I. Mission Statements

In just a few sentences, a mission statement communicates the essence of an organization to its stakeholders and to the public: one guiding set of ideas that is articulated, understood and supported by the organization's board, staff, volunteers, donors and collaborators. A clear mission statement is one hallmark of a successful nonprofit organization; conversely, an unclear statement can cause wasted time, missed opportunities and failure to recognize accomplished goals.

### Example:

At the Developmental Studies Center we develop, evaluate and disseminate programs that foster children's ethical, social and intellectual development. While nurturing children's capacity to think skillfully and critically, we also strive to deepen children's commitment to values such as kindness, helpfulness, personal responsibility and respect for others — qualities we believe are essential to leading humane and productive lives in a democratic society. (*Developmental Studies Center, Oakland, CA*).

## A. Components of a Mission Statement

In defining “who” your organization is, a mission statement should indicate the group’s purpose, business and, if desired, its values.

The “purpose” component explains what the organization seeks to accomplish — why it exists and the desired result of its efforts. A purpose statement usually includes two basic elements:

- ✓ A verb that indicates a change in status (such as to improve, to increase, to decrease, to eliminate).
- ✓ A description of the problem to be addressed or condition to be changed (such as access to health care, poverty, homelessness).

For example, an agency’s purpose might be “to increase access to health care,” or “to decrease poverty” or “to eliminate homelessness.” Note that these examples focus on outcomes and results rather than methods. They describe how the world is going to be different — what the organization intends to change. Thus, the purpose of an agency serving the homeless should not be described in terms of their method “to provide shelter for homeless individuals.” It should be described in terms of a broader result, such as “to eliminate the condition of homelessness in our region.”

The “business” component though, does state the method or action through which an organization pursues its purpose — how it goes about addressing the stated problem. Some people prefer not to use the word “business” to describe this component, but it doesn’t matter how it is labeled — just as long as the action or method is clearly described. Business statements often include the verb “to provide” or link a purpose statement with the words “by” or “through.” For example, a housing agency might try to eliminate homelessness “by constructing housing for homeless individuals,” or “by educating the public and advocating for public policy changes” or “through counseling and job training to homeless individuals.”

The “values” component of the mission statement describes the basic beliefs shared by members of the organization and practiced in their work, such as a commitment to excellent services, innovation, diversity, creativity, honesty or integrity. The values component might also state related beliefs. A vegetarian association might assert that “eating vegetables is more economically efficient and ecologically responsible than eating beef.” The values component highlights the important connection between the nature of the organization’s work and people’s commitment to it. Ideally, the personal values of staff and external constituents and supporters align with the values of the organization. When developing a written statement of the organization’s values, stakeholders have a chance to contribute to the articulation of these values. They evaluate how well their personal values and motivations match those of the organization and build their commitment to the organization through their commitment to its values.

The example on page 35 includes all three basic components:

At the Developmental Studies Center we develop, evaluate, and disseminate programs [*business*] that foster children's ethical, social, and intellectual development [*purpose*]. While nurturing children's capacity to think skillfully and critically, we also strive to deepen children's commitment to pro-social values such as kindness, helpfulness, personal responsibility and respect for others — qualities we believe are essential to leading humane and productive lives in a democratic society [*values*].

Another example:

The YMCA of San Francisco, based on the Judeo-Christian heritage [*values*], seeks to enhance the lives of all people [*purpose*] through programs designed to develop spirit, mind, and body [*business*]. (YMCA, <http://www.ymca.com/index.jsp>)

## Other Possibilities

Some mission statements go beyond the basics to say more about the organization — what makes it unique, who benefits from it or key strategies.

## B. Drafting a Mission Statement

In drafting the mission statement, it is critical to agree upon the main ideas. But it is useful to realize that while groups are good at many things, writing is not one of them. Staff, board and planning committee members should all participate in generating and discussing ideas, but it usually proves most efficient to leave one or two planning committee members in charge of actually putting the words on paper.

One way to start the process of drafting a mission statement is to discuss revisions to the organization's current statement or creation of a brand-new one at a board or staff retreat. A broad preliminary discussion of the concepts to be included in the statement will quickly demonstrate areas of consensus and disagreement. The designated planning committee members should then write a first draft of the statement — and redraft it as it goes through review, discussion, refinement and final approval by the board of directors.

While the planning committee is primarily responsible for hammering out the details of the mission statement's format and wording, the evolving draft also should be circulated several times among board, staff and other stakeholders as well. Some consultants also advise organizations to seek an outside opinion from someone unfamiliar with the organization to gauge how accessible the statement is to the "uninitiated." The great advantage of hashing over the statement this way is that the discussion and debate introduces newcomers to the nuances of the organization's mission. It also refreshes old-timers' understanding, fosters stakeholders' sense of participation and commitment and results in a mission statement that

## Basic Mission Statement Formula

The purpose of [organization name] is to provide [summary of services] to [major customer or customer group] so they can [result or benefit that the customer experiences].

genuinely expresses a collective intention and common ideas. With a measure of passion, humanity and an eye on the big picture, a planning committee can keep refining the mission statement until it has a version that stakeholders can actively support.

## II. Vision Statement

A vision is a guiding image of success. If a mission statement provides a “blueprint” for the what, why and how of your organization’s work, then the vision is the “artist’s rendering” of the realization of that mission. While a mission statement answers the questions about why the organization exists, what business it is in and what values guide it, a vision statement answers the question, “What will success look like?” It is the pursuit of this shared image of success that inspires and motivates people to work together.

Martin Luther King, Jr. said, “I have a dream,” and then offered a vision of what that dream would look like that helped change a nation. That famous speech is a dramatic example of the power that can be generated by a person who communicates a compelling vision of the future. John F. Kennedy did not live to see his vision for NASA come to fruition, but he set it in motion when he said, “By the end of the decade, we will put a man on the moon.” When it came time to appropriate the enormous funds necessary to accomplish this vision, Congress did not hesitate. Why? Because Kennedy’s vision spoke powerfully to values the American people held dear: America as a pioneer and world leader.

An organizational vision statement might not put a man on the moon, but it should be compelling in the same way that Kennedy’s and King’s visions were: It should challenge and inspire the group to stretch its capabilities and achieve its mission.



The vision statement will often convey both an external and an internal vision for the organization. The external vision is an image that informs program strategies and goals; it focuses on how the world would be improved, changed or different if the organization achieves its purpose.

### Example:

The people of ABC, Texas will solve their disputes without resorting to violence.

