Strategic Planning in Smaller Nonprofit Organizations

This short guide is designed to help board members and the staff of smaller nonprofit organizations develop strategic plans that can help them strengthen and sustain their organization's achievements.

The workload for nonprofit organizations has increased, and all the while resources have grown scarcer. No longer-as if they ever could-can nonprofit organizations assume their funds will arrive automatically from generous donors, nor can they assume they will have dozens of capable volunteers available to work. Increasingly, funding organizations and even individual donors want to see evidence that their gifts will be put to good use. One piece of evidence they often demand is a strategic plan. So, what is a strategic plan, and how can an organization prepare one? This short guide is designed to help board members and staff of smaller nonprofit organizations develop strategic plans that can help them strengthen and sustain their organizations' achievements.

This guide contains some suggested steps and methods organizations can use to complete these steps. You will need a comfortable room with tables and chairs and space to move around. It also helps if the room is one that has plenty of wall space that can be used to tape sheets of paper that will come out of the strategic planning process. Supplies needed include at least one 27 x 33 inch easel pad, markers for writing on the large sheets of paper, masking tape, 4 x 6 inch pads of Post-it notes (one per person), and felt-tip pens (one per person).

What is Strategic Planning?

Most of us know that planning is a way of looking toward the future and deciding what the organization will do in the future. Strategic planning is a disciplined effort to produce decisions and actions that guide and shape what the organization is, what it does, and why it does it (Bryson, 1995). Both strategic planning and long range planning cover several years. However, strategic planning requires the organization to examine what it is and the environment in which it is working. Strategic planning also helps the organization to focus its attention on the crucial issues and challenges. It, therefore, helps the organization's leaders decide what to do about those issues and challenges.

In short, as a result of a strategic planning process, an organization will have a clearer idea of what it is, what it does, and what challenges it faces. If it follows the plan, it will also enjoy enhanced performance and responsiveness to its environment.

Who Should be Involved?

Each organization must carefully decide who should be involved in strategic planning. There are several key roles to be played in a strategic planning process including

- **Planning Process Champion**. This is usually a key member of the board of directors or the executive director. The person must be someone who believes in strategic planning and will help keep the process on track. This person does not have to be an expert in strategic planning, but s/he should be someone respected by board and staff members.

- **Plan Writer**. Someone must assemble the planning group's decisions into a cohesive document. This person takes notes during planning meetings and uses them to prepare a plan, often in the form of several drafts for review by the entire planning group. Writing the plan, however, is more than simply compiling a record of planning meetings. The plan writer must also insert options and next logical steps into the drafts at each stage of the planning process.

- **Planning Process Facilitator**. This person may be from outside the organization, though this role also can be played by a member of the board. The facilitator's main responsibility is to plan each meeting's agenda and to ensure the group stays on track.

- **Planning Team**. The planning team's members are those who are most directly involved in laying out the issues and options for the future of the organization. This might be the entire board of directors plus the executive director. It might also be a committee of the board plus the executive director. Key staff beyond the executive director may also be involved. It might also include one (or more) representatives of people served by the organization. What is important to remember is to ensure that the people who are fairly representative of and respected by the organization's leadership are included on the planning team

- **Board of Directors**. The board of directors will ultimately adopt the plan and will use it to guide its decisions and actions. If the entire board is not involved directly in the planning process, it must at least approve a planning process and be kept informed of its progress. The process of developing a strategic plan is a special opportunity to engage the board of directors in an active role in shaping the organization's future.

- **Staff**. Staff members, particularly the executive director, have expertise and information that should be tapped during the planning process. Since they will be the ones who will carry out the plan on a day-to-day basis, they should be informed and, to whatever extent is appropriate for the organization, involved. Larger organizations often rely on representation from staff, while smaller organizations may include only the executive director on the planning team.

- **Clients**. Those who benefit from the organization's services are sometimes involved in the planning process. Each organization makes its own choices about

whether to include clients on the planning team or whether to consult them in some other way.

