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STRATEGIC PLANNING: *A Step-by-Step Guide for your Nonprofit Organization*



Acknowledgement

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Introduction

This guide provides valuable information that will help your organization to effectively develop a strategic plan. Our hope is that in distributing this workbook, we at Brighter Strategies can give you the information and practical tools you need to make strategic planning simple and successful for your organization.

The content of this guide is designed to:

- 1. Work within your organization's culture.** Every nonprofit should have a strategic plan. However, no one strategic plan is the same. Using your organization's unique identity and specialized resources is the key to effective strategic planning.
- 2. Emphasize continuous quality improvement (CQI).** The journey is more important than the destination; the goal is to continuously improve your organization's planning, processes, people, and performance. Use this guide on an ongoing basis as you regularly revisit and revise your organization's strategic plan.
- 3. Give you take-away tools.** From crafting your mission, **vision and values statements** to conducting a SPOT analysis and creating a balanced scorecard, the practical exercises and informative resources in this workbook will make strategic planning a reality in your agency.
- 4. Be interactive.** This guide includes a familiar friend who pops up throughout the Brighter Strategies resource guides. The cartoon character Mr. PACE will appear within this workbook to remind you to pace yourself! When you see Mr. PACE, take a breather and use the space provided to reflect, jot down notes, complete an exercise, and, ultimately, apply the learning to your professional context.



Mr. PACE

After reading and completing this workbook, you will be able to:

- 1. Understand strategic planning basics**, including definition, types, and process for nonprofit organizations.
- 2. Lay the groundwork** by establishing a strategic planning team and schedule, and conducting a gap analysis.
- 3. Craft mission**, vision, and values statements, which are the pillars of planning.
- 4. Conduct a SPOT analysis** to determine your organization's strengths, problems, opportunities, and threats.
- 5. Create goals** based on your organization's value proposition.
- 6. Develop a balanced scorecard** with measures to track the progress of your goals.
- 7. Write and communicate the plan** to necessary staff, stakeholders, and community groups.
- 8. Execute the plan** and review and adapt it regularly.

Strategic Planning: The Basics

The term “strategic planning” is as commonplace in organizations today as any number of business jargon phrases such as “low-hanging fruit” or “reach out.” But do you really understand what strategic planning is? Can you explain it to others or, better yet, implement it effectively in your nonprofit organization?

Business acumen is an important skill for any professional to develop, regardless of his role in the organization. Familiarizing yourself with the background and definition of strategic planning not only will give you an advantage in your current planning endeavor, but will be invaluable for your career journey in the long-term.

Strategy is plan, pattern, position, and perspective:

- **Plan:** how we intend to realize our goals
- **Pattern:** the rhyme and reason that emerges when making the decisions that reconcile the reality we encounter with the ends we seek
- **Position:** the stance we take
- **Perspective:** both vantage point and the view from that vantage point, particularly the way this view shapes and guides decisions and actions

There are three basic forms of strategy:

- **Strategy in general** is concerned with the relationship between the ends and the means
- **Corporate strategy** involves the markets in which a corporation will operate, or the mission by which a nonprofit will function
- **Competitive strategy** defines the basis on which a business will compete, or the values by which a nonprofit will perform

One way of understanding strategy is by seeing it as a blue ocean. This concept was introduced by W. Chan Kim and Renee Mauborgne who describe “red oceans” as all of the industries in existence today, and “blue oceans” as all of the industries not in existence today—the “open waters” in which demand is created, rather than fought over. A company that operates in a blue ocean creates value for its clients and stakeholders while simultaneously reducing or eliminating programs or services that are less valued by current or future clients.



To differentiate between the various forms of strategy and begin thinking about how they pertain to your organization, consider the following questions. Choose one of the categories below and jot down your answers as best you can at this point. Using the process presented in this guide, you will explore similar concepts in depth with your strategic planning teammates.

<p>Related to the organization's mission, vision, and values</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Who are we? <input type="checkbox"/> What do we do? <input type="checkbox"/> Why are we here? <input type="checkbox"/> What kind of company are we? <input type="checkbox"/> What kind of company do we want to become? <input type="checkbox"/> What kind of company must we become?
<p>Related to strategy in general</p>	<ul style="list-style-type: none"> <input type="checkbox"/> What is our objective—what are the ends we seek? <input type="checkbox"/> What is our current strategy—implicit or explicit? <input type="checkbox"/> What courses of action might lead to the ends we seek? <input type="checkbox"/> What are the means at our disposal? <input type="checkbox"/> How are our actions restrained and constrained by the means at our disposal? <input type="checkbox"/> What risks are involved and which ones are serious enough that we should plan for them?
<p>Related to corporate (mission-led) strategy</p>	<ul style="list-style-type: none"> <input type="checkbox"/> What is the current strategy—implicit or explicit? <input type="checkbox"/> What assumptions have to hold for the current strategy to be viable? <input type="checkbox"/> What is happening in the larger social, political, technical, and financial environments? <input type="checkbox"/> What are our growth goals? <input type="checkbox"/> For what communities and in which geographic areas will we operate?
<p>Related to competitive (value-based) strategy</p>	<ul style="list-style-type: none"> <input type="checkbox"/> What is the current strategy—implicit or explicit? <input type="checkbox"/> What assumptions have to hold for the current strategy to be viable? <input type="checkbox"/> What is happening in the industry, with our sister agencies, and in general? <input type="checkbox"/> What are our growth goals? <input type="checkbox"/> What services will we offer, and to which customers and shareholders? <input type="checkbox"/> What technologies will we employ? <input type="checkbox"/> What capabilities and capacities will we require—which ones are core? <input type="checkbox"/> By what values will we operate?

*Adapted from "Three Form of Strategy: Corporate, Competitive and Strategy in General," Fred Nickols, 2000.

OK, so now you understand strategy. *But what about the planning part?*

Strategic planning is an organization’s process of defining its strategy and making decisions on allocating its resources to pursue this strategy. The remainder of this training guide will show you how to conduct this process for your organization.



Below, write in your own words what you’ve learned about strategy and strategic planning so far. Use the information above and describe these concepts in simple terms that you can communicate easily to your colleagues.