By the year 2000 we will reduce the transmission of HIV among the people of ABC County to zero.

The internal vision informs your organization's management, organizational strategies and goals; it describes what it would look like if it was operating effectively and efficiently — the ideal image or reputation, funding, partnerships, use of technology, board, staff and facilities, as well as major past accomplishments and what makes it unique.

### Example:

We will have a 100,000-square-foot gallery that has great 20th Century artwork on display.

We will achieve a diversified funding base that will adequately support all of our programs.

## A. Drafting a Vision Statement

Drafting a vision statement begins with intuition and ideas, evolves through discussion and results in a shared sense of direction and motivation. The planning committee must fully engage in the process and should designate one or two members to actually write the statement, but certainly board and staff should be involved in initial brainstorming and some subsequent discussion and review. As with any such process, differing ideas don't have to be a problem: People can spur each other on to more daring and valuable ideas — dreams of changing the world for which they are willing to work hard.

In the end, it is the nonprofits that have such a vision, and whose staff and board actively participate in pursuing that vision, that are able to make powerful contributions to their communities. There is a universal rule of planning: you will never be greater than the vision that guides you. No Olympic athlete ever got to the Olympics by mistake. A compelling vision of stellar performance helped surmount all the sweat and frustration over many years. Without that powerful, attractive, valuable vision, why bother?

# UNIT 4:

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## Conducting an Environmental Assessment

### **Purpose:**

In this unit, you will learn about conducting an environmental assessment of your organization. This must be done from both an internal and external perspective.

### **Learning Objectives:**

By the end of this manual, learners will be able to:

- ✓ Describe an environmental assessment.
- ✓ Perform a SWOT analysis.
- ✓ Explain and initiate an internal assessment.
- ✓ Explain and initiate an external assessment.
- ✓ Describe and initiate a competitive analysis.

# I. Assessing the Environment

Strategic planning must include an environmental assessment because no organization operates in a vacuum. The very definition of strategic planning discussed above stresses the importance of focusing on the future within the context of an ever-changing environment. It addresses the myriad political, economic, social, technological, demographic and legal forces that change our world daily. The extent of the skill at assessing the environment and responding proactively to it — in other words, strategic planning, thinking and management — determines who survives and uses resources effectively.

This unit outlines the process of gathering and analyzing the information needed to evaluate your organization in its environment. The environmental assessment includes the following activities:

- ✓ Eliciting internal and external stakeholders' perceptions about the organization.
- ✓ Evaluating programs' impact on clients.
- ✓ Evaluating programs through a cost/benefit analysis.
- ✓ Analyzing programs through a competitive analysis.
- ✓ Defining previous implied strategies.

Focus on information such as environment and financial trends, a list of competitors and client statistics.

At the conclusion of an environmental analysis, the planning committee will have concrete information that can be used to make decisions and a list of critical issues that require a response from the organization — the most important issues the organization needs to face.

## A. Eliciting Perceptions About Your Organization

Part of getting a clear view of the environment and dynamics of your organization is to look through the eyes of others. Internal and external stakeholders' perceptions add valuable information to an environmental assessment. The SWOT approach (see definition below) is a simple way to collect such information. It helps focus the process by breaking it down into four broad categories:

- S** What are the organization's internal **Strengths**?
- W** What are the organization's internal **Weaknesses**?
- O** What external **Opportunities** might move the organization forward?
- T** What external **Threats** might hold the organization back?

Evaluating an organization’s general strengths and weaknesses and the strengths and weaknesses of each of its programs typically requires many assessments. This starts with staff and board capabilities, quality of programs, reputation of programs and organization, management information and financial systems and office facilities and equipment. Successful organizations exploit strengths rather than just focusing on weaknesses. In other words, this process isn’t just about “fixing” the things that are “wrong,” but also about nurturing what is “right.”

From here, you also need to ascertain which factors stand out among all the factors and implications listed as being the most important to your organization. Ask yourself which ones are aligned with your mission and which ones your organization can influence. Next, you will need to complete a SWOT analysis grid. See grid below.

<b>SWOT Analysis Grid*</b>	
<b>Strengths (Internal)</b>	<b>Weaknesses (Internal)</b>
<b>Opportunities (External)</b>	<b>Threats (External)</b>
<p>* The SWOT grid is widely used. It is an adaptation of the Harvard Policy Model, attributed to Christensen, R., et. al., “Business Policy: Text and Cases.” Homewood, Ill.: Irwin, 1983, as cited in Bryson, J., “Strategic Planning for Public and Nonprofit Organizations.” San Francisco, CA: Jossey-Bass, 1988.</p>	

The same approach should apply to how you assess opportunities and threats — the external trends that influence the organization. These are usually categorized into Political, Economic, Social, Technological, Demographic and Legal (PESTDL) forces, which would encompass circumstances such as changing client needs and regulations and increased competition. These forces can either help an organization move forward (opportunities) or hold it back (threats). But opportunities that are ignored can become threats, and threats that are dealt with appropriately can be turned into opportunities.

## The Six Most Important External Environment Factors Worksheet

This table will assist you in clarifying external trends affecting your organization. List those most likely to have an impact and identify the implications that follow from them.

<b>Environmental Factors</b>	<b>The Five Most Important Forces Likely to Impact Your Organization in the Next Three Years</b>	<b>Two or Three Implications of These Forces</b>
Political	1. 2. 3. 4. 5.	1. 2. 3. 4. 5.
Economic	1. 2. 3. 4. 5.	1. 2. 3. 4. 5.
Social	1. 2. 3. 4. 5.	1. 2. 3. 4. 5.
Technological	1. 2. 3. 4. 5.	1. 2. 3. 4. 5.
Demographic	1. 2. 3. 4. 5.	1. 2. 3. 4. 5.
Legal	1. 2. 3. 4. 5.	1. 2. 3. 4. 5.

## B. Eliciting Board and Staff Perceptions

Because SWOT analysis is a primary means of receiving input from a broad and representative constituency, it is important to include as many staff and board members (your internal stakeholders) as possible. You can elicit their ideas and opinions through questionnaires, by telephone or in-person interviews, facilitated organization-wide or small-group meetings or a combination of these methods. Some organizations gather board and staff members in the same meeting to discuss these ideas, while others have them meet separately.

One way to elicit ideas and opinions is to brainstorm ideas on flipcharts, using the SWOT method. After you record the lists of strengths, weaknesses, opportunities and threats, you can group the listed ideas into logical topic or issue groups to make the data easier to present and analyze. For example, you should group together all the ideas related to staffing or program development together.