Getting Started

Each organization needs to decide for itself when the time is right for a strategic plan. It is sometimes easier to describe when the time is not right than when it is. For example, when the roof has blown off the building, an organization should replace it, not start strategic planning. The organization should get its crisis resolved, preferably by acting strategically, and then begin planning. Something less than a "roof-blown-off" crisis, however, usually prompts organizations to begin strategic planning. Some organizations find the loss of a significant funding source or, conversely, the opportunity to obtain a new source of funds, an impetus to plan. Other organizations recognize that their clients are changing and, therefore, they ought to prepare for these changes. And so on. There are as many reasons for starting a strategic planning process as there are nonprofit organizations.

After deciding to engage in strategic planning, the organization should take the following initial steps:

- **List some of the main issues that face the organization**. This need not be a complete list, nor does it have to be fully organized. However, knowing some of the concerns of the organization will help those who will be asked to be involved in planning to prepare.

- **Decide when the plan should be adopted by the board**. Developing and drafting a plan will take a few weeks to a few months. The board should set a future board meeting to be the target date for adopting the plan.

- **Set aside some time for the planning process**. Members of the board and staff who will be involved in planning should agree to take time for the planning process. This could involve a few hours a week for three to four weeks or it could involve a single day or weekend. The plan writer, of course, will spend more time than others as s/he will be preparing a document that represents decisions made at planning meetings. I recommend that the total time frame from starting the planning process to adopting the plan not stretch out for more than three months for a small organization.

- **Decide if a facilitator would be helpful**. Some organizations find that an individual who is not directly involved with the organization's regular work can help them with their planning process.

- **Decide who should be involved and how they should be involved in planning**. See the list on pp. 1-2 for suggestions about the major roles.

- **Find a place for the planning meetings to occur**. It is often helpful to meet someplace other than the standard meeting location for the organization because a

different setting can help members of the group step out of their usual patterns. The planning location should be comfortable, include tables or other surfaces for participants to write, and have room to move around. Having the ability to provide refreshments for planning participants is also needed. Some organizations use large sheets of paper to record ideas, so having a planning location that permits hanging paper (using masking tape or other nondestructive adhesive) on the walls is ideal.

Steps in the Strategic Planning Process

The following outline of steps is a suggestion only. Each organization will need to decide what works and what doesn't. Suggested methods for completing each step and an approximate time frame for each are included as well.

Step 1: Mission Review (approximate time required: 30 - 45 minutes)

Nearly every organization these days has a mission statement. It is helpful to periodically review the mission and to change it if necessary. An organization's mission is its reason for being, its purpose, or its social justification for existing. Just stating the organization's mission isn't enough. Clarifying the organization's purpose helps eliminate a great deal of unnecessary conflict and helps channel the organization's discussions and activity.

Suggested Method. Before the meeting begins, write the mission statement on an easel pad. Post the paper on the wall or an easel where everyone can see it. Ask someone in the group to read the mission aloud. Identify words or phrases that stand out and circle them. Then discuss each of the questions listed below, and write summarized responses to each on separate large sheets of paper. This is usually best done with the whole group participating.

The classic planning process begins by writing a mission statement. I recommend instead that the planning team members simply start by reviewing the mission statement, including asking the following questions to help them understand the mission better:

- Who are we? If the organization were walking down the street and someone asked who it was, what would the answer be? Distinguish what it is and what it does.

- In general, what are the basic social or political issues the organization exists to meet or what are the basic social or political problems the organization exists to address? This is the basic social justification for the organization's existence.

- What, in general, does the organization do to recognize, anticipate, and respond to those needs or problems? How does the organization find out about them and decide what to do?

- Who are the key stakeholders[1] for the organization, and how should we respond to them? How do we find out what they want from the organization?

- What are the organization's philosophy, its values, and its culture?

- What makes the organization unique or distinctive; that is, what gives the organization its competitive advantage?

