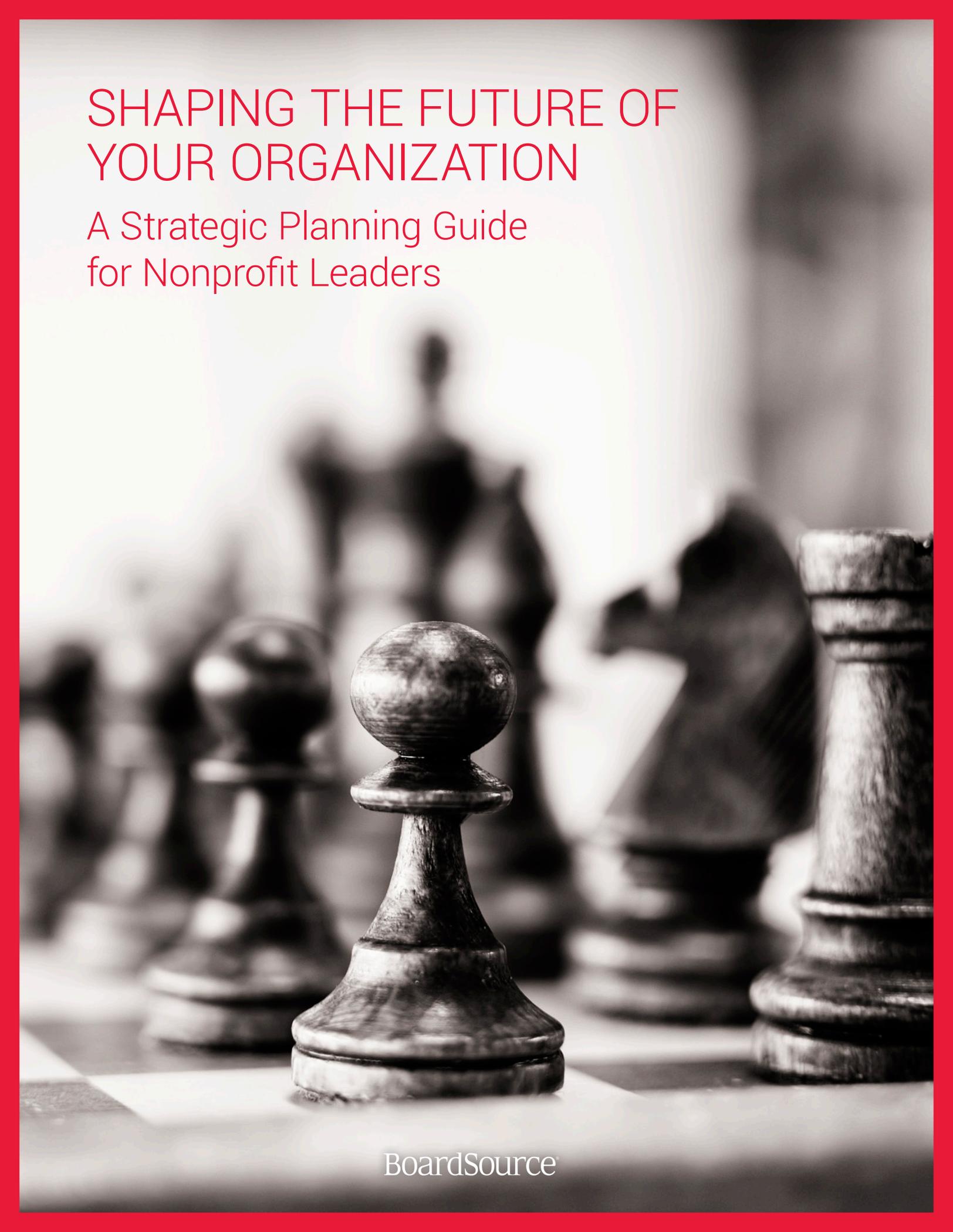


SHAPING THE FUTURE OF YOUR ORGANIZATION

A Strategic Planning Guide
for Nonprofit Leaders



BoardSource®

WHAT IS STRATEGIC PLANNING?

Strategic planning is focused on accomplishing the big-picture goals and needs of an organization, rather than just checking items off a task list. It requires broad-scale information gathering, an exploration of alternatives to current practices, and an emphasis on the future implications of present decisions.