Strategy:

Strategic planning:

The Strategic Planning Process for Nonprofit Organizations

Clearly strategic planning is a complex practice, and it may sound daunting. The following pages are intended to, as much as possible, simplify strategic planning into a step-by-step process that works for your organization.

This strategic planning process is designed specifically for nonprofit organizations. It primarily draws from the mission, vision, values, and strategy in general questions posed in Figure A. It consists of three main components: **plan development**, **plan execution**, and **plan review**.

This training guide will focus primarily on **plan development**, the most critical part of the process. If a company develops its strategic plan well, it will set itself up for success with the remaining two components.

Plan Development

1. Lay the groundwork by establishing a team and examining the organization's current situation.
2. Determine the organization's mission, vision, and values statements.
3. Identify the organization's strengths, problems, opportunities, and threats through a SPOT analysis.
4. Set strategic organizational goals.
5. Determine strategic measures using a balanced scorecard.
6. Write and communicate the strategic plan.

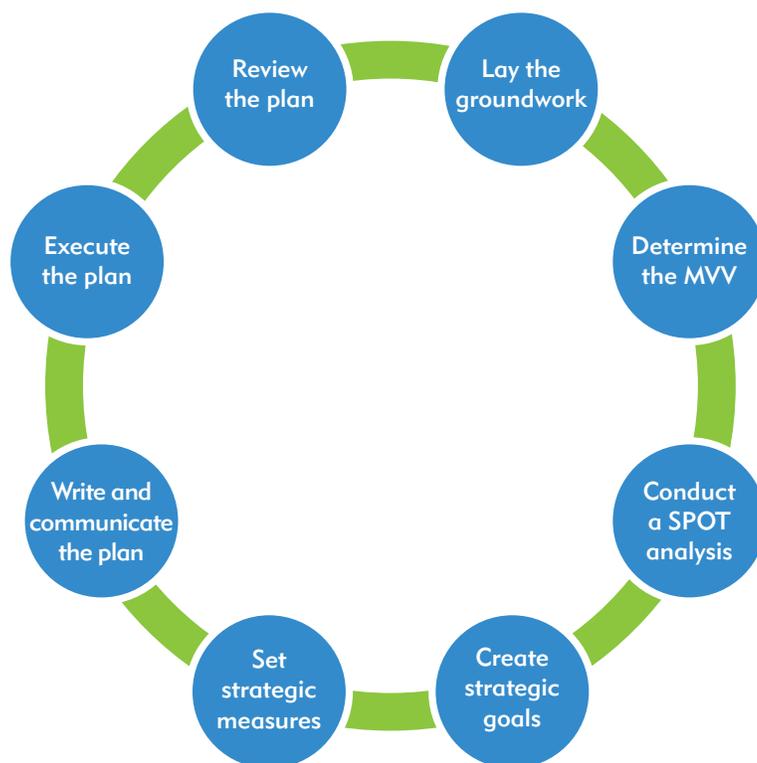
Plan execution

7. Execute the plan.

Plan review

8. Review the plan.

Figure A: Strategic Planning Process for Nonprofit Organizations



At your team’s first meeting, create a tentative meeting schedule. The frequency of meetings will vary depending on the size of the team and members’ availability. Meetings should take place no less than once a month, and no more than once a week.



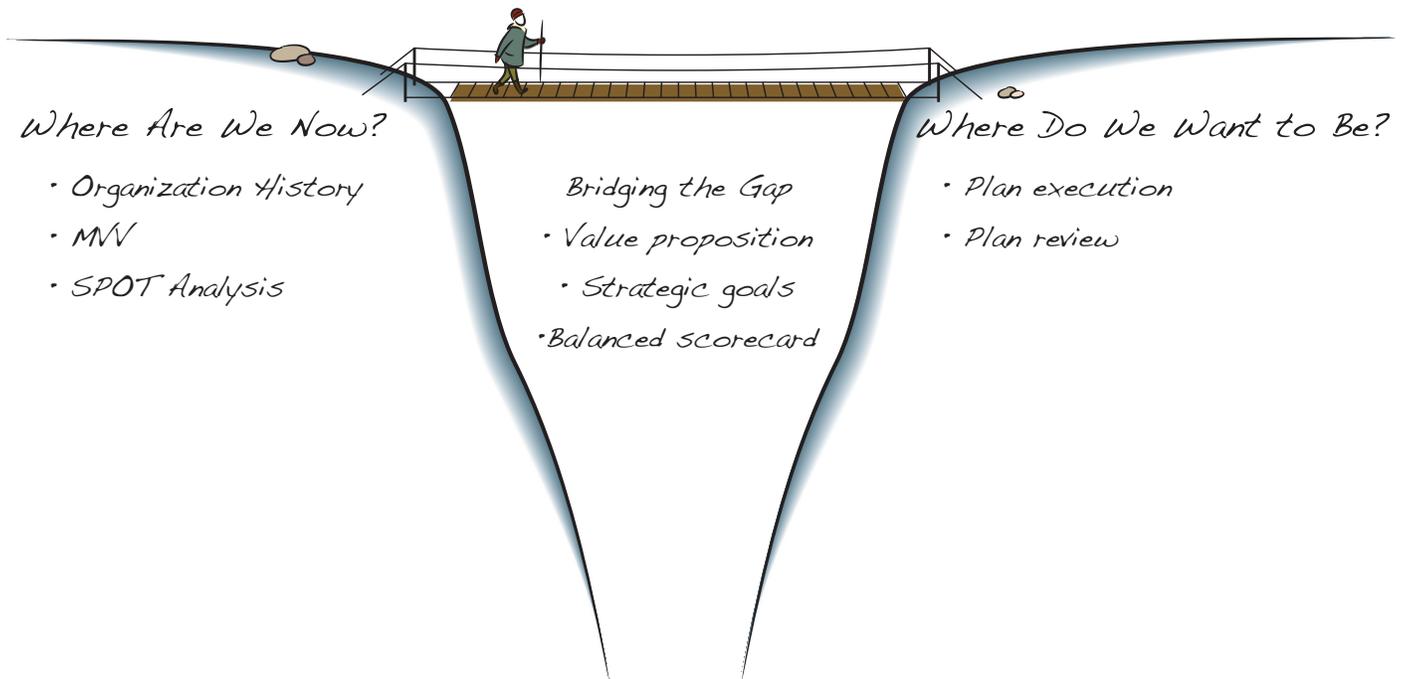
For some extra accountability—in addition to updating your Outlook and smartphone calendars, of course—jot down your team’s schedule here:

MEETING NUMBER	MONTH	DAY	TIME	LOCATION	AGENDA
1	September	4	2 PM	Conference Room 3, main	A. Conduct introductions B. Create meeting schedule C. Begin discussion about organization’s history
2					
3					
4					
5					
6					

MEETING NUMBER	MONTH	DAY	TIME	LOCATION	AGENDA
7					
8					
9					
10					
11					
12					

Examine the organization’s current situation. Before you know where you want to be, you must understand where you are now and how you’ll get there.