Step 2: Organizational Mandates (approximate time required: 15 - 30 minutes)

Formal mandates are those required by a funding or authorizing group. If these mandates are not met, the organization may face serious sanctions including (possibly) the inability to operate. Informal mandates are those expectations that may remain unspoken. Often the expectations of clients or staff are informal in nature. Mandates include both those things an organization is required to do as well as those things it is required not to do. A simple way to state this is to ask the question-what are we supposed to do, and who requires it of us? A similar question could be asked about informal mandates-how can we find out what stakeholders expect of us?

Suggested Method. Post a large sheet of easel pad paper on the wall. Have the group leader ask the question "What are we supposed to do?" and explain the concept of mandates briefly. For a few minutes, have the members brainstorm some of the key mandates. After brainstorming, have the group review the initial list and mark the ones that are formal mandates with an "F" and the informal mandates with an "I." Have the group then review the list one more time to identify who or what group mandates each item.

Following this, briefly review the mission statement to determine if the list of mandates suggests any gaps in the mission statement. Are there expectations that are not fairly represented in the mission statement? Do not take time now to rewrite the mission, but have someone make notes of any potential gaps.

Step 3: "Back to the Future" (approximate time required: 45 - 60 minutes)

In planning we usually assume we are thinking only of the future. However, the organization's past is a source of much information about what has been effective and what has not. It is highly useful for the planning team to look backward for the same number of years it is expecting to plan into the future. For example, if the planning horizon is five years into the future, then look back over the previous five years.

---

[1] Stakeholders are people and other organizations for whom your organization matters. They are the people and organizations that hold your organizations accountable. They include, for example, funding entities, the landlord for the building, those who select members of the board of directors, clients or their representatives, and staff.

Suggested Method. Tape four large sheets of easel pad paper together (this should provide a sheet of about 4 x 5 feet). Using a strip of masking tape, mark a line horizontally across the middle of the large 4 x 5 foot sheet. Across the top of the sheet, write the years (e.g., 1995, 1996, 1997, 1998, 1999). Give each participant a pad of 4 x 6 inch Post-it notes and a pen or marker. Have the facilitator or leader then give instructions to the group to think about all of the organization's "highs" or "lows" that occurred in the past five years. Have each participant write silently, noting each event or incident on a separate Post-it. Be sure to mark the

1995	1996	1997	1998	1999

year on each Post-it. After a few minutes of writing, have the leader instruct the members of the group to start posting their notes on the sheet at the appropriate place along the line. The organization's "highs" go above the line, and the "lows" go below the line. The height of the Post-it notes above or below the line indicates just how high the "high" was or how low the "low" was.

Once the group members have completed this task, review the items. Usually the leader reads these aloud, perhaps asking for clarification on each.

Have the group discuss the items and look for themes among them. On a separate large easel pad sheet, note the themes. They might include funding levels (obtaining grants or losing them), arrival or departure of certain leaders, successful or unsuccessful management of crises. Asking questions like the following can help clarify some of the issues:

- What opportunities has the organization had? How has the organization responded to these opportunities (taken advantage of them? unable to take advantage of them? ignored them?)

- What threats has the organization had to deal with during this time period? Which were handled successfully, which unsuccessfully, and which were ignored?

- What strengths did the organization rely on to deal with threats or opportunities? Which strengths did the organization ignore?

- What weaknesses has the organization had in dealing with threats and opportunities? What has the organization done about them?

Step 4: Envisioning the Future (approximate time required: 15 - 45 minutes)

At this stage, it is helpful to start looking briefly into the future of the organization. This is an exercise requiring imagination, not necessarily "practical" ideas. However, this kind of exercise can often result in some of the best ideas for an organization's future-along with some of the wackiest!

Suggested Method. Have the group's leader ask each member to imagine s/he has a friend who has been deeply involved in the organization, but who has left the area and lost touch with the organization. However, five years later, this friend writes to the member and asks the member about the organization. The member writes back to his/her friend, describing in great detail what the organization is doing. The member describes the activities and programs, the clients, the organization's finances, and its staff and board. In short, the member describes what is happening. Have each member be as specific as possible and have them write it down on the notepads, but do not have the members talk to one another. Spend about five minutes on this.

