STRATEGIC PLANNING:

WHICH WAY IS BEST?

MAPPING YOUR FUTURE PATH

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I.   INTRODUCTION

Why Plan?

"What's the best way to get to Denver?" We assume that getting to Denver is your "mission."

"Well," you properly respond, "it depends."

It depends on whether we have to get there fast or cheaply, whether we are sending one or six people, whether we favor the most environmentally-sound mode or the most cost-effective mode, what season it is at the time of travel, and whether we are starting from suburban Denver or starting from Portland, Maine.

In short, we need to understand our external and internal circumstances before we can answer the question! It would be just as inappropriate to fly across town as it would be to take six people cross country on a bicycle.

Selecting a program direction without assessing circumstances can result in foolish choices — because they are uninformed choices. An organization must choose its priorities, clarify its values, balance its budget and time limitations, and accommodate local circumstances in order to choose "the best way to get to Denver."

Successful organizations need to be observant, responsive, flexible, and resilient. Although you can't control *all* the factors that affect your success, you do need to be strategic and careful about choices over which you do have control. In short, you can't afford to not plan! Without a plan, you may actually be running very fast — but in the WRONG direction! Think before you jump! (Remember, too, that you're usually "jumping" with somebody else's money!)
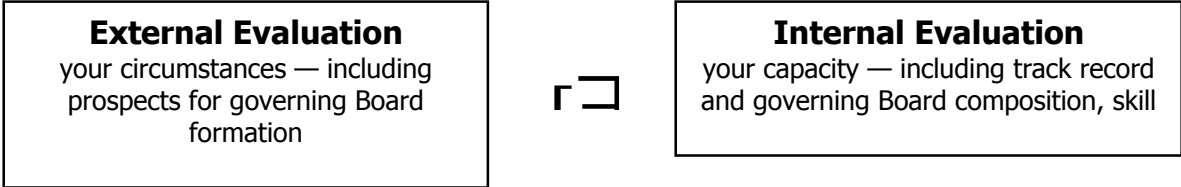

Planning Is ...

&   Planning is an organizing process (ownership and participation are critical) rather than a product.

&   Planning is decision-making about your future rather than predicting the future.

&   Planning increases the likelihood your proposals will be funded because it builds logic, justification, and detail into your program description.

&   The planning process itself makes contacts, expands your networks, and builds new relationships (so don't hire it out; instead make it yours!)

"The nation's founders took daring steps to create structures of participation, mutual accountability, and widely distributed power to ensure the political rights and freedoms of all. We believe that similar steps are needed today to expand economic participation, broaden the sharing of economic power, and make economic decisions more accountable to the common good."

National Conference of Catholic Bishops, "Economic Justice for All" (297), 1986

II. Strategic Planning: How it Flows

External Evaluation
your circumstances — including prospects for governing Board formation

Internal Evaluation
your capacity — including track record and governing Board composition, skill

Mission
your reason for being, based on community needs and your ideals

Decision Making: Making the Strategic Choice(s)

Description of Program(s)
what you provide, to whom, how and why

Goals and Objectives
benchmarks and interim steps toward achieving each program's success — including Board development

Annual Work Plans
your detailed workplan — including leadership enhancement — and how you will pay for each program

Return to Beginning
evaluation of how much, how well you've delivered at regular intervals.

III. DEVELOPING A STRATEGIC DIRECTION — PHASE I

The steps in strategic planning easily fall into two phases. The first phase (four related steps) looks broadly at the circumstances with which the organization works and develops a *strategic* direction.

Phase One: Step 1. External Evaluation

The External Evaluation identifies and quantifies your community's needs, describes its social and economic circumstances, evaluates available financial resources and expertise, and identifies potential barriers and supporters. The External Evaluation becomes the Needs and Assets Statement in your funding proposals.

> **External Evaluation**
>
> Target Community/Service Area
> Demographics
> Economic/Political Environment
> Economic Development Needs
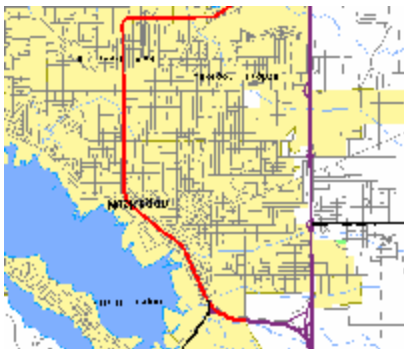> Available Resources/Partners/Competition

The External Evaluation requires talking to everyone that has valuable information. After talking with your Board, committees, volunteers, clients and staff, find other organizations (such as funders, religious institutions, foundations, banks, other lenders, city or state government agencies, community groups) and community leaders who can enhance your understanding of the community.