Figure B: Gap Analysis



At this stage in the game, it's necessary to determine where you are. In one of your first plan development meetings, capture the following:

- The organization's history
- Stakeholders
- Current organization performance
- Prior planning efforts (if applicable)



As the team discusses where your organization is, record the outcomes of your discourse here:

History	Stakeholders	Organization Performance	Prior planning

Step #2: Build the Pillars of Planning—The “MVV”

You have determined the organization’s past and current status. Now it is time to review the organization’s existing mission, vision, and values statements and decide if a revision is in order.

An organization’s mission, vision, and values (MVV) guide its strategic plan. Therefore, this is a critical step in planning—to determine, or reexamine, these foundational cornerstones of your organization. You can think of the MVV as your organization’s “most vital variables.” Or come up with an acronym of your own!

- **Mission:** the reason your organization exists—its purpose
- **Vision:** how the world will change as a result of your organization’s work—the array of things your organization would like to do
- **Values:** guidelines for choosing among competing priorities—should be manifested in everything your organization and employees do

The below MVV examples come from the American Red Cross:

- **Mission:** The American Red Cross prevents and alleviates human suffering in the face of emergencies by mobilizing the power of volunteers and the generosity of donors.
- **Vision:** The American Red Cross, through its strong network of volunteers, donors, and partners, is always there in times of need. We aspire to turn compassion into action so that
 - all people affected by disaster across the country and around the world receive care, shelter and hope
 - our communities are ready and prepared for disasters
 - everyone in our country has access to safe, lifesaving blood and blood products
 - all members of our armed services and their families find support and comfort whenever needed
 - in an emergency, there are always trained individuals nearby, ready to use their Red Cross skills to save lives.
- **Values:** humanity, impartiality, neutrality, independence, voluntary service, unity, universality

Your team should dedicate one of its first meetings to discussing the organization’s MVV through the following process:

- Prior to this meeting, assign a handful of team members to conduct a series of interviews with key stakeholders, posing questions about the MVV and sharing their responses as a foundation for group discussion. See Figure B for some sample questions related to the MVV.
- Ask each team member to complete a survey or write a personal belief statement, and circulate results to capture the range of ideas.
- Ask members with strong ideas to write a series of short discussion pieces exploring recurring themes and proposing solutions.
- As a group, explore themes; discuss proposed solutions; and choose succinct mission, vision, and values statements. Vote on these final choices if necessary.

*While determining the MVV can take place during one planning meeting, it often helps to dedicate at least two meetings to the process so that team members have time to “sleep on” the proposed ideas.



What are your organization’s mission, vision, and values? After completing the above process with your strategic planning team, record your MVV statements below:

Mission:

Vision:

Values:

Step #3: Identify Strengths, Problems, Opportunities, and Threats—The SPOT Analysis

One of the most important steps in the strategic planning process, the SPOT analysis acts as the final information gathering process to capture where your organization is.

Credited to Albert Humphrey, who led a convention at the Stanford Research Institute in the 1960s and 1970s using data from Fortune 500 companies, the SPOT analysis is a strategic planning method used to evaluate an organization’s strengths, problems, opportunities, and threats.

*The traditional method is called a SWOT analysis, with the “W” standing for weaknesses, but **we like to focus on problems, which have solutions**, rather than weaknesses, which are inherent flaws.

The SPOT analysis groups key pieces of information about an organization into two main categories:

- **Internal factors:** the strengths and weaknesses internal to an organization
 - **Strengths:** characteristics of the organization that you brag about
 - **Problems:** realities of the organization that you know you have to face
- **External factors:** the opportunities and threats presented by the organization’s external environment
 - **Opportunities:** chances to improve performance in the environment
 - **Threats:** elements in the environment that could make the problems greater

As part of strategic plan development, the SPOT analysis provides the following benefits:

- Determines the business and environmental factors affecting your organization
- Analyzes existing organization strategies to determine their relevance for the future plan
- Aids in developing new and revised strategies by informing your team whether or not specific objectives are attainable

Below is an example of a SPOT analysis from the Department of Social Services.

Strengths	Problems	Opportunities	Threats
<ul style="list-style-type: none"> • Experienced, resourceful, dedicated workforce • Strong community partnerships/collaboration • Continuous quality improvement that promotes teamwork • Proactive management team 	<ul style="list-style-type: none"> • Parking for customers • Diminished resources; increased consumer demand • Uniformity across divisions 	<ul style="list-style-type: none"> • Leadership training for possible advancement • Collaboration with community partners • Promoting teamwork across divisions • Identifying staff’s hidden strengths 	<ul style="list-style-type: none"> • Staff turnover • Budget • Privatization • Fewer people willing to do child welfare

The SPOT analysis is a detailed process that may require several meetings to complete. One way to approach this step in plan development is to dedicate four meetings to analysis—one for each of the SPOT components.



Record the results of your company's SPOT analysis here:

Strengths	Problems	Opportunities	Threats

Step #4: Create Strategic Goals

Now that you know where your organization is, it's time to establish how to bridge the gap to where you want to be.

You've analyzed your organization's internal business factors and external environmental factors through the SPOT analysis, so now you can make an informed value proposition—the first step toward setting your strategic goals (also known as objectives).

Your value proposition describes how your company delivers value to stakeholders and clients. It is the solution to your customers' problem(s). Think of it as a lens through which you will develop your goals.

