

THE
NONPROFIT
STRATEGY
REVOLUTION

by David La Piana

TOOLS

- 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

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CONTENTS

Essential Tools for Forming Strategy

- Tool 1 Current Business Model 6
- Tool 2 Financial Analysis 10
- Tool 3 Competitor Analysis 16
- Tool 4 Trend Analysis 24
- Tool 5 Future Business Model 28
- Tool 6 Identity Statement 32
- Tool 7 Strategy Screen 35
- Tool 8 Big Question 38
- Tool 9 Next Steps Work Plan 43
- Tool 10 Strategy Road Map 48

Supplemental Tools

- Tool 11 Market Position and Strategy Analysis 69
- Tool 12 Community Meeting 73
- Tool 13 Identify and Establish a Nonprofit Brand 75
- Tool 14 Strategic Thinkers Group 80
- Tool 15 Expert Interviews 82
- Tool 16 Reading Group 83
- Tool 17 Brainstorming Process 86
- Tool 18 Scenario Thinking 89
- Tool 19 Value Creation Cycle 95
- Tool 20 Mission Statement Refinement 97
- Tool 21 Organizational Self-Assessment and Discussion 100
- Tool 22 The Due Diligence Tool 102
- Tool 23 Opportunity Matrix 103
- Tool 24 Logic Model 107
- Tool 25 90-Day Plan for Incremental Improvements 111
- Tool 26 Post-Action Debriefing 121
- Tool 27 Traditional Strategic Plan Template 127
- Tool 28 The Income Mix Map 130
- Tool 29 Organizational Culture Check-In 132

Tool 30 Influence Mapping 134
Tool 31 Strategic Partnerships 137
Tool 32 Partnership Assessment 139

- 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

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?
<p>Defining your business model is useful when your nonprofit . . .</p> <ul style="list-style-type: none"> • 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) 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • 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).

WORKSHEET 1.1 Current Business Model (Sample)

Scope	Includes	Does <u>not</u> include
Geographic service area	All four counties in our region	Any areas outside of our region
Customers served	<ul style="list-style-type: none"> + Adults ages 18–64 + Both men and women + Families of clients (where appropriate) + With selected disorders: <ul style="list-style-type: none"> • Schizophrenia • Major depression • Forensic • Mental health and substance abuse 	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> + Case management + Short- and long-term housing + Outreach to homeless + Day treatment + Respite care 	<ul style="list-style-type: none"> - Crisis intervention - Outpatient - Adolescent services - Services for aging - Acute inpatient facility
Funding sources	<p>Current sources of funding and why we pursue these sources:</p> <ul style="list-style-type: none"> + Our primary source of funding is government sources; we serve public-pay clients <p>(See also Financial worksheets)</p>	<p>Funding sources we do not have or seek:</p> <ul style="list-style-type: none"> - Corporations

WORKSHEET 1.1 Current Business Model

Scope	Includes	Does <u>not</u> 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?
<p>Financial analysis is useful when your nonprofit . . .</p> <ul style="list-style-type: none">• 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	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none">• 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.

Source of Revenue (Income)	Program = Housing (all residential)		Program = Case Management		Program = Psychosocial Rehab	
	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: <i>Is the program too dependent on any source(s) of funding?</i> <i>Is funding at risk? Growing?</i>	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.

Source of Revenue (Income)	Program =		Program =		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	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: <i>Is the program too dependent on any source(s) of funding? Is funding at risk? Growing?</i>						

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?
<p>Competitor analysis is useful when your nonprofit . . .</p> <ul style="list-style-type: none"> • 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 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • 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 Hand-out (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?
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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
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Media attention/publicity	Better than most; positive	Good	Not good; negative (see above)	Average	Better than others
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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)

	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?
Resource					
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?
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Organization name:

Customers
(such as number of customers, customer satisfaction, customer retention)

Media attention/ publicity

Human resources:

Staff

Board

Volunteers

(continued)

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)

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?
<p>A trend analysis is useful when your nonprofit . . .</p> <ul style="list-style-type: none"> • 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 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • 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 <input checked="" type="checkbox"/> Increasing <input type="checkbox"/> Decreasing <input type="checkbox"/> 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 <input type="checkbox"/> Increasing <input type="checkbox"/> Decreasing <input checked="" type="checkbox"/> 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 <input type="checkbox"/> Increasing <input type="checkbox"/> Decreasing <input type="checkbox"/> Staying about the same	
Available funding for your programs or services	Funding is <input type="checkbox"/> Increasing <input type="checkbox"/> Decreasing <input type="checkbox"/> Staying about the same	
Other trends impacting your organization		

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?
<p>Defining your future business model is useful when your nonprofit . . .</p> <ul style="list-style-type: none"> • 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 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • 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.

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WORKSHEET 5.1 Future Business Model (Sample)

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

Scope	Includes	Does <u>not</u> 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	<ul style="list-style-type: none"> + Adults ages 18–64 + Both men and women + Families of clients (where appropriate) + With selected disorders: <ul style="list-style-type: none"> • Schizophrenia • Major depression • Forensic • Mental health and substance abuse <p>Will consider:</p> <ul style="list-style-type: none"> • 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	<p>Same, plus will include</p> <ul style="list-style-type: none"> + Increased postdischarge case management for hospitalized patients + Crisis services + More case management in general 	<p>Will continue to exclude</p> <ul style="list-style-type: none"> - Services for adolescents - Acute inpatient - Skilled nursing facility
Funding sources	<p>Future sources of funding and why we will pursue these sources:</p> <ul style="list-style-type: none"> + 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 	<p>Funding sources we will not seek:</p> <p>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</p>

WORKSHEET 5.1 Future Business Model

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

Scope	Includes	Does <u>not</u> 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?
<p>An identity statement is useful when there is a need to . . .</p> <ul style="list-style-type: none"> • 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 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • 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 <i>(impact)</i>	improve the quality of life and independence of individuals whose mental distress, emotional crisis, or mental illness is interfering with their lives
by serving <i>(customers)</i>	seriously mentally ill (SMI) adults (ages 18–64)
in <i>(geographic area)</i>	our four-county region
through <i>(programs or services)</i>	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 <i>(funding sources)</i>	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 <i>(impact)</i>	
by serving <i>(customers)</i>	
in <i>(geographic area)</i>	
through <i>(programs or services)</i>	
and emphasizing our competitive advantages of	
We are sustainable by <i>(funding sources)</i>	