One key topic to elicit responses about is internal infrastructure. You can assess a range of internal infrastructure issues using the worksheet shown below. You can use it with your internal stakeholders for a range of topics including human resources, technology and program evaluation. The key dimensions are importance and performance.

### Internal Infrastructure Evaluation Worksheet

<b>Internal Infrastructure Issues</b>	<b>Scale of Importance 0–Unimportant, 10–Critical</b>	<b>Performance 0–Poor, 10–Excellent</b>
---------------------------------------	---	---

Organizational infrastructure		
Public image with customers		
Decision making		
Planning process		
Accounting process		
Fund-raising abilities		
Service quality		
Record of achieving results		

## C. Eliciting External Stakeholder Perceptions

Just as the internal SWOT assessment allows your organization to collect a wide variety of perceptions from internal stakeholders, a SWOT assessment by outsiders can add a great deal to the process. External stakeholders (clients, funders, community leaders and potential collaborators) can give the planning committee insight into community opinions of what the organization does well, where it can improve, unmet community needs it might address and other potential opportunities or threats. You can also obtain this information through telephone or in-person interviews, questionnaires, client surveys or focus groups. In addition to asking external stakeholders about their general perceptions of strengths, weaknesses, opportunities and threats, you might also ask questions specifically related to their “outsider” perspectives, such as:

- ✓ What does the stakeholder need or expect (criteria for performance) from the organization?
- ✓ How well does the organization perform against those criteria (excellent, good, fair or poor)?
- ✓ How well does the organization perform relative to its “competitors?”

## D. Evaluating Programs

A key component of an environmental assessment is the evaluation of program effectiveness and efficiency, which helps generate informed decisions about whether to continue or discontinue each program, maintain it at its existing level, expand or change its direction or market it aggressively.

Most program evaluations focus on both outcome (results) and process (methods.) Outcome evaluation looks at whether a project achieved the desired results. Process evaluation looks at internal project management, both staff performance and the extent to which the project is successfully implemented.

Program evaluations can be based on quantitative and/or qualitative data. Quantitative data consist of fact-based information obtained through a review of records and descriptive statistics. It is generally easily collected and not easily disputed because it translates experience into information that can be counted, compared, measured and manipulated. Qualitative data consist of what people “say” about the programs in interviews, focus groups or other meetings, direct or field observation, reviews of written materials, informal feedback, satisfaction surveys and questionnaires.

You can use a straightforward tool such as the worksheet on page 48 to evaluate the effectiveness of your organization’s programs.

## Program Effectiveness Evaluation Worksheet

	Service 1	Service 2	Service 3	Service 4
<b>Business Indicators</b>	<b>0–Low, 5–High</b>	<b>0–Low, 5–High</b>	<b>0–Low, 5–High</b>	<b>0–Low, 5–High</b>

Market Share  
Growth of Market  
Reputation  
Service Quality  
Financial Stability  
Cost of Services  
Personnel Quality  
Marketing Effectiveness

### E. Program Outcome Studies

The key measures of effectiveness outcomes and impact are difficult to measure but important to keep in mind. After gaining an idea of the resources required to run a program, you can also more generally assess the program's impact on clients using the following considerations:

- ✓ **Inputs:** The resources that are required to operate the program.
- ✓ **Outputs:** The immediate, observable results of the program.
- ✓ **Outcomes:** How the program affects the client's life or society.
- ✓ **Impact:** The program's benefit to the client or society.

### F. Cost/Benefit Analysis of Program Services

One approach to evaluating organization programs is a cost/benefit analysis. As the name indicates, this entails comparing the costs of providing a service or product with the benefit gained from that service or product by asking a number of important questions:

- ✓ What are the projected costs (direct and indirect) of the program?
- ✓ What are the revenue opportunities to be gained?
- ✓ What are the direct service benefits?
- ✓ What would it cost to purchase the service benefits on the open market?
- ✓ What intangible benefits are gained by either the organization or the client?
- ✓ What assumptions, risks, organizational capabilities, alternative methods, foreseeable changes and other considerations should be taken into account?



**Note:** An extensive body of literature and methodology exists regarding program evaluation. The analysis suggested here is greatly abbreviated. Ideally, an organization would conduct thorough program evaluation studies on a regular basis. Even without such studies, however, important information can be gained from the type of analysis suggested here.

Unfortunately, doing a cost/benefit analysis on a particular service often proves difficult for nonprofits. Unlike the for-profit sector, which uses the measurement of profit gained for owners and stakeholders as its primary benchmarks for “benefits,” nonprofits do not have an explicit indicator of benefits. Moreover, there may not be comparable services or products with clearly defined prices available on the open market.

In addition, some benefits may be difficult to quantify because they are intangible or literally immeasurable. How, for example, do you measure the “benefit” gained by providing a woman and her child shelter and support for two weeks? Yes, the cost of temporary housing could be calculated (assuming such alternatives were available), but that would not begin to measure the intangible value of that shelter. If your organization offers a service for which no comparable alternative exists or you cannot define what the cost would be to society if the service were not provided, a cost/benefit analysis is difficult. If, however, similar products or services exist whose benefits can be readily measured, then you can calculate and compare costs and benefits to those of the “competing product.” Cost/benefit analysis should not be used as the sole criterion for accepting or rejecting a project or even for measuring success, but it can prove a helpful tool when difficult choices about how to use scarce resources have to be made.

#### **COST/BENEFIT ANALYSIS**

An approach to evaluating organizational programs that entails comparing the costs of providing a service or product with the benefits to be gained from that service or product.

## II. Competitive Analysis of Programs

Nonprofits traditionally have not thought about being competitive. While for-profit businesses compete for customers and have very disciplined cultures that provide services or products to paying “clients,” most nonprofits operate in a non-market or grant-based economy in which services do not compete in the open market in quite the same way as for-profit services.

And in the nonprofit sector the “customer” (client) does not directly decide which organization gets adequate, ongoing funding. In fact, traditionally many nonprofits were often the “sole source” for a service, so there wasn’t any choice as to which organization would get funding even if the client did have some say.

Consequently, nonprofits have had less incentive to question the status quo, assess whether clients needs are being met or examine the cost-effectiveness or quality of their services. But the competitive environment has changed. Funders and clients are demanding more accountability. "Sole-sourced" nonprofits are finding that their success is often tied to encouraging others to enter the field and compete for grants. Grant money and contributions are getting harder to come by, even as need and demand increase. The trend toward increasing demand for a smaller pool of resources requires nonprofits to rethink how they do business, how they compete for funding.