Then divide into groups of three to five people and gather around easels or large sheets of paper with the notes and draft letters to the friends who have "left." Have members write their comments on the large sheet of paper and discuss them among themselves. They may want to list some of the common elements on each large sheet of paper as well as identify some of the unique or interesting ideas. Spend about 10 - 15 minutes in small groups.

Have the group leader then use a "master" sheet of paper and ask the first group to read its first item. Have the other groups that have similar item(s) cross them off their lists. Have the leader then put it on the "master" list of common ideas. Keep going around the room in the same manner. By the end, there should be a list of ideas that are common to two or more of the groups.

Next, have the group leader hand out five to eight sticky dots per person. Have the group members then vote on the items they like best by putting one dot on each item they like. They may vote on the "master" list or on the items remaining on the original sheets. The items receiving the most votes become higher priority items for the group to consider when planning.

Step 5: SWOT (approximate time required: 60 - 120 minutes; this step, however, can take considerably longer to research thoroughly)

"SWOT" (pronounced swat) stands for Strengths, Weaknesses, Opportunities, and Threats. This is a key part of strategic planning because it examines the organization itself and the external and future environment of the organization. **Strengths and weaknesses** refer to the organization itself-they are akin to assets and liabilities. They are current, that is, they exist now. **Opportunities and threats** exist outside the organization and/or they refer to the future.

Suggested Method. One way to get information about these quickly is to

Brainstorming Guidelines

- try to get as many ideas out quickly

- hitchhike-generate or spin off on another idea

- do not criticize, either through comments or body language

- do not "justify" or explain

- have the mindset that there are no "bad" ideas

brainstorm. The leader should remind participants that brainstorming means not making judgments because those will come later. Participants should just speak what is on their minds, piggybacking on something someone else might have said earlier. There will be time later to screen out some of the duplicates, and even the "dumb" ideas.

If the group is small (about 10-12 people), this can be done by brainstorming on each item one at a time (strengths, weaknesses, then opportunities, and finally threats). Have the leader write the items on sheets of easel pad paper as they are brainstormed.

If the group is large (more than 12 people), divide the group into four smaller groups. Give each small group a sheet of easel pad paper, and assign each group a name (e.g., group #1 , group #2).

Assign a SWOT item (e.g., group #1 works on strengths, and so on) to each small group. Have the members of the group brainstorm on their item for about 15 minutes. Then have the leader announce to the groups that they should rotate to another item. So group #1 would brainstorm about weaknesses, group #2 would brainstorm about opportunities, and so on. Have each group spend another five minutes on that item and add or alter what is already on the previous group's easel pad paper. Have them spend five minutes working on the easel pad paper. Then have them rotate again, and yet again until all participants have reviewed all four SWOT items.

After the SWOT items have all been listed, have the group as a whole discuss them, add more information, and clarify them. Have someone take careful notes at this point to ensure careful records of the information that comes out of this part of the process.

Finally, give 12 dots to each person, three each for strengths, weaknesses, opportunities, and threats. Have the individuals use the dots to vote on the three most important or most serious S, W, O, or T. Following the voting, have the group further discuss the results. It is likely as well that additional information will be needed, including some research to fully understand the specifics of some of the strengths, weaknesses, opportunities, or threats. Have one or more people assigned to conduct this research outside the organization's meetings and bring the results back to the group for further discussion. This research might include asking stakeholders in the organization about their opinions.

Step 6: Planning Themes (approximate time required: 30 - 60 minutes)

One of the first steps the organization should have taken in deciding to plan was listing some of the issues around which to plan (p. 3). At this point in the planning process, the planning team will synthesize information from its earlier steps in planning and combine it with the issues or themes identified at the outset. This will form the basis for developing specific steps and tasks to implement the plan.