There are three core types of value propositions. To narrow your strategic planning focus, your team should determine which of the below types your organization is best equipped to deliver:

• Operational excellence

- You can deliver your products, services, or programs at a lower cost than your competitors thanks to better processes, economies, or other advantages.
- Your products, services, or programs are typical for the category—not the best and not the worst.
- **Example:** For more than 100 years, Goodwill has provided customized job training, employment placement, and sustainable commercial services to communities across the globe.

• Market leadership/innovation

- Your focus is innovation—new technologies and better products, services, or programs.
- Because your products, services, or programs are new, different, and unique, your prices are likely higher than your competition, but you're delivering a superior solution.
- **Example:** The YMCA recently opened a Nathan's Famous hot dog franchise in Pennsylvania that brings people through the Y but also helps fund their programs.

• Customer intimacy

- Your goal is to solve your customers' problems with a broad portfolio or customized set of products, services, or programs.
- You're selling a relationship that is superior to the relationship offered by your competitors.
- **Example:** Reston Interfaith helps people to build more stable lives by connecting them to vital, customized resources that solve their needs for housing, childcare, food, or financial assistance—rather than making individuals fit their pre-packaged services.

Most companies focus on one or two of the above value propositions—it's nearly impossible to deliver well on all three.

When determining your organization's value proposition, you may ask several leaders in marketing and sales to attend your strategic planning team meetings. These professionals have skill sets that will be particularly useful for this stage of the process.

The basic value proposition process involves:

- reviewing the results of your SPOT analysis
- determining your competitors' value propositions
- identifying how your competitors solve your customers' problems
- creating your organization's own value proposition

- 4. _____
- 5. _____

Opportunities

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____

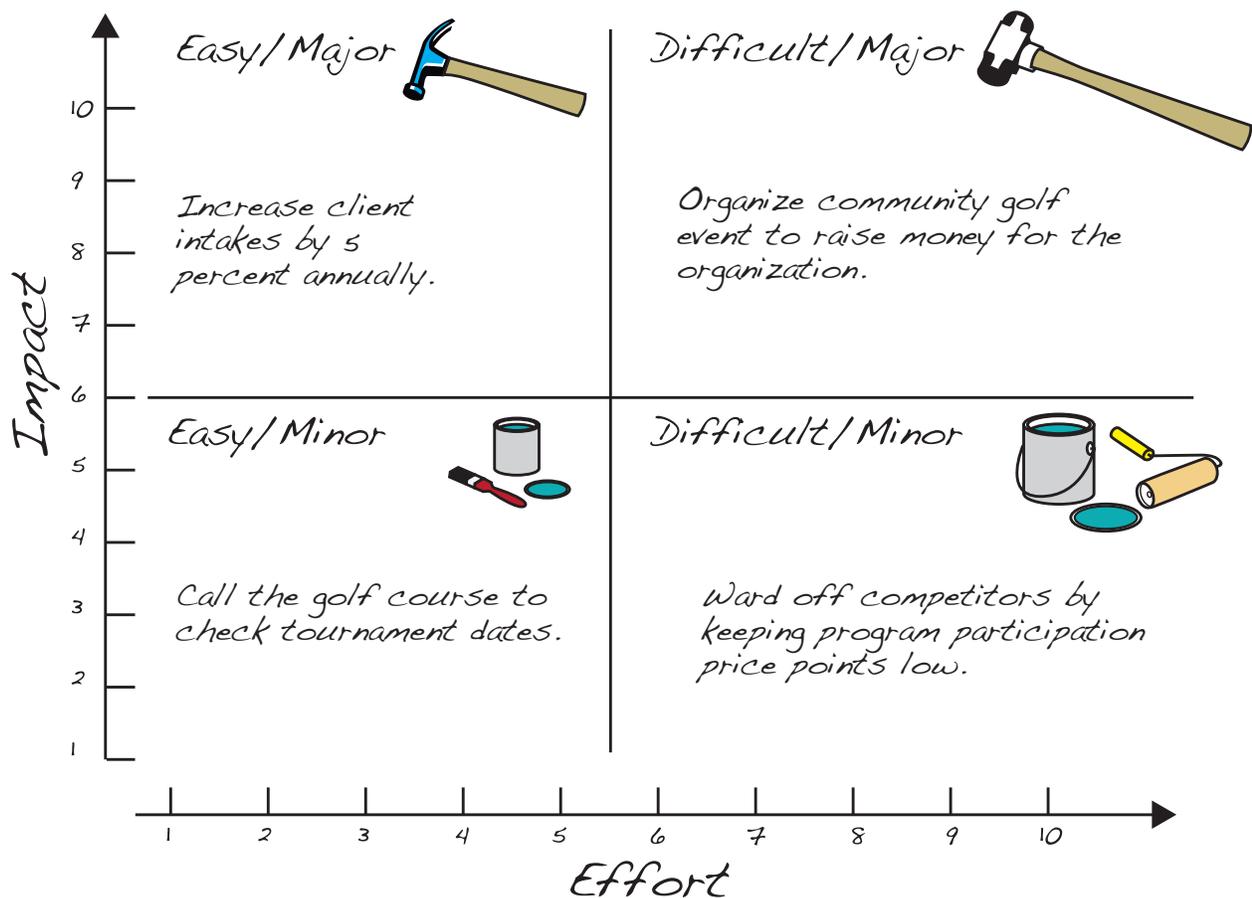
Threats

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____

Now it's time to set some goals! An impact/effort grid is a practical tool to help with this task. It links the "problem state"—where you are—to the "solved state"—where you want to be—by determining if the critical SPOT factors you just identified involve easy effort/minor impact, easy effort/major major impact, difficult effort/minor impact, or difficult effort/major impact.

Figure C shows how sample SPOT factors fit within each quadrant.

