THE NONPROFIT **STRATEGY** REVOLUTION

by David La Piana

TOOLS

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ESSENTIAL TOOLS FOR FORMING STRATEGY

Tools 1 through 10 are useful in helping a nonprofit to identify and address the critical strategic issues it faces. Used together, they are the backbone of our one-day strategy formation process, which usually kicks off a Real-Time Strategic Planning process. To organize and conduct such a session, see the Facilitator's Guide to Real-Time Strategic Planning. Each of the ten tools provided here may be of use to you independently as well.

TOOL 1 **CURRENT BUSINESS MODEL**

This tool helps an organization to define its business model. It answers these questions:

1. Where (in what geographic area) do we provide our services?
2. Who do we serve? (Who are our primary stakeholders, i.e., our customers?)
3. How do we serve them? (What programs/services do we offer?)
4. What sources of funding do we rely on to fund our work?

It also helps the group to make explicit what its business model does not include: what geographic areas it does not serve, what customers it does not target, what services it does not provide, and what sources of funding it does not have or does not seek.

Use, outcomes, and measures

SITUATION: **When is this tool useful?**	**OUTCOMES:** **How will you know you've achieved your goals?**
Defining your business model is useful when your nonprofit . . . • Is considering a new program or new direction, or perceives a competitive threat to its current business • Is considering a merger or other partnership and needs to clarify areas of overlap with its potential partner(s) • Has new board members and/or staff • Uses it as an orientation tool • Operates in silos (people do not work or communicate across organizational boundaries)	Indicators and measures of outcomes: • A strong sense of the organization's current position in the marketplace • A clear idea of how the partnership may impact your current business model, and hence your mission • A better understanding of the nonprofit's business model • The answers to the "where," "who," "how," and "what" questions (above), and also the choices that have been made about what the organization does not do • Everyone is on the same page in their understanding; each person has an increased sense of being part of the whole organization

How should you use it?

This tool is an integral component of Real-Time Strategic Planning as described in the Facilitator's Guide. It can also be used by itself, outside of the Real-Time Strategic Planning process. Either way, it is best completed by a group of board and staff who participate in answering each of the questions. This helps bring out decisions that may not be obvious. It may also reveal decisions that are no longer valid due to changes in the external environment and so need to be reconsidered. If the organization has many different services targeting many different customers, the "current scope" may need to be defined service-by-service. This process can reveal whether there is dissonance in the organization's scope, such as a program that does not really serve the mission, but reflects "scope creep" (sometimes a result of chasing funds).

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WORKSHEET 1.1 **Current Business Model** (Sample)

Scope	**Includes**	**Does not include**
Geographic service area	All four counties in our region	Any areas outside of our region
Customers served	+ Adults ages 18–64 + Both men and women + Families of clients (where appropriate) + With selected disorders: • Schizophrenia • Major depression • Forensic • Mental health and substance abuse	- Anyone under age 18 or age 65+ - Diagnosis of substance abuse only - Developmentally disabled (DD) - Mental health and DD - With private insurance
Programs / services offered	+ Case management + Short- and long-term housing + Outreach to homeless + Day treatment + Respite care	- Crisis intervention - Outpatient - Adolescent services - Services for aging - Acute inpatient facility
Funding sources	Current sources of funding and why we pursue these sources: + Our primary source of funding is government sources; we serve public-pay clients (See also Financial worksheets)	Funding sources we do not have or seek: - Corporations

WORKSHEET 1.1 **Current Business Model**

Scope	Includes	Does not include
Geographic service area		
Customers served		
Programs / services offered		
Funding sources	Current sources of funding and why we pursue these sources:	Funding sources we do not have or seek:

TOOL 2 **FINANCIAL ANALYSIS**

The Financial Analysis Tool consists of two one-page worksheets that together provide a snapshot of a nonprofit's financial situation. The first, Worksheet 2.1: Funding Sources, helps answer these questions:

1. What is our overall budget?
2. How diverse is our funding?
3. How much do we rely on particular sources of funding?
4. How has our funding changed (current compared to prior fiscal year)?
5. What changes do we expect in the coming fiscal year?
6. How stable are we? (Are we operating at a surplus or deficit, and if so, how much?)

The Program Income and Expenses Worksheet provides a picture of how revenue is allocated by program and by source (such as foundation grants, government funding, earned income, and so on). It helps answer these questions:

1. How is our income distributed across our programs?
2. Are any programs overly dependent on one source of income?
3. Are any sources of income at risk, thereby putting any programs at risk?
4. Are any programs running at a deficit?

This tool makes the nonprofit's financial situation very easy to grasp by board members.

Use, outcomes, and measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you've achieved your goals?
Financial analysis is useful when your nonprofit . . . • Wants to ensure that board members understand its financial situation • Needs to quickly convey key financial information (e.g., to new board members) • Wants a framework for examining trends in funding and considering their future impact • Needs to identify programs at risk and those with potential for growth	Indicators and measures of outcomes: • Knowledge of the nonprofit's financial situation and ability to engage in discussion about it; awareness of trends and needed actions • Increased awareness of the organization's financial situation; ability to make informed decisions • Identification of current trends; analysis of future trends • Input into forming strategies for fund development

How should you use it?

This tool is a core component of the Real-Time Strategic Planning kick-off session, but it can also be used as a stand-alone tool. The worksheets, which are self-explanatory, should be completed by your organization's financial person or executive director. The first two columns of the Funding Sources Worksheet ask for the total revenue for the prior and current fiscal years. This total is then broken down into the sources (or types) of funding, shown as percentages to easily identify the contributions from each source, the diversity of funding sources, and changes from the prior to the current year. The worksheet also asks you to explain changes in levels and sources of funding and to indicate whether it is breaking even. You are also asked to identify any expected changes in funding sources and levels for the coming year. Regardless of your situation, this tool helps you to identify challenges or opportunities related to your financial status and to use this information in shaping action.

WORKSHEET 2.1 **Funding Sources** (Sample)

This worksheet displays your nonprofit's sources of revenue. This will help you review recent trends in funding (past and current fiscal years), and consider whether your nonprofit has sufficient diversity of funding. Additionally, by identifying which sources of funding are stable, and what new sources of funding you might attract in the coming fiscal year(s), you will get a sense of your nonprofit's overall financial stability. The worksheet also asks you to enter your nonprofit's total revenue and expenses for each fiscal year and to indicate whether you had a surplus, deficit, or neither.

Source of Revenue *(Income)*	**Percent of total budget, last (prior) fiscal year**	**Percent of total budget, current fiscal year**	**Comments** *(if applicable) such as regarding changes in funding from prior to current year*	**Comments regarding next fiscal year** *such as changes in current funding sources in next fiscal year, new funding anticipated, funding at risk*
Foundation grants	5%	3%	Expect to increase this fiscal year	We will put more emphasis here; will hire a fund development expert
Corporate grants			No change	We don't want to spread ourselves too thin; this is not a likely source for us so we won't pursue it now
Government funding	85%	87%	No significant change	No significant change
Unrestricted funding (such as endowment, donors, memberships)			No change	No change
Earned income (including program fees, if applicable)	10%	10%	No change	Would like to increase funding from this source
Other				
Total revenue	$5 million	$5.5 million		Projected revenue: $ Similar to current year
Total expenses	$4.8 million	$5 million		Projected expenses: $ Similar to current year
Surplus/(Deficit)	**$200,000**	**$500,000**		

WORKSHEET 2.1 **Funding Sources**

This worksheet displays your nonprofit's sources of revenue. This will help you review recent trends in funding (past and current fiscal years), and consider whether your nonprofit has sufficient diversity of funding. Additionally, by identifying which sources of funding are stable, and what new sources of funding you might attract in the coming fiscal year(s), you will get a sense of your nonprofit's overall financial stability. The worksheet also asks you to enter your nonprofit's total revenue and expenses for the fiscal year, and to indicate whether you had a surplus, deficit, or neither.