In light of scarcer resources, nonprofits must assess their programs in order to stay competitive. Organizations need to avoid duplication of existing comparable services (unnecessary competition) that can fragment the limited resources available. Focus and competitive positioning are far better than an attempt to be all things to all people. Furthermore, nonprofits must concentrate on delivering only those services where they can demonstrate value and quality.

A good assessment helps organizations think about some very pragmatic questions:

- ✓ Is ours the best organization to provide this service?
- ✓ Can we offer real value to our clients?
- ✓ Are we spreading ourselves too thin to compete effectively?
- ✓ Should we work cooperatively with another organization to provide services?

You can use a matrix to assess each current (or prospective) program according to the four criteria described below.

**1. Competitive Position:** the degree to which your organization has a stronger capability and potential to deliver a particular program than other such agencies — a combination of effectiveness, quality, credibility and market share/dominance. Probably no program should be classified as being in a strong competitive position unless it has some clear basis for declaring superiority over all competitors in that program category.

Criteria for a "strong" competitive position include:

- ✓ Good location and logistical delivery system.
- ✓ Large reservoir of client, community or support-group loyalty.
- ✓ Past success securing funding; strong potential to raise funds for this program.
- ✓ Superior "track record" (or image) of service delivery.
- ✓ Large "market share" of the target clientele currently served.
- ✓ Better-quality service and/or service delivery than competitors.
- ✓ Superior organizational, management and technical skills needed for the program.
- ✓ Most cost-effective delivery of service.

**2. Fit:** the degree to which a program "belongs" or fits within an organization. Criteria for "good fit" include:

- ✓ Congruence with the purpose and mission of the organization.
- ✓ Ability to draw on existing skills in the organization.
- ✓ Ability to share resources and coordinate activities with other programs.

**3. Program Attractiveness:** the degree to which a program makes economic sense as an investment of current and future resources — whether it easily attracts resources. Any program that does not have high congruence with the organization’s purpose should be classified as unattractive. No program should be classified as highly attractive unless it is ranked as attractive on a substantial majority of the criteria below:

- ✓ High appeal to groups capable of providing current and future support.
- ✓ Stable funding.
- ✓ Market demand from a large client base.
- ✓ Appeal to volunteers.
- ✓ Measurable, reportable program results.
- ✓ Could be discontinued with relative ease if necessary (low exit barriers).

**4. Alternative Coverage:** the extent to which similar services are provided. If there are no other large or very few small, comparable programs being provided in the same region, the program is classified as “low coverage.” Otherwise, the coverage is “high.”

You should assess each of your organization’s programs in relation to the four criteria cited above. Conduct your assessment internally first by comparing it to others. Second, compare your program to external programs with which you compete.

<b>Competitive Analysis Worksheet</b>					
<b>Dimension</b>	<b>Your Program</b>	<b>Competing Program 1</b>	<b>Competing Program 2</b>	<b>Competing Program 3</b>	<b>Competing Program 4</b>
Competitive Position					
Fit					
Program Attractiveness					
Alternative Coverage					
<small>MacMillan, I.C., “Competitive Strategies for Not-for-Profit Agencies” in <i>Advances in Strategic Management, Volume 1</i>, pp. 61–82, JAI Press Inc., 1983.</small>					

Once you place all programs in the appropriate positions on the worksheet matrix shown above, you can review the “mix” of programs, sometimes called a “program portfolio,” and decide if any adjustments need to be made.

Ideally, an organization would have only two types of programs. The first would be “attractive” programs that attract resources easily to services the organization performs well and where it can compete aggressively for a dominant position. These programs would be used to support programs “unattractive” to funders, with low alternative coverage, but which make a unique contribution and which the organization is particularly well-qualified to provide. The first type of program should be a nonprofit’s core competency because it is best positioned to deliver it effectively. No organization can afford to fund an unlimited number of programs. Every organization will likely have to face difficult

**PROGRAM PORTFOLIO**

The “mix” of programs and services offered by an organization to its clients.

decisions about how to develop a mix of programs that ensures viability as well as high-quality services for clients.

For example, a few years ago there was little funding for case management by AIDS service organizations. Unwilling to let clients fend for themselves in getting the help they needed, many organizations devoted staff time and funds to this service anyway. At the time, this was a very popular service. These days, such programs are more attractive (i.e. fundable), although there is also growing alternative coverage. Therefore, organizations in a strong position to serve clients well, with cultural competence and program expertise, should aggressively compete in this service area. Those in a weak competitive position should consider offering alternative services.

### **Articulating Previous and Current Strategies**

All organizations make strategic choices, although often these have neither been recognized nor articulated as actual strategies. Once an organization is in the process of strategic planning, however, it is important to make explicit these unspoken strategies and incorporate them into this deliberate consideration of the organization's future directions. This should happen as part of the environmental assessment. Planners should look for past patterns of operation or allocation of resources — these are previous strategies; analyze whether those strategies were effective and why; and consider whether or not they should be kept as strategies for the future.

## **III. Identifying Critical Issues**

Upon completion of the environmental assessment, a planning committee should be in a position to identify all the critical issues, fundamental problems or choices the organization faces and then identify priorities so the issues can be addressed.

A first attempt to prioritize issues will probably result in a very long list of "critical" issues. Some might indeed be critical but require no action at present and should just be monitored. Some will require immediate attention. Some will be of critical importance to the long-term viability and success of the organization. This last group comprises the issues that are the framework for the decisions you must make next regarding strategies, long-range goals and objectives and financial requirements.

To arrive at this final list of truly critical issues, the planning committee should brainstorm to identify any issue that might qualify and then assess each one: Why is it an issue? What are the consequences for the near future of not responding to this issue? Why does the issue need immediate attention? Why is it a critical issue? The final list should include no more than six to eight items. With more than that, you risk losing focus and sabotaging your own best intentions. You can assess critical issues using the worksheet below.

## Critical Issues Assessment Worksheet

Issue	Why is it an Issue? What are the consequences of not responding?	Prioritize 1-Requires immediate attention 2-Can be addressed in planning 3-Requires no action
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# UNIT 5:

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## Developing Strategies, Goals and Objectives

### **Purpose:**

In this unit you will learn about developing strategies, goals and objectives for your organization. This is the last phase of strategic planning before you begin writing the plan. Careful thought is required during this step to ensure that you select strategies and tactics that will ultimately help your organization achieve its mission.