Figure C: The Impact/Effort Grid



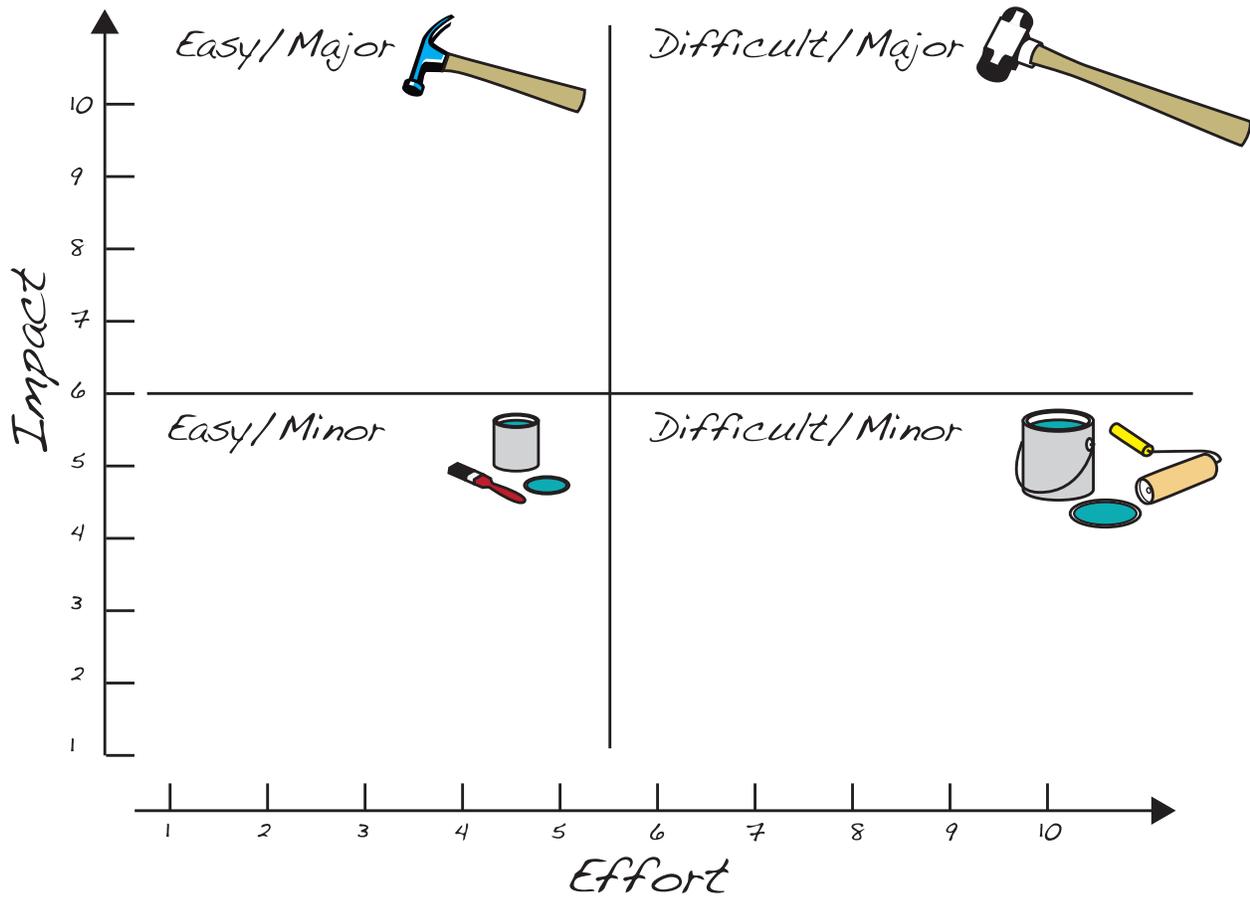
The impact/effort grid:

- helps to develop goal clarity
- provides a structure for examining the multi-dimensional nature of decisions and actions being contemplated in an organization
- provides a structure for analyzing patterns in goals and objectives and detecting potential conflict with goals and objectives of competing organizations

For example, suppose most of your objectives are clustered in the “difficult/minor” quadrant. This could mean you’re working too hard on goals that give you little “bang for your buck.” Or, perhaps your objectives are crammed into the “easy/minor quadrant.” Could this indicate an unwillingness to take risks?



Create your own impact/effort grid below.



Examine the grid's composition and ask yourself the hard questions:

Is one quadrant too "heavy" with objectives? If so, why?

How can you recreate goals to better serve your organization's mission, vision, values, and value proposition while balancing your efforts with your impact?

Step #5: Set Strategic Measures— The Balanced Scorecard

Now that you have determined your organization’s mission, vision, values, value proposition, and goals, it’s time to create your balanced scorecard (BSC). The BSC is a set of measurements that will track your organization’s progress toward its goals and strategies.

Developed by Robert S. Kaplan and David P. Norton, the BSC gives leaders a fast but comprehensive view of the business. It:

- is a top-down reflection of the company’s mission and strategy
- is forward-looking
- integrates external and internal measures
- helps you focus

The BSC allows leaders to look at the business from four important perspectives and to focus on a handful of measures that are most critical by assigning them to these perspectives:

- **Client/Stakeholder perspective:** How do clients/stakeholders see us?
 - Client/stakeholder concerns tend to fall into four categories: time, quality, performance and service, and cost.
 - Organizations should articulate goals for these categories and then translate the goals into specific measures.
- **Internal perspective:** At what must we excel?
 - Internal measures should stem from the business processes that have the greatest influence on client/stakeholder satisfaction, such as factors that affect quality, employee skills, and productivity.
 - Organizations should attempt to identify and measure their core competencies—the critical capabilities needed to ensure continued program quality—and specify measures for each.
- **Innovation and learning perspective:** Can we continue to improve and create value?
 - An organization’s ability to innovate, improve, and learn ties directly to its value.
 - Organizations should measure their ability to launch new services, create more value for client/stakeholder, and improve performance.
- **Financial perspective:** How do we look to stakeholders?
 - Financial performance measures indicate whether or not the organization’s strategy, implementation, and execution are contributing to bottom-line improvement.
 - Typical goals have to do with operational reliance, program return on investment (ROI), growth, and financial stability.

The original BSC (Kaplan and Norton’s) was quite simple, linking strategic goals to specific measures (see Figure D).

