

SECTION II: STRATEGIC PLANNING AND MANAGEMENT

Summary

Strategic planning is an area where executive nonprofit staff leaders and the board must work closely together. Staff members and board members have important roles to play in developing organizational strategic plans, budgets and performance management plans. The board also has a critical leadership role to play in an organization, throughout its life cycle, ensuring that performance measures are aligned with the organization's strategies and objectives.

Strategic planning should be an ongoing process for a nonprofit organization, which produces a strategic plan for three to five years, implements and monitors it annually, and launches a new strategic planning process the year before the end year of the previous plan.

Strategic Planning and the Board

A strategic plan is the formalized road map that describes how your will execute its chosen strategy to achieve your organization's mission. A plan spells out where an organization is going and how it is going to get there. The strategic planning process involves vision, mission and outside-of-the-box thinking.

A strategic plan is also a management tool that serves to help an organization do a better job, because a plan focuses energy, resource, and time in the same direction. Strategic plans work best when they include concrete, realistic and measurable goals, as well as benchmarks and timelines.

Strategic planning is a critical role and responsibility of the board. In addition to serving as a road map for the organization, the plan is also the strategic summary of policy for the organization.

The role of the board is to lead the strategic plan development, in partnership with the executive director or CEO and staff. The full board should have ownership over approval of the strategic plan, while the executive committee/strategic planning committee and other functional committees lead the development of the strategic plan.

The responsibility of the board is to ensure that the strategic plan presents a coherent mission, vision, and theory of change for the organization, which become the platform for the development of goals and strategies (strategic leadership), as well as generative (strategic thinking/decision making) and fiduciary governance (strategic management).

The board's role in strategic planning and management should combine strategy and fiduciary responsibilities with a generative engagement, along with problem solving and opportunities as strategic thinkers.

Strategic Plan Structure

Four critical pieces of a strategic plan structure include the following:

- 1) A strategic plan should be centered in the mission (purpose), which connects to the organization's incorporation and its current, as well as future relevance.
- 2) The vision (promise) of the organization is the future impact the organization will achieve.
- 3) The theory of change is the statement of how the organization will make a positive difference.
- 4) The organization's values are the operating principles for how the organization behaves.

The development of the mission and vision must be driven by an internal assessment (performance, capacity, life cycle, issues) and an external assessment (economic/social issues, trends, marketplace, stakeholders). This internal and external assessment encompasses data collection, surveys, as well as interviews, and it engages all board, staff and stakeholders. The assessment should be captured in a SWOT (Strengths, Weakness, Opportunities, and Threats) analysis, which the board should approve and use to create and embrace the mission, vision, theory of change, values, and top three to five issues facing the organization.

The goals/strategies, financial plan, measures of success, management systems, governance/organization, and tracking derive from the mission, vision, theory of change, values and key issues.

Strategic Planning Process

NYC Service recommends individual development of a strategic plan with the board committee. However identifying a host organization that can bring in a network of (at most, five) nonprofit organizations also going through the planning process can create a space for support, accountability, and troubleshooting.

With an established network of nonprofits, the organizations will convene at least five times over a 12 month period. During these meetings, executive directors or CEOs and board members will share the results of the planning process and identify areas of growth.¹⁶

Performance Management and Results Tracking

Performance management oversight is a critical role and responsibility of the board. The board should determine the critical objectives, budget/financial elements, program data, and strategic plan progress milestones that it will track, recommended by the executive committee/staff leader and individual board committees. Mission impact should be clearly defined and included in the performance management system.

The best tool should be selected for performance and results tracking, including a balanced scorecard and dashboard, as well as traditional performance reports, at the committee level.¹⁷

Annual Organization Plans and Budgets

While long term strategic planning is vital to the health of an organization, it does not take the place of annual planning. The organization should develop annual objectives and budgets (operating, cash, and capital) to align with the strategic plan.

Ideally, annual organization objectives will be set for the organization as a whole, key organization functions, the board as a whole, and each staff member.

Board committees should reflect the functional areas of annual objectives development, approval, and monitoring in their chart of work, calendar, and management process. The executive committee, working with the staff leader, approves the organization objectives of the whole.

The full board should approve annual organization objectives as well as monitoring plans.