Suggested Method. In Step 4, Envisioning the Future, the planning team dreamed about the future and voted on the most important options to be considered. Once again, using the easel pad paper, list the items in descending order from the "envisioning the future" list. Next, review the SWOT analysis to identify the most important opportunities and strengths. List those on the large sheet of paper. At this point, some of the items from the SWOT list and the "envisioning the future" list may seem very similar. These similar items should be combined into a single item whenever possible. Through discussion among the members of the group, have the planning team come up with up to 10 issues or themes. However, there is no magic number of themes, and each planning team will have to decide for itself if the themes are distinct from one another or are too broad. Some questions the group might ask itself include

- Is each issue or theme consistent with the organization's mission? If not, then should the mission be changed or should the theme(s) be restated?

- Are the themes consistent with one another? It may seem obvious that the organization doesn't want to suggest, for example, expanding and contracting the same program at the same time, but it is easy to miss these contradictions.

- Are the themes or items distinct enough from one another that they can be easily categorized? For example, issues related to the physical plant or space occupied by the organization may be separated from issues related to the personnel of the organization. There may be interrelationships (more staff may require more space, for example), but the themes should be listed separately. They will be linked later on in the process.

- Is anything missing? Conversely, is there too much? Sometimes planning teams are too caught up in the immediate issues so they fail to see the larger picture or they become too global and too general. One way to check whether anything is missing is to review the notes from all the previous steps in the planning process, including the issues originally set out by the organization. Also, the planning team might wish to check with the organization's board of directors at this point to ensure the themes are inclusive enough.

- Does everyone understand the items? A way of checking this is to ask individuals to quickly restate each theme in their own words.

Step 7: Setting Out the Steps and Time Frame (approximate time required: 60 - 120 minutes or longer)

2000	2001	2002	2003	2004

Suggested Method. Using the themes developed in the previous step, list each on a separate easel pad sheet. Have the members of the planning team then begin to brainstorm the major steps or components of each theme. Have the facilitator or leader write them down. For example, if the organization identified its building as inadequate and a theme for planning is replacing the building, some of the brainstormed steps might include investigating buying a new building vs. renting more space and conducting a needs analysis for size and space usage. In some themes, there will be many items brainstormed, including some that will be contradictory. That's all right because they will be resolved later on in the process. This stage is simply designed to flesh out the framework a bit.

Next, tape several large sheets of paper together and draw vertical lines on them to divide the years into the future (e.g., 2000, 2001, 2002, 2003, 2004). Label the years at the top of the large sheet.

Post the lists of planning themes and their major components near this large sheet so everyone can e them. Using large Post-it notes, have individual planning team members write components on separate Post-its[2]. Individually, silently, have them begin to post the notes on the large sheet of paper within the year in which the planning component or step is largely *finished* or *resolved*. For example, if the organization needs more space, a team member might write "space needs analysis completed" on a Post-it and put it in the column for 2001. Another might write the same thing, but put it in the column for 2000. Have the members also develop additional steps and post them on the large sheet. Once the group has slowed its pace of posting items, have the group leader then begin to discuss what is posted on the large sheet.

At this point, the process may become somewhat messy, and members of the planning team should feel free to move around, write on the large sheet, post more Post-its, move them around, and so on. Have the discussion focus on whether the steps are in the right order (e.g., one shouldn't prepare to move into a new building before signing the lease) and whether they can be accomplished in the time available. Also, having members identify interim steps (these can be listed with smaller-sized Post-its) is very useful at this point. Some groups may also use markers to draw lines between some of the Post-its and

---

[2] If possible, provide different colored Post-its for each theme area. Alternatively, mark horizontal lines on the large sheets of paper to separate the themes' steps or components from one another.

to add information to them (be sure the markers don't bleed through to the wall). Some of the items the group should consider include

- Are the major steps in the "right" order?
- Are the completion dates realistic?
- Are there critical starting points and interim steps that should be listed?
- What are some of the linkages between the themes and their major components? Draw lines between these if necessary.
- How will we know when we have accomplished this objective? What will determine whether we have been successful?
- What are some of the weaknesses and threats that will affect the organization's ability to complete each step? How can they be dealt with, and are additional steps needed in order to ensure the organization can accomplish its goals?
- What resources (e.g., time, personnel, talent, and money) are needed to accomplish each component or step? Are these resources currently available to the organization or must they be acquired? If they must be acquired first, then they should be identified in the appropriate place(s) on the large sheet of paper.

