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- Develop a user-friendly annual work plan
- Establish planning cycles, gauge progress, and update strategies

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Cover Design: John Wiley & Sons, Inc.
Cover Art: Arrow with target illustration: © Stephanie Dalton Cowan/Getty Images
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$45.00 USA/$45.99 CAN

ISBN 978-0-471-44581-4
54500

ALLISON
KAYE
Strategic Planning for Nonprofit Organization

Strategic Planning for Nonprofit Organizations

SECOND EDITION

A PRACTICAL GUIDE AND WORKBOOK

+ Website

MICHAEL ALLISO
JUDE KAYE

CHAPTER 4

Phase 3: Assess Your Situation

No organization exists in a vacuum. The definition of strategic planning offered earlier stresses the importance of focusing on the future within the context of an ever-changing environment. In addition to assessing the external environment, it is important to understand the organization's internal operations—what resources and capacities the organization brings to the work of its mission.

At the conclusion of this phase, the planning committee will have a database of concrete information that can be used to make decisions about program and administrative priorities and to develop overall strategies. Part of the challenge of this information-gathering and analysis phase is that the information gathered may be incomplete, or information gathered from one source may conflict with information gathered from another source. During this phase, the planning committee members will have to continually assess whether they have sufficient and accurate information to make informed decisions regarding short-term and long-term priorities.

Information gathering and analysis can be time consuming, and it will be natural to jump to conclusions as issues, problems, and questions emerge and are clarified. Although a given issue may appear to require an obvious response ("We're running a deficit; we need to bring in more revenue and cut costs!"), most issues have more than one level of complexity ("If we cut costs, how will that affect the quality of our programs? If we want to bring in more revenue by charging for certain services, how will that affect accessibility?")

Phase 3 is a creative process of gaining new awareness and insight into your organization's internal and external context. Try to hold back from deciding how to respond until you have gathered most of the information with which you will work. If you think of each stakeholder and source of information as casting a vote for which issues are most critical, the value of the creative thinking that takes place in this phase will be reduced if decisions are made before all of the votes are in. Don't be afraid to begin discussing possible responses—just wait to decide how to proceed until Phase 4 (Agree on Priorities) of the planning process.

This phase has three major tasks:

1. *Review the history and current scope and scale of operations.* The following descriptive questions help outline where the organization is currently and how it got there:
   - What is our organization's profile (history and current scale and scope of operations)?
   - What have been our key guiding strategies to date?

   Regardless of the intensity of your planning process, answering these two questions is an important exercise to complete. Each question has an accompanying worksheet.
2. *Gather new information.* In these steps we decide on what new information to gather. For abbreviated processes, this step may be a simple brainstorm of the organization's strengths, weaknesses, opportunities, and threats (SWOT) at a retreat. However, for moderate and extensive processes, information will typically be gathered from internal stakeholders, external stakeholders, and objective data sources (e.g., program evaluations and financial statements). This chapter provides several options for gathering this information:
   - Gather input from internal stakeholders.
   - Gather information from external stakeholders.
   - Gather information from objective sources.
3. *Summarize your findings.* Finally, the new information needs to be organized in preparation for the priority-setting process in Phase 4. Again, planners have a few choices about how to summarize this information. The distillation of this information will help planners start to identify common themes and emerging priorities.

Although all planning processes will address each of these three tasks, assessing your situation can range widely from abbreviated (such as a planning group sitting down together and identifying strengths, weaknesses,

opportunities, and threats) to extensive (gathering lots of new information from stakeholders about their views and conducting additional research).

This chapter describes an extensive situation assessment process. Several approaches and tools are included as resources. No single organization will use all of these tools; we offer them because they each have pros and cons that planners need to take into account.

Planners should familiarize themselves with the steps of this phase and the choices available in terms of activities and tools, as part of designing the overall planning process. The extent of information gathering and analysis in Phase 3 is the primary variable in differentiating an abbreviated process from an extensive process.

A WORD ABOUT WORDS

This phase of the process is called by many names in our field: situation analysis, taking stock, environmental scanning, or simply data gathering. Because we want to gather information about both the external environment and the organization's internal environment, we use the broad term "assessing your situation."

Review History and Current Scope and Scale of Operations

Part of the context for an organization's strategic planning effort is the organization's history: where it came from, how it arrived where it is today, and what lessons from history are either the keys to stability and growth or causes for organizational instability. The planning committee should have a common understanding of this historical context so that all committee members are building the plan on the same foundation and the lessons from history can be incorporated into everyone's thinking.

Step 3.1: Prepare a History and Descriptive Profile of Operations

The first step in the organizational assessment for strategic planning is to prepare an organizational history and organizational profile using Worksheet 8 (see process notes in Exhibit 4.1). The history is simply a brief summary of the events that have shaped the organization. For example, it

EXHIBIT 4.1 WORKSHEET 8: SUMMARIZE YOUR ORGANIZATION'S HISTORY AND ACCOMPLISHMENTS

Process Notes

How to do this activity	• Summarize the organization's history using a timeline format. • List and group all program activities into broad program groupings (goals). Describe current scope and scale of services. Add related management and operations data (infrastructure). • Take advantage of any documents that already explain the organizational profile, such as annual reports or brochures. • This information should be distributed to all members of the planning committee at the first or second meeting. • After the information has been reviewed, board and staff should identify lessons from history: keys to stability and growth and recurring themes that show causes for instability.
Why do this activity	• Helps ensure that all members of the planning committee are operating from the same knowledge base about the organization. • Organizes and presents programs for discussion of mission statement.
Who to involve in the process	• Individual or individuals who have in-depth knowledge of the organization's programs and history. Alternatively, to construct a group member history timeline, have attendees at an initial planning retreat reconstruct the organization's history using chart paper hung on the wall. • Both board and staff should have the opportunity to review the lessons from history—the keys and obstacles to stability and growth.