Source of Revenue *(Income)*	**Percent of total budget, last (prior) fiscal year**	**Percent of total budget, current fiscal year**	**Comments** *(if applicable) such as regarding changes in funding from prior to current year*	**Comments regarding next fiscal year** *such as changes in current funding sources in next fiscal year, new funding anticipated, funding at risk*
Foundation grants	%	%		
Corporate grants	%	%		
Government funding	%	%		
Unrestricted funding (such as endowment, donors, memberships)	%	%		
Earned income (including program fees, if applicable)	%	%		
Other	%	%		
Total revenue				Projected revenue: $
Total expenses				Projected expenses: $
Surplus/(Deficit)				

WORKSHEET 2.2 **Program Income and Expenses** (Sample)

This worksheet asks you to examine how your nonprofit's revenue (income) is allocated and used by each main program area.

If your nonprofit has more than one main program area, please complete this worksheet (copy it if you have more than three main program areas). If you have only one program, skip this worksheet. It is intended to help you learn whether one or more of your programs are dependent on certain types of funding. If so, and if that type of funding is increasing, this will be positive for the program. If that type of funding is decreasing, this could pose risk for the program's future.

	Program = Housing (all residential)		**Program** = Case Management		**Program** = Psychosocial Rehab	
Source of Revenue *(Income)*	Income for program from each funding source	% of total income from this source of funding allocated to this program	Income for program from each funding source	% of total income from this source of funding allocated to this program	Income for program from each funding source	% of total income from this source of funding allocated to this program
Foundation grants					$165,000	3%
Corporate grants						
Government funding	$4,000,000	73%	$750,000	13%	$35,000	1%
Unrestricted funding (such as endowment, donors, memberships)						
Earned income (including program fees, if applicable)			$250,000	5%	$300,000	5%
Other						
Total program income	$4 million	73%	$1 million	18%	$500,000	9%
Total program expenses (including administrative surplus/deficit)	$3 million		$1,250,000		$750,000	
Comments: *Is the program too dependent on any source(s) of funding? Is funding at risk? Growing?*	Yes - 100% government funding No - in-demand service No - stable		Yes - insufficient reimbursement No - in-demand service Perhaps - with increased demand		Yes - insufficient reimbursement Services have decreased in demand in 3 of our counties, but increased in the largest county in our service area	

WORKSHEET 2.2 **Program Income and Expenses**

This worksheet asks you to examine how your nonprofit's revenue (income) is allocated and used by each main program area.

If your nonprofit has more than one main program area, please complete this worksheet (copy it if you have more than three main program areas). If you have only one program, skip this worksheet. It is intended to help you learn whether one or more of your programs are dependent on certain types of funding. If so, and if that type of funding is increasing, this will be positive for the program. If that type of funding is decreasing, this could pose risk for the program's future.

	Program =		**Program** =		**Program** =	
Source of Revenue *(Income)*	Income for program from each funding source	% of total income from this source of funding allocated to this program	Income for program from each funding source	% of total income from this source of funding allocated to this program	Income for program from each funding source	% of total income from this source of funding allocated to this program
Foundation grants		%		%		%
Corporate grants		%		%		%
Government funding		%		%		%
Unrestricted funding (such as endowment, donors, memberships)		%		%		%
Earned income (including program fees, if applicable)		%		%		%
Other		%		%		%
Total program income						
Total program expenses (including admin. surplus/deficit)						
Comments: *Is the program too dependent on any source(s) of funding? Is funding at risk? Growing?*						

TOOL 3 **COMPETITOR ANALYSIS**

The Competitor Analysis Tool compares your nonprofit to other organizations in your market competing for the same resources. The comparison focuses on key areas important to market success, and helps you identify your nonprofit's strengths and those of competitors. It also reveals areas where your nonprofit may want or need to strengthen its organizational capacity. This comparison helps clarify your nonprofit's competitive advantage, which is at the core of its identity.

Use, outcomes, and measures

A nonprofit should always be aware of other organizations in its market and know how it compares to them. The completed Competitor Analysis Worksheet should be reviewed and updated periodically, such as quarterly, or as competitors enter and exit the market or change their strategies. Specific situations where this tool is useful are listed below.

SITUATION: **When is this tool useful?**	**OUTCOMES:** **How will you know you've achieved your goals?**
Competitor analysis is useful when your nonprofit . . . • Needs to develop an understanding of the external environment and its "market position" • Wants to determine whether to expand to new markets (geographic, programmatic, and/or customers) • Is considering partnering with another organization • Is in a very competitive and rapidly changing environment	Indicators and measures of outcomes: • Better understanding of where the organization is positioned and a stronger foundation for development of strategy • Improved decision making • Greater awareness of the market; more proactive decision making

How should you use it?

The Competitor Analysis Tool focuses on the nonprofit's strongest direct and substitutable competitors, and consists of two main components: research and discussion or analysis. The research phase includes completing the Competitor Analysis Worksheet for your own nonprofit and its top three competitors prior to the session.* This phase may be as simple as asking staff and board members to share any knowledge they have of the competition. Or it may be more involved, encompassing online research (review of web sites) or primary research (surveys, interviews, or focus groups). A good first step is to ask board and staff members to complete the tool separately, drawing on their own knowledge, and then have them meet to discuss their findings.

The tool is designed to help nonprofits consider their competition from the standpoint of the resources they compete for: customers, media publicity, human resources, and funding. It encourages organizations to consider their competitors' strengths, and thus helps avoid the natural tendency to dismiss competitors by focusing on their weaknesses.

When we lead this discussion in our strategy formation sessions, we often ask participants, "What do you admire about each competitor?" The far-right column of the worksheet is used to summarize the comparison, highlighting your nonprofit's strengths and areas needing improvement.

Once the Competitor Analysis Worksheet has been completed, the Competitive Advantage Handout (pages 22–23) can be used to help board and staff members clarify how the organization distinguishes itself from others.

* If your nonprofit has many competitors, you may decide to profile more than three competitors and to rank them in order of competitive position. If your nonprofit has few direct competitors, you should consider substitutable competitors such as those with services that are not directly comparable to yours but meet the same needs. For example, if your nonprofit produces live theater you may compete with movie theaters, rental DVDs, TV, and so forth for customers.

WORKSHEET 3.1 **Competitor Analysis** (Sample)

Complete this table for your top three competitors and also for your nonprofit. Think about the competitor's strengths and weaknesses in each category. How strong a competitor is this? How does your nonprofit compare with its competitors in each area? Is it stronger than others, or not as strong?