This is also a longer-term strategy that combines information-gathering with marketing. By talking to funders about their grantees, for example, you introduce them to your program. By talking to banks, neighborhood organizations, and other groups like yourselves, you introduce them to your partnership possibilities. By introducing yourself to city, county and state government, you can encourage them to support your efforts.

Target Community / Service Area

Describe the geographic boundaries of your target community (service area), so that it is clear to someone who does not live nearby.

- ☐ What are the census tract, major street, municipal, or county boundaries?
- ☐ If it's not obvious where this is, what well-known landmark or larger community is nearby?
- ☐ Is the target area "a given" or is it your choice? Why did you choose it?

Demographics

Describe the population — who lives in your community — as completely as possible. Then identify which of those persons you are specifically targeting to serve and what your priorities will be.

- ☐ How many people live here?
- ☐ What is their race and ethnicity?
- ☐ What is the age of the population (school children and elderly persons)?
- ☐ What is the number of low-income people? How many households are on public assistance? How many homeless persons/families?
- ☐ Are you serving *all* residents or just low-income families? women? homeless persons? children? minority businesses?
- ☐ Why did you select this target group?

"Justice will never be fully attained unless people see in the poor person, who is asking for help in order to survive, not an annoyance or a burden, but an opportunity for showing kindness and a chance for greater enrichment. Only such an awareness can give the courage needed to face the risk and the change involved in every authentic attempt to come to the aid of another."

Pope John Paul II
Centesimus Annus (58), 1991

Local Economic/Political Environment

Look first at your entire region and describe the influences that define its economic circumstances. Check with the local Chamber of Commerce, the regional planning commission or a local university to find out how to research the local economy and how to assess the region's economic future. Then, looking closer to home, describe the local economic and business trends.

- ☐ Who are the largest employers in the community? Are they strong and growing or facing difficulties?
- ☐ Is there dependence on a single industry or seasonal jobs?
- ☐ Are there new bank initiatives or positive CRA pressures?
- ☐ Have jobs been lost through plant closings, defense reductions, or natural disasters?
- ☐ Which industries or economic sectors are most favorable for job creation?
- ☐ How does your community or region compare to other areas — nearby and across the nation? Is there a reason it is better or worse, trending up or down?
- ☐ In your own neighborhood, are businesses starting, growing, failing, leaving, or closing?
- ☐ Are there home-based or informal businesses?
- ☐ Which businesses — and jobs — are controlled by interests outside of the community?
- ☐ What is the neighborhood's or community's reputation? Is it positive, negative or anonymous?
- ☐ What is the community's relationship with its city fathers, county commission, and state capital? Is it positive, tense, negative, or unknown?

Economic Development Needs

Describe what *economic development* needs your community's residents have — in terms of the jobs they have (or don't have) and the services that would improve their quality of life. Because you are a community economic development organization, you are not documenting *all* of the residents' needs. This information is designed to direct you toward possible job creation and business development solutions.

- ☐ How many adults are unemployed? What is the unemployment rate for minority groups?
- ☐ What is the level of educational attainment? What are the existing job skills?
- ☐ Which is needed — new jobs, better jobs, improved services, or all of these?
- ☐ Is there an opportunity to own or to expand a business? Why?
- ☐ Is there desire for self-employment, getting off welfare, increased personal income, or increased family assets?
- ☐ Do workers need training, better transportation, or affordable child care so that they can accept local job opportunities?
- ☐ What types of businesses would improve the quality of life for low-income residents — a grocery, a laundromat, a child care center?
- ☐ What products or services are not readily available locally? Or not affordable?
- ☐ How are changes in family and employment support programs, including welfare, going to affect your community's residents?

Available Resources/Partners/Competition

No organization can achieve its mission alone, but must collaborate with others who share an interest in their mission. Both gaps and duplication of services should be avoided. Identify all the institutions and programs that can expand your program's impact — either through partnerships or financial support — and meet with other organizations to assess their interest.