See ASO/USA's example of this worksheet at the end of this chapter. Blank worksheets are provided in Appendix A and on the CD that accompanies this book.

typically includes when the organization started, a time line that shows when programs were first offered, milestones reached in the organization, important events in the organization's history, and shifts in priorities, as well as significant external events that affected the organization's course. An organizational profile is a summary of all of the organization's current programs and related infrastructure.

This can be accomplished in three basic steps (which might be accomplished even more quickly by using documents that already present this information, such as annual reports or brochures):

1. *List key events in the organization's development in a time line format.* For example, date of founding, key mergers or moves, new office openings, executive director transitions, departure of founders, date key programs began, formative or traumatic events, and so on.
2. *List all specific program activities and services.* For example, counseling and support, housing, information and referral, speaking engagements at corporations, public policy updates, and so on. Note current levels of activity and scale of current programs (including production data such as number of clients served, cost per unit of service, geographic locations serviced, total expenses per program, major sources of revenue, etc.).
3. *Prepare an infrastructure profile.* This will include information on basic management and operation functions that support the current programs, such as personnel management, fundraising, marketing, facilities, financial management, and board of directors. This information will include current paid and volunteer staffing levels for all programs and for the entire organization, as well as the size of the board of directors. Also, briefly summarize sources and use of funds, analysis of financial condition, and other related organizational and management data. Charts and diagrams are useful visuals to present data.

Exhibit 4.2 is an example of an organizational profile for a Red Cross chapter.

Step 3.2: Articulate Previous and Current Strategies

What does it mean to be strategic and employ strategic thinking? Being strategic means making conscious choices about how you are going to use

EXHIBIT 4.2 ORGANIZATIONAL PROFILE OF A RED CROSS CHAPTER

Program Activities Grouped by Common Outcome

1. Prevention of Disasters

Goal: To prevent disasters that are caused by lack of awareness

Courses:
- Sailing
- Alcohol abuse
- Canoeing
- Facts of life
- Vital signs
- Seat belt safety
- Parenting
- Food safety
- AIDS
- Swimming
- Baby-sitting
- Tornado/hurricane/flood

Information:
- Newsletter
- Exhibits
- Public speakers bureau

Service Level:
- 240 courses, 4,800 participants
- 10 newsletters
- 20 public speeches

2. Intervention in the Midst of Disasters

Goal: To decrease the impact of disasters when they are occurring

Direct Services:
- Life-saving CPR
- First-aid stations at public events
- Blood pressure screening
- Blood drives

Service Level:
- 100 courses, 2,000 participants
- 2 blood pressure screenings, 500 participants
- Ongoing blood drives at Red Cross office, and 52 blood drives at office sites.

3. Relief of Suffering After Disasters Occur

Goal: To decrease the human suffering caused by disasters after they have occurred

Direct Services:
- Services to military families and veterans
- Mass feeding
- Bone and tissue transplantation
- Transportation services
- Emergency communications
- Disaster damage assessment
- Service in hospitals and health centers

Service Level:
- 15 services to military families and veterans
- 280 bone/tissue units transplanted
- 1,000 persons transported
- 5,000 hrs. of volunteer service in hospitals
- 50 damage assessments
- 6 mass feedings
- 6 emergency communications operations

EXHIBIT 4.2 ORGANIZATIONAL PROFILE OF A RED CROSS CHAPTER *(Continued)*

4. Fundraising

Goal: To ensure donations are adequate to support programs

Production:
- Individuals $150,000
- Corporations $150,000
- Foundations $100,000

Volunteer usage:
- 1,000 = 10% of volunteer hours

Expenses:
- $100,000 = 10% of gross expenses

Income:
- $400,000 = 40% of income

5. Marketing

Goal: To increase public understanding of the organization

Production:
- 10 newsletters, 12 PSAs

Expenses:
- $10,000 = 10% of gross expenses% of income

6. Personnel

Goal: To have a knowledgeable and experienced staff to manage and deliver services

Production:
- 15 FTE (full time equivalent)

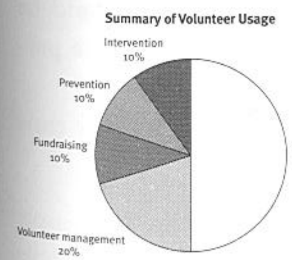
Expenses:
- $600,000 = 60% of gross expenses (subset of other expenses)

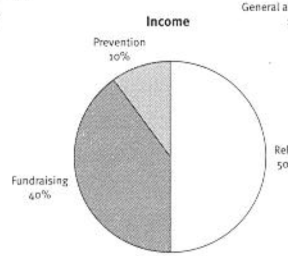
Goal: To maintain a pool of trained volunteers to deliver services

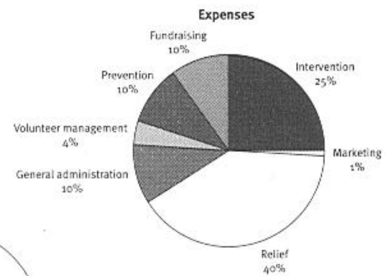
Production:
- Recruit 6,000 volunteers
- Train 4,000 volunteers
- Place 2,000 volunteers
- Produce 10,000 volunteer hours worth $200,000

Volunteer usage:
- 2,000 hours = 20% of volunteer hours

Expenses:
- $40,000 = 40% of gross expenses







your limited resources to achieve your purpose in response to a dynamic environment. Strategic thinking therefore includes making decisions regarding what you will do and what you will not do, where you should focus your energies, and what your overall priorities should be.