It includes:

- defining a strategy for an organization with the greatest possible knowledge of its environment and context
- a written list of the actions needed to carry out the plan
- a method for monitoring the results achieved through the plan

Strategic planning is a disciplined approach to deciding what an organization is, what it does, and why it does it, with a focus on the future. Strategic planning produces a framework that enables the organization to focus its energy, to coordinate the efforts of individuals so that they are working toward the same goals, and to assess its response to changing factors and adjust accordingly. Strategic planning varies widely and has continued to evolve over the past decade. It's up to boards and chief executives to determine what planning process is right for their organizations.

Much of the real value of planning lies in the process, which often results in stronger and deeper relationships and communication patterns among the board, stakeholders, and staff.

Strategic planning is not

- **written in stone.** The essence of a strategic plan is to establish organizational practices and approaches to decision making that will be responsive to change.
- **a departmental, program, or operational plan.** Based on the organizational strategic plan, each department or program will develop its own goals and actions based on the newly defined organizational priorities.
- **going to be effective if it is constantly undergoing wholesale changes.** Strategic plans should be adaptable and flexible in their objectives, but should not allow for the board or chief executive to update the language within the plan to coincide with the constantly changing external environment.

TERMS

Before beginning the strategic planning process, it is important to distinguish between key terms. The following terms may be used differently and have different meanings in the public and private sectors — and may even be used interchangeably in the nonprofit vernacular — but they are distinct.

A **long-range plan**, outlining a long-term vision and direction, includes operating assumptions based upon a relatively stable external environment. A long-range plan is useful when an organization does not anticipate change down the road. It emphasizes a vision and long-term direction more than specific annual objectives.

A long-range plan differs from a strategic plan in that the latter assumes an organization should constantly monitor changes in the external environment and respond accordingly through more frequent planning cycles. A long-range plan is developed and used by the board and staff. These types of plans are being used less frequently for nonprofits since the environments many organizations operate in are constantly changing.

Strategic planning defines what an organization should do in a period of time set by the board. Strategic planning assumes nonprofit organizations operate in a constantly changing environment that must be monitored and adjusted to in terms of strategic directions and activities. Most strategic plans include an assessment of threats and challenges that an organization faces within its operating environment. Strategic planning — which usually encompasses broad

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strategic goals and strategies but not specific action steps — is developed and used primarily by the board, staff, and other key stakeholders. It should be noted that many different versions and formats for developing strategic plans exist.

An **operational plan**, also known as an action plan or tactical plan, converts the strategic goals and objectives in a strategic plan into annual plans. An operational plan incorporates the strategic goals and their related objectives and strategies and identifies specific action steps, timelines, budget requirements, responsible people or organizational area, and a monitoring and evaluation process.

Although the board of directors approves and monitors an operational plan, staff and volunteers most frequently develop, implement, and evaluate the plan.

A **business plan** may be developed for the whole organization or for specific programs. It specifies the purpose and provides a snapshot of the market, clients, competition, finances, and key personnel for accomplishing the stated purpose within a given time frame. A business plan includes elements of the strategic plan and operational plan, particularly in the strategic areas of marketing and financial management. It is often used in developing a new program or generating earned income through some mission-related business venture.

In some respects, a business plan is similar to a funding proposal. Like an operational plan, a business plan may be approved and monitored by the board of directors, but its development, implementation, and evaluation are the primary responsibilities of the staff and, in some instances, selected volunteers.

WHY PARTICIPATE IN A STRATEGIC PLANNING PROCESS?

Boards and staff members must be clear about their motivation for embarking on strategic planning, and it might be useful to look at some reasons why strategic planning is important and the benefits it can provide to an organization.

Brings clarity and agreement on mission and vision

Agreement on mission is paramount. Defining a shared vision and then planning based on that desired outcome is the essence of strategic planning.

Additional benefits:

- Strengthens organizational focus
- Promotes effective stewardship
- Garners financial support (particularly from funders who require a strategic plan)

Helps prepare for the future and anticipate and manage change

Strategic planning facilitates making short-term decisions based on long-term implications. Most important, a strategic plan provides a series of agreements about what needs to happen. A sound plan requires thoughtful monitoring by board and staff. In the best of situations, board and staff work together to identify situations in which the strategic plan must be adapted to accommodate unanticipated environmental changes and where the original vision crafted in the strategic plan must be upheld, even if that means tailoring operational plans to meet those goals in another way.