- ☐ Who else is serving your community or your beneficiaries with similar program(s)?
- ☐ Are their programs good ones? Are their services better than yours, faster, or cheaper? Are there limits to their services? Do they duplicate, contradict, or complement yours?
- ☐ Is anybody new on the horizon — like national "brand name" organizations or next-door organizations that may expand their service area?
- ☐ Describe your strengths and weaknesses compared to theirs. What's different or better about your products and services?
- ☐ Who is on your side, who is opposed to your efforts? Who are your allies?
- ☐ Are you dependent upon the pre-requisite activities of other organizations? Are they cooperative and positive in their relationship to your program? How do you protect your program interests with this degree of dependency?
- ☐ From whom do you *need* help and support? To whom can you *offer* help and support?
- ☐ Who has the expertise or experience you need to succeed? Who has the influence and time to contribute to your success?
- ☐ Which partnership(s) will strengthen the achievement of your mission?
- ☐ Who can provide you with financial support? And, who *will* do so? And how much might you expect to ask for or receive?
- ☐ How can you garner their assistance and support? Who do you know best? Who can you get to know better?
- ☐ Do enough other folks care about your community's needs — and are they willing to demonstrate that care with financial support? Why would they give *you* funding support?

Phase One: Step 2. Internal Evaluation

The Internal Evaluation examines your organizational capacity (staff and volunteers, skills and expertise, and governing effectiveness). It identifies your access to financial resources, partners and collaborators; and it describes your program history to date. The Internal Evaluation becomes the Capacity Statement and the Program History components in your funding proposals.

Internal Evaluation
Organizational History/Track Record
Board and Committees
Management and Staff
Financial Strength

Organizational History

Describe your organization's founding, program history and accomplishments — both to outline your experience and to establish your credibility (like a resume does). Because it makes your organization unique, describe your ideals and grass-roots philosophy — your focus on benefit to low-income families and other disadvantaged persons, your democratic and community-based governance structure that involves low-income persons and local residents as decision makers. Define your position in the community — your reputation, your relationships, your partners, your allies.

- ☐ When and why were you formed?
- ☐ Who was involved then, and who is involved now?
- ☐ Why is this the right time to invest in strategic planning?
- ☐ What have you accomplished so far? Describe your program successes to date (your track record) and its importance in the community?
- ☐ What have you learned from past mistakes and what changes have been implemented?
- ☐ Who has supported your efforts?

"Social justice implies that persons have an obligation to be active and productive participants in the life of society and that society has a duty to enable them to participate in this way."

National Conference of Catholic Bishops
"Economic Justice for All" (71), 1986

Board and Committees

Describe your Board of Directors and its functioning committees, including their level of effectiveness. These are the teams and sub-teams responsible for governance, policy-making, and accountability to funders and the public.

- Is your Board democratic ? Are governing Board members selected by persons in the community served? Who decides who leads — the leaders themselves or their peers and colleagues?
- Is the leadership effective? Does it meet regularly and complete its assignments? Does it deliberate the options and make reasonable, even if difficult, decisions?
- Are low income leaders from the community exerting effective control in governance and policy decisions?
- Is there a sound and respectful Board/staff relationship?
- Is the range of Board and committee skills sufficient for the job at hand?
- Can the current structure support the organization's stability, growth and evolution over time?
- What are plans for enhancing or expanding leadership capacity?

Management and Staffing

Describe your organization's expertise — considering the entire team of staff members, volunteers, and professional service providers. This is your opportunity to affirm that you have the capacity and experience to do the proposed job well. If there are shortcomings, explain how they can/will be remedied — with specialized training, professional development opportunities for current personnel, or the addition of new staff and members as appropriate.

- How many people work for you — both paid and volunteer?
- What is their degree of experience — novice, extensive, or in between?
- What are their special skills?
- What is the level of reliable volunteer commitment?
- What access do you have to other expertise when it is needed — like consultants, builders, business owners, bankers, other organizations?
- Identify your legal counsel and accountants.
- What is the public reputation of your staff team?