A strategy is a broad overall priority or direction adopted by an organization to best achieve its purpose. A strategy defines your overall program and organizational priorities and therefore suggests where your organization should be investing its resources now and over the next few years.

A good place to start Phase 3 is to look at the previous and current strategies that the organization has either successfully or unsuccessfully used. The organization's history, developed using Worksheet 8, identified what was happening in the organization's internal and external environment during its history. What the organization did in response to its environment were strategic choices.

All organizations make strategic choices, although often these choices have been neither recognized nor articulated as actual strategies. Once an organization is in the process of strategic planning, however, it is important to make explicit these unspoken strategies and incorporate them into the deliberate consideration of the organization's future directions. As part of assessing your organization's situation, the planning committee should look for past patterns of operation or allocation of resources—these are the organization's previous strategies.

A question that can help prompt such thinking is: "Where have you primarily focused your energy and resources over the past few years; what efforts have gotten you to where you are now?" The planning committee should analyze whether the organization's past and present strategies were and are effective and then consider whether they should be part of future strategic thinking. Process notes for Worksheet 9 are presented in Exhibit 4.3.

Examples of strategic shifts that organizations could make over time include:

- *Program strategy*. From providing home-delivered meals only to people with HIV and AIDS, to providing home-delivered meals to any people homebound by illness
- *Revenue strategy*. From providing all free services with primarily government funding to charging for some services and increasing private contributions

- *Compensation strategy*. From paying low wages and low benefits (in order to maximize services) to providing competitive wages and benefits (to invest in long-term staff development and retention)

EXHIBIT 4.3 WORKSHEET 9: ARTICULATE PREVIOUS AND CURRENT STRATEGIES

Process Notes

How to do this activity	Review the history of the organization and articulate previous and current strategies. Discuss effectiveness of the strategy and implications for future.
Why do this activity	Understanding how your organization focused its resources in the past and present is critical to learning from your experience and setting future strategies.
Who to involve in the process	Planning committee

See ASO/USA's example of this worksheet at the end of this chapter. Blank worksheets are provided in Appendix A and on the CD that accompanies this book.

SIDEBAR

How the Arts Organization Changed Its Strategy

Storytelling Songbirds is a two-person performing arts group that tells dramatic stories through a combination of drama, dance, and song. Two years ago, both members of the group gave up their part-time day jobs to devote all of their time to the Songbirds. During this time, they have made a modestly successful CD and completed a national tour as well as a brief tour in Europe.

Storytelling Songbirds, centered on the artistic vision of the two writer/performers—Carlos and Fran—is nonetheless governed by a nonprofit board of directors. When the board of directors insisted on developing a strategic plan, an important insight emerged during the discussion about previous strategies.

They realized that an important part of their business strategy, and indeed a point of pride, is that they have never sought contributions to cover the cost of their performances. "We're making a decent living and paying all our expenses," says Fran, "with a budget

(continues)

purely from box office, performance contracts, and CD sales. For a performing arts organization, that's astounding success!"

Some of the board members of Storytelling Songbirds have been on other arts boards and felt a responsibility to warn Carlos and Fran about the financial unpredictability of arts income. When Carlos sprained his shoulder last month, the Songbirds realized that they had to reevaluate their long-term strategy.

"I hate it when I see other arts organizations begging for money," says Carlos. "But I've also realized how much we've just been scraping by. What we want to do—taking these stories to new audiences—just won't ever be completely supported by contracts. We need time to develop new concepts, work out collaborations with other artists, and explore our own boundaries and visions. I realize now that it costs more to put on a season than people can afford to pay."

Along with their board, Carlos and Fran are beginning to think about raising a modest proportion of their budget from grants and donations. "Moving away from a box office-only strategy has meant changing our self-image," comments Fran. Carlos is quick to add, "This new strategy will let us grow in new ways. I'm feeling good about it."

Overview of Information Gathering

In the following activities, the majority of new research is completed. Gathering information about your environment often consumes 50 percent or more of the time resources devoted to the entire strategic planning process. Begin this step by going back a few steps—remind yourself of what critical issues and questions prompted strategic planning in the first place. These were identified in Worksheet 1 (Exhibit 2.1). It is essential that your information-gathering activities provide the data you need to answer these questions. Next, review the initial thoughts about information gathering identified in Worksheet 3 (Exhibit 2.3).[1]

Assessing the situation is best done with information from the following sources:

- Internal stakeholders (board, staff, and volunteers)
- External stakeholders (clients, funders, strategic partners, community leaders, and other key informants)
- Objective data (internal financial statements, program statistics, data about trends in the environment, and interviews with experts)

In Step 3.6 we summarize the information gathered from these sources along four dimensions:

1. Mission accomplishment
2. Financial performance
3. Administrative capacity
4. Governance

The following table shows how these sources of information contribute to the summaries of information. As one can see from the table, internal and external stakeholders provide much of the information needed by planners. However, without objective data to support or correct the perceptions of internal and external stakeholders, planners risk working with incomplete and potentially inaccurate information.