¹⁶ For a guide to the strategic planning process, refer to Strategic Planning Jumpstart for Nonprofits under “Section II: Resources” at the end of this section.

¹⁷ For a sample dashboard, please refer to “Section II: Resources at the end of this section or visit <http://www.blueavocado.org/sites/default/files/Nonprofit%20Dashboard%20article%20from%20Blue%20Avocado.pdf>.

Organizational Life Cycles

Nonprofits go through life cycles that are predictable. It is at these points where the balance between leadership and management changes, the focus on mission versus money shifts, and the leadership style differs. Frequently, the people we need leading our organizations at one stage are not appropriate at the next stage of development.

Leading Strategy Development and Decision-Making

Growth

Goal: Build organization to match environment and opportunities

Concentration

- More people or greater efficiency

Horizontal - Wider market in scope and/or geography

Vertical - Expanded distribution system and/or resources

Diversification

- Different programs and services

Concentric - Related to current portfolio

Conglomerate - Unrelated business (income)

- Internal Growth - Own capacity, investment, vertical integration
- External Growth - Mergers, Acquisitions, Consolidation, Joint Ventures, Horizontal Integration

Retrenchment

Goal: Create future to address underperforming programs and/or weak financial performance

Turnaround

- Improving efficiency and program performance within current mission of organization

Divestment

- Portfolio changes within organization

Closure/Liquidation

- Closing the organization

Stability

Goal: Protect or preserve current position after growth or retrenchment

Status Quo

- Quality improvements and results monitoring

Captive

- Strengthening donor and constituent loyalty

Pause

- Focusing on new goals and timelines

Incremental

- Experimenting with new ideas

Managing Organization Life Cycle and Critical Activities

New (0-5 Years)

Mission/Purpose to Exist, Confirming Assumptions, Program Plan, Basic Operating System and Metrics

Emerging (4-7 Years)

Mission Impact, Strategic Planning, Growth, Infrastructure, Measures of Success

Focusing (6-8 Years)

Mission Concentration, Benchmarking/Planning to be Best in Class, Organization Development, Advanced Systems, Sustainability

Breaking Through (7-10 Years)

Mission Strength, Leadership and Team Building, Quality/ Excellence Standards, Endowing the Future

Reimagining and Legacy (10 Plus Years)

Mission Review/Expansion, Change Maker/Advocacy, Elevating Goals, Strong Financial Health