Financial Strength

Outline your organization's operating budget(s) — both past and present — and the details of any special proposed project(s). Demonstrate how successful you have been at financial survival and management.
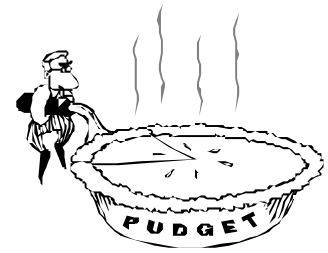
☐ Do you cover your expenses each year? Do you have a positive fund balance (money left over) each year?
☐ What portion of your support is self-generated (program income, fees, earnings)?
☐ How many funding sources do you have? Do they represent different kinds of funders?
☐ How do funding sources restrict the uses of operating funds?
☐ Are your bill-payer and book-balancer different people?
☐ Does the Board review — and understand — regular financial statements and budget reports?
☐ Does an independent accountant review the books at least quarterly?
☐ Do you have an independent annual audit?

Phase One: Step 3. Mission Statement

The Mission Statement is your affirmation or refinement of the organization's mission — the very reason your organization exists. The Mission Statement is an important component of every funding proposal. The Mission Statement identifies the non-profit's purpose, who it serves, and why (and sometimes how). It should be examined annually and refined as circumstances change over time. You may even wish to refine it — make it more concise or more broadly descriptive — right at the end of this strategic planning process.

> **Mission Statement:** precise, concise and inspiring declaration of the fundamental purpose for which the organization exists.

YOUR MISSION STATEMENT

The [organization name] _____
exists in order to [do what?]_____ in
[where?]_____ for [whom?]_____
because [why?]_____
_____.

"The first line of attack against poverty must be to
build and sustain a healthy economy that
provides employment opportunities at just wages
for all adults who are able to work."

National Conference of Catholic Bishops

Phase One: Step 4. Decisions / Direction

Now it's time to examine all the information that has been gathered to date and select the organization's future path — to choose a strategic direction. The information under consideration includes the External Assessment, the Internal Assessment, and the Mission Statement. Within these are the economic and political circumstances, the needs of the community, the available resources, the organization's leadership, skill, and capacity — both personnel and finances.

Participants will evaluate the various options and choose *one* over all the others — leaving behind many compelling opportunities to concentrate on doing *one* really well. Ideally, this choice is made with input from all relevant stakeholders (but primarily the Board of Directors); the Board may even host a day-long retreat to afford sufficient time for deliberation and decision-making on all aspects. The decision, and the reasons for that decision, becomes your Program Rationale in funding proposals.

> **Strategy:** How to organize and focus resources to maximize effectiveness in achieving mission.

- ☐ What do your assessments tell you — both what you expected and what you did NOT expect? Where do the signs point?
- ☐ What particular economic development initiative can have the greatest positive impact for your community?
- ☐ Have you pre-determined your program direction or are you responding to your new, expanded understanding of your community and its needs?
- ☐ Is the program you thought of originally the perfect answer? Why?
- ☐ Is your proposed direction consistent with your mission? And your capabilities?
- ☐ Does your proposed direction meet identifiable needs in the community? Is this proposed direction justifiable to prospective funding sources?
- ☐ Have you appropriately dismissed the other interesting, but not critical, opportunities?

IV. DEVELOPING THE PROGRAM PLANS — PHASE II

The second phase of strategic planning (four related steps) involves translating the strategic direction(s) into the organization's program(s), developing goals and objectives for each one of them. From these goals and objectives, implementation plans and budgets can be developed.

Phase Two: Step 1. Program Description

The Program Description provides the details of your program (or programs), its products, its services, and its method of delivery. It identifies who you serve (which persons, which neighborhood) and the gaps — or needs — you fill. Finally, the program description identifies the overall expected results — for example, "**to foster economic development activity that results in new, expanded, or strengthened job opportunities for low income residents of our community.**"

The Program Description is a critical component of every funding proposal and it should be a logical choice for the organization based upon the community's needs and the organization's mission and capacity.

> ☐ How will this change the economic opportunities of the low income people you are trying to serve?
> ☐ How will this change the power structure and access to resources?
> ☐ How will the community be different after a few years of your program's operations?
> ☐ Why is this the right answer in the right place?

Phase Two: Step 2. Goals and Objectives

Goals and Objectives connect your intentions with the specific steps that must be taken to achieve overall program success. Goals make the mission operational by explaining how it will be achieved. Objectives make the goals operational by explaining how each one will be achieved. In short, they describe how you are going to get where you are going. Goals and Objectives are typically quantifiable by year or other time period (like monthly or quarterly).