Resource	**Your nonprofit** What makes your nonprofit strong in this area?	**Competitor A** What makes this competitor strong in this area?	**Competitor B** What makes this competitor strong in this area?	**Competitor C** What makes this competitor strong in this area?	**How does your organization compare?**
Organization name:					
Customers (such as number of customers, customer satisfaction, customer retention)	1,500 Satisfaction = 90% (based on customer surveys)	2,000 Satisfaction: Not sure, but we have heard generally good things about them; good quality, but high prices	1,200 Satisfaction: Due to customer complaints about quality, they have gotten negative press in local papers	800 Satisfaction: Our staff who have friends who work at "C" tell us they hear good things about the facility and the care	Good
Media attention/ publicity	Better than most; positive	Good	Not good; negative (see above)	Average	Better than others
Human resources:					
Staff	Committed/invested	Motivated by money, but good clinically	Not so good clinically	Experienced; loyal	Good-fair
Board	Committed/invested	N/A	Weak; not providing good oversight	High-profile CEO	Excellent
Volunteers	Very few	N/A	Info not available	A lot	This area needs to be addressed

(continued)

Worksheet 3.1 **Competitor Analysis** (Sample–continued)

Resource	**Your nonprofit** What makes your nonprofit strong in this area?	**Competitor A** What makes this competitor strong in this area?	**Competitor B** What makes this competitor strong in this area?	**Competitor C** What makes this competitor strong in this area?	**How does your organization compare?**
Organization name:					
Funding:					
Diversity of funding	Includes federal, state, and county money, United Way, trusts, foundations	Has more government sources (including Medicaid funding) than we do; has private pay	Has other funding not related to mental health	Government funding	Similar to others
Availability/ amount/types of funding	We are very reliant on government funding		Similar to our operating budget	Funding is secure	
Programs or services (type, quality, number of services provided)	Residential focus, homeless expertise, good case management services	Clinical expertise, data system/IT expertise	Nonresidential Quality issues (see above)	Focus on residential; good clinical quality	We need more diversity; increased clinical
Mission–related impact	Very good	Not clear since it is a for-profit	Not clear; variable services and quality issues	On target	Very good
Comments	Long history, good reputation, collaborative approach	Not collaborative, reputation is that they are driven by profit	Lost credibility due to quality issues; still trying to regain prior reputation	Residential is its strong point	Good—strong; solid agency, well-established, deep local ties

WORKSHEET 3.1 **Competitor Analysis**

Complete this table for your top three competitors and also for your nonprofit. Think about the competitor's strengths and weaknesses in each category. How strong a competitor is this? How does your nonprofit compare with its competitors in each area? Is it stronger than others, or not as strong?

Resource	**Your nonprofit** What makes your nonprofit strong in this area?	**Competitor A** What makes this competitor strong in this area?	**Competitor B** What makes this competitor strong in this area?	**Competitor C** What makes this competitor strong in this area?	**How does your organization compare?**
Organization name:					
Customers (such as number of customers, customer satisfaction, customer retention)					
Media attention/ publicity					
Human resources: Staff Board Volunteers					

(continued)

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Worksheet 3.1 **Competitor Analysis** (continued)

Resource	**Your nonprofit** What makes your nonprofit strong in this area?	**Competitor A** What makes this competitor strong in this area?	**Competitor B** What makes this competitor strong in this area?	**Competitor C** What makes this competitor strong in this area?	**How does your organization compare?**
Organization name:					
Funding:					
Diversity of funding					
Availability/ amount/types of funding					
Programs or services (type, quality, number of services provided)					
Mission–related impact					
Comments					

HANDOUT 3.1 **Competitive Advantage**

Your nonprofit's competitive advantage is one of the most important—if not the most important—components of its strategy.

Definition

Competitive advantage is the ability to produce social value (have an impact, make a difference) by

- Using a unique asset (such as a strength that no other similar organization in your geographic area has) and/or
- Having outstanding execution (such as being faster or less expensive, or having better service, than other similar organizations in your geographic area)

(See the next page for more information on these two types of competitive advantage.)

However, having a competitive advantage is not enough to be successful; an organization must understand and use its competitive advantage.

Discussion

Competitive advantage is determined, in part, through comparison of your nonprofit with its competitors. It is something that customers and funders value.

Your nonprofit's competitive advantage distinguishes it from others, thus allowing it to compete effectively for resources and customers.

If your nonprofit's mission reflects its social value, then its competitive advantage includes things that allow it to have a greater impact and a more positive outcome from its efforts.

Your nonprofit will only be successful in contributing true social value if it identifies and applies its competitive advantage.

Note: A nonprofit may have more than one competitive advantage; these may be specific to the situation for which it is forming a strategy. For example, suppose your nonprofit is a primary health care clinic serving low-income families. If immigrants to your service area are increasingly monolingual in Spanish, the fact that your organization has bicultural and bilingual staff (and your competitors do not) is a competitive advantage in serving this population. Also, if you are located on a main bus line and your competitors are not within easy reach of public transportation, your clinic is thus more accessible to the entire population and can draw clients from a broad geographic area.

(continued)

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Types of competitive advantage

Asset advantages

- Better program design leading to better outcomes
- Unique attributes of programs or services such as linguistic or cultural capacity
- An accessible location or network of locations
- An attractive or specialized building or property that enhances program delivery
- A robust, diversified funding base that provides flexibility and stability
- Great name recognition and reputation among funders and constituents
- Powerful partnerships
- A well-connected board of directors

Execution advantages

- Lower costs to funders or customers
- Greater efficiency in delivering programs or services per dollar spent
- Faster delivery of programs or services (e.g., no waiting for service)
- Sound marketing and communications that raise visibility and awareness
- Better accountability and public reporting

TOOL 4 **TREND ANALYSIS**

Trend analysis involves examining external trends that impact your nonprofit and, specifically, the resources that it depends on to be successful and sustainable. Trends primarily fall into two categories: those that impact your current and future customers (e.g., changing demographics and needs) and those that impact your current and future funding (e.g., changes in the economy and funders' priorities). This tool helps you to identify and analyze these trends, and determine their impact on your nonprofit. Trend analysis is important to organizational strategy.

Use, outcomes, and measures

Our world demands rapid responses. So, an organization that thinks and acts strategically is proactive and nimble. This requires the organization to be aware of trends in its market and their impact. Review and update the completed Trend Analysis Worksheet periodically as changes occur in the environment.

SITUATION: **When is this tool useful?**	**OUTCOMES:** **How will you know you've achieved your goals?**
A trend analysis is useful when your nonprofit . . . • Is in a market characterized by change in demographics, socioeconomic factors, needs of customers, priorities of funders, technology, policies, programmatic approaches, and levels of market competition • Has experienced an unanticipated change in its resources (such as a decline in customers or decreased funding) • Is aware of trends that will impact its market position and has identified one or more Big Question(s) that it must address	Indicators and measures of outcomes: • Better knowledge of the external environment and greater understanding of its potential impact on the organization • Greater sense of "control" over the situation • Identification of trends before they are "old news" • Improved decision-making capacity • Better understanding of the reasons for the changes • Better ability to forecast the impact of the changes • Identification of actions to reduce negative and increase positive impact • Improved decision making and formation of effective strategies to address Big Questions • Reduction of projected negative impact

How should you use it?

Similar to Tool 3: Competitor Analysis, a trend analysis consists of two main components: research and discussion or analysis. The research phase focuses on completing the Trend Analysis Worksheet by identifying the key current and future trends that may impact your nonprofit and, specifically, its ability to secure the resources it needs. This research can be as simple as asking staff and board members, drawing on their own knowledge, to identify key market trends using the Trend Analysis Worksheet as a framework.

Or it may be more involved. For example, you may extend your research to a review of trusted web sites (such as the Foundation Center's Philanthropy News Digest),* key nonprofit sector publications (such as the *Chronicle of Philanthropy* and the *Nonprofit Quarterly*), publications focused on your particular subsector, and your local newspapers. Several of the tools presented in this workbook can help you to proactively identify and analyze trends, including Tool 14: Strategic Thinkers Group; Tool 15: Expert Interviews, and Tool 17: Brainstorming Process. Tool 3: Competitor Analysis, conducted over time, is also helpful in identifying market trends.

We suggest you ask staff and board members to complete the Trend Analysis Worksheet on their own prior to the Real-Time Strategic Planning kick-off session and then come together to discuss their thoughts. This variety of perspectives, experiences, and backgrounds provides the foundation for a rich discussion. The analysis of the trends helps identify any Big Questions facing the nonprofit and provides guidance in forming strategies to address them.