Figure D: The Balanced Scorecard

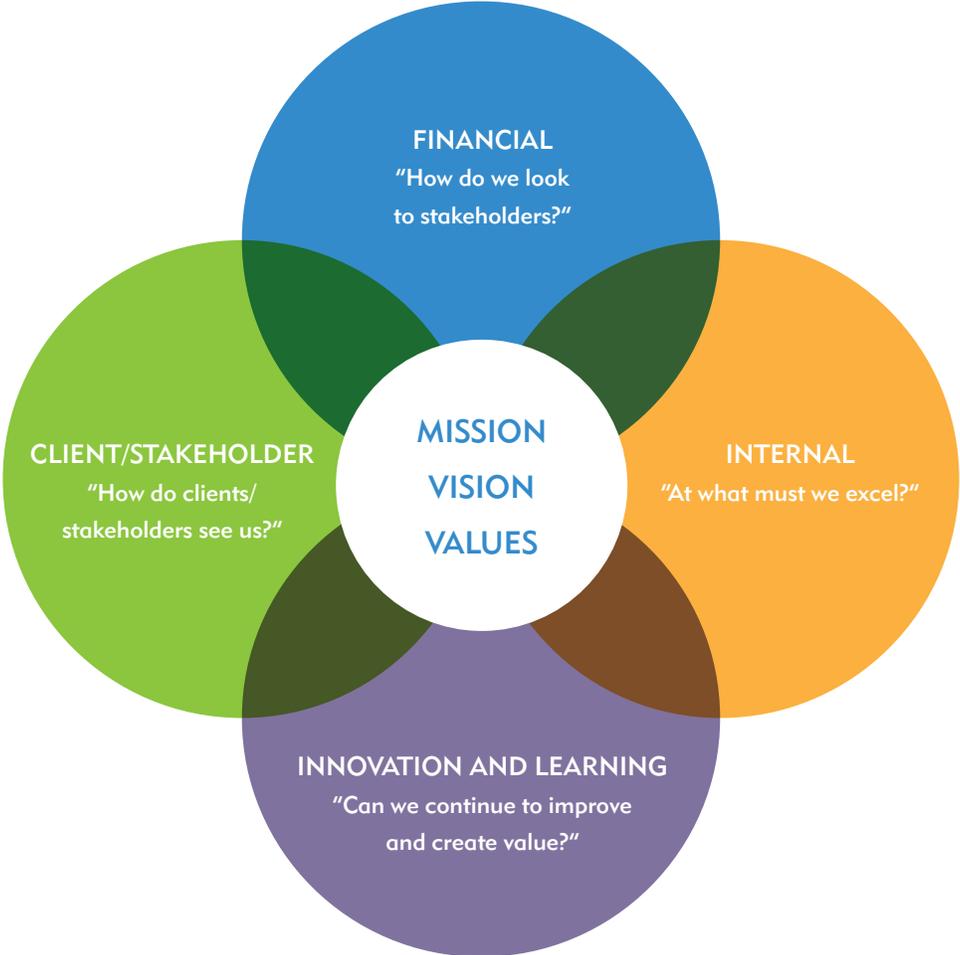


Figure E: Sample Balanced Scorecard Dashboard

FINANCIAL PERSPECTIVE	
Goals	Measures
Reduce overtime (OT)	Percent of direct care payroll
Meet budgeted growth targets	Revenue growth versus budget targets

INTERNAL PERSPECTIVE	
Goals	Measures
Maintain the physical quality and appearance of group homes	Average response time to complete a work request
Manage the acuity level of clients through increased clinical consults and assessments	Number of clinical consults

CUSTOMER PERSPECTIVE	
Goals	Measures
Increase management retention	Management retention/management vacancies for site managers and up
Increase positive media placements	Positive media placements

INNOVATION AND LEARNING	
Goals	Measures
Retain best qualified staff	Turnover rate Promotion rate
Increase organizational learning	Track all external trainings and conferences for divisions and departments Track number of hits to the intranet

*Source: Vinfen's 2006 Corporate Balanced Scorecard Dashboard, The Balanced Scorecard Institute.

If you decide to start simple, use the traditional BSC model above. The key is to link measurements to strategy by asking these questions:

- If we succeed with our vision and strategy, how will we look different to our stakeholders and customers in terms of our internal processes and ability to innovate and grow?
- What are the critical success factors in each of the four scorecard perspectives?
- What are the key measurements that will tell us whether or not we're addressing those success factors as planned?

As the fields of organization development and business management evolved, so did the balanced scorecard. Today, typical balanced scorecards include two additional components: **targets** and **initiatives**.

Figure E is an image that visually illustrates the BSC. This model lists strategic goals, identifies measures to meet those goals, sets targets for the measures, and creates initiatives—or action steps—to take your organization to where it wants to be.

The BSC is a methodology that acts as the culmination of the plan development phase. In other words, **it's very important**. The following process will provide some structure as your team creates your organization's own balanced scorecard:

- **Preparation:** Assign a BSC facilitator—usually an internal executive on the strategic planning team, or an external consultant.
- **Interviews—first round:** The BSC facilitator conducts 90-minute interviews with the organization's senior executives to obtain each leader's input on the company's strategic goals and proposed measures.
- **Workshop—first round:** The facilitator works with senior executives to begin to develop the scorecard. During this first workshop, leaders seek to answer the question: "If we succeed with this strategic plan, how will our performance differ for our shareholders; customers; internal business processes; and ability to innovate, grow, and improve?"
- **Preliminary draft:** The facilitator consolidates and documents the output from the executive workshop. After reviewing this information, the strategic planning team drafts a preliminary BSC with operational measures for the strategic objectives.
- **Interviews—second round:** The facilitator interviews each senior executive about the tentative BSC and seeks opinions about issues involved in implementing the scorecard.
- **Workshop—second round:** The strategic planning team debates the organization's tentative scorecard. In small groups, members discuss the proposed measures, link existing programs to these measures, and begin to develop an implementation plan. At the end of this workshop, the group as a whole drafts targeted rates of improvement for each of the measures.
- **Executive workshop—third round:** The senior executive team, along with several members of the Board of Directors, meet to make a final decision on the measures developed during the first two workshops. They also identify preliminary action programs to achieve the targets.
- **Implementation:** The strategic planning team develops an implementation plan, which includes how to link measures to databases and information systems and communicate the balanced scorecard throughout the organization.

