Strategic Planning

For Nonprofit and Non-government Organizations

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What is Strategic Planning?

- Strategic planning is a process utilized by the management and governance of public and private organizations to assure the ultimate success and sustainability of the organization in addressing its mission, vision and values.

- Strategic planning helps managers and leaders in public and nonprofit organizations think, learn, and act strategically.

- Society is in constant change in a manner that requires organizations to continuously adapt to new demographics, technology, public policy, the economy, workforce changes and other factors. Organizations that do not adapt will not survive.

- Strategic planning allows organizations to position themselves to adapt, overcome the challenges presented, and realize their opportunities for growth and success.

Strategic planning helps an organization clarify where it is, where it wants to be, and the steps necessary in order to get there.

**This kind of planning involves**

information gathering from stakeholders; the conduct of internal and external environmental scans; analyses of the agency’s strengths, weaknesses, opportunities, and challenges; the identification of goals and objectives; and the creation of an effective plan for implementation.

**There are no universal guidelines to strategic planning; every agency has different dynamics and needs to tailor the process to accommodate its respective situation.**
Benefits of Strategic Planning

1. Provides a road map to show where the organization is going and how to get there.

2. Promotes strategic thinking, acting, and learning through conversation among stakeholders.

3. Improves decision making and the ability to face challenges as they come by engaging stakeholders at all levels of the agency.

4. Enhances awareness of the organization’s potentials in light of its strengths and weaknesses and facilitates control of its operational problems.

5. Promotes a sense of security among employees that comes from better understanding of the changing environment and the company's ability to adapt.

6. Develops better internal coordination of activities.

7. Benefits all those involved and can result in enhancing the effectiveness of broader societal systems.
The Strategy Change Cycle

The strategy change cycle is a strategic management process used to link planning and implementation and ensures that strategic managing is an ongoing process.

This cycle consists of 10 steps which are enumerated below.

1. **Initiate the strategic planning process and agree on a process.**
   The individuals who initiate the planning process must identify the top decision makers and stakeholders who should be involved in the process. Everyone involved in the process needs to be made aware of the purpose of the initiative, the steps that will be taken, the form and timing of reports and analyses, the role of everyone involved, the commitment and resources needed, and any limitations for the initiative. A committee dedicated to facilitating the strategic planning process should be formed.

2. **Identify organizational mandates.**
   Mandates consist of the various informal and formal requirements, restrictions, expectations, and constraints that an organization faces. It is important to revisit mandates during strategic planning for three reasons:
   1) if an organization does not know what they must do, they are unlikely to do it;
   2) an organization may not be as tightly constrained by mandates as it believes it to be; and,
   3) stakeholders may assume they are not allowed to do something, when mandates in fact will allow it.

3. **Clarify the organization’s mission, vision, and values.**
   An organization’s mandates and mission justify the organization’s reason for existing and also guide the strategic planning process by pointing to the direction the agency wishes to go. Clarifying organizational mission and mandates allow various stakeholders to agree upon the basic purpose of the organization.
The Strategy Change Cycle

4. **Examine internal and external strengths, weaknesses, opportunities, and challenges.**

*Internal factors* are those that are under the organization’s control and *external factors* are those that are not. Internal scanning involves an examination of the organizational capacity in such key areas as human resources or workforce, information technology, financial management, marketing and fundraising and others.

*External factors*, such as political, economic, social, educational, technological, and physical environments, should be monitored often. External monitoring includes scanning the environment to identify trends, analyzing the trends to determine their importance and identify key issues, and creating reports that can be used for planning and decision making within the organization.

5. **Identify strategic issues the organization is facing.**

Strategic issues involve conflicts and challenges affecting the organization’s mandates, mission, values, service delivery, clients, financing, and management. If the organization cannot do anything about an identified issue, it should not waste its time addressing it. Stakeholders should identify consequences of not resolving each issue in order to determine the importance of addressing each one.

6. **Create strategies to manage the issues.**

Once it is agreed upon which strategic issues need to be addressed, the organization should determine appropriate strategies. One simple and quick way to create strategies begins with identification of practical alternatives and visions for resolving the issue. Proposals to achieving these alternatives should be reviewed and decided upon.

7. **Review and agree upon strategies.**

Everyone who is involved with the action plan must be aware of the proposed strategy and ultimately agree to do their part in achieving the goal.
The Strategy Change Cycle

8. **Establish a vision for the organization.**

A “vision of success” can be described as a description of what the organization should look like once it has implemented its strategies and achieved all of its goals. Some organizations might have a strong vision of success before this step in the strategic planning process. Other organizations might revise or create a vision during this step in the process after their strategic issues, strategies, goals, and work plans are identified. A vision, much like a mission, guides employees and stakeholders in the direction of achievement of the organization’s goals on a daily basis.

9. **Develop an effective implementation or business plan.**

An action plan is not effective unless it is implemented. The organization’s action plan should include roles and responsibilities of oversight bodies, tasks forces, and individuals; expected results, objectives, timelines, schedules, needed resources, communication processes, accountability procedures, and plans for monitoring and review of the implementation of the plan.

10. **Review the selected strategies, progress achieved and whether established plans require adjustment.**

This step is part of the ongoing implementation process. It is important to periodically review the action plan and ensure that all participants are engaging in the agreed upon activities. Strategic planning is an ongoing process; an organization might change or modify their action plans upon periodic review.
Stakeholders and Their Role in the Process

A *stakeholder* can be defined as “*any person, group, or organization that can place a claim on an organization’s (or other entities) attention, resources, or output or that is affected by that output*.”

An individual should be involved in the process if he or she has information that cannot be gained otherwise or when their participation is necessary to complete a successful strategic planning process.