Most people are familiar with the structure of goals and objectives. What emerges from this stage of discussion is a set of goals (the themes) and objectives (the steps or components within each theme). Stating the objectives in action-oriented, time-delimited terms is very important. Organizations need to be able to measure their successes (and understand their failures) and state clearly what is to be done, by when, and by whom. This is, therefore, a very important component of the plan.

It is, however, likely that there will be more objectives listed in the early years of the planning period than in the later years. This is fine, and as the organization moves through its planning cycle, it will add objectives to accomplish in future years.

Step 8: Bringing It All Together-Writing the Plan (approximate time required: 20 - 60 hours)

The plan writer will have been taking careful notes throughout the process, including preparing interim reports between planning sessions. The plan writer now must assemble the information into a coherent document that reflects the key decisions of the planning team and enables the organization to move forward to implementation.

Suggested Method. The plan writer may wish to begin with a basic outline and prepare what amounts to minutes of each session or meeting of the planning team. The plan writer, however, should also add to the plan so it becomes more than simply a set of minutes or a record of what occurred. The writer will need to insert some ideas and clarification into the plan. Following is a suggested outline for the final plan:

- The organization's mission. This section may also include any relevant comments summarizing some of the ways the organization's mission makes it unique or provides it a competitive advantage.

- The organization's mandates and its stakeholders
- A summary of the SWOT analysis
- Vision of success. This section may include descriptions of key items the planning team identified in its "envisioning the future" exercise. The plan writer may wish to modify the items on the list somewhat so that it will be clear how the organization will know it is succeeding.
- Strategic issues, goals, and objectives. This section will be the meat of the plan because within it will be a listing of each planning theme (now identified as a strategic issue) and the goals and objectives associated with it.
- Financial implications of the plan
- Time line for reviewing and updating the plan

Step 9: Reviewing and Revising the Mission (approximate time required: 30 - 60 minutes)

Early in the planning process, the organization's planning team reviewed the mission statement. At this later stage in the planning process, it is important to review the mission once again and to modify it to reflect the plans and ambitions of the organization. Sometimes a mission is too narrowly stated, and a strategic planning process may identify areas needing broader focus; conversely, a mission may be too vague, and it will need specifics.

Once the organization has a draft of a plan, it is helpful to review the mission with the plan in mind. If the items in the plan are out of sync with the mission, either the mission or the plan will need revision. Depending on the plan writer's capabilities, s/he may suggest some wording changes as a draft for revising the mission.

Suggested Method. Post the original statement of the mission (from Step 1) where the planning team can easily see it. Reread the mission aloud, noting those words or phrases identified earlier that raised questions or special interest. Next, review the planning themes (i.e., the strategic issues). Are there linkages between the strategic issues and the mission statement? Using a marker pen, add or delete items from the mission or from the strategic issues. More large easel pad sheets may be needed to accurately reflect the results of this discussion.

Once the planning team has prepared suggested changes to the organization's mission, the entire board must adopt the mission statement.

Step 10: Adopting the Plan (approximate time required: 30 - 45 minutes)

The planning team and the plan writer may have considered several drafts of the plan before presenting a final version to the board of directors. As a separate item at a regular board meeting, the plan should be formally presented to the board for its consideration and adoption. Ideally, the board members will have read the plan before the board meeting, but it is often helpful to provide a verbal overview of the plan's contents.

Step 11: Checking Progress on the Plan (approximate time required: 15 - 30 minutes)

Once the board has adopted the plan, it should also plan to check the progress on accomplishing the plan's goals and objectives. Such checkpoints should occur at regular board meetings, perhaps every three months. The time for checking may vary with the nature of the objectives, but their review should be an important part of the board's business on a regular basis.

Getting Finished

Just as it is important to get started with planning, it is important to finish a planning process. In some ways, though, *effective* planning never ends because a plan must be revised and updated on a regular basis. Nonetheless, the planning process champion must ensure the planning process comes to a successful conclusion and that the organization can move to implementing the plan.