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?
<p>A Strategy Screen is useful when there is a need to . . .</p> <ul style="list-style-type: none"> • Determine the values-based criteria that will guide future strategic decisions before the critical moment of decision arrives 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • 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 ... <ul style="list-style-type: none"> Clarify a great opportunity or challenge facing your nonprofit 	Indicators and measures of outcomes: <ul style="list-style-type: none"> 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?
<p>A next steps tool is useful when there is a need to . . .</p> <ul style="list-style-type: none"> • 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 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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
<p>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).</p>	<p>Strategy team</p>	<p>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.</p>	<p>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.</p> <p>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.</p> <p>When our strategy team meets (monthly), we will share what we have learned and consider how it might impact our Strategy Road Map.</p>
<p>Schedule annual Real-Time Strategic Planning renewal session.</p>	<p>ED</p>	<p>As needed</p>	<p>Use this process again.</p>



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?
<p>A Strategy Road Map is useful when there is a need to . . .</p> <ul style="list-style-type: none"> • 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 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • 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 <i>(impact)</i>	improve the quality of life and independence of individuals whose mental distress, emotional crisis, or mental illness is interfering with their lives
by serving <i>(customers)</i>	seriously mentally ill (SMI) adults (ages 18–64)
in <i>(geographic area)</i>	our four-county region
through <i>(programs or services)</i>	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 <i>(funding sources)</i>	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 <input checked="" type="checkbox"/> Increasing <input type="checkbox"/> Decreasing <input type="checkbox"/> 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 <input type="checkbox"/> Increasing <input type="checkbox"/> Decreasing <input checked="" type="checkbox"/> 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
<p>Select and use 1–2 tools for building strategic-thinking and acting capacity; choose tools that fit our nonprofit’s needs and culture.</p> <p>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).</p>	<p>Strategy team</p>	<p>Decide on tools to try: 2 weeks post-session.</p> <p>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.</p>	<p>Choose one or two tools, such as:</p> <ul style="list-style-type: none"> 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. <p>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.</p> <p>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.</p> <p>When our strategy team meets, we will share what we have learned and consider how it might impact our Strategy Road Map.</p>
<p>Schedule annual Real-Time Strategic Planning renewal session.</p>	<p>Executive director</p>	<p>As needed</p>	<p>Use this process again.</p>

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 <i>(impact)</i>	
by serving <i>(customers)</i>	
in <i>(geographic area)</i>	
through <i>(programs or services)</i>	
and emphasizing our competitive advantages of	
We are sustainable by <i>(funding sources)</i>	

(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 <input type="checkbox"/> Increasing <input type="checkbox"/> Decreasing <input type="checkbox"/> Staying about the same	
Available funding for your programs/services	Funding is <input type="checkbox"/> Increasing <input type="checkbox"/> Decreasing <input type="checkbox"/> Staying about the same	
Other trends impacting your organization		

Summarize the discussion about trends.

(continued)



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)

SUPPLEMENTAL TOOLS

The last step in the Real-Time Strategic Planning process that is the nonprofit strategy revolution is to encourage you to avail yourself of some useful tools in an ongoing effort to build your organizational capacity for strategy making.

Some of these tools entail a small investment of the executive director's time, while others require many people to invest significant time. Similarly, some are available to you for free, while others may entail a nominal cost and a few even entail a substantial cost. This does not mean, however, that the more intensive and expensive tools are inherently better. The trick is to choose the right tool for the job.

If you are faced with a major challenge, you may need a more intensive process. However, if you are simply trying to keep your finger on your market's pulse as a matter of course, we present several tools that can help with this essential task at relatively little cost.

In addition to the processes for forming specific strategies at the organizational, programmatic, and operational levels, you need tools that enhance your organization's ongoing strategic action. During four years of research, we compiled an extensive list of tools for your consideration. Some of these tools are currently in wide use, while others are relatively new. Still others we invented ourselves.

Once you find a tool that piques your interest, go to the tool profile, which describes the tool and explains how and when it is most useful. If the tool exists as a separately published work, or is available online, we have indicated where to find it and given credit where it is due.

Because nonprofits vary dramatically in circumstance, discipline, and culture, most won't use all, or even most, of these tools. We offer these tools as a resource to dip into now and then—perhaps again and again. A year from now you may say, "Maybe one of those tools will help us with where we are at today. I'll take a look."

TOOL 11 MARKET POSITION AND STRATEGY ANALYSIS

This tool helps you identify where your organization is positioned in its market and, depending on your goals, how to determine what strategy you want to use to strengthen your position. The tool also helps you consider whether a particular strategy is *competitive* or *collaborative*. If the latter, the strategy will require working in partnership with one or more other organizations. Depending on your situation and goals, you can then consider which organizations would make the best partners.

For some people this process is intuitive, something they do on an ongoing basis. This tool helps those organizations that do not have explicit processes to build analysis into their ongoing review of the environment and to review and assess the impact of their strategies.

Use, outcomes, and measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you've achieved your goals?
<p>Market position and strategy analysis is useful when there is a need to . . .</p> <ul style="list-style-type: none"> • Increase awareness of how an organization compares to its competitors • Increase awareness of current and future market trends and their impact on the organization • Understand the potential impact of a change in scope or strategy on the organization's position in this market and determine if such a change is needed • Determine whether a change in strategy is needed 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • Regular time is allocated at staff and board meetings to engage in discussions of competitors • Staff and board members are aware of the organization's position in the market • Staff and board members proactively bring information to the organization about competitors and trends; the organization is aware of changes in the market before they are "old news" • Staff is acknowledged for bringing this information to the organization • The tool (or a related process) is used by staff and board to identify and evaluate potential changes in scope or strategy

How should you use it?

The Market Position and Strategy Analysis Tool draws upon two other tools: Tool 3: Competitor Analysis and Tool 4: Trend Analysis.¹ Use Worksheet 11.1 as a starting place for group discussion. It can be a good follow-up to the Real-Time Strategic Planning kick-off session where the group has completed and discussed competitors. Have management staff and board members complete it before a meeting—ask them to take fifteen to thirty minutes of thought to identify where the organization falls on a market position continuum: strong, medium, or weak. Together group members can complete the worksheet to reach consensus on the organization's current position and think through what strategies they might want to pursue to maintain or improve this position. The worksheet has some recommended strategies, but also allows room for the group to write in its own. The far-right column indicates whether the situation merits a primarily competitive strategy or a collaborative one, or whether a combined strategy is optimal. (See the book *Play to Win* for a discussion of competition and collaboration as strategies.²)

1 These two tools are part of the Real-Time Strategic Planning process (described in Chapter 4 of *The Nonprofit Strategy Revolution*). They can also be used individually, depending on what your nonprofit seeks to learn more about.

2 David La Piana, with Michaela Hayes, *Play to Win: The Nonprofit Guide to Competitive Strategy* (San Francisco: Jossey-Bass, 2005).

WORKSHEET 11.1 Market Position and Strategy Analysis

Distribute before your meeting and ask each participant to check a place in the columns for position, competition, and market trends. At the meeting, discuss the responses, and then arrive at a consensus to fill in the lower portion of this table.