On an ongoing basis, the nonprofit should keep its eyes and ears open to trends in the environment, using research tools such as those mentioned above. This does not require a lot of time; most important is being on the lookout for information as you go about your normal routine: read your local papers, talk with community leaders, attend conferences, and chat with your colleagues. Set aside time at staff and board meetings to share your findings and discuss their implications.

* Philanthropy News Digest, http://foundationcenter.org/pnd.

WORKSHEET 4.1 **Trend Analysis** (Sample)

Complete the worksheet below. If you know your market well, through discussion you and your colleagues should be able to do it off the top of your heads. For each trend, identify the direction of the trend as it applies to your nonprofit's environment. Is it increasing, decreasing, staying about the same? In the comments column include the sources you used, if any, to identify and analyze this trend. How reliable are these sources? To prepare for the trend analysis discussion, consider: How important is this trend to your nonprofit? What do you think your nonprofit needs to do to address this trend?

Type of trends	Direction of trend	Comments
Social needs or demands for your programs or services	Needs or demands are ☑ Increasing ☐ Decreasing ☐ Staying about the same	Residential and case management services will be high priority for government funding. The influencing factors are federal compliance and the growing concern over homelessness.
Available funding for your programs or services	Funding is ☐ Increasing ☐ Decreasing ☑ Staying about the same	
Other trends impacting your organization	The lack of young people entering the sector and the exodus of seasoned leaders is causing a growing leadership deficit.	Our well-respected and excellent founder is retiring in 2 years. It may be difficult to replace her.

WORKSHEET 4.1 **Trend Analysis**

Complete the worksheet below. If you know your market well, through discussion you and your colleagues should be able to do it off the top of your heads. For each trend, identify the direction of the trend as it applies to your nonprofit's environment. Is it increasing, decreasing, staying about the same? In the comments column include the sources you used, if any, to identify and analyze this trend. How reliable are these sources? To prepare for the trend analysis discussion, consider: How important is this trend to your nonprofit? What do you think your nonprofit needs to do to address this trend?

Type of trends	Direction of trend	Comments
Social needs or demands for your programs or services	Needs or demands are ☐ Increasing ☐ Decreasing ☐ Staying about the same	
Available funding for your programs or services	Funding is ☐ Increasing ☐ Decreasing ☐ Staying about the same	
Other trends impacting your organization		

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TOOL 5 **FUTURE BUSINESS MODEL**

The Future Business Model Tool is the companion tool to Tool 1: Current Business Model. The difference is that it asks your group to look forward into the future to determine where you want to go based on the needs of your customers and other market conditions.

After the group has defined its current scope and business model, prioritized its key competitors, identified its competitive advantages (if any), and analyzed current and future trends and their impact, it is ready to consider its future scope and business model. For example, competitive pressures, demographic shifts, or funding changes may cause the organization to rethink its current business model to react to expected trends. Using this tool, the group answers these questions:

1. In what geographic area might we provide our services? Where might we expand?
2. Who might we serve? What customers might we expand to serve?
3. How might we serve them? What additional services might we offer?
4. What sources of funding will we rely on? What sources will we seek?
5. Equally important, this tool helps the group to identify and make explicit what its future business model will not include.

Use, outcomes, and measures

SITUATION: **When is this tool useful?**	**OUTCOMES:** **How will you know you've achieved your goals?**
Defining your future business model is useful when your nonprofit . . . • Is faced with trends that may impact its customer base, funding sources, or types of services offered • Is considering a new strategy and needs to know how this will impact its current business model and its identity • Needs to clarify what areas its business model will exclude in the future to avoid confusion	Indicators and measures of outcomes: • Consensus on what actions the nonprofit will take to address these trends and clarity on what needs to be explored further to make these changes • Clarity about the impact on future business model and identity • Explicit definition of a business model; shared understanding of decisions

How should you use it?

An integral part of the Real-Time Strategic Planning process, this tool can also be used outside of that process—alone or as part of another strategy formation process. It should be used following Tool 1: Current Business Model. The process is the same as for the latter: completed by a group of board and staff where all participate in answering each of the questions and followed by an open, facilitated discussion with reflection on the implications of any deviations from the current business model. Those changes that are not certain should be included in Tool 9: Next Steps Work Plan, as requiring additional research and testing. If the organization is complex, with many different services targeting many different customers, the future business model may need to be defined by each service area. If the current business model discussion has revealed inconsistencies in mission compatibility, the Future Business Model Worksheet may reflect attempts to reduce these.

WORKSHEET 5.1 **Future Business Model** (Sample)

This discussion asks you to consider your nonprofit's future situation.

Scope	Includes	Does not include
Geographic service area	Greater metropolitan area, our primary county	We will not serve people in the suburbs outside our city or the surrounding counties
Customers served	+ Adults ages 18–64 + Both men and women + Families of clients (where appropriate) + With selected disorders: • Schizophrenia • Major depression • Forensic • Mental health and substance abuse Will consider: • Age 65+ • Individuals with developmental disabilities	Same as current, except for the two groups we are considering: age 65+ and individuals with developmental disabilities
Programs or services offered	Same, plus will include + Increased postdischarge case management for hospitalized patients + Crisis services + More case management in general	Will continue to exclude - Services for adolescents - Acute inpatient - Skilled nursing facility
Funding sources	Future sources of funding and why we will pursue these sources: + We will seek to increase the level of government funding: the main funding source that covers the type of services we provide and the types of customers we serve + We intend to seek more foundation funding and earned income	Funding sources we will not seek: Other than corporate (mentioned in our Current Business Model Worksheet), there is no source that we would intentionally exclude. However, the reality is that we are dependent on government funding

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32

WORKSHEET 5.1 **Future Business Model**

This discussion asks you to consider your nonprofit's future situation.

Scope	Includes	Does not include
Geographic service area		
Customers served		
Programs or services offered		
Funding sources	Future sources of funding and why we will pursue these sources:	Funding sources we will not seek:

TOOL 6 **IDENTITY STATEMENT**

The identity statement is the aggregate of all the components that have been produced by Tools 1–5. It summarizes these components into a succinct statement that captures the essence of what the nonprofit is.

Use, outcomes, and measures

SITUATION: **When is this tool useful?**	**OUTCOMES:** **How will you know you've achieved your goals?**
An identity statement is useful when there is a need to . . . • Clarify who the nonprofit is; for example, it is very useful as part of an orientation process for new board or staff members • Create a sense of teamwork throughout the organization • Improve external communications; develop a consistent message	Indicators and measures of outcomes: • All board and staff have the same shared understanding of the nonprofit; new board and staff members are quickly integrated into the group • Increased communication and improved morale • Better understanding of the nonprofit among external stakeholders

How should you use it?

The identity statement should be reviewed regularly at staff and board meetings, and the components of it revisited when you sense that your environment may be about to change significantly. The tool contributes to the ongoing development of capacity for strategic thinking and acting.

WORKSHEET 6.1 **Identity Statement** (Sample)

Components of identity statement	Your nonprofit's identity statement
We advance our mission of	assisting people with mental illness to achieve optimum recovery and functioning in the community
. . . and seek to *(impact)*	improve the quality of life and independence of individuals whose mental distress, emotional crisis, or mental illness is interfering with their lives
by serving *(customers)*	seriously mentally ill (SMI) adults (ages 18–64)
in *(geographic area)*	our four-county region
through *(programs or services)*	a range of community-based, recovery-oriented rehabilitation programs
and emphasizing our competitive advantages of	our strong community-oriented approach, well-established reputation, and delivery of recovery-oriented (not medical model) clinical and community-based services that emphasize empowerment over pathologizing our clients.
We are sustainable by *(funding sources)*	having a diversified fund development effort, including emphasis on foundation grants and individual donors, supplementing our earned income from government contracts.