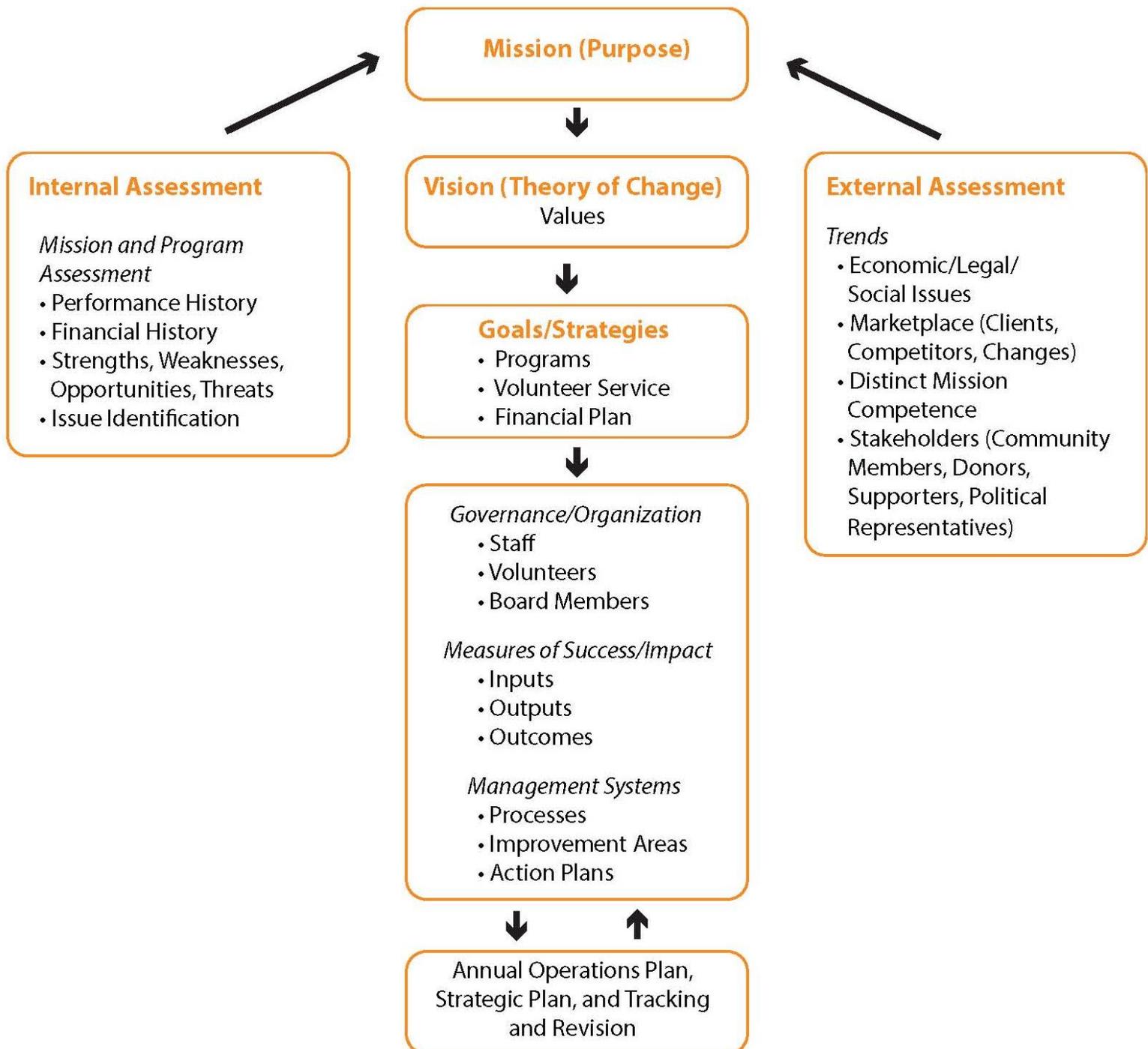
SECTION II: RESOURCES

NYC Service™

Strategic Planning
Jumpstart
For
Nonprofit
Organizations

November 2015

Strategic Plan Outline



Strategic Plan Jumpstart Checklist

- ✓ **Mission (Purpose)**
 - What You Do, Who You Serve, Where You Serve, Why/Your Impact
- ✓ **Vision (Promise)**
 - What You Want To Do, Who Served, Where You Will Serve, Why Your Impact Will Matter
 - Reflect Theory of Change: What Is Different When You are Successful and Achieve the Desired Change...Impact
- ✓ **Values (Operating Principles)**
 - The Rules You Live By
- ✓ **Internal Assessment**
 - Timeline of Organization
 - Mission Impact History
 - Program and Services: Size, Scope, Results, Client Quality
 - Financial History
 - Operating: Revenue, Expense, Net
 - Balance Sheet
 - Governance
 - Board Size, Tenure, Friend-raising/Fundraising
 - Administrative Capacity
 - Staff Size, Talent, and Tenure
 - Facilities and Technology
- ✓ **External Assessment**
 - Economic Trends
 - Demographic Trends
 - Marketplace/Competitive Analysis and Community Positioning
 - Regulatory/Legal Changes
 - Key Stakeholders and Relationships
- ✓ **SWOT Analysis**
 - Strengths
 - Weaknesses
 - Opportunities
 - Threats
- ✓ **Organizations Top Issues (Big 5)**
- ✓ **Goals and Strategies**
 - Mission Differentiation/Positioning
 - Programs and Services
 - Funding
 - Infrastructure
 - Organization (Staff, Volunteers, Governance/Board)
- ✓ **Measures of Success**
- ✓ **Management Systems**
- ✓ **Implementation Plan**

Anatomy of Mission and Vision Statements

The Anatomy of a Mission Statement

A mission describes your purpose within one to two sentences.

- Make it Memorable
- Answer the 4 Ws:
 - What do you do? What are the programs/services?
 - Who do you serve?
 - Where do you serve?
 - Why do you do it and how measure your impact?

An example of a mission exercise is to define the purpose of an organization by answering the following questions:

- Why does this organization exist?
- What does the organization do to achieve its purpose?