In particular, objective information is required to assess financial performance. However, to understand mission accomplishment, some level of program evaluation is required, and to truly understand management/infrastructure and the governance functions, some objective information is necessary.

SOURCE	Internal Stakeholders	External Stakeholders	Objective Data
DIMENSION			
Mission Accomplishment	XX	XX	XX
Financial Performance			XX
Administrative Capacity	XX		XX
Governance	XX		XX

Step 3.3: Gather Information from Internal Stakeholders

Your staff (paid and volunteer) and board typically have a very good idea of your organization's strengths, weaknesses, opportunities, and threats. In addition, in order to build the commitment you seek into the strategic plan, involvement of these internal stakeholders is essential. Thus, the first place to gather new information is from people who know your organization best: your board and staff members.

In an abbreviated planning process, this involvement could take place at a single retreat, during which the group goes through a SWOT analysis. The SWOT analysis is a broad overview of the most important internal strengths and weaknesses and the most important external opportunities and threats. However, in a moderate or extensive planning process, planners will want to gather more extensive input from these key internal stakeholders.

The SWOT analysis can be done at the level of the whole organization or of each program. Use the SWOT framework, Worksheet 10 (see process notes in Exhibit 4.4), to help gather and organize information in assessing the operating environment.

As can be seen in the case study, evaluating an organization's strengths and weaknesses typically includes gathering perceptions about several dimensions of organizational functioning.

Strengths	What are the organization's internal strengths? ("What do we do well?")
Weaknesses	What are the organization's internal weaknesses? ("Where can we improve?")
Opportunities	What external opportunities exist with respect to pursuing our mission? ("What changes are taking place in our environment that might allow us to better achieve our mission?")
Threats	What external threats might hinder the pursuit of our mission? ("What changes in the environment do we need to guard against or prepare for in doing our work?")

Evaluating an organization's strengths and weaknesses typically includes looking at what the organization is doing well, in addition to its weaknesses. Successful organizations are those that exploit strengths rather than just focus on weaknesses—in other words, this process isn't just about fixing the things that are wrong, but also nurturing what goes right.

The same should apply to how an organization approaches its opportunities and threats—the external forces that influence the organization. These are usually categorized into political, economic, social, technological, demographic, and legal (sometimes referred to as PESTDL) trends. These trends encompass circumstances such as changing client needs, increased competition, changing regulations, new interest in a particular

EXHIBIT 4.4 WORKSHEET 10: STAFF AND BOARD PERCEPTIONS OF ORGANIZATION'S SWOT

Process Notes

How to do this activity	• Brainstorm and record on flip charts a list of SWOT. This activity can take place at meeting(s) of staff and board; staff and board may meet separately or together (such as at a planning retreat). You may want to distribute the worksheet to staff and board ahead of time in order to get people thinking about the organization. • Alternatively, you may distribute Worksheet 10 and collect and summarize results. Participants should be encouraged to be as specific as they can and not generalize (e.g., "at least three-quarters of all staff have been with the agency for at least six years, rather than "great staff"). • Review the SWOT, sort into categories, select most important items, and summarize results. An optional activity is to assess the interplay of your strengths and weaknesses and your opportunities and threats. Make note of these interplays and refer to them in Phase 4. *For example: Are there any opportunities that we can take advantage because of a particular strength? Are there any threats that are compounded by a weakness?)*
Why do this activity	• Individuals' perceptions provide a starting framework for perceiving the organization's current situation. • One of the key aspects of strategic planning and management is being proactive—making decisions that take advantage of strengths and opportunities, overcoming weaknesses, and trying to turn threats into opportunities.
Who to involve in the process	Board and staff. The extent and format of their involvement to be decided by planning committee.

See ASO/USA's example of this worksheet at the end of this chapter. Blank worksheets are provided in Appendix A and on the CD that accompanies this book.

focus problem that the organization tries to address, and so on. These are forces that can help an organization move forward (opportunities) or forces that can hold an organization back (threats). Opportunities that are ignored can become threats, and threats that are dealt with appropriately can be turned into opportunities. During the strategic planning process, the organization wants to figure out how it can best use its resources to take advantage of strengths and opportunities, and to overcome weaknesses and threats.

During the SWOT review, planners may try to look at the interplay of strengths and weaknesses with opportunities and threats. Many times an opportunity can only be taken advantage of if the organization has a corresponding strength. For example, increased demand for services (opportunity) can only be met effectively if the organization has the necessary infrastructure and staff (strengths) to provide quality service. Conversely, if an organization is facing a significant shift in the political arena that could adversely affect its ability to get funding (threat), the organization could not respond quickly if it had poor relationships with government officials and a small and inactive membership (weaknesses). The planning committee should make note of any of these interplays of SW and OT and refer back to them in Phase 4.

The planning committee should involve as many staff and board members as possible in this process. As an alternative to a single retreat, their ideas and opinions might be collected through questionnaires, by telephone, or in-person interviews, facilitated organization-wide or in small group meetings, or a combination of these methods. Some organizations have board and staff in the same meeting to discuss these ideas, while others have them meet separately.