WORKSHEET 6.1 **Identity Statement**

Components of identity statement	**Your nonprofit's identity statement**
We advance our mission of	
. . . and seek to *(impact)*	
by serving *(customers)*	
in *(geographic area)*	
through *(programs or services)*	
and emphasizing our competitive advantages of	
We are sustainable by *(funding sources)*	

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TOOL 7 **STRATEGY SCREEN**

The Strategy Screen is a tool for determining, in advance, the criteria for adopting any new strategy to answer the Big Question facing your organization.

Use, outcomes, and measures

SITUATION: **When is this tool useful?**	**OUTCOMES:** **How will you know you've achieved your goals?**
A Strategy Screen is useful when there is a need to . . . • Determine the values-based criteria that will guide future strategic decisions before the critical moment of decision arrives	Indicators and measures of outcomes: • Greater awareness of what is important to the nonprofit and of how well various options line up with its values • Greater consistency and intentionality in strategic decision making

How should you use it?

The Strategy Screen will help ensure that your strategic choices are conscious. The Strategy Screen captures your view of the important criteria that any new strategic decisions must meet. If you decide to violate one of the criteria, however, you will do so knowingly. For example, perhaps a criterion is that all new programs must break even within one year. Then a new, otherwise attractive opportunity arises that will lose money for three years. It is too important to your mission to pass up. So you consciously overlook that criterion.

WORKSHEET 7.1 **Strategy Screen** (Sample)

Before selecting and implementing a new strategy, your nonprofit will need to evaluate the impact of the strategy using specific decision-making criteria, that is, its "Strategy Screen." You should develop the Strategy Screen after you have created your identity statement and before you determine the current Big Question facing your nonprofit (that is, the trend, factor, or event in your marketplace that you have decided to address by forming a strategy). The specific criteria of the Strategy Screen depend on your organization's mission, competitive advantage(s), and situation. The criteria are different for each organization and most likely need to change over time as your nonprofit adapts to changes in the environment.

The strategy must support

- Your organization's mission (assuming that your mission does not need to change)
- Your organization's competitive advantages (specific to the situation, the Big Question facing your nonprofit)

Include additional criteria as you see fit, such as requiring that the strategy

- Meet specified financial criteria (e.g., a new program must pay for itself)
- Meet quality criteria (e.g., new services must be of high quality)
- Meet criteria related to your organization's geographic and customer scope
- Position your organization as a leader

Your Strategy Screen criteria

List the criteria your group has selected for its Strategy Screen:

Our strategy must . . .

- Support our mission
- Enhance our competitive advantages, strong community-oriented approach, well-established reputation, and delivery of recovery-oriented (not medical model) clinical and community-based services that emphasize empowerment over pathologizing our clients
- Be financially viable
- Be consistent with our culture
- Support us in moving to the next stage of our organization's development

WORKSHEET 7.1 **Strategy Screen**

Before selecting and implementing a new strategy, your nonprofit will need to evaluate the impact of the strategy using specific decision-making criteria, that is, its "Strategy Screen." You should develop the Strategy Screen after you have created your identity statement and before you determine the current Big Question facing your nonprofit (that is, the trend, factor, or event in your marketplace that you have decided to address by forming a strategy). The specific criteria of the Strategy Screen depend on your organization's mission, competitive advantage(s), and situation. The criteria are different for each organization and most likely need to change over time as your nonprofit adapts to changes in the environment.

The strategy must support

- Your organization's mission (assuming that your mission does not need to change)
- Your organization's competitive advantages (specific to the situation, the Big Question facing your nonprofit)

Include additional criteria as you see fit, such as requiring that the strategy

- Meet specified financial criteria (e.g., a new program must pay for itself)
- Meet quality criteria (e.g., new services must be of high quality)
- Meet criteria related to your organization's geographic and customer scope
- Position your organization as a leader

Your Strategy Screen criteria

List the criteria your group has selected for its Strategy Screen:

TOOL 8 **BIG QUESTION**

The Big Question Tool is designed to move you toward consensus on your understanding of a major opportunity or challenge facing the organization prior to developing a strategy to address it.

Use, outcomes, and measures

SITUATION: **When is this tool useful?**	**OUTCOMES:** **How will you know you've achieved your goals?**
A Big Question is useful when there is a need to . . . • Clarify a great opportunity or challenge facing your nonprofit	Indicators and measures of outcomes: • Agreement by all participants on the nature of the Big Question

How should you use it?

If there is any doubt about how to describe a Big Question for the organization, this tool will provide clarification. With agreement on the Big Question, the organization can develop a strategy that responds to that opportunity or challenge.

WORKSHEET 8.1 **Big Question** (Sample)

Use this tool when you are ready to ask yourself what Big Questions face your organization. (See Chapter 6 of *The Nonprofit Strategy Revolution* for a complete description of this concept.) The discussion of business models (current and future) and trends in previous tools is critical to identifying Big Questions. Knowing your nonprofit's position in its market and what makes it different is also important.

Start by having the group brainstorm the Big Question. Remember, these are opportunities, competitive challenges, or business model challenges. After about five to ten minutes, you'll have a good list. Then narrow the list, finding consensus on the most significant and pressing issue you face, or at least on the one that you want to tackle first. There may be more than one Big Question, but for this exercise, just choose one. Once your group has come to consensus on your Big Question, move on to finalize your identity statement and use your Strategy Screen. The sample below shows how one organization moved from a laundry list of important concerns to a final Big Question.

Some of our most important questions are:

Leadership transition: How do we replace our revered founding CEO who is so intertwined with our identity and success?

Increased competition: How do we address increased competition in our geographic area that is threatening our market position and decreasing our market share?

Reliance on government funding: Given that we are, by design, heavily reliant on government support, how do we protect ourselves against fluctuation in public funding?

Lack of overhead for upgrades: Given our reliance on government funding, which barely covers basic overhead costs, how do we maintain our facilities up to "best practice" standards, ensure that our staff get the clinical training they need to maintain our quality standards, and provide adequate compensation to recruit and retain top-notch clinical experts?

New program opportunity: Should we compete for the new contract that will be available from the county?

Our most important ("big") questions in priority order are:

Leadership transition: How do we replace our revered founding CEO who is so intertwined with our identity and success?

How do we become less heavily reliant on government funding?

(continued)

Worksheet 8.1 **Big Question** (Sample–continued)

The Big Question we will focus on today is:

How do we replace our CEO? What kind of person do we seek? (which gets at the question of how we want to be perceived in the community)

Write your proposed strategy here:

We will not try to find a clone of our current leader, but will view this transition as an opportunity to reinvent the organization to a large extent. We will immediately begin to plan a well-thought-out transition process. We will strengthen the board with new members who are not tied to our CEO, but bring new skills and relationships. We will devote more energy to training our senior management team so that it can provide real leadership in the transition period. We will secure the services of an experienced consultant who understands our situation, is sensitive to our culture, and will be a partner with us in navigating the road ahead to achieve the outcomes we seek. We will develop this strategy further as we go along.

Does the strategy help us answer our Big Question? How?

Our strategy responds to our Big Question by identifying steps to get started on and characteristics of what we want to get out of the transition. It will have to be further developed once we get started with the transition.

Does the strategy meet our Strategy Screen criteria? Is it consistent with our values?

1. Support our mission
2. Enhance our competitive advantage, our strong community-oriented approach, and well-established reputation
3. Be financially viable
4. Be consistent with our culture
5. Support us in moving to the next stage of our organization's development

We have reviewed this strategy against our Strategy Screen and it meets all our criteria. The two-year time frame for achieving our strategy requires that we begin implementation immediately.