Additional benefits:

- Enables a systematic approach to future thinking
- Encourages thinking outside the box
- Prepares you for possible partnerships
- Allows you to identify existing strengths

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Determines priorities and improves decision-making process

With a strategic plan in place, day-to-day decision making and problem solving will be directly related to long-range and short-term goals. Planning reduces stress by making decisions easier. When choices are made within the context of a strategic framework, based on a thoughtful environmental analysis, the organization's direction is clearly defined.

Additional benefits:

- Enables you to concentrate on priorities and key strategies
- Encourages you to assess, reassess, and adjust programs
- Includes opportunities to analyze systems and processes

Align the board and staff and provide an opportunity to recommit to the cause

When individuals are focused on the same goal or outcome, they feel a certain amount of synergy and often set aside differences, help each other, and become invested in a common purpose. Focusing on the future work of the organization can bring the board, staff, and other stakeholders into alignment around the mission.

Additional benefits:

- Builds teamwork, communication, and expertise among board and staff
- Keeps you on track during leadership transitions
- Encourages accountability and the evaluation of organizational effectiveness
- Educates participants about institutional history

COMMON CONCERNS

Getting buy-in to do strategic planning is not always easy. Here are common roadblocks board members and staff raise to oppose strategic planning and advice on how to avert them.

Bad past experience

Clearly define the process in advance, so people will find it less confusing and threatening. Show participants that it includes a commitment to regularly monitor progress on goals, which will likely have a significant impact.

No time to commit to the process or poor forecasting of the level of time needed

Help people understand the long-term benefits. Point out ways that the strategic plan will make daily decisions and prioritization easier. In some situations, an ad-hoc plan created in chunks of "spare time" will be worse than no plan at all. Spend some time at both the board and staff levels calculating the level of "planning tolerance" each group has, and what administrative support can be reasonably given to planning, executing, and documenting meetings and decisions made.

Lack of understanding of how all the parts fit together

In the beginning, give people a roadmap of the planning process. Assure them that they will have the opportunity to respond to the goals and actions being proposed.

Process is exhausting

Comprehensive planning is time consuming, but the discussions that take place during the process are the very conversations that effective, well-managed organizations should conduct on a regular basis if they want to be successful. Additionally, a trained facilitator can make a world of difference, both by managing the process and by freeing up the board's and chief executive's time to commit to the planning process instead of managing logistics or facilitating.

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Need to complete the same process again in a few years

If the original plan includes mechanisms for continuous monitoring and evaluation, its recommendations will become integrated into the permanent organizational DNA.

When you are satisfied that board and staff members are ready to begin planning, you will want to think of ways to incorporate the process of planning into the daily life of your organization.

WHERE IS YOUR ORGANIZATION?

To ensure a successful strategic planning process, it is essential to identify where your organization is and where you would like it to go. Start by distributing a survey for both board and key staff prior to beginning the actual planning process.

By exploring key questions, the answers will ultimately aid in determining the best approach your organization should use in developing the strategic plan. Be sure that the participants seek answers in terms of relevance to the organization's future, and not just the present or the past.

Addressing the key questions below can help start the process:

- Is the organization clear about its primary purpose?
- Are new strategic approaches needed for implementing the mission?
- Can existing strategies be implemented in a more effective way?
- Are organizational goals and outcomes clear?
- Should any of our major programs be eliminated?
- Is there a need for new programs and services?
- Is it necessary to consider a totally new approach to our mission?
- Should we consider an alliance or strategic restructuring?

Is your organization ready to plan?

Another set of key questions can help determine whether your organization is ready to begin the strategic planning process.

Is your organization stable?

If your organization is experiencing major funding problems, an upset in the leadership of the organization — be it the chief executive or a major portion of the board — or a potential public scandal that may soon be revealed, the organization is in crisis. Do not start a strategic planning process. A crisis is something that must be handled immediately and then, once the organization begins to restabilize, planning may begin. Usually, when recovering from a crisis, planning becomes quite necessary.

Does a strategic plan already exist?

If your organization has already gone through an extensive strategic planning process in the past, the next question to ask is whether the board is satisfied with the current plan, given any changes in the environment that organization operates and any changes it may see in the future. If the board is satisfied, strategic planning may become a process in which the existing strategies and activities are reorganized but no new strategic initiatives are considered.