Your organization's competitive position	Number of competitors in market	Market trends: Combination of customer base growing/shrinking and funding base growing/shrinking	Possible strategies	Is this a competitive or a collaborative strategy?
<input type="checkbox"/> Strong	<input type="checkbox"/> Many	<input type="checkbox"/> Growing	Aggressively highlight your competitive advantages, address weaknesses that are competitive disadvantages, seek differentiation	Competitive
	<input type="checkbox"/> Shrinking	<input type="checkbox"/> Shrinking	Consider acquisition of smaller direct competitors and of indirect competitors, aimed at cost reduction	Competitive
	<input type="checkbox"/> Few	<input type="checkbox"/> Growing	The optimal market situation: continue what you are doing, look to strengthen your organization, continue innovating to maintain your edge, remain vigilant for new and up-and-coming competitors	Competitive
	<input type="checkbox"/> Shrinking	<input type="checkbox"/> Shrinking	Continue what you are doing, address competitive disadvantages, consider acquisition of smaller direct competitors and of indirect competitors to reduce cost	Competitive
<input type="checkbox"/> Middle (some strong competitive advantages, some competitive disadvantages)	<input type="checkbox"/> Many	<input type="checkbox"/> Growing	Consider acquisition of or partnering with direct competitors that can help address your competitive disadvantages and increase your share of this growing market; seek differentiation from the pack	Competitive or collaborative
	<input type="checkbox"/> Shrinking	<input type="checkbox"/> Shrinking	Consider acquisition of or partnering with smaller direct competitors that can increase your market share, and of indirect competitors that can help you expand into new but related markets	Competitive or collaborative
	<input type="checkbox"/> Few	<input type="checkbox"/> Growing	A good market situation: address your competitive disadvantages; strengthen your organization and enhance its differentiation; remain vigilant for new and up-and-coming competitors	Competitive
	<input type="checkbox"/> Shrinking	<input type="checkbox"/> Shrinking	Strengthen your competitive position; address your disadvantages; consider acquiring or partnering with smaller direct competitors to reduce cost	Competitive or collaborative

(continued)

Worksheet 11.1 Market Position and Strategy Analysis (continued)

Your organization's competitive position	Number of competitors in market	Market trends: Combination of customer base growing/shrinking and funding base growing/shrinking	Possible strategies	Is this a competitive or a collaborative strategy?
<input type="checkbox"/> Weak	<input type="checkbox"/> Many	<input type="checkbox"/> Growing	Strengthen your organization; address your competitive disadvantages; consider partnering or merging with a larger, stronger organization; focus on differentiating your organization from the pack	Competitive or collaborative
<input type="checkbox"/> Few	<input type="checkbox"/> Shrinking	<input type="checkbox"/> Growing	Either strengthen your organization (and seek a niche in this market) or consider exiting the market	Competitive or exit strategy
	<input type="checkbox"/> Shrinking	<input type="checkbox"/> Shrinking	Strengthen your organization; address your competitive disadvantages; invest for long-term growth but be aware of likely entrance of new competitors if growth continues	Competitive
			Consider exiting this market unless you are essential to customers	Exit strategy

Why did you choose this competitive position (strong, middle, or weak)?

List your key competitors:

List the key market trends:

What strategy will you test or implement?

Is this strategy collaborative or competitive, or is it an exit strategy? If partners will be needed, list them here:

TOOL 12 COMMUNITY MEETING

A community meeting is a gathering of stakeholders in the community your nonprofit serves. Focused on a particular topic, the purpose of a community meeting is to share information, learn about community members' needs and experiences, obtain feedback, or develop a plan of action to address an issue. As defined by Carol Lukas and Linda Hoskins in their excellent workbook *The Fieldstone Alliance Nonprofit Guide to Conducting Community Forums*, there are three types of community meetings: community education forums, community engagement forums, and community action forums.*

Use, outcomes, and measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you've achieved your goals?
<p>A community meeting is useful when your nonprofit . . .</p> <ul style="list-style-type: none"> • Wants to assess community needs, particularly when expanding to a new geographic area or considering serving new customers, or when the community is undergoing change • Wants to better understand the services currently being provided to meet the community's needs • Seeks input regarding services it is considering offering • Wants input regarding a problem and ideas about how to solve it • Is not well-known in the community and wants to inform the community of its presence 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • A better understanding of the community's needs • Increased knowledge of existing services and how well these serve the community; identification of gaps in services and potential partner organizations • More in-depth understanding of the community's needs and the viability of the proposed services • Ideas about how to address a community need or problem • Increased visibility in the community, increased use of services, greater impact

* Carol Lukas and Linda Hoskins, *Conducting Community Forums: Engaging Citizens, Mobilizing Communities* (Saint Paul, MN: Fieldstone Alliance, 2003).

How should you use it?

Our focus is on community meetings used for education or engagement. As defined by Lukas and Hoskins, *community education forums* “involve disseminating information, generating information or opinions about an issue, sharing information among people, identifying best-practices examples, or building skills” (p. 3). *Community engagement forums* “attempt to mobilize or connect people around an issue. . . . By forging stronger relationships around common challenges, duplication of effort can be reduced and new synergies discovered . . . [they] might also create plans for the future or decide how to tackle new opportunities for a neighborhood or community . . . [or] help to build consensus about priorities or direction” (p. 4).

This tool is helpful after a Real-Time Strategic Planning kick-off session as a form of market research to get input from the community about whether a strategy under consideration is viable. For example, if your nonprofit has determined that it wants to expand to a new geographic area, before doing so it will be important to better understand the new community.

A community meeting requires thoughtful planning. Key steps include

- Clearly outlining the purpose of the meeting, your objectives, and what you plan to do with the information you obtain
- Determining who to invite
- Communicating the invitation broadly and well ahead of time to ensure that your intended audience is aware of the meeting and its purpose
- Selecting a facility that will accommodate the expected attendees and that is easily accessible
- Engaging a moderator who is skilled in facilitating community meetings
- Ensuring that everyone who wants to give input has an opportunity to do so
- Having clear ground rules
- Making a summary of the meeting available to the community

For more information, see Lukas and Hoskins, *Conducting Community Forums*.

TOOL 13 IDENTIFY AND ESTABLISH A NONPROFIT BRAND

An organization's brand is often described as the "promise" or the implicit contract it makes to its stakeholders and, particularly, to its customers. Your nonprofit's brand is the essence of its identity. Often people think of an organization's brand as its logo, tagline, and general "look." It is much more than this. It can be summed up as the adjectives that come to stakeholders' minds—their emotional reactions when they use your services, hear your nonprofit's name, see its logo, or meet a board or staff member. When asked, it is how people describe your nonprofit. Branding is a tool to secure a positive position in your stakeholders' minds. This tool outlines the basic steps involved in identifying and establishing your brand.