Note: If the strategy fails the Strategy Screen, go back and formulate a new strategy.
Keep this up until you find a strategy that satisfies your criteria.

WORKSHEET 8.1 **Big Question**

Use this tool when you are ready to ask yourself what Big Questions face your organization. (See Chapter 6 of *The Nonprofit Strategy Revolution* for a complete description of this concept.) The discussion of business models (current and future) and trends in previous tools is critical to identifying Big Questions. Knowing your nonprofit's position in its market and what makes it different is also important.

Start by having the group brainstorm the Big Question. Remember, these are opportunities, competitive challenges, or business model challenges. After about five to ten minutes, you'll have a good list. Then narrow the list, finding consensus on the most significant and pressing issue you face, or at least on the one that you want to tackle first. There may be more than one Big Question, but for this exercise, just choose one. Once your group has come to consensus on your Big Question, move on to finalize your identity statement and use your Strategy Screen.

Some of our most important questions are:

Our most important ("big") questions in priority order are:

(continued)

Worksheet 8.1 **Big Question** (continued)

The Big Question we will focus on today is:

Write your proposed strategy here:

Does the strategy help us answer our Big Question? How?

Does the strategy meet our Strategy Screen criteria? Is it consistent with our values?

Note: If the strategy fails the Strategy Screen, go back and formulate a new strategy.
Keep this up until you find a strategy that satisfies your criteria.

TOOL 9 **NEXT STEPS WORK PLAN**

This is a work plan for the activities that need to be accomplished subsequent to a Real-Time Strategic Planning kick-off session. It consists of two components: activities to develop the strategy to address the current Big Question, and activities that the nonprofit will engage in to build its capacity for ongoing strategic thinking and acting.

Use, outcomes, and measures

SITUATION: **When is this tool useful?**	**OUTCOMES:** **How will you know you've achieved your goals?**
A next steps tool is useful when there is a need to . . . • Make sure that everyone knows what needs to be done following the Real-Time Strategic Planning kick-off session • Identify whether the activities being pursued are having their intended outcomes • Develop the nonprofit's capacity for strategic thinking and acting	Indicators and measures of outcomes: • Improved ability of the nonprofit to achieve its desired outcomes by monitoring progress of completed activities • Use of the most appropriate tools to address Big Question • Increased awareness of the nonprofit's situation, its environment, trends, competitors • Increased ability to proactively spot trends and understand how they may impact the nonprofit • More rapid formation of ideas for addressing the nonprofit's situation • Formation of more creative and innovative ideas

How should you use it?

The Next Steps Work Plan Tool is essential to Real-Time Strategic Planning. You can use this tool to realize the full impact of your Real-Time Strategic Planning kick-off session. As with any tool, it is only useful if it is used. It is important that this tool be reviewed periodically. Use the review to track progress, make modifications where needed, and remotivate the group to do the work it needs to do to be strategic. By "living" this tool and monitoring the outcomes, your organization will reap the benefits of being more strategic.

WORKSHEET 9.1 **Next Steps Work Plan** (Sample)

Complete the worksheet to show the primary activities that you will need to perform as you move forward to put your strategy to use.

Activity	Responsible person(s)	Time frame (post-session)	Description of tasks; comments
Create the Strategy Road Map and review it with the strategy team and then with all staff and board members.	Executive director (ED)	See Tasks	Create draft: 1 week post-session Review with strategy team: 1.5 weeks post-session Distribute to everyone: 2 weeks post-session
Schedule time at staff meetings and board meetings to review the Strategy Road Map, monitor progress, and make adjustments as needed.	ED	Review once a month	Monitor to make sure that time is set aside for this discussion. Identify any adjustments that should be made to the Strategy Road Map.
Select and use 1–2 tools for building strategic thinking and acting capacity; choose tools that fit our nonprofit's needs and culture.	Strategy team	Decide on tools to try: 2 weeks post-session	Choose one or two tools, such as: • Given the increasing competition in our market, we will focus on tools that will keep us up to date on trends and help us consider their impact on our organization. We will start by setting aside at least 15–20 minutes once a month at staff and board meetings for a discussion of trends and competitors, identifying and tracking any Big Questions that arise, etc. • To maintain our competitive advantage of excellent customer service, we will develop and periodically conduct a short survey of our customers.

(continued)

Worksheet 9.1 **Next Steps Work Plan** (Sample–continued)

Activity	**Responsible person(s)**	**Time frame** (post-session)	**Description of tasks; comments**
Monitor use of tools. Allow 6 months to use the tool and then assess its usefulness. Depending on assessment, continue to use the tool(s) or choose other tool(s).	Strategy team	Meet once a month to review what we have learned. After 6 months: assess the usefulness of each tool and decide whether to keep using it or try another.	A subset of our strategy team, those who have contacts with leaders in our field, will seek information regarding programs or services and populations that we are considering serving (per our future business model). They will conduct 1–2 informal interviews each quarter. Strategy team members who have strong ties to community leaders will check with their informal networks to learn of any community trends that may impact our nonprofit. They will touch base with one colleague every other week; they will nurture their network. When our strategy team meets (monthly), we will share what we have learned and consider how it might impact our Strategy Road Map.
Schedule annual Real-Time Strategic Planning renewal session.	ED	As needed	Use this process again.

WORKSHEET 9.1 **Next Steps Work Plan**

Complete the worksheet to show the primary activities that you will need to perform as you move forward to put your strategy to use.

Activity	**Responsible person(s)**	**Time frame** (post-session)	**Description of tasks; comments**

Worksheet 9.1 **Next Steps Work Plan** (continued)

Activity	Responsible person(s)	Time frame (post-session)	Description of tasks; comments

TOOL 10 **STRATEGY ROAD MAP**

The first part of the Strategy Road Map pulls together all the components developed through the use of the previous tools and provides a concise summary of the process through which participants developed a compelling sense of the nonprofit's identity that resonates with the group. The second part of the Strategy Road Map provides a summary of the process through which participants formed a strategy to address the nonprofit's selected current Big Question. This includes the choice of the Big Question, formation and testing of proposed strategies using the Strategy Screen, and development of a work plan to create and implement the strategy and to enhance the organization's capacity for ongoing strategic thinking and acting.

Use, outcomes, and measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you've achieved your goals?
A Strategy Road Map is useful when there is a need to . . . • Document the Real-Time Strategic Planning session in a concise way to keep the outcomes front of mind and to share information throughout the nonprofit • Bring new staff and board members up to speed regarding the organization • Provide funders with a document that summarizes the strategy formation work and outcomes	Indicators and measures of outcomes: • Clarity about organizational identity, current issues, and the most significant challenge or opportunity at present and how it is being addressed • Improved and faster understanding of, and orientation to, the organization; more consistent communications • Better understanding of the value of this process for funders; ability to better distinguish it from strategic planning; willingness to support it

How should you use it?

The Strategy Road Map is a living document. You should review it periodically to reinforce your nonprofit's identity and its need to keep eyes and ears open to events and trends in the environment. The Strategy Road Map can remind you of the importance of addressing your Big Questions and can help to monitor implementation of your strategies that do so. In addition to serving as a work plan for implementing your strategies, it outlines the various activities and practical tools that your group will use to enhance its ability to think and act strategically. Review this work plan at staff and board meetings so you develop a habit of using the tools; identifying opportunities and issues in the environment; considering their implications; developing ideas about sound, innovative ways that your nonprofit can address its Big Questions; and discussing the Big Questions and strategies as a team.

Based on these ongoing discussions, periodically revise the Strategy Road Map as necessary. We recommend at least an annual follow-up Real-Time Strategic Planning session after which the Strategy Road Map should also be updated.