NOTE: Always reference the original Articles of Incorporation and/or current By Laws as mission is reviewed.

Sample Mission Statements

The ABC Community Foundation helps people make a difference by inspiring the spirit of giving and by investing in people and solutions to benefit every neighborhood in ABC.

The City Community Center is a community-based organization in _____ which builds the potential of youth and adults through character building, education and healthy living programs, serving all people with a focus on families.

The Anatomy of a Vision Statement

A vision is your promise world within one sentence. Overall, you are answering the question what would be different if you were successful.

Answer the 4 Ws:

- What do you want to do?
- Who do you do it for?
- Where will you do this work?
- Why will you do this work and how will positive change occur?

An example of a visioning exercise is to answer these questions and/or create headlines that describe your nonprofit in five years:

- How will our “community” be improved if we are successful in achieving our mission?
- What “services” will we offer that are known as best in class?
- How will our board and staff be known in the community?

Sample Vision Statements

The ABC Community Foundation seeks to create a community where people care about each other and help each other to improve education, economy and public safety by contributing time and resources to their city, engaging 50% of residents in voting, volunteer work, and contributions to nonprofit organizations.

The City Community Center will serve one out of every 10 families in our City within the next five years, creating opportunities for improved education, employment and health.

Theory of Change

A comprehensive description of how and why a desired change is expected to happen, and the connection between the program or change initiative/activities and the long-term goals.

Sample Theory of Change

The ABC Community Foundation will connect people’s volunteer time and resources to issues in the community, creating a positive impact on selected education, economic and public safety results.

The City Community Center will engage 10% of families, directing them to actions which improve the individual education, employment, and/or health results of the youth and adult members of the family.

Internal Assessment

A strategic evaluation of your organization's history, strengths, weaknesses, opportunities, and threats build a strategic framework of mission, vision, goals, and resource allocation as well as priorities.

Organization Timeline

Create a timeline with key events in the history of your organization.

SWOT Analysis

Ask your staff and board to identify your internal strengths and weaknesses and the external opportunities and threats. This is best done in a group setting, but you can also survey for responses.

Top Three Programs (Scope, Size and/or Impact) and/or Top Three Issues:

1.

2.

3.

STRENGTHS	Top Three Strengths: 1. 2. 3.	WEAKNESSES	Top Three Weaknesses: 1. 2. 3.
OPPORTUNITIES	Top Three Opportunities: 1. 2. 3.	THREATS	Top Three Threats: 1. 2. 3.

Financial Overview

Organization Name: _____

Revenue/Funding Sources – Private	Last Year	Two Years Ago	Three Years Ago	Four Years Ago
CORPORATE				
Number of Corporations				
Funding				
FOUNDATION				
Number of Foundations				
Funding				
INDIVIDUAL				
Number of Individuals				
Funding				

Revenue/Funding Sources – Government	Last Year	Two Years Ago	Three Years Ago	Four Years Ago
FEDERAL				
Number of Grants Received				
Funding				
STATE				
Number of Grants				
Funding				
CITY				
Number of Grants Received				
Funding				

Organization Revenue and Expense	Last Year	Two Years Ago	Three Years Ago	Four Years Ago
Total Revenue				
Total Expenses				
Personnel				
Facilities				
Other				
Total and By Program				

Organization Net Information	Last Year	Two Years Ago	Three Years Ago	Four Years Ago
Fund Balance				
Cash				
Investments				
Audit Results				

External Assessment

Organization Name: _____

Community Demographics	Last Year	Two Years Ago	Three Years Ago	Four Years Ago
Number of Communities Served				
Ethnicity Breakdown				
Employment Rate				

Describe the communities you serve:

Please provide a list of key stakeholders:

Please provide a list of organizations comparable to yours:

Please describe the current areas of impact on your organization:

Economy

Government Regulations

Government Policies

Other

Other Resources and Tools

- Allison, Michael, and Jude Kaye. *Strategic Planning for Nonprofit Organizations: A Practical Guide and Workbook*. Hoboken, NJ: Wiley, 2005. Print.
- Bell, Jeanne, and Jan Masaoka. *A Nonprofit Dashboard and Signal Light for Boards*. <http://www.blueavocado.org/content/nonprofit-dashboard-and-signal-light-boards>.