For more on creating effective strategic measures, targets, and initiatives, check out Brighter Strategies's training guide, "Outcome Measurement: From Theory to Implementation." <https://www.brighterstrategies.com/resources/#outcomemeasurement>



Create your organization's BSC using Figure E as a guide.

FINANCIAL PERSPECTIVE	
Goals	Measures

INTERNAL PERSPECTIVE	
Goals	Measures

CUSTOMER PERSPECTIVE	
Goals	Measures

INNOVATION AND LEARNING	
Goals	Measures

Step #6: Write and Communicate the Strategic Plan

- A set of priorities
- Achievable, measurable, and time sensitive
- Flexible and responsive to changing conditions
- Short and simple
- A unit, not a menu
- The means to an end, not an end in itself
- Based on a three-year period
- Includes a one-year tactical implementation plan

The toughest part of strategic plan development is over! You have finished all of the background analysis, created goals, and nailed down measures. All that's left to do is capture in writing and communicate to stakeholders the results of your planning thus far.

To make the process most expeditious, designate a sub-committee from within the strategic planning team. The facilitator can work with this small group to draft the plan, which should be presented to the organization's Board of Directors and senior leaders for review and approval.

Your written strategic plan will be unique to your organization, of course, but several components are common to all:

- **Executive summary:** This introductory piece should be written to stand alone, so that an "outsider" (who knows very little about the organization or strategic planning process) can read it and grasp your MVV, goals, strategies, and measures.
- **Organization description:** Derived from Step 1 of plan development, this describes the origin and history of your organization, major products and services, and customers and markets.
- **Mission, vision, and values statements:** Brief overviews of the organization's foundational pillars as determined in Step 2.
- **Goals and strategies:** This section identifies all of the major strategic goals and associated measures identified in Step 5.
- **Appendices:** The closing portion of the written plan includes information that is detail-oriented, somewhat confidential, and frequently changing, such as:
 - action plans of specific objectives, measures, targets, initiatives, and timelines for completion
 - general descriptions of the strategic processes used, such as the impact/effort grid, SPOT analysis, and balanced scorecard
 - specific data gathered through the strategic analysis processes
 - ongoing financial reports (for example, budget, income, and balance sheets)

Certain stakeholders should receive the complete written plan, including all appendices, while other groups (usually external stakeholders) receive only the body of the plan. Still others may prefer to read just the executive summary.

Strategy Development Mistakes to Prevent

STRATEGY MISTAKE	EFFECTS	SOLUTION
A failure to understand the organization's true identity	<ul style="list-style-type: none"> • Difficulty identifying and communicating the organization's vision • Limited alignment and integration across the organization • Limited ability to implement strategies and plans 	<ul style="list-style-type: none"> • Continually engage the organization in conversations about who you are as an organization • Refine mission, vision, and values (Step 2)
The plan is not communicated through the organization in a way people can understand	<ul style="list-style-type: none"> • Limited ownership or understanding of the plan • Lack of alignment and integration of actions to deploy on a day-to-day basis • Unable to respond to changes in the environment 	<ul style="list-style-type: none"> • Use simple, accurate expressions to communicate the plan • Make it visual • Use every opportunity to communicate the plan again and again (Step 6)
The plan is not used to guide decisions—not fully translated into day-to-day operations or used to set budgets and resource plans	<ul style="list-style-type: none"> • Actions are not aligned or integrated across the organization • Unable to achieve goals • Tells organization that the goals are not really important 	<ul style="list-style-type: none"> • Make it easy for the organization to use the plan • Create measures • Visually link strategic objectives to initiatives, projects, and daily activities (Step 5) • Reinforce the plan during staff reviews • Link employee incentives to achievement of strategic goals
Pay a consultant to develop the plan	<ul style="list-style-type: none"> • No staff ownership of the plan • Minimum understanding of strategic challenges and advantages, stakeholder needs, and organization's SPOT • Limited ability to deploy strategic objectives • Limited ability to respond to shifts in the environment 	<ul style="list-style-type: none"> • Establish a planning team comprised of the formal and informal leaders of the organization (Step 1) • Engage a consultant to facilitate the process
No performance measures or indicators identified or used	<ul style="list-style-type: none"> • Unable to monitor progress of strategic objectives and action plans, learn from successes and failures, and make appropriate adjustments • Limited translation to day-to-day operations 	<ul style="list-style-type: none"> • Ensure each strategic objective has one or more associated performance measures or indicators • Establish a visible scorecard (Step 5) • Use the scorecard to routinely review the process and make adjustments (Step 8)



Refer to the outline above to draft your plan. Revisit Mr. PACE and the work you have done in this guide thus far, and incorporate these ideas into your written plan as well.

You've probably heard this—or something similar—before: Having a well-written strategic plan doesn't matter if the plan is going to collect dust on a shelf! The plan's goals, measures, and initiatives must be enacted. Effectively communicating the strategic plan to internal and external stakeholders is a key link from plan development to plan execution.

Just as your written plan should be customized for your unique nonprofit, you should communicate the plan in ways that will be received best by your staff, stakeholders, and community. Use these general guidelines to provide structure for your communications:

- Every board member and senior leader should receive a copy of the full plan and be prepared to read, comprehend, and explain it in simple language.
- Consider distributing the entire plan to all employees, or create a fact sheet with main highlights if that is better for your staff.
- Post mission, vision, and value statements on the walls of main offices, and consider giving each employee a personal card with the written statements.
- Publish portions of the plan in internal and external newsletters and advertising and marketing materials.
- Conduct short, ongoing training sessions to educate all staff and board members on the plan.
- Include portions of the plan in the organization's policy and procedure guides.

Below, outline your communication plan. How has the team decided to communicate the organization's strategic plan to:

board members and senior leaders?

employees?

external stakeholders?

the community?

Step #7: Execute the Strategic Plan

Good work! You’ve successfully finished the first stage of strategic planning: plan development, the most time-consuming part of the process. Execution means putting that nicely written plan to work by doing all that it says you will do.

