Strategic Planning for Nonprofits …and the Value of Integrated Planning

By Samuel B. Frank

The Benefits of a Well Crafted Strategic Planning Process

Despite the all-too-common experience of tedious, interminable and ineffective strategic planning exercises, nonprofit organizations have a real need for self-examination, strategic assessment and thoughtful planning.

The basic human needs addressed by non-profits remain constant. Changes in external conditions, expectations, funding, and competition, however, can profoundly affect the viability of an individual organization.

Everyday operational necessities can obscure important issues and changed situations in a fog of urgent demands. The critical role of a well-designed planning process is to blast through that vision-limiting fog to identify a shared sense of clarity, focus and direction.

Strategic planning is a formal process that allows a governing board to assess the situation and prospects of the organization, and to chart its future. Pursued wisely, it is also an effective tool for developing in board and staff a meaningful and comprehensive understanding of the workings, constraints and opportunities of the organization. In fact, board and staff development are often the most important products of strategic planning.

In any organization, effective planning requires both leadership and consensus. Various constituencies have their own legitimate concerns and their own limited perspectives, which for them can obscure the critical issues of the institution's larger mission. A well-designed planning process can form the kernel of consensus around which further cooperative developments can take place.

Strategic planning in the nonprofit environment is very different from corporate strategic planning. While the value of a three to five year strategic plan in a context that can change dramatically over a much shorter period is often questioned, strategic planning for nonprofits offers much more than just a deliverable plan. It also offers a process that builds, among other benefits,
- *stakeholder consensus around mission*
- *a habit—or even a culture—of strategic thinking*
- *concentrated board and staff development*
- *leadership development*

When understood in a larger context of integrated planning (including program and business planning; operational, technology and physical planning), strategic planning can be a powerful tool for advancing mission.

Consensus

A strategic implementation plan will be valuable for the institution, but often far more important are the benefits of the process of developing it: habits of thought and cooperative participation, exposure to the disparate perspectives of other stakeholders, familiarization of the governing board with the intricacies and contributions of the institution's various constituencies, and a general alertness to concerns of strategic importance. One good definition of strategic planning is building consensus around mission.
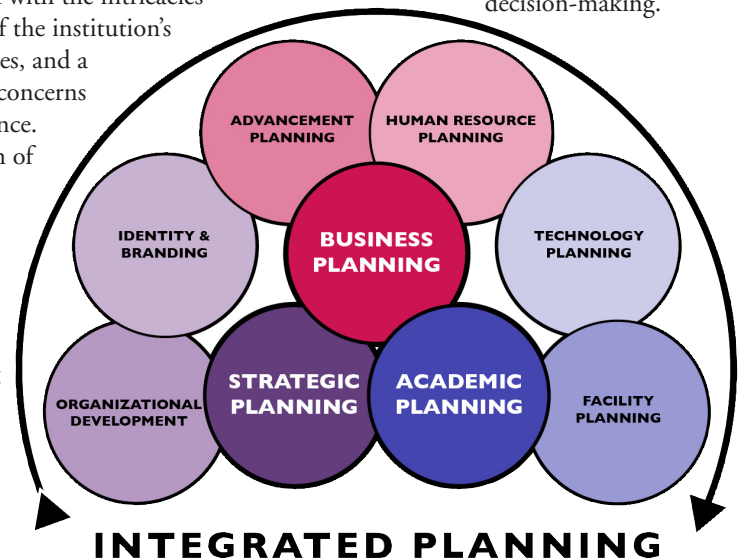
Transparency

To be truly effective, a planning process should be custom-designed to the specific needs and strengths of an institution's structure, culture, situation and people. A well-designed strategic exercise will make all stakeholders feel involved and valued. It will recognize and incorporate their concerns, but avoid the pitfalls of democratic (or veto-based) decision-making. Such a planning process can be characterized as transparent. When developed carefully, a transparent process will be:

• **Inclusive**: While the planning work is largely conducted by a small group, it invites participation by all members of all constituencies. Inclusiveness facilitates the release of energy and enthusiasm throughout an organization.

A broad range of people have good ideas; if all the vision comes from the executive director alone, or from the governing board, frustration and a sense of disenfranchisement will likely interfere with success. Just the act of asking for feedback will improve morale and promote buy-in. This also works the other way. If an organization is paralyzed by excess democracy, a well-designed transparent process can separate participation from decision-making.