It may be helpful to examine individual dimensions of the internal organization in more detail than the SWOT assessment. The following tools have been developed to gather more extensive input from staff and board members.

Survey for Strategic Planning

A tool that can be used to identify how effectively the organization is managed and what specific areas need attention is Elements of an Effectively Managed Organization (EEMO$^{2™}$).[2] EEMO^2 is a framework for looking

at what it means to be effectively managed, and it can be used by an organization's managers to identify areas that are perceived as assets and that are real or potential weaknesses. EEMO^2 looks in depth at the four dimensions of an organization:

1. *Mission.* How well are we achieving our mission and how could we have a greater impact?
2. *Finances.* Are our operations financially viable, and how can we ensure the long-term financial stability of our organization? Do we have effective financial management systems in place to monitor our finances?
3. *Administrative capacity.* Do we have the administrative capacity to effectively and efficiently support our programs and services? What would it take to maximize our organizational capabilities in terms of planning, human resources and leadership, organization culture and communication, and our technology and facilities infrastructure?
4. *Governance.* How effective is the board at protecting the public's interest, ensuring that charitable dollars are used effectively and efficiently and that the organization is fulfilling its mission? What can we do to ensure that our board is able to fulfill its governance role now and for the future?

This survey can be used with both staff and board members, although typically board members are not sufficiently familiar with internal operations to answer all of the questions.

An EEMO^2 assessment tool is included in Appendix C.

Self-Assessment of Governance

The effectiveness of the board is of major strategic importance for any organization. The board is expected to assess its own work on an ongoing basis, so the strategic planning process may or may not provide an appropriate opportunity for assessing its effectiveness.

One example of a board self-assessment survey is included in Appendix D. Each board member can complete this or a similar assessment anonymously. The results for each question then can be tallied and presented using bar graphs to show the spread of the board members' opinions.

Step 3.4: Gather Information from External Stakeholders

Gathering input from external stakeholders always improves the quality of a strategic planning process. Even if internal stakeholders are 90 percent correct about their assessment of their organization's SWOT, getting the input from outsiders will provide either much-needed confirmation or new perspectives that will make the difference in developing sound plans.

Making a few phone calls to funders or partner organizations can give new insight. Alternately, using a standard interview or survey instrument with external stakeholders can update assumptions. An added benefit of gathering input from external stakeholders is the opportunity to develop more honest and productive relationships with clients, funders, and partners.

Just as the SWOT assessment allows an organization to garner a wide variety of perspectives from internal stakeholders, a SWOT assessment by those outside the organization can also add a great deal to the assessment of the environment. Relying only on internal stakeholders will provide an incomplete picture of the organization's situation. Refer to Worksheet 3 in which the planning committee identified external stakeholders from whom to gather input.

General Comments Regarding External Stakeholder Interviews

There are two reasons why we involve external stakeholders in the strategic planning process:

1. *Information*. They have information (outside perspectives) that will help us make better strategic decisions. A stakeholder may have insights into the opportunities or threats that affect the organization (e.g., new data revealing that 60 percent of all nonprofit organizations in the city are facing serious rent hikes). If the stakeholder has heard about the organization—or has had some contact with the organization—then his or her perceptions regarding the organization's strengths and weaknesses can be compared to perceptions of internal stakeholders. (e.g., staff and board members think that the organization has a positive reputation in the community, but stakeholders comment that they hear there is a long waiting list and people are going elsewhere).

A stakeholder's expectations can also inform an organization regarding unmet or growing needs in the community (e.g., a community leader interviewed might reveal an expectation/hope, not previously considered internally, that the organization expand services to a neighboring community or to add a different type of program).

2. *Relationship building*. We wish to maintain, improve, or build a better relationship with them. If a stakeholder does not know about the organization, then the interview can be an opportunity for the person doing the interview to explain what services are offered or how the organization is making a difference in the community.

   If the organization has a good relationship with the interviewee, then the conversation can be the vehicle to affirm that partnership and find out how to expand that relationship. If the organization does not have a good relationship with the person being interviewed—or doesn't have a relationship with the individual—then the interview can be a vehicle to build (or rebuild) such a relationship.

Although it is useful to have a preset and agreed-on protocol for each stakeholder group, the actual discussion should be somewhat free-flowing, and the interviewer should be willing to ask follow-up questions to comments he or she hears. Those questions might deviate somewhat from the preset questions. Appendix J provides suggested questions for stakeholder interviews. Clearly you would not ask all of the questions listed, and not all of these questions would be appropriate for all of the stakeholders we have identified.

SIDEBAR

Animal Rights Now Responds to Its Stakeholders

Animal Rights Now had outgrown its old facility. The board and staff convinced themselves that a large new building was the answer to their facility problems. As the visions of the new building became grander, extensions of the program were planned. The board president, Jon, was particularly enthusiastic. "In addition to our advocacy work and our work with stray animals, if we build a theater/conference center, we can expand our education work. And we can

(continues)

generate extra income by renting out the space when we're not using it!"

A site was located, preliminary designs were invited, and the train seemed ready to go. As part of their planning process, the board and staff sought input from the external stakeholders whose support they would need: funders, individual donors, other organizations in the community, and neighbors. To their shock and ultimate benefit, the organization learned that three other organizations in the area had recently expanded their educational activities and that the theater/convention space would sink the building.

