

Strategic Planning

In Nonprofit Organizations

Lessons from the Field

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Introduction

Few nonprofit leaders question the value of strategic planning. Many nonprofits do it. But what's the best way to go about it? What works, and what doesn't?

To find out, I interviewed 16 executives of local nonprofit human service organizations, chosen from members of the Council of Agency Executives who had responded to a short survey. The sample included agencies of varying sizes and missions, with total revenues ranging from under \$500,000 to more than \$40 million. In exchange for their candor, I promised the CEOs anonymity.

The executives were generous with their time and honest in their comments, freely sharing information. What follows may only loosely be characterized as qualitative research. I have been involved in strategic planning as consultant, facilitator, and executive myself. I learned new things about strategic planning; lessons that changed many of my beliefs and indeed will shape my practice.

Here are my *lessons from the field*.

First Lesson: Be Clear on Why the Organization is Doing Strategic Planning

I started my inquiry with a simple definition of strategic planning: *A process with explicit objectives and responsibilities, involving an assessment of internal capabilities and external conditions, culminating in a finished product that is meant to guide the future strategies and actions of the organization.*

I learned first that not all the organizations approach strategic planning with the same intention. Almost all processes began with a consideration of mission, vision, and values and some form of SWOT (Strengths-Weaknesses-Opportunities-Threats) analysis. Beyond these elements, based on my interviews as well as my own experience, I determined three basic purposes of strategic planning:

- **Focus-Alignment-Accountability.** Establishing a limited set of strategic goals (called strategic directions or key result areas) to improve performance by aligning the effort of all organizational components and establishing a framework of accountability, including metrics, for desired outcomes.
- **New Opportunities.** Identifying and selecting new initiatives, programs, or major program expansions that best advance the organization's mission.
- **Transformational Change.** Responding to the significant challenges facing the organization by altering the organization's mission or structure, including a merger or other form of consolidation.

A strategic planning process should begin with a clear understanding of its key purpose. It is possible that

strategic planning can have more than one purpose. But so many important features of the process itself depend on clarity of purpose: who will be involved and how, what information will be needed, and the design of the process itself.

Initial clarity also means addressing, and answering with brutal honesty, another basic question: Is strategic planning appropriate for the organization at this time? There are very good reasons for doing strategic planning, but there are also bad ones, actually reasons for not undertaking it. For example, strategic planning cannot turn a weak CEO or dysfunctional board into a good one.

Second Lesson: Involve the Right People in the Right Ways

Successful strategic planning depends on the involvement of many people, including the active participation of the board, CEO and senior management team, along with input from all stakeholders – staff, funders, regulators, clients, community leaders, and others.

The *board's role* is paramount. Indeed, approving a strategic plan is one of the board's key responsibilities. All board members need to be informed and involved to some extent. Several organizations devoted board retreats to strategic planning. Practical experience tells us, however, that a few hours at one or two meetings are not sufficient. The more successful approach is to have a small group of board members and staff work together over several weeks, developing a plan that is then brought to the whole board for discussion and approval. The board must understand the issues and options and should debate them intelligently before it ratifies a plan.

Success ultimately depends on leadership, which must come from both the board and the executive. The *CEO's role* is critical; she is not just a participant in the process. She shapes and even drives the process, providing structure, information, and, above all, imagination. This may go against theories of governance, but anyone who has served on a successful board understands the CEO's vital role.

Five Lessons	
Lesson 1	Be Clear on Why the Organization is Doing Strategic Planning
Lesson 2	Involve the Right People in the Right Ways
Lesson 3	Keep the Plan Short and Simple
Lesson 4	Implementation is Important (So is Monitoring)
Lesson 5	Strategic Planning is Good, Strategic Culture is Better

Almost all of the executives interviewed said that a *consultant is important*, even making the difference between a successful and a failed effort. A consultant provides more than meeting facilitation. A good consultant can help with designing the process, collecting information, formulating a work plan and meeting agendas, and drafting the final report. Above all, the consultant frequently asks the questions that don't occur to anyone else.