ADVANCEMENT PLANNING

HUMAN RESOURCE PLANNING

IDENTITY & BRANDING

BUSINESS PLANNING

TECHNOLOGY PLANNING

ORGANIZATIONAL DEVELOPMENT

STRATEGIC PLANNING

ACADEMIC PLANNING

FACILITY PLANNING

INTEGRATED PLANNING

• **Open**: It is not enough to invite people to participate in a meeting, a survey or a focus group. From start to finish, a strategic planning process accompanied by an internal communication plan will be far more effective in achieving organization-wide support. Once ideas have been gathered from stakeholders, it is essential to communicate back to them that they have been heard. After feedback is solicited and analyzed, the leadership should include regularly in subsequent communications a discussion of insights gained and, as appropriate, changes that stem from them.

• **Accountable**: A planning process that gets sidetracked or shelved is worse than no process at all. Instead of invigorating and inspiring stakeholders, an incomplete or unimplemented plan will demoralize them. Once you begin a planning process you must be prepared to complete and implement it.

• **Replicable**: A well-documented planning process becomes not just a one-time expense but an investment that prepares both for current decisions and for future deliberations. A strategic plan is a good thing, but a culture of planning—an ongoing habit of strategic thinking in governance and management—is the vital sign of a truly healthy organization.

Beyond Strategic Planning: The Case for Integrated Planning

Strategic planning means different things to different people. Often its objectives are poorly defined or misaligned with its approach, leading to frustration and failure. By articulating several different kinds of planning and orchestrating them into a comprehensive planning framework, nonprofits can use the concept of integrated planning to develop a more effective planning process and achieve more meaningful results. At the core of integrated planning are strategic, program, and business planning, the why, what and how of the organization.

Strategic planning is essentially broad-based consensus-building around mission and goals. It draws all stakeholders into a discussion that reinvigorates the sense of communal purpose. Strategic planning is especially important for senior staff—who need a strategic direction to focus their efforts most productively, and for the governing board, who often need the planning process to truly understand their institution and to find inspiration and channels for meaningful contributions to it. But effective strategic planning should also energize all staff and all constituencies. It is the broad-picture process that both builds on and drives the other efforts.

Program planning, which develops an institution's services, programs and delivery mechanisms, and identifies the resources needed to implement them, is the prerogative of the organization's professional staff (assuming there is one; these distinctions can be moot for a new or totally volunteer-based nonprofit without a professional staff).

Business planning is as crucial for a non-profit institution as it is in a for-profit business. A business plan details the means by which the institution is to be supported and sustained, determines operational feasibility, and provides the staffing, financial, market, and operational details required. Business planning is the responsibility of the CEO, CFO and the board.

A regular, integrated cycle of strategic, program and business planning promotes robust communication throughout the organization. It also cultivates a culture of planning, which focuses the efforts of the entire organization on critical strategic issues.

A comprehensive approach to integrated planning encompasses a number of other areas that support improved management structures and more effective board oversight:

Organizational development: The long-term health of any institution is dependent on habits of stewardship in governance and management. Board development addresses policies and procedures for the board, including issues of recruitment, orientation, ongoing education, leadership development, succession planning and self-assessment. On the staff side, the issues include clarity of structure and policies, and opportunities for professional development.

Identity development: Identity is the essential nature of an institution: who you are, as defined by what you do and how you do it. Brand identity is the external perception of your mission and identity. Attention to brand identity fosters operating stability and increased visibility and revenue.

Advancement planning: Sound institutional planning and strategy are critical assets for success with institutional advancement, but there is also a need for planning within the advancement area, for advocacy, for communications, and for fundraising.

Human resource planning: The strength—and the budget—of a non-profit organization are substantially invested in its people. A broad range of issues from personnel policies to professional development should be articulated in a clear plan that will solidify management, minimize risks, and provide continuity.

Technology planning: The cost of keeping up-to-date and competitive in technology can overwhelm institutional staffs and budgets. Lean non-profit operations can be strained by new developments such as web 2.0 (web-based social media and other forms of interactivity among users), which may become critical to future success. Effective technology planning needs to be informed by strategic, technical and financial opportunities and constraints.

Facility planning: Facility projects require focused attention long before an architect and contractor are hired—and long after. Rigorous integrated planning can assure that design and construction are preceded by clarity about goals, needs, budget, and controls required to reduce costs and risks and deliver the best possible results.

Integrating all organizational planning and development efforts offers enormous advantages, while preventing uncoordinated—or even conflicting—results.