### **Learning Objectives:**

By the end of this unit, learners will be able to:

- ✓ Define strategies, goals and objectives.
- ✓ Assess critical issues.
- ✓ Select primary strategies.

# I. Defining Strategies, Goals and Objectives

With a newly affirmed mission statement to guide it and newly identified critical issues to address, your organization is ready to make decisions about strategies, goals and objectives. It is important to make a distinction among the nature of strategies, goals and objectives. The three concepts are broadly defined as follows:

- ✓ A **goal** is a broad outcome statement that guides a program or management function.
- ✓ A **strategy** is a coordinated approach or direction adopted in response to a critical issue and goal.
- ✓ An **objective** is a precise, measurable, time-phased result that supports the achievement of a goal.

Simply put, a strategy relates to the approach taken or methods used, while goals and objectives have to do with specific results to be achieved. For example, a critical issue that many nonprofits face is the need for more funds. A **strategy** choice is to raise more money (vs. cutting costs). The **goal** may be to diversify funding sources so as to not be so dependent on government funds, while an **objective** is to increase the return on direct-mail solicitations to prospective donors as a means of increasing donations by 25% over the next three years.

## II. Strategies and Goals

The strategic planning process requires that an organization establish its goals once it has “officially” completed the steps of identifying critical issues, creating a mission statement and doing an environmental analysis. In reality, of course, the discussion of program and strategic choices begins long before the planning process and continues long after the strategic plan has been adopted. Nonetheless, it is productive to “formally” discuss possible goals at this stage because:

- ✓ The mission statement lays out the organization’s purpose, thereby pointing toward the direction in which any strategic goal must ultimately lead.

- ✓ The external market data that have been collected and the results of the program evaluations suggest the development of strategic goals, thereby ensuring that strategic choices do not run contrary to significant forces in the environment.
- ✓ The list of critical issues provides a specific framework of needs to be addressed.

While the prospect of reviewing all possible program and strategy options might seem overwhelming, it can prove fun and invigorating to hash out the answers to the question, “What will work best in our situation?” Planners have the opportunity to combine logical reasoning and intuitive “best guesses” in the process, which entails the following:

- ✓ Discussing each critical issue that has been identified.
- ✓ Determining how the organization’s strengths and weaknesses relate to its opportunities and threats, and how that interplay affects the critical issues.
- ✓ Developing and evaluating the various possible strategic approaches to each critical issue.
- ✓ Narrowing down that array of options to arrive at the organization’s primary strategies.

## A. Reviewing Critical Issues

You identified critical issues in Step 3, Developing a Mission and Vision, but it is important to think through each issue again at this point using the following questions:

- ✓ What trends, changes or other factors support the idea that this is a critical issue?
- ✓ Will this critical issue change with time? In what ways? Why is it changing?
- ✓ What forces or causes contribute to this critical issue?
- ✓ What would it take to resolve this issue? What are the reasons for thinking that?

The point here is to take a moment to reflect on the subtleties of each issue before racing ahead to figure out what to do about it.

## B. Determining the Interplay of Strengths, Weaknesses, Opportunities and Threats (SWOT)

The SWOT grid you developed in your environmental assessment is of particular value here. The grid makes visible some important dynamics that influence your organization’s strategic choices: the intersection of strengths, weaknesses, opportunities and threats offers suggestions about action the organization needs to take.

For example, perhaps you identified financial management as a critical issue. With respect to this issue, if you identified a poor bookkeeping system as a weakness, and a funder’s demand for more detailed financial reporting is identified as an environmental threat, then those two factors will intersect. This might demonstrate that the organization needs to do short-term interventions by making sure the funder doesn’t get too upset.



Furthermore, if you identified an opportunity for technical assistance funding, then bookkeeping weakness and the funding opportunity intersect. In this case, it is likely that the organization would choose to “invest” in improving the bookkeeping system as an additional way to address the critical issue of financial management.

While these strategies may seem relatively obvious for this simple example, the grid offers two potential benefits. First, dimensions of the critical issue may be highlighted that otherwise might not surface. The planning committee might not have thought of the need for damage control for the bookkeeping system. Second, in discussing the interplay of the strengths and opportunities, weaknesses and threats, the planning committee may realize it overlooked a critical issue or an aspect of a critical issue.

### C. Evaluating Strategic Approaches

In the course of the previous exercise it is likely that suggestions for strategic responses began to emerge and perhaps were briefly discussed. That is just a start. At this point in the process it is very important to deliberately explore the strategic choices facing your organization. There are always options regarding what to do, though sometimes they are not obvious. Without a deliberate effort, you might simply seize upon the first strategy that presents itself, or use a tried-and-true strategy without looking at new possibilities. That is not the way to find the best, most creative, most effective strategies possible.

A rule of thumb is to develop at least three strategic options for each issue and discuss the “pros” and “cons” of each. If there’s a shortage of good ideas, one option can always be “do nothing,” but there should be at least two other options to debate.

The list below offers examples of general financial, program service and fundraising strategies that might result from a vigorous, thoughtful brainstorming session. Adapted from publications by Philip Kotler, Alan Andreasen, and Wolfgang Bielefeld, these strategies are written in “academic language.” The list is not intended to be prescriptive or exhaustive — just a sampling of good ideas that convey the range of possibilities at this stage (Bielefeld, 1992; Kotler and Andreasen, 1991).

#### Financial Strategies

- ✓ **Surplus Maximization:** Increase the surplus of resources (funds) in order to accumulate resources for expansion or growth.
- ✓ **Revenue Maximization:** Aim to generate the highest possible revenue, perhaps in an effort to establish a reputation or critical mass.
- ✓ **Full Cost Recovery:** Manage programs and services in order to break even financially, providing as much service as finances allow. Many nonprofits adopt this strategy in an effort to provide services without reaching a fiscal crisis.
- ✓ **Partial Cost Recovery:** Operate with a chronic deficit every year, providing services that are critical and cannot be provided at a break-even level of costs (e.g., mass transit or the post office). Organizations that choose this strategy rely on public and private foundations, individuals and governments to cover the annual deficits.

## Program Service Strategies

- ✓ **Usage Maximization:** Work to serve the highest number of clients. This strategy can be used in positioning the organization or program for funding or budgetary purposes.
- ✓ **Usage Targeting:** Provide services in a manner that encourages serving a specific number or type of constituents. This strategy is used to address unmet needs of specific populations or to cover the costs associated with providing services.
- ✓ **Producer Satisfaction Maximization:** Operate with the goal of satisfying the personal or professional needs of a founder, staff or board of directors rather than the established needs of external clients and customers.