WORKSHEET 10.1 **Strategy Road Map** (Sample)

The agenda for the Real-Time Strategic Planning kick-off session essentially forms an outline for the Strategy Road Map. Drawing on your notes from the session, complete each of the sections listed below.

Description of Real-Time Strategic Planning

Goals or reasons why our nonprofit engaged in this process

We wanted to engage in a full strategic planning process, but so many of us had negative experiences with strategic planning, we just couldn't put everyone through it again. We just don't have the time and energy for that. Also, our founding CEO (our leader for the past three decades!) is retiring in 2 years; we need to focus our energy on preparing for this major change. However, we know we have to pay attention to what's going on in our environment; our competition is growing, and there are trends in our field that will impact how we provide care for people with serious mental illness. So, we need a process that's focused, that won't take a lot of time, and will help us address the issues we face right now. The Real-Time Strategic Planning process seems designed to meet our needs.

Our nonprofit's mission statement and identity statement

Components of identity statement	Your nonprofit's identity statement
We advance our mission of	assisting people with mental illness to achieve optimum recovery and functioning in the community
. . . and seek to *(impact)*	improve the quality of life and independence of individuals whose mental distress, emotional crisis, or mental illness is interfering with their lives
by serving *(customers)*	seriously mentally ill (SMI) adults (ages 18–64)
in *(geographic area)*	our four-county region
through *(programs or services)*	a range of community-based, recovery-oriented rehabilitation programs
and emphasizing our competitive advantages of	our strong community-oriented approach, well-established reputation and delivery of recovery-oriented (not medical model) clinical and community-based services that emphasize empowerment over pathologizing our clients.
We are sustainable by *(funding sources)*	having a diversified fund development effort, including emphasis on foundation grants and individual donors, supplementing our earned income from government contracts.

(continued)

Worksheet 10.1 **Strategy Road Map** (Sample–continued)

Overview of session and introductions

Session date:

Session leader:

Note taker:

Location of session:

Name	Staff or board member	Reason for working with nonprofit
Dr. Jane Ellis	Board member	Her sister has SMI and was served by us; Dr. Ellis was very impressed with the quality of care and the kindness and competency of the staff
Susan Barney	Staff	Did her graduate school internship here and loved the work; saw how much the services help the SMI and how well we work with the community

History and background of our nonprofit

We were established in the early 1970s, at the beginning of the government's "deinstitutionalization" of the SMI population. We were the first such organization in our region. Our purpose was, and continues to be, to help adults (under age 65) who have SMI to transition to living as independently as possible in the community. We have grown significantly over the years and are a leader in our field, in our region, and in our state. We continually adapt to changes in our field and seek to improve our services and achieve better outcomes for our clients. Our founding CEO led us through this growth and established our leadership position; she is retiring in 2 years.

Impact that our nonprofit is seeking to achieve

- Community acceptance of individuals who have SMI (reduction in stigma); integration of our clients into the community as productive citizens
- Improved quality of life for adults with SMI
- Help the adult SMI population become more independent

(continued)

Worksheet 10.1 **Strategy Road Map** (Sample–continued)

Our current business model

See completed Worksheets W1.1, W2.1, and W2.2.

We serve a four-county area surrounding our clinic.

Our customers are ages 18–64 with a variety of disorders that are generally classified as serious mental illness (SMI).

We offer a range of programs including housing, outreach to homeless, day treatment, respite care, and case management services.

We rely to a significant degree on government funding.

Overview of competition

See completed Worksheet W3.1.

Note: We have direct competitors, substitutable competitors, and resource competitors. Our focus here and in our strategy development process is on our direct competitors—those who are most similar to us. We seek to learn from our resource competitors regarding how to attract more media attention (we are already pretty good at this) and how to attract top community and business leaders to our board. We would like to get better at attracting these kinds of resources because, with the upcoming retirement of our longtime CEO, we anticipate that several of our longtime board members will retire as well. We need to get better at attracting young community leaders, as this will be important to our future.

Our market is becoming increasingly competitive. We used to be the only organization providing services for deinstitutionalized adults with SMI, but now there are several, including for-profit corporations that can afford the latest in clinical care and that compete for staff by offering higher salaries.

(continued)

Worksheet 10.1 **Strategy Road Map** (Sample–continued)

Summary of our competitors and how our nonprofit compares

What we admire about each of our top direct or substitutable competitors; what we can learn from them and from our resource competitors; how our nonprofit compares and what it does well. See completed Worksheet W4.1.

Our competitors are strong and growing. Although we compare well, we cannot rest on our laurels. Our competition has strong clinical skills (for the most part) and is growing, and the population with SMI is growing somewhat. We need to continue to ensure that the quality of care we provide is top-notch and that we attract the best staff possible (one advantage that our competitors seem to have—especially our for-profit competitor—is more resources for clinical care, as well as newer facilities). We also need to consider expanding to other populations, such as those with developmental disabilities (DD) and the senior SMI population (age 65+). The latter population is growing and our current clients are aging so we need to consider their needs for continuing service from us; we do not want to have them age out of our services and transition to one of our competitors who provides services for adults with SMI who are 65+.

Our nonprofit's competitive advantage

Description of competitive advantage: list the advantages mentioned by the group and identify top competitive advantage (or top three). See Handout H3.1.

We have deep roots in the community that were established over many decades, and a strong understanding of the community's needs; we have an outstanding reputation.

We deliver recovery-oriented (not medical model) clinical and community-based services that emphasize empowerment over pathologizing our clients.

(continued)

Worksheet 10.1 **Strategy Road Map** (Sample–continued)

Current and future trends and their impact

Type of trends	Direction of trend	Comments
Social needs/demands for your programs/ services	Needs/demands are ☑ Increasing ☐ Decreasing ☐ Staying about the same	Residential and case management services will be high priority for government funding. The influencing factors are federal compliance and the growing concern over homelessness.
Available funding for your programs/services	Funding is ☐ Increasing ☐ Decreasing ☑ Staying about the same	
Other trends impacting your organization	The lack of young people entering the sector and the exodus of seasoned leaders is causing a growing leadership deficit.	Our well-respected and excellent founder is retiring in 2 years. It may be difficult to replace her.

Summarize the discussion about trends.

Generally, we compare well, but we need to keep our focus (we cannot be all things to all people) and continue to ensure that the quality of care we provide is top-notch and that we attract the best staff possible. The need for our services is increasing, especially among the age 65+ population that we do not currently serve. Government funding is stable, but is increasingly focused on case management.

(continued)

Worksheet 10.1 **Strategy Road Map** (Sample–continued)

Future business model

See completed Worksheet W5.1.

We will expand our emphasis on case management services, as this will be a focus of government funding in the future. In addition, we will place more focus on residential community-based care. Because this type of care is less costly than more intense levels of care, the government will put increased emphasis on it. This is a strength that we can build upon. We will keep on top of trends in clinical care, as ongoing improvements lead to improved outcomes and lower costs over time. These improvements are important as we want to provide the best quality to our customers and attract the best, most competent staff. The aging of the population is also something we need to address. We do not want our customers to age out of our programs (which is the case now since we do not serve the SMI population age 65+). We also need to consider serving the developmentally disabled population, as we have the expertise to do this, government funding for this is available, and our competitors do not currently provide many services to this population.

Our Strategy Screen

Our strategy must . . .

- Support our mission
- Enhance our competitive advantages, strong community-oriented approach, well-established reputation, and delivery of recovery-oriented (not medical model) clinical and community-based services that emphasize empowerment over pathologizing our clients
- Be financially viable
- Be consistent with our culture
- Support us in moving to the next stage of our organization's development

(continued)

Worksheet 10.1 **Strategy Road Map** (Sample–continued)

Big Questions facing our nonprofit

List top question(s). Identify your top priority Big Question to be addressed. Attach completed Worksheet W8.1.