Use, outcomes, and measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you've achieved your goals?
<p>Branding is useful when your nonprofit . . .</p> <ul style="list-style-type: none"> • Is a start-up or is not a well-known entity • Has been in operation for a while, but is not well known or differentiated from competitor organizations in stakeholders' minds • Has experienced negative publicity and, as a result, damage to its reputation • Is known for a programmatic approach or technology that has become obsolete or is considered old-fashioned and out of style 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • Clarity about the qualities of your nonprofit—the experience it seeks to deliver to customers, how it delivers this experience, and the shared responsibility for the brand • Strengthening of market position; increase in market awareness; clarification of market differentiation and competitive advantage; improved ability to articulate its identity (see Tool 6: Identity Statement) • Strengthening and reconfirming commitment to the brand—reversing negative publicity through actions to reaffirm your brand and follow through on its promise • Over time, a shift in brand identity and market acceptance and support of a new identity

How should you use it?

Identify a team that can spearhead your branding effort. The team should include both board and staff members and may include external advisors, especially if they bring needed skills. It should include people who are strategic thinkers and who understand the external environment. The tasks for this group are these:

1. Identify what your organization is and what it should be known for (its competitive advantage or market differentiation).
2. Answer questions such as, How do we want to be known? What adjectives do we want our stakeholders to use to describe us? What do we want their experience of us to be?
3. Develop an understanding of how your nonprofit is perceived now and how it compares to others (include Tool 3: Competitor Analysis).
4. Drawing on this information, develop a set of attributes, qualities, and experiences your nonprofit should embody. Find a concise way to describe this “promise” to your stakeholders.
5. Challenge this promise: Can your organization deliver on it? Can it meet the expectations?
6. Test the promise using the tools referenced above.
7. Present the brand to the board for approval.
8. Develop and test images and messages that will convey your branding.
9. Communicate the branding to all staff, board members, and volunteers, and provide the tools to help them communicate the brand to others.
10. Appoint a “brand manager” to oversee and evaluate your branding to ensure its effectiveness.

WORKSHEET 13.1 Identify and Establish a Nonprofit Brand

Steps in identifying and establishing your brand

Tasks

Complete this column

Identify branding team

(if applicable, include board and staff; volunteers and external advisors)

Team members (list):

Select team leader (project manager)

Name:

Schedule and convene initial meeting

Time/Date/Location:

What is our competitive advantage? What makes us different? How do we provide value? (from Tool 6: Identity Statement)

Our competitive advantage is:

How do we want to be known? What adjectives do we want our stakeholders to use to describe us? What do we want their experience of us to be?

Desired adjectives:

Desired experiences:

How are we perceived now?

(What adjectives and experiences describe us?)

Current perceptions:

How do we compare to others?

How do we know this?

Comparison to others:

Our strengths:

Competitors' strengths:

(continued)

Worksheet 13.1 Identify and Establish a Nonprofit Brand (continued)

Tasks

Complete this column

What is our "promise"?

Description of our brand:

Can we deliver on this? Meet expectations?

Is this true? If not, what do we need to do?

Does our brand resonate with our target audiences?

How do our stakeholders feel about our brand?

Board approval: schedule meeting, develop presentation

Date of meeting:

Approval (Y/N):

What images and messages communicate our brand?

Develop with team and outside experts. Present to board and obtain approval.

What is our plan to communicate the brand-
ing to all staff, board members, and volun-
teers? What tools will we provide to support
external communications?

Meetings:

Communication vehicles:

Tools:

(continued)

Worksheet 13.1 Identify and Establish a Nonprofit Brand (continued)

Tasks

Complete this column

Who will be our "brand manager"?

Name:

Responsibilities: Oversee brand and evaluate its effectiveness,

What is our plan for rolling out our brand? (*This is an opportunity to gain recognition and positive media visibility; make the most of it!*)

Plan roll out:

Publicize:

Evaluate success:

TOOL 14 STRATEGIC THINKERS GROUP

As the name implies, this tool engages a group of people from a variety of levels in the organization—both board and staff—who are generally considered to be strategic thinkers. These are the people you would describe as “big-picture, out-of-the-box thinkers,” “creative,” and “innovative.” This is not an expanded management team nor is it a decision-making group. Rather, its role is to meet periodically to discuss strategic questions such as “What is the next big innovation in our field likely to be?” “Are we having the impact we want?” and “What might we do differently if we could start over again?” These discussions enable the organization to practice strategic thinking on an ongoing basis and spark creativity and innovation at all levels of the organization. Membership in the team can change every six months if you have enough great thinkers to accommodate an evolving group.

Use, outcomes, and measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you’ve achieved your goals?
<p>A strategic thinkers group is useful when your nonprofit . . .</p> <ul style="list-style-type: none"> • Is too internally focused • Is organized in silos, effectively resulting in mini fiefdoms and lack of unity throughout the organization • Sees its market position threatened or stagnant, but is stymied about how to respond • Is in a market environment characterized by uncertainty and change 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • Organizational decision makers demonstrate increased awareness of the external environment; increased customer focus • Higher morale, increased interaction across organizational boundaries, improved teamwork, greater investment in organization’s success • Better sense of the root causes of the market challenges; new perspectives and ideas • Better understanding of the market and enhanced sense of shared responsibility for the organization’s destiny

How should you use it?

To develop this group, start by identifying the five to eight people from throughout the organization who fit the description for strategic thinkers. (If your staff is small, you may decide to include all staff and a few board members.) Don't look at the usual suspects—executive management, for example—although some of these staff may certainly be included in the group. Look for people, both board and staff members, who have shown themselves to have good insight into organizational problems and solutions; who are attuned to the external environment; have strong external networks; and represent a diversity of backgrounds, experiences, and interests.

The culture of this group is important; it must be nonhierarchical, with no authority or lines of management responsibility. The group should meet at least monthly for one hour to discuss a broad question such as those listed on page 79. Good facilitation skills are essential to ensure that the discussion is free flowing and that the culture of the group is maintained. A recorder should post key points on chart paper during the discussion. These notes should be typed up afterward and distributed throughout the organization so that all can benefit from the ideas generated.

At its first meeting, and periodically thereafter, the group should brainstorm the questions it will discuss for the next few sessions, allowing for flexibility if other more critical questions emerge over the course of time. (See Tool 17: Brainstorming Process.) These should be big-picture questions such as those outlined above, as well as questions that are key components of the Real-Time Strategic Planning kick-off session (see this CD) such as

- What new competitors have entered our market, and what does this mean for us?
- What trends are on the horizon that we need to be aware of? What are the implications for us?
- What do we most admire about our competitors, and what can we learn from them?