"It was tough," says Jon now. "We were so excited about the possibilities for growth and expansion. We even had a donation for lights in the theater. But in the end, our plan is much more realistic, and I am glad we didn't find out *after* we had put down a lot of money that our original vision just wasn't going to fly."

With a scaled-down facilities plan and a mission focused on needed services where there was no unnecessary duplication, the organization completed its strategic planning process and built a smaller building with extensive community support behind them.

Other ways of collecting data from external stakeholders include client-satisfaction and client-needs surveys, as well as focus groups. Ideally you have ongoing processes in place for assessing client satisfaction and needs. The strategic planning process can be an opportunity to do an in-depth analysis of what constituents think of your services and their current and future needs. If you are going to gather information from your constituents using a survey, make sure to pretest the survey for clarity and brevity. You might want to consider using an online survey; if so, give people the option of filling out the survey by hand so you don't bias your results toward those who are more comfortable using a computer.

Focus groups can be an invaluable tool for finding out more about your constituents experience with your organization and about their needs. Appendix F provides guidelines for conducting focus groups.

Step 3.5: Gather Information from Documents and Other Sources

Stakeholders' opinions about the organization and the environment are informed and critical. In addition, particularly in the areas of mission and

finances, objective data (as opposed to subjective data from stakeholders) is needed to complete the situation assessment.

Sample Types and Sources of Information for Strategic Planning

Type	Source	Comment
Key trends in the field in which the organization operates	Industry journals; notes from latest conferences; local or state planners for the field/experts or advocates (lobbyists) and client advocates (consumer groups)	Information from individuals can be gathered via interviews or inviting key individuals to speak to the Planning Committee
Plans and attitudes of major existing funders	Personal interviews or annual reports	Some funders may be reluctant to talk about future funding commitments or give feedback to current grantees about their performance
Demographic changes within the target population	Census data; public health data; housing stock studies; city, state, or national planning offices	Staff and volunteers can often provide additional informal perspectives
Regulatory changes	Journals, conferences, slate associations of nonprofit organizations, independent sector, state regulators	Presentation should focus on the impact such changes have on the organization
Financial trends for the past five years	Organization's audited financial statements	Preferred presentation mode is through use of graphs that delineate trends and key ratios
Client data trends for the past five years	Program reports, annual reports, funder reports, and other internal records	Presentation should clarify key relationships among programs, shifts in characteristics or needs/wants of clients
Client satisfaction	Client surveys and/or focus groups	Such feedback should ideally be built into the organization's ongoing commitment to quality and meeting client needs
Quality indicators	Existing evaluation data, surveys of referral sources, consumer satisfaction, and staff perceptions	Such evaluation should ideally be built into the organization's ongoing commitment to quality and meeting client needs

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Sample Types and Sources of Information for strategic Planning *(Continued)*

Type	Source	Comment
Future program opportunities	Information from sources above; focus groups among potential consumers; market studies or needs assessments done by organization or others; interviews with other service providers	Once data has been collected, staff will need to put together a business plan with two- or three-year demand projection; staffing pattern; equipment and space needs; and first year financial pro forma

In Worksheet 3, objective sources to be consulted were anticipated. What follows is additional discussion of how to gather more information regarding your ability to accomplish your mission and your financial capacity.

Gather Information about Mission: Program Evaluation

Beyond the general input collected from internal and external stakeholders, the planning committee should make sure that current programs are assessed in some detail as part of the strategic planning process.

Which of our programs or services make the most difference to the community? Which are responding to growing needs? Which are the most cost effective? Which will face funding cutbacks in the future? Which will face influxes of funding in the future? Program planning needs to look both to the past (to learn whether our programs have had the impact we want) and to the future (to assess future needs, funding opportunities, and emerging new ways to meet the needs).

Ideally, program evaluation is an ongoing process for an organization. Client feedback mechanisms should be built into programs so that client satisfaction and progress are monitored continuously. Formal evaluations should be done regularly by outside evaluators or by staff or volunteers to help an agency consider how to improve a program, the degree to which a program is making a difference, and whether the program is cost effective. In this case, planners will be able to use relatively current program evaluation information.

For many organizations that do not have well developed program evaluation systems, the strategic planning process provides an opportunity to comprehensively look at program effectiveness. For some organizations, the single most important decision about programs in the strategic plan

CLARE DISCOVERS THE DIFFICULTY OF WORKING AT THE NATIONAL ORGANIZATION OF CLONED PEOPLE.

may simply be deciding to develop an ongoing feedback and evaluation plan in the future.

Program evaluations can use subjective and objective information, as well as quantitative and qualitative data. Objective data consists of fact-based information such as a review of records, descriptive statistics, and the like; it is more easily collected and less easily disputed because it translates experience into quantifiable data that can be counted, compared, measured, and manipulated statistically. Subjective, qualitative data consists of what people say about the programs based on interviews, focus groups or other meetings, direct or field observation, reviews of written materials, informal feedback, satisfaction surveys, and questionnaires.