## Fund-Raising Strategies

- ✓ **Fees for Service:** Provide services to clients for a fee that is below market rates and does not cover the full cost of providing the services.
- ✓ **New Revenue:** Direct-marketing-type activities are designed to generate new sources of revenue from specific potential funders. For example, assess community needs, conduct market studies, start new programs or services or change the way existing services are provided.
- ✓ **Legitimation:** To protect current funding, demonstrate to important audiences including funders that the organization is conforming to existing norms and standards. For example, make services look more relevant, seek endorsements from prominent people or engage in lobbying.
- ✓ **Retrenchment:** Reduce internal costs to lessen the impact of decreased funding. Increase staff workload, make use of volunteers, reduce administrative support staff, freeze salaries.

## Select the Primary Strategies

Having listed the array of possibilities as well as their pros and cons, the planning committee is ready to move on to the “nitty-gritty” of choosing the primary strategy for each critical issue. These choices are major decisions, and the committee should be sure to get the buy-in of those who will be called upon to implement the strategies. To get buy-in, the executive director should discuss proposed strategies with the appropriate staff or board members to address their concerns and gain new input.

## Goals and Objectives

As with strategies, you should discuss goals and objectives throughout the planning process. The conclusion of this discussion signals the conclusion of the whole strategic planning process. Typically, this is the easiest part of strategic planning because you have already made most of the big decisions and the big picture should be clear. Your organization knows what problems it needs to address and how it will address them. The critical issues will affect its ability to deliver those services and its strategies for responding to the

challenges. It is time to develop concrete measures of “how much” of the problem the organization will try to solve and “by when.” This is the most concrete aspect of the strategic planning process and also the aspect with which most people have experience, so the priorities that you identified in the planning process usually translate easily into goals.

Nonetheless, the drafts of goals and objectives might go through two or three versions before everyone’s feedback is incorporated and a final document agreed upon. The planning committee should not short-change this process. Often, in the course of these discussions important questions arise and insights emerge that substantially improve the quality and viability of the entire strategic plan.

### Program Goals and Management Goals

Goals are outcome statements that guide your organization’s programs and management functions. For the organization as a whole, for example, the primary “goal” is the purpose spelled out in the mission statement. Similarly, your organization’s programs, program groups and management functions need to be guided by their own “mini-purposes,” that is, their own goals.

Start with a review of the organizational profile developed above, which identifies programs and relevant program groups. The planning process thus far may have generated information or decisions that warrant another look, and perhaps suggest modifying certain aspects of the profile. For example, you may decide to alter some programs, group them differently or add a new program. If so, the planning committee must draft a new outline of the program portion of the organization profile.

Next, draft a goal statement for each program and program group. For example, if a new program, Case Management, is added to the Direct Services program group, the Case Management program goal might be “to coordinate the delivery of direct services to our clients,” whereas the goal for the Direct Services program group might be more global, “to provide services that improve the quality of life for people living with HIV.”

After you identify program goals, the planning committee should turn its attention to the management functions (internal management activities) required to support the programs, such as the following:

- ✓ Resource Development
- ✓ Board of Directors
- ✓ Personnel (paid and volunteer staff)
- ✓ Planning and Evaluation
- ✓ Facilities and Equipment/Technology
- ✓ Financial and Administrative Systems
- ✓ Marketing and Public Relations

Just like the programs and program groups, each management function is a focus of activity that should have its own goal statement to guide it. For example, a goal statement for Personnel could be the following:

Attract and retain qualified, competent staff, volunteers and interns to carry out the goals of XYZ organization and to manage its projects and programs efficiently. XYZ anticipates a staff of 13 full-time employees in the next three to five years to fully staff the program and its projects as outlined in the organizational chart attached to this plan.

## Program Portfolio and Objectives

Each strategic goal usually carries with it at least two specific objectives — precise, measurable, time-phased results that support achievement of the goal. For example, the sentence, “Increase board of directors’ involvement in fund-raising this year” is too vague to qualify as an objective. But, “Achieve 100% board contributions to our agency in each fiscal year of the strategic plan” or “The board will lead a major donor fund drive to raise \$25,000 by the end of Year Two” would both serve as well-drafted, complete strategic goals.

To set the context or boundaries for objectives, begin the process with an outline of each program’s current and proposed scope and scale. Developing this “program portfolio” is a matter of answering the following questions about each current program or prospective program:

- ✓ What is the program’s current level of activity? (This question, of course, only applies to existing programs; new programs will not yet have a level of activity.)
- ✓ What is its proposed growth strategy? (For example: expand, maintain, decrease, eliminate or start new program.)
- ✓ What is the program’s projected future level of activity?

The program portfolio (a term borrowed from the financial investment world) will also help the planning committee estimate the resources needed to support the long-range goals and objectives. At this point, it is not necessary to come up with a detailed budget, but it is important to identify broadly the resources needed to support the strategic plan. The resource development goals and objectives will then accurately reflect the level of support deemed necessary. These goals and objectives appear under the appropriate management functions. The litmus test for objective-setting is to ask, “If these objectives are achieved, will we successfully accomplish the goal?”

## Writing Program and Management Objectives

The program portfolio should contain all the guiding information necessary to develop specific objectives for each program and management function. In nonprofits, these objectives typically cover a time frame of three to five years. If your organization’s environment is particularly turbulent, the time frame should be shorter. In any case, the objectives must identify the “targetable numbers” that will support the fulfillment of the organization’s strategies, goals and mission.

## **Developing Contingency Plans**

Contingency plans are action plans to prepare for unplanned events that may occur in the future. Because nonprofits operate in turbulent, constantly changing environments, it is useful to devote some of the environmental assessment discussions to the “what ifs” of your organization’s future. For example, “We think we will be receiving more funding from county sources.” What if it doesn’t happen? Or, “Based on the experience of the last two years, we expect service demand to increase by 100% in the next three years.” What if it is significantly more? Or less?

The answers to such questions can prepare your organization for alternative scenarios by outlining how it might respond should the future turn out quite differently than expected. It is not usually necessary to include formal contingency plans in the strategic plan itself, but it is a very good idea to discuss the “what ifs,” generate ideas about possible responses and keep notes of the conclusions reached in the hope that they won’t be needed.

## **III. Developing an Annual Operating Plan**

Upon completion of the strategic plan, you should prepare an operating plan for the coming year — a schedule of events and responsibilities that details the actions to be taken to accomplish the goals and objectives laid out in the strategic plan.