How well do current board and staff members understand the existing strategic plan?

Just because a strategic plan currently exists, does not mean it has been used well. Ask your board and staff how comfortable they are with the current document. Has it been utilized to monitor progress thus far? Do people have a level of familiarity with it (or not) that can be used as a common starting ground for a new planning process?

Have key strategies been determined?

If the board, the staff, and influential parties (such as the founder, key stakeholders, consumers, major donors) are committed to key areas of strategic direction, it is important that their input be included in the process in a relatively seamless way. The decision-making prerogative around key organizational directions should be determined at the beginning of the planning process in order to ensure its success and the ownership of all involved.

Is there time to plan?

Strategic planning takes time. It customarily takes six to nine months to complete the process and to have a document approved by the board, but the length of time required will depend on the level of intensity needed and the organization's previous planning experience. Board, staff, and often, a consultants' time are required for gathering data and conducting research and analysis. Don't forget the level of administrative time required for planning meetings, collecting or developing input documents, and documenting key discussions and doing pre-work between meetings.

Is funding available?

Funding support is needed to support research and information gathering, to contract for consulting and facilitating services, and to cover logistical expenses. The first step is to develop a budget. If there is no funding to support any of the planning activities, the organization could attempt to find a pro-bono consultant and donated meeting space, and board members should be prepared to donate additional time and talent. If your organization's budget allows, however, trained and experienced facilitators do provide additional value to the process.

Are board and staff committed to planning?

The commitment of the board and staff is absolutely essential to the success of the planning process.

Board: Its commitment is demonstrated through the board members' willingness to dedicate time to supporting and being involved in the process, to support the expenses inherent in the planning process, and to monitor implementation of the strategies and goals determined by the plan.

Staff: Staff members must be open to new possibilities and willing to spend time information-gathering and planning, earmark funds to support the planning process, and monitor implementation of the strategies and goals determined by the plan. In addition, the staff needs to be committed to assuming new and diverse roles and responsibilities that the strategic plan may direct.

Who should facilitate the process?

Should a consultant be hired?

A strategic planning consultant can play a significant role in facilitating the strategic planning process. Finding a consultant who fits in with the task at hand and with the style of the organization can pose a challenge, so be sure to start the process early and ask for referrals. It's also important to be sure that the planning process (and budget) allows for enough time to bring the consultant up to speed with your organization if s/he hasn't worked with your organization before. In an effective planning process, the consultant has done a good deal of pre-work before ever facilitating a session.

The dedicated task of the strategic planning consultant/facilitator is to keep the process on track. The main functions of a consultant/facilitator involve moving the process forward and ensuring that adequate information is available for educated decision making.

Should a board member act as a facilitator?

Boards should use caution when using one of its members — even an expert strategic planner — in the role of facilitator. The primary reason for using an outside facilitator is to provide neutrality. A staff or board member will naturally have a vested interest in the outcome of some of the issues being discussed and may even unknowingly

create a meeting agenda that will affect the outcomes. If a board member facilitates, s/he must remain objective and limit his/her insights and ideas – not only by his or her own estimation, but by that of the group. Is this person seen by **all** group members as truly neutral? Or, is s/he favored by a powerful few – say, the executive committee members?

KEY ROLES IN THE STRATEGIC PLANNING PROCESS

Full board

The board plays a vital role in strategic planning. As the link between the organization and its environment, the board can help reconcile the ambitions of leaders and staff with the constraints of economic and political realities. The strategic plan will eventually guide the board in decision making, facilitate and help to provide inspiration – in conjunction with the development plan – for the board’s fundraising efforts, and help the board better understand how the organization operates.

The board’s role is to

- set the direction of the organization and balance short-term needs with long-term goals
- ensure that each board member has a role to play in any part of the planning process – even if that role is a thoughtful review and commentary
- add value to discussions by sharing its expertise in legal, financial, marketing, technological, industry-related, and business areas
- offer counsel on the impact strategic initiatives will have on the organization’s fiscal viability and fundraising capacity, and make sure the right questions are asked
- review and approve vision, mission, critical issues, and strategies, usually at a retreat or a series of meetings
- confirm that all individual board members are familiar with the plan and that the full board approves the written planning document
- provide oversight to ensure that the operational plan is appropriately implemented and oversees accomplishment of goals

Chief executive

The chief executive’s responsibility is to ensure agreement on the organization’s goals and methods of achieving those goals. He or she typically takes the lead in recognizing the need for strategic planning and determining whether the time is right to initiate the planning process.