The strategic planning team should agree upon a list of stakeholders and identify how each individual is affected by the organization. A guideline of questions should be created to ask all of the stakeholders.

By engaging in a stakeholder analysis, the organization can begin to get a feel of the level of satisfaction its stakeholders are experiencing and recognize any trends in opinions and suggestions.

It is important to make stakeholders aware that their participation is vital to the process and to encourage them to be fully forthcoming and direct, since all responses will be kept confidential.

Information gathered in the stakeholder analyses can be used to identify strengths, weaknesses, opportunities, and challenges of the organization as well as identifying strategic threats.

**Potential organizational stakeholders may include, but not be limited to:**

- Employees
- Board Members
- Clients
- Volunteers
- Interns
- Other organizations providing similar services
- Interest Groups
- Taxpayers
- Funders
- Partnering Organizations
- Community Members
- Unions
Organizational Mission & Vision

An organization’s mission describes its purpose, what group it serves, and how it plans to do so.

A solid mission statement helps the organization focus its energy, clarify its purpose, and motivate its board, staff, volunteers, and funders.

The difference between a mission and vision statement is a vision expresses an organization’s long term goal and reason for existence, and a mission statement provides an overview of the organization’s objectives to reach that vision by identifying services it provides, target populations, and goals.

A mission and vision statement helps guide the organization’s day-to-day activities and helps to ensure that all staff and board members are aligned towards the same goals.

Any strategic issues or goals identified during strategic planning should be related to achieving the mission and vision.

It is helpful to answer two questions if revision of the mission or vision is needed:

- For the vision statement, the organization must ask what are the values or beliefs that informs its work and what would it ultimately hope to accomplish as a result of its efforts.

- For the mission statement, the organization must ask how it plans to work towards its broad vision and for whose specific benefit does the organization exist.
Developing an Action Plan and Implementation

Once the organization’s issues and strategies have been identified, reviewed, and agreed upon, it is important to create an action plan that will guide the organization with implementation of its strategies. Based on the organization and its identified issues, strategies, and goals, every action plan will look different. An action plan typically covers one year or less, and some items that can be included on the plan are:

Specific goals, objectives, results, and milestones. Goals are long-term, broad plans, and objectives are specific, measurable tasks needed to be completed in order to achieve that goal.

Roles and responsibilities of individuals in the process. Assigning each individual clear, achievable tasks is important for the organization to work together to achieve its goals. This includes schedules, time periods, resources needed, etc. for each person.

Required resources. Very often this includes time and/or money.

A communication process. Communication is very important in organizations, and its goals cannot be reached without a concrete plan for communication.

A monitoring and accountability process. This will show how the objectives and tasks will be measured. A common example of this could be holding monthly, bi-monthly, or weekly staff meetings in which the action plan is reviewed and each staff member reports on the status of their assigned activities.
Case Example

Agency X is an organization that provides capacity building and advisory services to nonprofit agencies. Agency X engaged in a strategic planning initiative with a small nonprofit agency whose primary purpose is to raise money to purchase eyeglasses for visually impaired residents of the United who might not be able to afford the cost. The nonprofit agency is primarily volunteer-run with a large board of trustees and a staff that includes an executive director, two program coordinators, and one part-time community relations coordinator. To begin the process of strategic planning, the staff at Agency X created a questionnaire that was distributed to staff, board members, and key volunteers. The questionnaire prompted the stakeholders to identify strengths, weaknesses, opportunities, and challenges in the following areas: programs and services, board governance, technology and equipment, facilities, marketing and public relations, funding, domestic customer base, and international customer base.

Upon receiving survey responses, staff gathered the data and identified trends and issues identified most frequently by the respondents. For example, newly updated website was identified as a strength of its technology and equipment, whereas an outdated computer and phone system were identified as a weaknesses. With respect to opportunities for programs and services, a possibility was identified to utilize a volunteer grant writer to improve funding. This opportunity could address the challenge of staff burnout and an increase of applications for low-cost eyeglasses. All of this information was gathered into a Power Point presentation which was presented to the organization during an all-day strategic planning retreat. After this information was presented at the retreat, participants worked together to create an action plan based on identified goals. Below is a sample section of that plan.

<table>
<thead>
<tr>
<th>Goals</th>
<th>Objectives</th>
<th>Person(s) Responsible</th>
<th>Resources Required</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service 10,000 people domestically</td>
<td>Increase vouchers</td>
<td>Staff</td>
<td>More funding</td>
<td>2 years Beginning April 1st</td>
</tr>
<tr>
<td>Turnover used glasses more quickly</td>
<td>Increase overseas distribution partners</td>
<td>Executive Director Staff</td>
<td>Connections and introductions to large nonprofit organizations working overseas</td>
<td>2 years Beginning April 1st</td>
</tr>
<tr>
<td>Maintain voucher redemption at 5,500 level for 2012-2013</td>
<td>Raise additional $80,000 in eyeglass funds (above the budgeted amount)</td>
<td>Executive Director Gala Committee</td>
<td>Board support Volunteer support Successful 80th Anniversary Gala Website, Email, Letters</td>
<td>April 1st-March 31, 2013</td>
</tr>
</tbody>
</table>

Since engaging in strategic planning, the nonprofit organization has been implementing their action plan and working to achieve their goals. They have several interns working on gaining new overseas distribution partners and creating a social media strategy, as well as recruiting appropriate volunteers and making building improvements. This is just a simple example of what can occur in the strategic planning process.

Strategic planning is an essential function that is critical to the success of an organization and its sustainability over time. It is an essential management competency for individuals responsible for the management of organizations.
Resources


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Huamin Philanthropy Brochure Series - 4

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