Involve Staff in Assessing Programs and Client Needs One of the places to start program evaluation may be with the program staff. Because program staff are usually the closest of the internal stakeholders to the clients, staff will have a definite perspective on client needs, strengths and weaknesses of the program, and the quality of the program in comparison to the competition. Asking staff members to evaluate their own programs, as well as the agency as a whole and its ability to serve specific populations, will not only allow program staff to have meaningful input into the planning process, but will also provide useful data and perspectives to make future decisions. ASO/USA put this into practice when they completed Worksheet 11 (see process notes in Exhibit 4.5). In order to complete the worksheet, program staff may need to dig into program records or other objective sources.

EXHIBIT 4.5 WORKSHEET 11: EVALUATE CURRENT PROGRAMS

Note: This worksheet expands on the work done with Worksheet 10. It asks staff to assess individual programs in detail, as well as to look at implications for the entire organization.

Process Notes

How to do this activity	Have each program's staff meet and discuss the questions on the Staff Assessment of Programs worksheet. The program manager should summarize the discussions and complete Worksheet 11.
Why do this activity	Information about the needs and perceived effectiveness of your programs is necessary, and program staff are some of the most informed regarding client needs and how their programs actually operate. Especially if there is a need to reallocate resources or cut costs for particular programs, it is helpful to involve staff in suggesting new and different ways of doing things and making suggestions for the future.
Who to involve in this activity	Appropriate program staff. Summary of findings presented to planning committee.

See ASO/USA's example of this worksheet at the end of this chapter. Blank worksheets are provided in Appendix A and on the CD that accompanies this book.

SIDEBAR

How the Program Is Doing Depends on Who You Ask!

The board of an established tutoring organization that worked with children whose native language was not English had great confidence that their program was doing a splendid job. Many of the board members had previously volunteered as tutors, and a local newspaper article printed a few years ago had lauded the program. The part-time program director collected reports regularly from the tutors, and it appeared that the number of children served was gradually increasing. The tutors consistently provided anecdotes of success stories they heard from parents and teachers.

As part of a strategic planning process, the board decided to gather more extensive feedback from their clients. They hired an outside evaluator to assess the effectiveness of the program and customer satisfaction. The evaluator put together a simple survey for the parents of each of the children enrolled and telephoned all of the teachers who referred children to the program for feedback. The evaluator, along with two board members, attended a few tutoring sessions to observe the program in action and to casually ask some of the children what they thought. The evaluator also talked to the principals of all three elementary school program sites.

What the board found out from the evaluator's report surprised them greatly. In the first place, new tutoring programs had begun recently at two of the schools. In each case, the new group was serving many more children than was the established tutoring program. In the second place, many of the parents and teachers reported that some volunteers from the established program rarely showed up for appointments with the children and that the use of the program's materials was inconsistent at best. It seemed that a few of the volunteers saw their role more as a "big brother/big sister" than that of an educator/tutor. The teachers and parents had been reluctant to complain because, "after all, they weren't paying for the program."

The program evaluation information collected easily and over a period of only weeks allowed the board and the director to identify these critical issues and to respond. The program director immediately began much more active training, coaching, and monitoring of the volunteer tutors. A few tutors were informed that their services were no longer necessary. The group also quickly moved to develop closer relationships with the two new local programs, sharing materials and referrals, and helping the new groups find out about other

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resources available to tutoring programs. Biannual surveys of parents, teachers, children, and volunteers were instituted.

The dark cloud of the news about the program had another silver lining: One year after the strategic plan was completed, the tutoring program had developed such a positive word-of-mouth reputation for its tutor training program that it was repeatedly asked to provide training to other tutoring programs and was expanding, carefully, its training services into a new program.

Techniques Used in Program Evaluation Appendix E outlines nine techniques used in program evaluation, such as surveys of client satisfaction and outcomes, focus groups, interviews, and tests. These techniques can easily be adapted to help any organization answer the basic program evaluation questions noted previously.

Gathering Information about Financial Performance and Systems

Organizations have several sources of data with which to assess financial performance. Most organizations have audited financial statements to review. In addition to the statements of revenue, expenses, and assets and liabilities, the management letter included with an audited set of financial statements can be a source of information about systems and structures that support effectiveness and efficiency. The audit is useful for looking at a whole year's activity, but organizations typically have monthly and/or quarterly reports prepared showing revenues and expenses compared with the budget. The following questions may be helpful in suggesting the dimensions of financial performance relevant for your organization:

- Is the organization living within its means and maximizing its program services within its available resources?
- How much does the organization spend per unit of service?
- Are financial reserves available for hard times or to take advantage of new opportunities? (A reserve of three months of operating expenses is a relatively prudent goal.)
- Given comparison of current financial data to similar data for prior periods, is the organization better or worse off than before, and what are the possible future trends?

- To what extent are services being subsidized from other revenue sources, and what does this mean for future ability to provide services?
- How diversified are the organization's funding sources?
- What is the organization's overall financial health? Are financial management systems and personnel adequate?

Step 3.6: Summarize Information into a Situation Assessment

By the completion of Phase 3, the planning committee should have sufficient data collected so that its members can make informed discussions during Phase 4. Before leaving Phase 3, the planning committee should summarize the data collected. Worksheet 12 (see process notes in Exhibit 4.6) provides three different lens for summarizing the data from your situation assessment:

1. Organizing the data around the framework of mission, finances, administrative capacity, and governance
2. Organizing the data around the strategic issues identified at the beginning of your planning process
3. Using SWOT structure to summarize your findings

In addition, Worksheet 12 not only reviews the data collected but also starts to make sense of that data by identifying emerging themes and/or priorities. Based on the information gathered

- Are there things that the organization should consider doing differently, more of, less of, the same?
- Are there things that the organization should consider starting or stopping?
- What discussions still need to happen? How and when will those discussions happen?
- Are there additional strategic issues that need to be addressed? For example, it may not be until after all external stakeholders have been interviewed that the planning committee realizes that the organization has a serious public image problem.