COMMON STRATEGIC PLANNING APPROACHES

Organizations embarking on strategic planning for the first time – or after a long absence – will probably find it most beneficial to follow a traditional planning process, which includes these steps:

- **Planning to plan.** Typically, the chief executive takes the lead in preparing the organization for strategic planning. Planning to plan includes identifying a timeframe, establishing a budget, determining who will participate, and clarifying what form the final planning document will take.
- **Undertake a SWOT analysis.** Board members not only identify the organization’s strengths, weaknesses, opportunities, and threats but also discuss potential strategic responses.

	Opportunities	Threats
Strengths	Where <u>opportunities</u> and <u>strengths</u> are aligned, we need to invest	Where <u>threats</u> and <u>strengths</u> are aligned, we need to defend or mobilize resources or enter into strategic alliances
Weaknesses	Where <u>opportunities</u> and <u>weaknesses</u> are aligned, we need to invest, divest, or collaborate	Where <u>threats</u> and <u>weaknesses</u> are aligned, we need to divest or damage control

- **Review the mission.** Revisit why the organization exists and the unique role it plays within the local, national, or global community. This does not necessarily mean “wordsmithing” your entire mission (although it might include some language changes), but it does get at the importance of making sure that everyone – board and staff – have an opportunity to ensure that the mission is central and that there’s clarity across the group in how it is interpreted.
- **Generate strategies, goals, and objectives.** These should be viewed within the context of the mission, so all of the organization’s undertakings ultimately contribute to advancing its mission.
- **Monitor the plan.** Identify specific data the board can use to review progress toward the anticipated outcomes and, when necessary, make adjustments to the plan.

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The chief executive's role is to

- enlist support for strategic planning from board members
- prepare board and staff for planning and ensure everyone understands what is expected of them and how they will contribute
- after the strategic planning has concluded, work with staff to prepare the operational plan
- evaluates accomplishment of strategies, goals, and objectives
- regularly report to the board the successes and challenges that the organization is having in implementing the strategies and accomplishing the goals of the plan

Chief executive and board

- Ensure adequate resources are available to support the process, including both financial and human resources.
- Define the participants and their roles.
- Decide on the best approach to take based on the organization's needs.
- Decide who will be on the strategic planning task force and what the responsibilities will be.
- Determine whether to include an outside consultant in the process.
- Participate in "plan to plan" to guide the strategic planning process.

Staff members

The staff is responsible for the details of operational planning, constituting the link between the top-level vision of the organization and its everyday activities. Having key staff and volunteers on the strategic planning task force is important as it allows them to share unique perspectives and shape the plan they will ultimately be in charge of implementing.

The staff's role is to

- analyze the organization's internal capacity, strengths and weaknesses, and/or working with external parties and consultants to do so
- provide background information, research, data, and institutional history
- bring their unique perspective of programs and services
- keep the mission and vision alive throughout the organization, ensuring that the organization has a sense of shared mission and vision
- offer administrative support to the strategic planning task force (e.g., creating and distributing surveys, organizing data collection, etc.)
- continuously implement the strategic plan in delivery of products, services, and programs

External stakeholders

Constituents' perceptions of an organization are often different from those of the board, chief executive, or staff. Gathering information on these perceptions provides an opportunity to monitor quality and client/customer satisfaction.

Key stakeholders can include clients, customers, or users; staff and board; donors and funders; community partners; members, if it is a membership organization; and even the general public, if it is a public charity.

Stakeholders' role is to

- participate in internal and external assessments during planning
- participate in focus groups, surveys, individual interviews, and any other information-gathering tool the organization chooses to use
- provide a perspective outside of the inner workings of the organization and supply critical information about how the organization's programs and services are being perceived and received

Consultant/Facilitator

Strategic planning consultants have expertise in the steps, nuances, and desired outcomes of the strategic planning process and have meeting facilitation skills; they can also gather and analyze data. Consultants can offer orientation and training to the members of the strategic planning task force to maximize their efficiency.