Every organization should have annual operating plans for each major organizational unit that corresponds to its fiscal year — to make sure everyone knows what needs to get done, coordinates their efforts when getting it done and can keep close track of whether and how it got done.

An operating plan shows which programs and management functions are going to do what by when and how much money and person power it will require. This level of detail is unnecessary in a strategic plan itself — in fact, it would clutter up the presentation of the long-range vision.

### **OPERATING PLAN**

A schedule of events and responsibilities that details the actions to be taken to accomplish the goals and objectives laid out in the strategic plan.

## Characteristics of an Effective Annual Operating Plan

There are three important attributes to a good operating plan:

- ✓ An appropriate level of detail — enough to guide the work, but not so much that it becomes overwhelming, confusing or unnecessarily constrains creativity.
- ✓ A format that allows for periodic reports on progress toward the specific goals and objectives.
- ✓ A structure that coincides with the strategic plan.

Just as monthly financial statements often present a projected budget for revenues and expenses compared to actual figures for a given time period, operating plans allow for the comparison of objectives with actual activity. The operating plan declares the “budgeted” work in terms of goals and objectives for each program area and management function and reports the actual progress on a monthly (or perhaps quarterly) basis. This “budget-to-actual” report offers a clear picture of how well the plan is working.

# UNIT 6:

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## Writing the Strategic Plan

### **Purpose:**

In this unit you will learn about writing a strategic plan.

### **Learning Objectives:**

By the end of this unit learners will be able to:

- ✓ Explain and write a draft review process.
- ✓ Explain standard formats and sections.

# I. Writing the Strategic Plan

The end is in sight. Now that everyone has had a chance to contribute ideas, you've wrestled with all the options, made the choices and worked out the details, all that remains is to commit the ideas to paper and "make it official."

## A. Draft and Review Process

One or two people should be responsible for writing the plan based on the group's ideas. The process of review and approval is the most important consideration in this step, much more so than who does the writing. Often an executive director will draft the plan, or the task may be delegated to a staff or board member or a consultant who has been working with the planning committee. In the end, it really doesn't matter who writes the strategic plan. What matters is that it accurately documents the decisions made by the planning committee and represents a shared vision that has the support of the entire organization.

The planning committee should decide in advance who will review and respond to the draft plan. Obviously committee members will participate in the review process, but should the full board and the full staff also participate? The guiding principle of participation in the strategic planning process is that everyone who will help execute the plan should have some input in shaping it; whether this includes review of the final drafts of the plan is a judgment call that depends on the particular circumstances of your organization.

Ideally, by the time the strategic plan is ready to be committed to paper, you have already debated and resolved the big ideas, so revisions only amount to small matters of adding detail, revising format or changing wording in a particular section.

If reviewers are bogged down in crossing too many "Ts" and dotting too many "I's," the plan could linger in draft form forever. So the planning committee must exercise leadership in setting a realistic time frame and in bringing the review process to a timely close. The committee needs to choose the level of review appropriate for the organization, provide copies for review to the selected individuals and set a deadline for submitting feedback (usually allowing one to two weeks is sufficient). Upon receiving all the feedback, the committee must agree on which suggested revisions to accept, incorporate these into the document and submit the strategic plan to the full board of directors for approval.

## B. Standard Format for a Strategic Plan

A strategic plan is simply a document that summarizes, in about ten to fifteen pages of written text, why your organization exists, what it is trying to accomplish and how it will go about doing so. Its "audience" is anyone who wants to know your organization's most



important ideas, issues and priorities: board members, staff, volunteers, clients, funders, peers at other organizations, the press and the public. It should offer edification and guidance. The more concise and ordered the document, the greater the likelihood it will be used and that it will be helpful in guiding the operations of the organization.

Below is an example of a common format for strategic plans as well as brief descriptions of each component to help writers as they begin to organize their thoughts and their material. The point of the document is to allow the best possible explanation of the organization's plan for the future — the format should serve the message.

## **Sample Format for a Strategic Plan:**

### **Table of Contents:**

- I. Introduction by the President of the Board and Executive Director
- II. Executive Summary
- III. Mission and Vision Statement
- IV. Organization History and Profile
- V. Critical Issues and Strategies
- VI. Program Goals and Objectives
- VII. Management and Development Goals and Objectives
- VIII. Appendices (If Included)
  - A. Environmental Assessment and Critical Issues
  - B. Data and Assumptions About the Environment
  - C. Summary of Client Surveys
  - D. Membership of Board and Planning Committee
  - E. Long-Range Budget Projections

### **I. Introduction by the President of the Board and Executive Director**

A cover letter from the president of the board of directors introduces the plan to readers; it gives the plan a "stamp of approval" and demonstrates that the organization has achieved a critical level of internal agreement. (This introduction is often combined with the executive summary.)

### **II. Executive Summary**

In one to two pages, this section summarizes the strategic plan. It should reference the mission and vision, highlight the long-range goals (what the organization is seeking to accomplish), perhaps note the process for developing the plan and thank participants in the process. From this summary, readers should understand what is most important about the organization.

### III. Mission and Vision Statements

These statements can stand alone without any introductory text because they introduce and define themselves.

### IV. Organization Profile and History

In one or two pages readers learn the history of your organization — key events, triumphs and changes over time — so they appreciate its historical context (just as the planning committee needed to do at the beginning of the planning process).

### V. Critical Issues and Strategies

Sometimes organizations omit this section, choosing instead to simply present goals and objectives. The advantage of including this section is that it makes explicit the strategic thinking behind the plan. Board and staff leaders may refer to this document to check their assumptions, and external readers will better understand your vantage point. The section might be presented as a brief outline of ideas or as narrative that covers several pages.

### VI. Program Goals and Objectives

In many ways the program goals and objectives are the heart of the strategic plan. Mission and vision answer the big questions about why the organization exists and how it seeks to benefit society, but the goals and objectives are the plan of action — what the organization intends to “do” over the next few years. As such, this section should serve as a useful guide to operational planning and a reference for evaluation.

### VII. Management Goals and Objectives

The management functions are separated from the program functions here to emphasize the distinction between service goals and organization development goals. This gives the reader a clearer understanding of the difference and the relationship between the two, and enhances the “guiding” function of the plan.

### VIII. Appendices

Appendices provide needed documentation for interested readers. Perhaps no appendices are truly necessary (many organizations opt for brevity); they should be included only if they will truly enhance readers’ understanding of the plan, not just burden them with more data or complicating factors.