TOOL 15 EXPERT INTERVIEWS

This tool involves identifying “thought” leaders in your field or people who have expertise in an area of strategic importance to your organization, and preparing, scheduling, and conducting one-on-one phone or in-person interviews with them. *Experts* are individuals who are aware of trends that may impact your organization, have a reputation for the success of their organizations, or are known for effective programs serving a similar constituency. This is an effective way to gather information to help you answer the Big Questions you are grappling with. Typically, this is information that would be difficult, if not impossible, to obtain on your own. Instead of researching the topic yourself or testing your ideas through trial and error (which can be very costly), you can draw on the experience and wisdom of others and obtain insights specific to your situation.

Use, outcomes, and measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you've achieved your goals?
<p>Interviews of experts are useful when your nonprofit . . .</p> <ul style="list-style-type: none"> • Faces new challenges and has difficulty determining what action to take • Considers a significant change in strategy and seeks outside perspective on the viability of this strategy • Wants to have greater impact • Is aware of trends but does not know what the impact might be or how to prepare for it 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • Broader perspective on ways to address the challenges; sense of being “unstuck” • Greater confidence in decision-making ability • Increased knowledge of options and innovations • Improved awareness of the relationship between the organization and its environment; less reactive, more proactive approach

How should you use it?

Interviews of experts should be used with discretion. You must carefully identify people you would like to interview based on the strategic questions you have. It's helpful to have input from others, such as your strategic thinkers group (see Tool 14: Strategic Thinkers Group) and your board members. Your own professional network is a valuable resource. Consider thought leaders whom you have heard speak at conferences or whose publications you have read.

The interviewer should be an executive or a board member and, ideally, should have a relationship with the interviewee. If at all possible, do the interviews yourself. Prepare your questions in advance. Keep them few in number and your interview to no more than fifteen to twenty minutes, unless the interviewee indicates that she or he has more time. After the interview, share your notes with your strategic thinkers group, or the team within your organization that is focused on strategy formation, implementation, monitoring, and evaluation.

TOOL 16 READING GROUP

A reading group is a group of people in an organization who commit on a voluntary basis to meeting periodically to discuss a preselected professional reading. The group usually meets for an hour to share thoughts, reactions, and key ideas from a reading, which may be an article, chapter of a book, or an entire book. Participants select the material by consensus and choose readings to meet their shared learning objectives.

Use, outcomes, and measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you've achieved your goals?
<p>A reading group is useful when there is a need to . . .</p> <ul style="list-style-type: none"> • Enhance teamwork and shared learning within and across units of an organization • Think “outside of the box” to address changes in the external environment • Reduce conflict and stimulate understanding of, and appreciation for, fellow staff or board members who have different opinions or backgrounds • Increase understanding of clients 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • Participants’ preparation for, attendance at, and active use of the group • Interest expressed by other staff in joining the group • Increased communication, as evidenced by greater knowledge of what others in the organization are doing • Increased desire to discuss strategy at board and staff meetings • Increased knowledge of events in the external environment • A change in how clients are described, such as a reduction in “us/them” terminology and greater use of “we”

How should you use it?

A reading group should have no fewer than five people so that the discussion benefits from different viewpoints, but be no larger than twelve to fifteen people so that everyone can participate.

The reading group provides a nonthreatening way to explore the organization's internal or external challenges. It creates a shared experience that is more effective than reading in isolation, as adults learn best through articulating their thoughts and experiences and hearing those of others.

It is important that participants share a desire to participate in the group, and that the tenor of the group be voluntary and nonjudgmental, encouraging candid and respectful discussion.

Participants need to commit to reading the assigned materials. Questions about the reading may be developed in advance for the participants to consider as they read, leading to a richer discussion.

We have found that using the focused conversation approach developed by the Institute of Cultural Affairs in its Technology for Participation course "Group Facilitation Methods" is an excellent model for facilitating a reading group.* We have adapted this method for our own reading group at La Piana Consulting. The questions we use are outlined on the next page.

* Institute of Cultural Affairs, "Group Facilitation Methods: Effective Methods for Participation," URL <https://icausa.memberclicks.net/>.

HANDOUT 16.1 Reading Group Questions

The questions below are arranged in the order they are best asked. Not all need to be asked—they are examples, though you'll note that some go together. The categories are for facilitation purposes only and are not used with the group. You simply go from one question to the next. You need not have a formal facilitator, but asking someone in the group to lead the discussion is usually a good idea. Facilitation can be shared or rotate among participants from meeting to meeting.

Objective questions:

1. What words, lines, or phrases do you remember?
2. What parts of these chapters really caught your attention?

Reflective questions:

3. Where did you identify most with the reading?
4. Where did the reading go beyond your comfort zone?
5. Where did you find yourself thinking of various parts of our ongoing work?
6. What situations were you reminded of?
7. What sections excited you?

Interpretive questions:

8. What are the author's main points?
9. What questions do these points raise for you?
10. How would we answer those questions?
11. What are the implications for how we do our work?

Decisional questions:

12. What are our next steps in using this information?
13. What does this reading suggest we need to change?
14. How will we implement the changes we have suggested?

TOOL 17 BRAINSTORMING PROCESS

Brainstorming is a process used to generate innovative, out-of-the-box ideas and to spark creativity. It can be used by individuals but is used most commonly by groups as a way to identify options for addressing challenges or opportunities. Use it to generate ideas, not to analyze or implement them—these steps come after the brainstorming process.

Use, outcomes, and measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you've achieved your goals?
<p>Brainstorming is useful when your nonprofit . . .</p> <ul style="list-style-type: none"> • Tries to identify its competitors • Is “stuck”—doesn’t know where to begin addressing a problem • Considers a new name, such as after a merger or when starting up • Seeks to develop a strategy to address a Big Question (e.g., when faced with major funding cuts requiring reduction in expenses or development of new funding sources) 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • Increased awareness of the environment and market positioning • A variety of options are identified as available, some of which are very desirable • A large pool of ideas and greater potential for finding an acceptable name • A variety of options are considered for addressing a challenge or opportunity

How should you use it?

As Jason Rich states in his book *Brain Storm*: “Creative thinking and the ability to brainstorm new ideas is a skill, much like reading, solving math problems, or using the computer. It’s a skill that people already have, but don’t necessarily know how to use properly. It’s also a skill that takes time to nurture and develop before it can be truly mastered.”¹

Your group does not have to spend years developing this skill before you embark on brainstorming, but you must have a skilled facilitator. The facilitator must keep the group motivated and focused on the task at hand, ensuring that everyone is comfortable, all ideas are respected, no one feels censored or ridiculed, no one is afraid to participate, and all ideas are welcomed.