The strategic planning consultant/facilitator should

- work as a partner with the organization, serving as the expert in process design
- facilitate meetings and create a safe environment to have strategic conversations
- identify what information is needed for planning
- understand the context within which the organization functions
- ensure that all key stakeholders are appropriately involved in the planning process
- plan/lead task force and strategic planning retreat
- ask the “hard” questions — questions that others may be afraid to ask or address — during the preparation for the planning retreat and during the planning meeting itself
- facilitate the discussion around truly innovative, long-term strategies, while not allowing the group to focus on operational short-term solutions
- synthesize and analyze information for easier consumption; carefully and accurately reflect back the thoughts and ideas of board and staff prior to and during the planning meeting(s)

Strategic planning task force

There are many options for structuring the work of a task force – some boards use a “committee of the whole” with the full board and some create a sub-committee of another standing committee. Your organization should decide what works best for your board members and organizational structure. The task force is composed of board members, staff members, and the consultant, and is responsible for navigating the planning process. Its members should be organized and visionary, and understand that their role is to facilitate the process, not to write the plan or to advocate for their personal agendas.

The task force should

- meet on a regular basis to guide the planning process
- determine the approach to planning, the timeline, and who should be involved in the entire planning process
- organize the strategic planning retreat, including selecting those invited to the retreat and drafting the agenda
- prepare the final strategic planning document

After the plan has been written, the board may decide to ask the task force/committee to remain a committee to monitor successful implementation of the strategic planning.

CONTENTS OF STRATEGIC FRAMEWORK

The strategic framework is the record of agreements that have been reached through the strategic planning process. The document is by no means the sole purpose of the process; it is simply the first concrete indication that your planning has reached a measurable junction. The written plan contains the guidelines for future action for your organization based on data that the organization has and assumptions it makes.

By the time a strategic framework gets to the board for formal approval, there should be no surprises. The plan should be clear and logical in addressing critical issues and setting up the necessary goals and objectives that will guide the board and staff.

Strategic plans can contain the following elements:

- **Introduction** – a letter from the board chair and/or chief executive supporting and introducing the plan.
- **Context for planning** – can include a historical synopsis of the organization, internal and external customer feedback results, and a trend analysis of external environmental factors.
- **Mission, vision, and core values statements** – express the organization’s reason for being, articulate its ideal or preferred future and that of the community it serves, and identify the values that serve as guiding principles for those most closely associated with the organization.
- **Strategic goals** – define the outcomes the organization would like to achieve in response to critical issues or fundamental challenges.
- **Objectives** – state the end results that will support the achievement of the strategic goals. They indicate what the organization is striving for and provide the link between goals and performance measures. Objectives should be measurable (responsibility, timeframe, outcome) and are often distinct.
- **Strategies** – Some organizations might use strategies instead of objectives in their strategic plans. In this context, strategies define the actions, directions, or means to the end that the organization will pursue to achieve its strategic goals. Strategies indicate how the organization will spend its time and allocate its resources.
- **Performance measure** – organizations should have some way to measure performance following the strategic planning process, but the measurement tactics will be unique to each organization.

DON'T FORGET

KEEP THE FOLLOWING POINTS IN MIND BEFORE, DURING, AND AFTER YOUR STRATEGIC PLANNING PROCESS.



Give your organization a head start. A nonprofit with a strategic plan in place has a head start on the future. Planning will not eliminate every issue in an organization, but it gives an advantage in solving problems.



Demonstrate leadership. In periods of significant social and economic change, when many of the past assumptions on which organizations were built appear to be breaking down and resources are limited, it is even more important for nonprofit chief executives to provide decisive leadership.



Maintain focus. Putting your organization on a continuous cycle of planning and evaluation ensures that it will stay focused on fulfilling the mission and achieving the vision. An investment in strategic planning serves to align the different parts of the organization by providing a common, unifying perspective.



Control your destiny. The ultimate benefit of engaging your organization in a strategic planning process is that it gives all stakeholders a real chance to shape the future – instead of being overwhelmed by it.



Strengthen your board. Participating in such an important endeavor is bound to increase board members' satisfaction with and commitment to their service. With a strategic plan in place, the board agenda can be built around vision priorities, ensuring that all board discussion is strategic in nature.



Invest in your team and reap the dividends. Close collaboration with staff during strategic planning gives individual staff members a sense of being appreciated and considered vital participants in the future of the organization – not just implementers of board wishes. Participation generates accountability – the more someone knows, the more accountable he or she will be.