Some of our most important questions are:

1. Leadership transition: How do we replace our revered founding CEO who is so intertwined with our identity and success?
2. Increased competition: How do we address the increased competition in our geographic area that is threatening our market position and decreasing our market share?
3. Reliance on government funding: Given that we are, by design, heavily reliant on government funding, how do we protect ourselves against fluctuation in government funding?
4. Lack of overhead for upgrades: Given our reliance on government funding, which barely covers basic overhead costs, how do we maintain our facilities up to "best practice" standards, ensure that our staff is provided the clinical training they need to maintain our quality standards, and provide adequate compensation to recruit and retain top-notch clinical experts?

Our Big Question:

Leadership transition: How do we replace our revered founding CEO who is so intertwined with our identity and success? And, how do we make sure that the transition is smooth, honoring our past while moving us to the next stage of our organization and preparing us for the future and the challenges it presents?

Our selected strategy to address our Big Question

Summarize your strategy and demonstrate that it passes your Strategy Screen.

We will not try to find a clone of our current leader, but will view this transition as an opportunity to reinvent the organization to a large extent. We will immediately begin to plan a well-thought-out transition process. We will secure the services of an experienced consultant who understands our situation, is sensitive to our culture, and will be a partner with us in navigating the road ahead to achieve the outcomes we seek. We will develop this strategy further as we go along. We will strengthen the board with new members who are not tied to our CEO, and who bring new skills and relationships. We will devote more energy to training our senior management team so that it can provide real leadership in the transition period. We have reviewed this strategy against our Strategy Screen and it meets all our criteria. The 2-year time frame for achieving our strategy requires that we begin implementation immediately.

(continued)

Worksheet 10.1 **Strategy Road Map** (Sample–continued)

Next steps

Outline our next steps, including developing, implementing, and monitoring our strategy and its impact on our Big Question, and complete our work plan for developing capacity for strategic thinking and acting.

Activity	**Responsible person(s)**	**Time frame** (post-session)	**Description of tasks; comments**
Create the Strategy Road Map and review it with the strategy team and then with all staff and board members	Executive director	See Tasks	Create draft: 1 week post-session Review with strategy team: 1.5 weeks post-session Distribute to everyone: 2 weeks post-session
Schedule time at staff meetings and board meetings to review the Strategy Road Map and monitor progress, make adjustments as needed	Executive director	Review once a month	Monitor to make sure that time is set aside for this discussion. Identify any adjustments that should be made to the Strategy Road Map.
We will focus on our Big Question and implementing our strategy. We will develop a work plan for the executive transition.	Board chair (lead); special board committee for executive transition created; executive director closely involved	Work plan developed within 1 month of our Real-Time Strategic Planning session and spanning the next 2+ years	The work plan will encompass identification of skills, experience, etc., required to take us to the next stage given the current and future environment we face; recruitment; selection; training; etc. It will incorporate a focus on celebrating our achievements to date and the successes that our founding executive director created, along with the organization as a whole. It will place heavy emphasis on the impact of change on our staff and volunteers, and the community as a whole, and will strive to ensure a smooth transition.

(continued)

Worksheet 10.1 **Strategy Road Map** (Sample–continued)

Next steps (continued)

Activity	Responsible person(s)	Time frame (post-session)	Description of tasks; comments
Select and use 1–2 tools for building strategic-thinking and acting capacity; choose tools that fit our nonprofit's needs and culture. Monitor use of tools. Allow a 6-month period to use the tool and then assess its usefulness. Depending on our assessment, continue to use the tool(s) or choose other tool(s).	Strategy team	Decide on tools to try: 2 weeks post-session. Meet once a month to review what we have learned. After 6 months assess the usefulness of each tool and decide whether to keep using it or try another.	Choose one or two tools, such as: • Given the increasing competition in our market, we will focus on tools that will keep us up to date on trends and help us consider their impact on our organization. We will start by setting aside at least 15–20 minutes once a month at staff meetings and at board meetings for a discussion of trends and competitors, identifying and tracking any Big Questions that arise, etc. • To maintain our competitive advantage of excellent customer service, we will periodically conduct a short survey of our customers. A subset of our strategy team, those who have contacts with leaders in our field, will seek information regarding programs or services and populations that we are considering serving (per our future business model). They will conduct 1–2 informal interviews each quarter. Strategy team members who have strong ties to community leaders will check with their informal networks to learn of any community trends that may impact our nonprofit. They will touch base with one colleague every other week; they will nurture their network. When our strategy team meets, we will share what we have learned and consider how it might impact our Strategy Road Map.
Schedule annual Real-Time Strategic Planning renewal session.	Executive director	As needed	Use this process again.

WORKSHEET 10.1 **Strategy Road Map**

The agenda for the Real-Time Strategic Planning kick-off session essentially forms an outline for the Strategy Road Map. Drawing on your notes from the session, complete each of the sections listed below.

Description of Real-Time Strategic Planning

Goals or reasons why our nonprofit engaged in this process

Our nonprofit's mission statement and identity statement

Components of identity statement	Your nonprofit's identity statement
We advance our mission of	
. . . and seek to *(impact)*	
by serving *(customers)*	
in *(geographic area)*	
through *(programs or services)*	
and emphasizing our competitive advantages of	
We are sustainable by *(funding sources)*	

(continued)

Worksheet 10.1 **Strategy Road Map** (continued)

Overview of session and introductions

Session date:

Session leader:

Note taker:

Location of session:

Name	Staff or board member	Reason for working with nonprofit

History and background of our nonprofit

Impact that our nonprofit is seeking to achieve

(continued)

Worksheet 10.1 **Strategy Road Map** (continued)

Our current business model

See completed Worksheets W1.1, W2.1, and W2.2.

Overview of competition

See completed Worksheet W3.1.

(continued)

Worksheet 10.1 **Strategy Road Map** (continued)

Summary of our competitors and how our nonprofit compares

What we admire about each of our top direct or substitutable competitors; what we can learn from them and from our resource competitors; how our nonprofit compares and what it does well. See completed Worksheet W4.1.

Our nonprofit's competitive advantage

Description of competitive advantage: list advantages mentioned by the group and identify top competitive advantage (or top three). See Handout H3.1.

(continued)

Worksheet 10.1 **Strategy Road Map** (continued)

Current and future trends and their impact

Type of trends	Direction of trend	Comments
Social needs/demands for your programs/ services	Needs/demands are ☐ Increasing ☐ Decreasing ☐ Staying about the same	
Available funding for your programs/services	Funding is ☐ Increasing ☐ Decreasing ☐ Staying about the same	
Other trends impacting your organization		

Summarize the discussion about trends.

(continued)

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Worksheet 10.1 **Strategy Road Map** (continued)

Future business model

See completed Worksheet W5.1.

Our Strategy Screen

(continued)

Worksheet 10.1 **Strategy Road Map** (continued)

Big Questions facing our nonprofit

List top question(s). Identify your top priority Big Question to be addressed. Attach completed Worksheet W8.1.

Some of our most important questions are:

Our Big Question:

Our selected strategy to address our Big Question

Summarize our strategy and demonstrate that it passes our Strategy Screen.

(continued)

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32

Worksheet 10.1 **Strategy Road Map** (continued)

Next steps

Outline our next steps, including developing, implementing, and monitoring our strategy and its impact on our Big Question and our work plan for developing capacity for strategic thinking and acting.

Activity	**Responsible person(s)**	**Time frame** (post-session)	**Description of tasks; comments**

Worksheet 10.1 **Strategy Road Map** (continued)

Next steps (continued)

Activity	**Responsible person(s)**	**Time frame** (post-session)	**Description of tasks; comments**