¹ Jason R. Rich, *Brain Storm* (Franklin Lakes, NJ: The Career Press, 2003), 12.

To maximize the value of brainstorming, the group should have no more than eight to twelve people, which enables everyone to participate and hear a variety of perspectives. Hold the session in a comfortable setting where the group will not be distracted or interrupted. Start by identifying the problem or question to be addressed, the goal of the session, and the desired outcome (e.g., ten new ideas about how to address the problem).

Resources for brainstorming

Brainstorming is often used in the business sector to generate ideas for new or enhanced products and services. For example, IDEO, a highly regarded design firm, uses brainstorming as a core method in developing innovative designs for existing and new products. “Brainstorming at IDEO is part art, part science. The rules are stenciled on the walls: ‘Be Visual. Defer Judgment. Encourage Wild Ideas. Build on the Ideas of Others. Go for Quantity. One Conversation at a Time. Stay Focused on the Topic.’ Brainstorming is not just a good idea but an inexhaustible source of inspiration and fresh thinking.”²

In *Mind Tools: Essential Skills for an Excellent Career*, James Manktelow categorizes brainstorming under the module Creativity Tools. He introduces them by saying, “The tools in this module can help you to become intensely creative. They will help you both solve problems and spot opportunities that you might otherwise miss. Brainstorming is presented as a technique for generating many radical ideas . . . an excellent way of developing many creative solutions to a problem. . . . It helps you to break out of your thinking patterns into new ways of looking at things.” Group brainstorming is considered more effective than individual brainstorming “as it uses the experience and creativity of all members of the group. . . . [It] tends to develop ideas in more depth than individual brainstorming.”³

The nonprofit sector has also found brainstorming to be very effective as a problem-solving tool and a way to draw out creative ideas from all participants in a group discussion. In the *Facilitator’s Guide to Participatory Decision-Making* by Sam Kaner, brainstorming is listed as one of eight Facilitator Fundamentals.⁴

2 IDEO web site, <https://www.ideo.com/pages/brainstorming> .

3 James Manktelow, *Mind Tools: Essential Skills for an Excellent Career* (West Sussex, UK: Mind Tools Ltd., 2004), 12.

4 Sam Kaner, *The Facilitator’s Guide to Participatory Decision-Making*, 12th ed. (Gabriola Island, BC: New Society Publishers, 2002).

HANDOUT 17.1 Conducting a Brainstorming Process

Identify the following when designing and conducting a brainstorming session:

1. Your goal—what problem are you seeking to solve?
2. The desired outcome of the brainstorming—for example, twenty new ideas for how the problem could be solved.
3. The process—for example, will you have people call out their ideas and the moderator post them on chart paper or have each person write ideas on paper and then share them?
4. Who to invite and why you chose them—select eight to twelve participants.
5. The place you will hold the session.
6. The moderator—see below for key tasks of this role.

Other considerations:

- Managing the session itself—ensure it is high energy and productive.
- Follow up—capture the ideas, feed them back to the group, and use them to develop general approaches to the problem that can later be fleshed out, tested, and implemented.

Tips for the moderator:

- Create a comfortable environment without distractions or interruptions.
- Establish the goal and desired outcome beforehand.
- Identify how the outcome will be measured—for example, X number of ideas generated.
- Set the ground rules—all ideas are welcome; no analysis or judgment will be imposed; everyone needs to participate; no ideas will be rejected; all participants need to be acknowledged.
- Keep everyone focused and motivated.
- Post ideas for all to see.
- Make it fun.

TOOL 18 SCENARIO THINKING

Scenarios are stories about how different and interacting environmental trends might play out in the future. Thinking about these situations in detail can help your organization better perceive and adapt to changing aspects of its environment.

Scenario Thinking can help an organization hone its strategic decision-making skills by engaging its stakeholders in a process of creating multiple plausible futures relevant to the organization's success. Its focus is on reducing the tunnel vision and insulated thinking that occur when we do not adequately solicit feedback or track external trends. Scenario Thinking urges organizations to take the long view by challenging their assumptions about how the future is unfolding.

Scenario Thinking is not a process for making predictions about the future, nor does it reduce the uncertainty of external events. However, it does reduce the likelihood that your organization will be unprepared to handle unexpected events as they transpire. The ultimate goal of Scenario Thinking is to generate "strategic insights beyond the mind's previous reach,"¹ in the process creating a more forward-looking, responsive organization that is well prepared to adapt to changing circumstances that are beyond its immediate control.

Scenario Thinking can be used by small and large organizations. It has the greatest potential for helping organizations working in very complex or uncertain environments to think through problems with long-term horizons. It can be used independently of, prior to, or in conjunction with a more formal strategy process. While it is an interesting exercise to grapple with the totality of environmental forces affecting your work, Scenario Thinking is most useful when an organization faces a pressing strategic decision. This provides a focus for the process and ensures that the group does not get off track debating peripheral issues. Your organization may be deciding whether you should expand geographically or offer a new service. Scenario Thinking can help you understand how these decisions might play out over time, depending on the direction of important trends in your subsector, for example the entry of new competitors, precipitous changes in funding sources, or even a natural disaster.

However, while you might arrive at a concrete conclusion about that strategic decision, the real impact of Scenario Thinking is both less tangible and more enduring. It is an organizational awareness or mind-set that is predisposed to a deep and continuous exploration of the environment. According to Pierre Wack, one of the founders of Scenario Thinking, scenarios "deal with two worlds: the world of facts and the world of perceptions. They explore for facts but they aim at perceptions inside the heads of decisionmakers."² Scenario Thinking asks us to explore our existing mind-sets and the limitations they place on our understanding of the world. By making these explicit to yourself and others, you can reduce the distance between the world as you see it and the world as it is.

The profound insights gained by Scenario Thinking are the result of creative dialogue about the future and the exploration of diverse perspectives. The most successful Scenario Thinking

1 Pierre Wack, as quoted by Peter Schwartz in *The Art of the Long View: Planning for the Future in an Uncertain World* (New York: Currency/Doubleday, 1996), 37.

2 Ibid, 37.

processes result when an organization is truly open to feedback, is willing to change how it sees the world, and agrees to involve a wide variety of stakeholders in the process. It is a group process that encourages knowledge exchange and development of a deeper understanding of central issues important to the future of your nonprofit.

This tool outlines the basic steps involved in a typical Scenario Thinking process as well as considerations for organizations contemplating the use of this process.