> **Goals:** Measurable, attainable milestones to achieve by a specific point in time.

```
Goal #1: _____

T        Objective A
T        Objective B
T        Objective C

Goal #2: _____

T        Objective A
T        Objective B
T        Objective C


Goal #3: _____

T        Objective A
T        Objective B
T        Objective C
```

A *program goal* might be to provide job training to 50 neighborhood residents during the coming year. Objectives — steps — toward meeting that goal include developing a curriculum, finding and contracting with trainers, writing and printing handout materials, finding a classroom, sending out brochures to invite participants, getting a newspaper to print a feature article about your program, and recruiting twice as many students as the expected number of graduates (to allow for dropouts).

Objectives: The specific steps necessary to accomplish the goal(s).

An *operational goal* might be to secure adequate operating support for the program. Objectives — steps — toward meeting that goal include developing three-year budgets, seeking multi-year grants from local banks, developing a relationship with the community foundation, investigating the potential for CDBG support, and increasing income-generating business activities.

Phase Two: Step 3. Implementation Plan & Budget

The Implementation Plan places every program goal and objective within a calendar, showing when each task begins and when it will be completed. The budget impact of each objective, within the context of the implementation plan, must also be defined in some detail.

Developing a Multi-Year Implementation Plan

	Year 1				Year 2				Year 3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Goal #1												
Objective A	■	J	J	Y								
Objective B			■	J	J	Y						
Objective C							■	J	J	J	J	Y
Goal #2												
Objective A					■	J	J	J	Y			
Objective B							■	J	J	J	J	Y
Objective C							■	J	J	Y		
Goal #3												
Objective A		■	J	J	J	J	Y					
Objective B			■	J	J	J	J	J	J	J	Y	
Objective C		■	J	J	J	J	J	Y				

■ = activity *starts*   J = activity *continues*   Y = activity *completed*

The multi-year implementation plan is organized annually and accompanied by a budget that reflects all anticipated program expenses and income. Each line of the budget identifies a specific category. Good financial planning will reflect a considerable level of detail in these categories, particularly in the first year. You will need to develop an annual budget for at least three years into the future.

The gap between total expenses and program income is the amount of money that you will need to secure in grants, gifts, contributions and donations from foundations, churches, corporations, banks, and local government agencies.

In the abbreviated example that follows, the organization's budget has increased by $39,000 but it only needs to raise $21,500 in additional grants. The remainder is covered by new project earnings — now covering 10% of their annual expenses. If their economic development project is successful, it may bring in a larger and larger share of the annual budget in future years.

Sample Abbreviated Budget/ Worksheet

Budget Category	Current Budget ($)	Reason for Change	Budget Impact ($)	New Budget ($)
Personnel	$105,000	add 1 FTE	+30,000	$135,000
Occupancy	14,000	more space	+ 2,000	16,000
Project / Direct	27,000	more travel	+4,500	31,500
Indirect / Overhead	12,500	new copier	+2,500	15,000
Total Expenses	**$158,500**		**$39,000**	**$197,500**
Public Support	$158,000	more fundraising	+21,500	$179,500
Program Income	500	project earnings	+17,500	18,000
Total Income	**$158,500**		**$39,000**	**$197,500**

Typical Budget Categories

Expenses

Personnel: includes salary for each staff position, related fringe benefits, payroll taxes, contract workers, and expenses related to volunteers.

Occupancy: includes rent, utilities, property taxes, leasehold improvements, space repair and maintenance, and property insurance.

Project/Direct: includes those expenses which can usually be tracked to each specific project (via expense logs) such as copying, travel, consultants, long distance telephone, project marketing materials.

Indirect/Overhead: includes those expenses that cannot be tracked to a specific project such as directors and officers liability insurance, equipment lease or purchase, local phone service, office supplies, board and staff training, legal counsel, accounting and audit services, general marketing materials.

Income

Public Support: includes gifts, contributions and grants from individuals and institutions — both public sector and private sector — that wish to support your project or pay for the delivery of services to your community.

Program Income: includes contract income, program fees, interest on investments, and other charges to your program participants.

Phase Two: Step 4. Program and Impact Evaluation

Your Evaluation process describes the expected results of your program as well as your established quality standards for its delivery. In short, you should outline the positive difference — economic impact — that your project will make in the lives of low income residents and in the community as a whole.