As valuable as a consultant is, hiring one is not practical for many small nonprofits. Several of the organizations interviewed used *volunteer facilitators* with success. This works best when the volunteer is not currently affiliated with the organization (e.g., as a staff or board member).

Third Lesson: Keep the Plan Short and Simple

What does the plan itself look like? First, it should reflect the purpose established at the outset. There are many good frameworks or models, but there is no single template that works for every organization.

Less is more. The plan should be no more than a couple of pages. The best plans I saw included, in addition to the organization's mission, vision, and values, a limited number of major goals, metrics to measure success, and assignments of responsibility (usually to operational units, occasionally to board committees).

The goals were strategic in nature and were limited in number. The point of strategic planning is to identify the vital few – the critical priorities or opportunities.

Beware “death by a thousand goals.” I've seen plans that run to more than 20 pages, with goals, strategies, deadlines, and action steps. These are usually not effective, especially if they are generated by a bottom-up approach. The key to success, from a strategic point of view, is to focus and align the organization's activity and resources on the most important opportunities.

Fourth Lesson: Implementation is Important (So Is Monitoring)

Not surprisingly, all my interviews emphasized the critical importance of implementation. More significant, however, is that almost all execs reported that they left action planning to functional units, i.e., to their managers; charging them with developing the operational plans based on the strategic priorities. Thus, alignment with strategic priorities extends right down to departmental and even individual work plans.

This means, first, that alignment with and performance against strategic priorities are monitored by senior management. The board also has a role. All of my interviews reported monitoring performance against the strategic plan at least annually. In two of the organizations, board committees were given responsibility for monitoring specific elements of the plan two or more times a year.

Most importantly, the board's role does not stop with approval of the strategic plan. Board review of the plan should be more than perfunctory, dealing with key questions: How are we doing? Are these still the right priorities? Are our strategies working?

Fifth Lesson: Strategic Planning is Good, Strategic Culture is Better

The power of strategic planning is not in the plan, but in the impact it makes on the organization. My interviews convinced me of one all-important fact: The key to impact is a *strategic culture*.

I could recognize the existence of a strategic culture in the way that a CEO talked about her organization: its focus on mission-based impact, partnership between board and management, the importance of core strategies (over tactics), and giving an empowered staff responsibility for implementing the strategies.

One special feature of a strategic culture stands out as invaluable – the central role of the CEO and her senior leadership team. This is where implementation begins, where strategy trumps structure, where silos are broken down, where effort is aligned, where energy is unleashed.

Conclusion

Clearly, not everyone agrees on the value of strategic planning. A January 2006 article in the *Harvard Business Review* reported that, in a survey of business executives, only 11% were highly satisfied that strategic planning is worth the effort. Their criticisms include its taking too long and yielding little impact. One should also consider the adage often cited by military leaders: amateurs talk about strategy; professionals talk about logistics.

Yet, for many nonprofits, strategic planning can be a vital step in achieving success. As evidenced by the nonprofit executives I interviewed, when done right, strategic planning should involve being clear about the objective, including the right people, simplicity and brevity, implementation and monitoring, and cultivating a strategic culture throughout the organization.

Resources

There are many books and Web sites that offer helpful advice. Some even offer detailed processes, but I recommend that, rather than follow a template, each organization design its own process based on its purpose and situation.

I found the following interesting:

www.tccgrp.com/pubs/planning.php
(see especially Briefing Paper: Ten Keys to Successful Strategic Planning for Nonprofit and Foundation Leaders)

www.bridgespan.org/LearningCenter/

Driving Strategic Planning: A Nonprofit Executive's Guide, Second Edition, Sue Waechter
(available from BoardSource)
www.boardsource.org/Bookstore

Nonprofit Strategy Revolution: Real-Time Strategic Planning in a Rapid-Response World, David La Piana
(available from Amazon)

For More Information

For more information on this issue and programs for nonprofit boards and executives, contact Thomas Toole, Executive Director, Center for Community Engagement at ttoole@sjfc.edu, or visit the Center Web site at www.cce-rochester.org.



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