Use, outcomes, and measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you've achieved your goals?
<p>Scenario Thinking is useful when your nonprofit . . .</p> <ul style="list-style-type: none"> • Works in a complex industry involving multiple stakeholders and actors • Is skilled at and committed to soliciting input from an array of stakeholders • Faces a significant strategic issue or decision • Has adequate resources (financial and personnel) and leadership to commit to the entire process 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • Clearly understood interrelationships that allow your organization to be resilient and steady in the midst of a changing landscape • A high percentage of invitees participate in the process and provide honest, direct feedback about your organization and/or the environment in which it works • Clarity about how environmental forces could impact your nonprofit no matter which path you choose; the future does not take you by surprise • Budget allocation and a work plan delineating roles and time commitments; leadership is deeply involved in and supportive of the process

How should you use it?

First, identify the financial and personnel resources that can be committed. Anticipate at least six months for the entire process, including data collection. Consider hiring someone experienced in Scenario Thinking to facilitate the process—a skilled facilitator will improve the quality of both the process and the outcome.

To learn more about how others use Scenario Thinking see *What If? The Art of Scenario Thinking for Nonprofits* by Diana Searce, Katherine Fulton, and the Global Business Network Community.³

Worksheet 18.1: Scenario Thinking includes a process for your organization to follow. Use the directions in the left-hand column to fill in the right-hand column. The sample shows how a nonprofit serving refugees completed the process.

3 Diana Searce and Katherine Fulton, *What If? The Art of Scenario Thinking for Nonprofits* (San Francisco: Global Business Network, 2004).

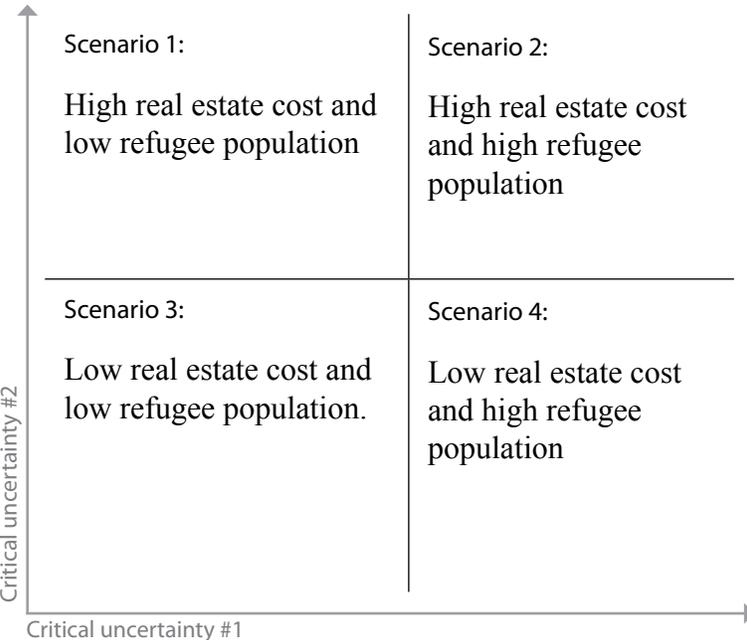
WORKSHEET 18.1 Scenario Thinking (Sample)

Steps in Scenario Thinking

Tasks	Complete this column
Form a team that will be responsible for guiding the process and doing the Scenario Thinking.	Team members: (list) Carol, Jan, Terri, and Tim
Identify a strategic issue or decision facing your organization; this will become the focal point for your Scenario Thinking process.	Our strategic issue is: Should we invest in a new building to serve refugees in the next five years or continue to lease space, anticipating moving to a new area at that time.
Establish a time frame for your Scenario Thinking process. (i.e., are you looking out 5 years? 20 years?)	Our Scenario Thinking process will look 5 years into the future.
Collect data from a wide range of stakeholders about how they perceive the environment in which your organization works. Probe their assumptions about how they see environmental trends unfolding and what trends they are most uncertain about. Consider using structured interviews so that it is easier to synthesize the data you obtain.	List of stakeholders to be interviewed: 1. Mayor 2. Director of Social Services 3. Superintendent of Schools 4. Pastor 5. Leaders of community-based nonprofits 6. Executives in local businesses
Analyze the data you collect and agree on the one to three most "critical uncertainties" in your environment.	Most critical uncertainties: 1. Will the refugee population we serve remain in the community where we are located or move to the suburbs? 2. The flow of new refugees—more or less? 3. The cost of real estate
Identify two to four possibilities that would result from these critical uncertainties. Choose the two most significant and likely. Express them as either/or propositions on a continuum.	Most likely and important possibilities: Refugee population in our community will increase or decrease Cost of real estate will go up or down

(continued)

Worksheet 18.1 **Scenario Thinking** (Sample–continued)

Tasks	Complete this column
<p>Use these possibilities to form axes for a 2 x 2 matrix where either end of each axis represents the most extreme possibility for that uncertainty. This will result in four quadrants, each representing a possible future (see example at right). Assign an illustrative name to each scenario.</p>	<p>Our scenarios are:</p> 
<p>Flesh out those scenario concepts into detailed stories and discuss.</p>	<p>Highlights from scenario discussions:</p> <p>If Scenarios 1 or 3 come to pass, we should move out because a low refugee population means we are not needed here—regardless of real estate cost levels. In Scenario 2 we should consider buying but may want to wait for cost to come down. In Scenario 4 we should definitely buy property.</p>
<p>Determine a plan for monitoring how events unfold compared to how you envisioned them during your Scenario Thinking process. Devise a list of indicators that can help you assess signs of significant change.</p>	<p>Indicators of significant change that should catalyze a revisiting of our strategy:</p> <ol style="list-style-type: none"> 1. Year-to-year changes in refugee population 2. Beginning of a new war anywhere in the world—we'll get the refugees 3. Interest level changes, indicating real estate costs may shift