Plan execution has three components:

- **Programs**—serve as blueprints for transforming objectives into realities
- **Procedures**—the specific sequence of tasks required to complete programs
- **Budgets**—created to fund programs

Prepare budgets to fund programs, rather than develop programs based on budgets—this ensures that you are strategy-driven, not budget-driven.

Most organizations struggle with execution. One reason is that they rely on major organizational changes—such as structural reorganization—thinking that only drastic actions will have real strategic impact. While such change initiatives are often necessary and beneficial for the organization’s strategic outlook, they produce only short-term success.

According to Harvard Business Review’s 2008 article, “The Secrets to Successful Strategy Execution,” the two execution actions that matter most are:

- clarifying decision-making
- ensuring information flows freely

DECISION RIGHTS	INFORMATION FLOW
<ul style="list-style-type: none">• Ensure that everyone in your company knows for which decisions and actions they’re responsible.• Encourage higher-level managers to delegate operational decisions.	<ul style="list-style-type: none">• Ensure important information about the competitive environment flows quickly to senior leaders so they can identify patterns and best practices for the organization.• Facilitate information flow across organizational boundaries.• Help frontline employees understand how their day-to-day choices affect your company’s bottom line.

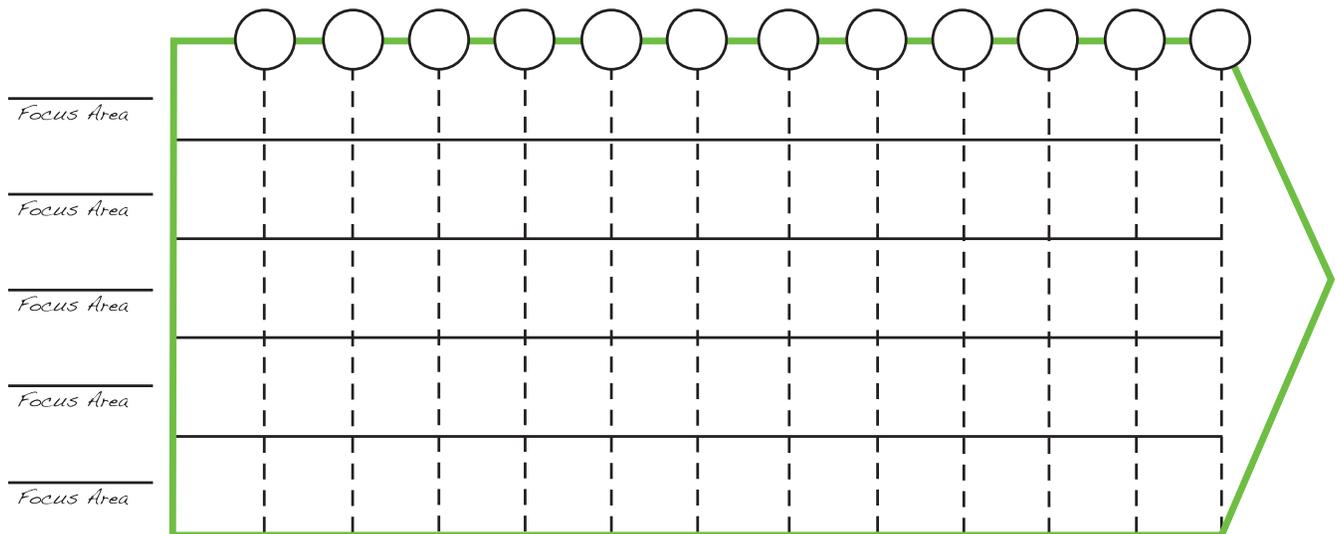
Accountability Process for Strategy Execution

1. Isolate actionable elements of the plan.
2. Define organization units to address actionable items.
3. Turn priority issues into program action plans.
4. Develop scorecards: corporate, department, and individual.
5. Design and establish a review and accountability system.
6. Gain acceptance of objectives by organization units.
7. Empower those who must execute.
8. Execute tasks and plan.
9. Review and judge results.
10. Reformulate programs.
11. Recognize and reward individuals who achieve.

Use the timeline below to outline your action steps. This will help you to schedule your implementation plan (drafted in Step 5) and keep you accountable to executing your strategies on a tactical level.

Figure F: Graphic Timeline

Graphic Timeline



Step #8: Review the Strategic Plan

“Plans are useless, but planning is everything.” –Dwight D. Eisenhower

Now that we have taught you how to develop a step-by-step strategic plan, we’re introducing a new curveball to consider: A strategic plan, on its own, is static and ineffective.

The strategic planning process we’ve introduced here was popularized several decades ago when the future was much easier to predict based on the past. Today’s business world, ripe with the rise of technology and globalization, requires leaders to adopt a more agile mindset when considering strategy. The latest trend in this space moves us from classic strategy to adaptive strategy, in which:

- predictions are replaced by experiments
- data collection takes a back seat to pattern recognition
- execution comes from the whole organization, rather than the top

I’m sure you’re wondering, “Why did you make me do all of the work in this resource guide if it’s not effective anymore?” While it’s important to understand where the world of nonprofit management is moving within today’s volatile, uncertain, complex, and ambiguous (VUCA) world, the processes outlined in this guide are still very much alive and well. And when used in conjunction with an adaptive strategic philosophy, you’ll be primed for a practical, yet progressive approach to strategy.

According to Monitor Institute, a next and best practice social enterprise arm of Deloitte, an adaptive strategy mindset informs your strategic planning process in the following ways:

1. **What is our vision and theory of change?** (What social challenge are we working to address, and how can we make a difference?)
2. **Where will we play?** (What part of the problem should we work on and where will we focus our efforts?)
3. **How will we succeed?** (What actions and adaptations are required, and how will we measure our success?)
4. **What capabilities will we need?** (What skills and abilities will create the impact we’ve set out to achieve?)

Adapting your strategic plan is more of an ongoing activity than a final step in the process. If you get into the habit of continuously asking yourself the above questions about your nonprofit, programs, and initiatives, you will be better equipped to develop foresight in a world that never stops changing.

Take some time now to answer the above four questions in the space below.

1. What is our vision and theory of change?

2. Where will we play?

3. How will we succeed?

4. What capabilities will we need?



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