The organization should decide, ahead of time, what the measures of its future success will be. These measures are easily drawn from the goals and objectives previously developed. Plans for future evaluation should also identify how you will determine the reason(s) for any shortfall in results — both during the project timeline *and* at its completion. The Evaluation will be included in a Community Impact component of funding proposals.

☐ How much difference do we expect to make? How many new jobs? How many better jobs? How many families off of welfare? How many new businesses?

☐ How will these new jobs, businesses or opportunities improve the quality of life in this neighborhood?

☐ How much will be enough? How much will be insufficient — considering the effort and expense we are incurring?

☐ How soon should we test ourselves? Should we evaluate more frequently in the first year in order to make adjustments?

☐ Will we need outside expertise to evaluate the program or can we do it ourselves?

V.   TESTING YOUR CONCLUSIONS

Before concluding your planning process and sending the document to the printers, step back and verify the logic of your findings with the following questions:

\# Does the expected impact logically flow from the implementation activities?
\# Does the budget logically represent the costs of program implementation?
\# Does your organization have the capacity to carry out this plan?
\# Do the items in the workplan connect logically to the goals and objectives?
\# Is the program description accurate and clear?
\# Is your program direction consistent with your mission?
\# Is your mission appropriate to demonstrable community's needs?
\# Can your program succeed, given the circumstances of your community?

VI. BOARD DEVELOPMENT

Through the strategic planning process, special attention should be paid to Board formation and training, particularly with new nonprofit organizations. An effective Board of Directors is essential to program success *and* the planning behind it. The direct participation of poor and low-income leaders from the community brings the voices of beneficiaries into effective control of the development and delivery of programs, integrating direct "people-empowerment" into community development.

Board Formation

The formation of strong governing bodies includes Board recruitment, retention, and the "care and feeding" of an often diverse group. This involves determining the ideal size and composition to represent the community, and recruiting the expertise and experience that is required by mission and strategic directions. Within overall Board activity, the organization needs to define a committee structure as well as identify, appoint and nurture leadership. Board formation includes the building of the individual relationships and continued communication necessary for a unified organizational culture — a shared commitment to the mission.

> "Basic justice demands the establishment of minimum levels of participation in the life of the human community for all persons."
> Pope John XXIII
> *Mater et Magistra*, 1961

Board Training

To be effective, especially as their organizations mature, evolve, and change in response to community needs, a nonprofit Board of Directors requires constant training. This training creates new expertise, expands existing skills, and serves as a refresher course for all participants. It is only through the continued enhancement and sharing of skills that new leadership can be developed and responsibilities carried by all active Board volunteers. Training also builds relationships as people with diverse skills and backgrounds work together on common challenges. CCHD believes in the empowerment of low-income persons — and their contributions to both the board and the community at large are enhanced through a process of periodic "professional development" or training opportunities.

How will the Board need to change to lead the organization in its new direction?
How will poor and low-income leadership be recruited in the community?
How will relationships be built that bridge the diversity required in a strong Board?
As the Board changes, how will outgoing leaders be recognized and appreciated?

VII. PLANNING PARTICIPANTS

Board of Directors

It is the Board's role to define the organization's mission and monitor program activities to assure adherence to that mission. Board members can assist with information gathering (assessments) and are responsible for deliberating about the organization's choices (goals, objectives, strategies) and reviewing, approving, and monitoring budgets. Finally, the Board is accountable to both funders and the community for assuring community impact.

Staff

Staff members can gather information, analyze the choices and their implications, develop and present workplans and budgets, recommend modifications as needed, and track community impact in order to report to the Board.

Other Stakeholders

Many strategic planning processes invite the participation of friends (non-Board committee member, funders, beneficiaries, other allies) in the interpretation of findings and the deliberation of your options.

Consultant(s)

Although a nonprofit should *not* hire out the writing of its Strategic Plan, it is often valuable to seek the assistance of a consultant to assist with the Strategic Planning process. By coaching the organization, a consultant can help the organization learn more about itself, its community, and its options. Consultants are especially helpful with development of assessment tools, sharing experience from dozens of other organizations across the nation, providing an objective evaluation for the organization, and asking many questions — including challenging ones — that facilitate sound decision-making.