## C. Resources for Developing a Strategic Plan

There are many resources available for identifying funding sources — whether searching the private or public sector. Today, the Internet is an invaluable tool in searching for grant funds. Keep in mind, however, that many private-sector funding sources do not have Web sites. So, you could overlook a good resource if you limit your search to the Internet. Other resources include directories, databases, books, publications, newsletters and broadcast e-mail messages. Networking is also an excellent tool for finding grant funds. It is worthwhile to ask board members and colleagues from other community-based organizations similar in nature to yours about grant-writing and foundations. They can describe their own experiences with particular foundations and help you clarify your project ideas. Below are some additional resources.

Strategic Planning ([www.mapnp.org/library/plan\\_dec/str\\_plan/str\\_plan.htm](http://www.mapnp.org/library/plan_dec/str_plan/str_plan.htm))

Free Management Library (SM) ([www.managementhelp.org](http://www.managementhelp.org))

Governing.com ([www.governing.com](http://www.governing.com))

## Post-training Assessment Answers

### Answers to the Pre-training Assessment

1. **True**  **False** Strategic planning is the same thing as long-term planning.
2.  **True** **False** Organizations should have a strategic plan, regardless of whether or not they are ready to plan.
3.  **True** **False** Four key criteria for building a strategic plan are having a mission and values; environmental assessment; developing strategies, goals and objectives; and writing the strategic plan.
4.  **True** **False** Strategic planning prepares for an exact result desired in the future.
5. **True**  **False** Strategic planning is not necessary in nonprofit organizations.
6. **True**  **False** Only one individual is needed to develop and build a strategic plan.
7.  **True** **False** The executive director and board chair are the two most important internal individuals for developing a strategic plan.
8. **True**  **False** SWOT stands for strengths, weaknesses, opportunities and threats and helps an organization look internally only.
9.  **True** **False** The critical issues an organization faces help it to determine which strategies it will pursue.
10. **True**  **False** Editing, proofreading, and generally “polishing” a strategic plan are not as important as the project ideas contained within it.

# APPENDIX A

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## Glossary

**Cost/Benefit Analysis:** An approach to evaluating organizational programs that entails comparing the costs of providing a service or product with the benefits to be gained from that service or product.

**Environmental Assessment:** The process of gathering and analyzing the information needed to make an evaluation of your organization in its environment. The environmental assessment includes the following activities:

- ✓ Collecting internal and external stakeholders' perceptions about the organization.
- ✓ Evaluating programs' impacts on clients.
- ✓ Evaluating programs through a cost/benefit analysis.
- ✓ Analyzing programs through a competitive analysis.
- ✓ Defining previous implied strategies.

**Goals:** Goals are described in a broad outcome statement that guides a program or management function.

**Long-range planning:** Although many use the terms strategic planning and long-range planning interchangeably, the terms differ in their emphasis on the "assumed" environment. Long-range planning is generally considered to assume current knowledge about future conditions. It looks to ensure the strategic plan's exact results over the duration of its implementation.

**Mission Statement:** A mission statement reflects the essence of an organization's intent and tells when, where and how it will fulfill its purpose.

**Objective:** An objective is a precise, measurable, time-phased result that supports the achievement of a goal.

**Operating Plan:** A schedule of events and responsibilities that details the actions to be taken to accomplish the goals and objectives laid out in the strategic plan.

**Program Portfolio:** The "mix" of programs and services offered by an organization to its clients.

**Stakeholder:** Anyone who cares, or should care, about the organization — anyone who has a “stake” in the success or failure of its mission — is a stakeholder. This encompasses those who must implement the strategic plan, those who benefit from its implementation and those who could significantly help or hinder its implementation: board members, staff (part- and full-time, salaried and volunteer, current and previous), funders (existing, potential), clients (existing, past, potential), community leaders, competitors, potential collaborators, and other agencies in parallel or related fields.

**Strategic Planning:** Strategic planning is a management tool for several key purposes: to help an organization do a better job, to focus its energy, to ensure that members are working toward the same goals and to assess and adjust its direction in response to an ever-changing environment. Strategic planning provides the master plan an organization uses to achieve its aims. It charts the direction and goals of the entire organization and all aspects of its operation.

**Strategy:** A strategy is a coordinated approach or direction adopted by an organization in response to a critical issue and/or goal.

**Values:** The principles or belief system that guides an organization’s members as they pursue the organization’s purpose.

**Vision Statement:** A descriptive sentence that presents a broad image of what success will “look like” for a nonprofit organization.

# APPENDIX B

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## Frequently Asked Questions

### 1. What is a mission statement?

A mission statement reflects the essence of an organization's intent and tells when, where and how it will fulfill its purpose. Because the mission statement is specific with regard to its purpose, it can serve as a guide to plan and implement activities and allocate resources. Strategic goals are even more specific, laying out some limited number (three to five) of goals that are considered important to accomplish the mission of the organization.

### 2. Why do I need a mission statement?

Every organization needs to define its fundamental purpose, philosophy and values. The mission statement clarifies the reason for the organization's existence. It describes the needs the organization was created to fill and answers the basic question of why the organization exists. Without the guidance offered by a mission statement, it is difficult to establish programmatic priorities. The mission statement provides the basis for judging the success of the organization and its programs. It helps to verify if the organization is on the right track and making the right decisions. It provides direction when the organization needs to adapt to new demands. Attention to mission helps the board of directors adhere to its primary purpose and helps during conflicts by serving as a touchstone for every decision. The mission statement also can be used as a tool for resource allocation. A powerful mission statement attracts donors, volunteers and community involvement.

### 3. What is a vision statement?

Through its vision statement, a nonprofit defines its ultimate motivation, its dreams and its image of what its desired future looks like; it is the ideal situation if the organization could fulfill its utmost wish. Some examples: "No child in our city will go to bed hungry in the evening." (Soup kitchen) "In two decades our services will no longer be needed." (Illiteracy program) "We will be recognized as the best symphony orchestra in America." (Music ensemble)

**4. How long does it take to complete the strategic planning process?**

A complete strategic planning process can take from six weeks to six months, depending on the size of an organization and the complexity of its programs.

**5. What are the principle steps of strategic planning?**

There are five: (1) getting ready to initiate the planning process; (2) developing or revising a mission and vision; (3) conducting an environmental assessment; (4) developing or revising strategies, goals and objectives; and (5) writing the strategic plan itself.



# APPENDIX C

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