Phase 3 and Phase 4 are actually not separate processes; they are two points on a continuum of information gathering and decision making.

EXHIBIT 4.6 WORKSHEET 12: SUMMARY OF DATA AND ANALYSIS OF POSSIBLE CONSIDERATIONS FOR THE FUTURE

Process Notes	
How to do this activity	Decide which of the three ways of summarizing data (1. Mission/finances/administrative /governance framework, 2. Strategic issues framework, or 3. SWOT structure) would be best for the strategic planning committee to understand and be able to make sense of the information collected. One or more members of the committee (or a consultant) should draft a summary of the findings, and present to the planning committee as a whole. Alternatively, the board chair might take the lead on the governance findings and the executive director or a member of the management team take the lead in summarizing the rest of the data. After reviewing—and discussing—the data findings, the committee would then discuss possible considerations for the future.
Why do this activity	If you have collected a lot of data during Phase 3, it is important to be able to distill it in a format that is easy to understand and not overwhelming. In addition, if some emerging themes are already apparent, you don't have to wait to Phase 4 to start to articulate those priorities.
Who to involve in the process	The planning committee is usually the prime mover for this activity. The planning committee might ask the management team to summarize findings and present their impressions of possible themes and priorities.

See ASO/USA's example of this worksheet at the end of this chapter. Blank worksheets are provided in Appendix A and on the CD that accompanies this book.

By now some themes and priorities have already become evident. With this thorough understanding of your situation and the beginning articulation of the themes and priorities, you have already started the work of Phase 4.

SIDEBAR

An Alternative Approach to SWOT

The most common approach to assessing an organization's situation has always been to look at the organization's internal environment (i.e., strengths and weaknesses) and the external environment (i.e., opportunities and threats). An alternative approach is to describe the organization's situation in terms of

- What are the organization's *assets*—the organization's strengths and core competencies (what it does best)?
- What are the organization's *opportunities*—trends in the environment that the organization could take advantage of?
- What are the organization's *vulnerabilities*—the organization's weaknesses and threats that work against achieving its mission?

CAUTIONS TO FACILITATORS

- ***Collecting too little information.*** By relying on what people already know (especially only information from internal sources), a danger is that the group will make decisions with a distorted perception of the current situation. Often we find that planners are actually more negative about the organization's position and prospects than are outsiders. The judgment call to make here is: Do we have enough confidence in our analysis of the situation to go forward with making decisions based on our current information? If not, get more.
- ***Collecting too much information.*** This is the other end of the spectrum. Paralysis by analysis is a common complaint of people getting lost in the information—losing the forest for the trees. In this case, someone needs to take the lead in paring down the information; returning to the original reasons for planning is often a good place to start.

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CAUTIONS TO FACILITATORS *(Continued)*

- ***Failing to achieve a consensus assessment.*** Quite often, either one source will contradict another source or information can be interpreted in different ways. Too little internal debate about the meaning of the information collected and organized in the assessment can leave unsettled key questions about your situation. Without a shared perspective about the situation, a risk is that board, staff, funders, and other stakeholders will not fully support the strategic plan.

ENDNOTES

1. Figuring out where to begin with this phase can be confusing. It is possible to organize information gathering along three different dimensions. The first would be to look at the list of *planning questions* and figure out what information is needed to answer these questions. The second would be along *organizational lines* (mission, financial, infrastructure, governance). We suggest using the third dimension, which is to organize by *information source*. We find that because the activity of information gathering involves interacting with sources, this is the most efficient approach. However, while the approach to information gathering is by source, the information should be summarized along the other two lines, which contain the questions to be answered.
2. Our original version of EEMO™ from the first edition of this book defined eight elements that make up an effectively managed organization: mission, priorities, structure, people, systems, program evaluation, leadership, and relationships. Our revised $EEMO^2$ organizes these eight elements into four dimensions: mission, financial, administrative capacity, and governance.

CASE STUDY—ASO/USA

WORKSHEET 8 Summarize Your Organization's History and Accomplishments

- ❑ Summarize your organization's history, listing the appropriate span of years such as 1-year, 5-year, or 10-year increments, depending on the organization's age. Identify lessons from your history.
- ❑ Summarize what has or has not been accomplished since your last strategic planning process. Optional: Describe your programs, staffing levels, and financial capacity (or attach a document that describes what you do and how it is supported).

Presentation of Organization's History

Timeline ***1988 1989 1993 1995 1997 1998 2000 2001 2002 2003***

List key organizational events and shifts in priorities (use the timeline to place events in chronological order)

1988 Organization founded; Ken Brown, director
1989 First federal grant for prevention—hotline and outreach started
1993 First federal care grant—Case management services and support groups begun
1997 Satellite office opened to serve southeast section of the city
2000 Joseph Chin, new executive director
2000 First strategic plan completed
2001 Collaboration with City Clinic begins—prevention outreach expanded
2002 Federal care award increased—care services expanded to include transportation vouchers, benefits counseling
2002 City Health Department Award received to fund employment support services

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