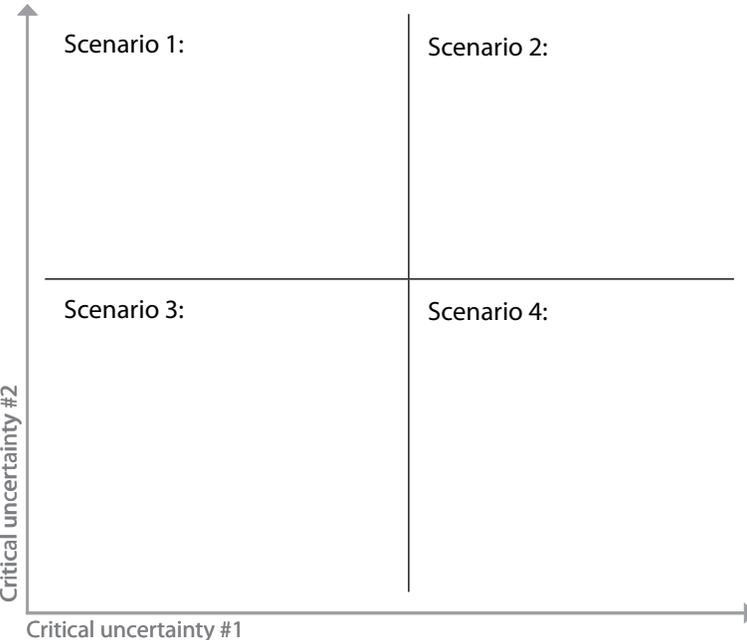
WORKSHEET 18.1 Scenario Thinking

Steps in Scenario Thinking

Tasks	Complete this column
Form a team that will be responsible for guiding the process and doing the Scenario Thinking.	Team members: (list)
Identify a strategic issue or decision facing your organization; this will become the focal point for your Scenario Thinking process.	Our strategic issue is:
Establish a time frame for your Scenario Thinking process. (i.e., are you looking out 5 years? 20 years?)	Our Scenario Thinking process will look _____ years into the future.
Collect data from a wide range of stakeholders about how they perceive the environment in which your organization works. Probe their assumptions about how they see environmental trends unfolding and what trends they are most uncertain about. Consider using structured interviews so that it is easier to synthesize the data you obtain.	List of stakeholders to be interviewed:
Analyze the data you collect and agree on the one to three most "critical uncertainties" in your environment.	Most critical uncertainties:
Identify two to four possibilities that would result from these critical uncertainties. Choose the two most significant and likely. Express them as either/or propositions on a continuum.	Most likely and important possibilities:

(continued)

Worksheet 18.1 **Scenario Thinking** (continued)

Tasks	Complete this column
<p>Use these possibilities to form axes for a 2 x 2 matrix where either end of each axis represents the most extreme possibility for that uncertainty. This will result in four quadrants, each representing a possible future. Assign an illustrative name to each scenario.</p>	<p>Our scenarios are:</p> 
<p>Flesh out those scenario concepts into detailed stories and discuss.</p>	<p>Highlights from scenario discussions:</p>
<p>Determine a plan for monitoring how events unfold compared to how you envisioned them during your Scenario Thinking process. Devise a list of indicators that can help you assess signs of significant change.</p>	<p>Indicators of significant change that should catalyze a revisiting of our strategy:</p>

- 1
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TOOL 19 VALUE CREATION CYCLE

The Value Creation Cycle is similar to Tool 24: Logic Model, and the discussion of Tool 1: Current Business Model. But it has important differences. Unlike a logic model, the Value Creation Cycle is focused on the nonprofit's current situation and its impact in the short term. The process of completing the worksheet helps you consider whether your organization is having the impact it seeks. Using simple, preselected measures of impact, you can determine whether you need to make any changes. By presenting the components in a cyclical format, this tool reinforces the ongoing thinking and acting that is the basis of strategy.

Use, outcomes, and measures

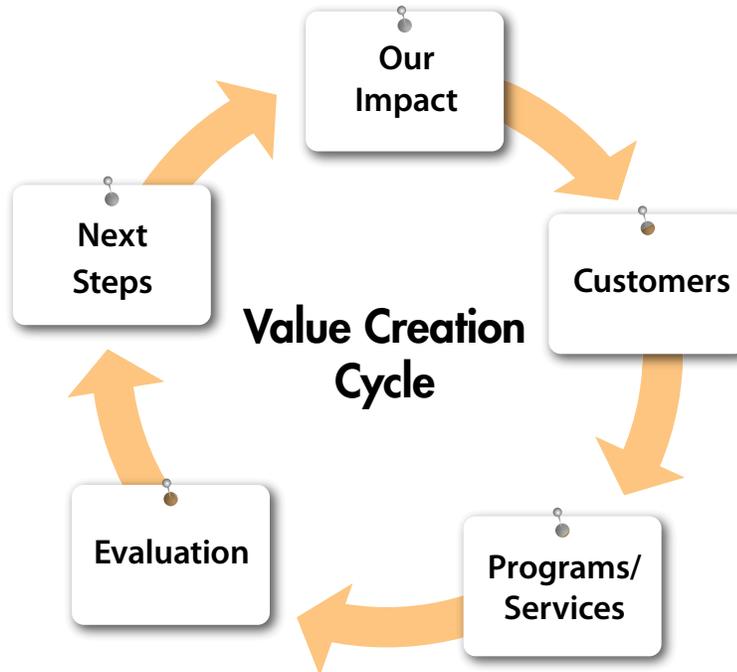
SITUATION: When is this tool useful?	OUTCOMES: How will you know you've achieved your goals?
<p>The Value Creation Cycle is useful when your nonprofit . . .</p> <ul style="list-style-type: none"> • Wants to clarify how its activities and target customers relate to its mission and the impact it seeks to achieve • Wants to review its actual impact compared to its goals • Has new board or staff members and wants to orient them about the key components of its mission • Needs a concise way to communicate its case statement 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • Clarity about how the nonprofit's work is related to its mission and how to measure its impact • Understanding of what may need to change in order to increase impact • Shared understanding of the organization • Clear case statement for use in describing the organization's purpose to external audiences

How should you use it?

This tool is most useful when it is completed by a group, perhaps at a follow-up to the Real-Time Strategic Planning kick-off session. Write your mission statement at the top of the worksheet. Then, going clockwise around the cycle, discuss the questions and write your responses. Share the completed tool widely in the organization. Review it at board and staff meetings, and as part of an annual review process that includes revisiting the strategy formation session.

WORKSHEET 19.1 Value Creation Cycle

Our Mission:



Our Impact:

What impact do we want to have? How will we know if we have this impact (indicators, measures, goals)?

Customers:

Who do we serve and why? What needs do we address? How do these relate to our mission?

Programs/Services:

How do we address our customers' needs? (How do we have the impact we seek?)

Evaluation:

How are we doing? Did we achieve our goals? Why or why not? How do we know?

Next Steps:

Do we need to make any changes? What are they? How will we implement these?

TOOL 20 MISSION STATEMENT REFINEMENT

An effective mission statement needs to be short and memorable while accurately conveying what good your organization does and for whom. Many nonprofit organizations, however, have long-winded statements. This is a simple process for uncovering the core mission statement from a current mission statement that may be long and contain things that are not—strictly speaking—about the mission.

Use, outcomes, and measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you've achieved your goals?
<p>Mission statement refinement is useful when your organization is . . .</p> <ul style="list-style-type: none"> • Seeking greater clarity and focus about your mission • Sensing that mission confusion is inhibiting strategy formation 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • Clarity and agreement on what really matters—the mission for which your organization exists • A shorter, more focused statement that is useable with outsiders

How should you use it?

This tool can be used for a formal reworking of the mission statement, culminating in board approval, or simply to clarify your thinking *about* your mission. The sample shows how a nonprofit child care center completed the process. Gather a group of organizational leaders from the staff and board and work through it.

The point of this exercise is to gain greater clarity about desired ends so you undertake your strategy work within the context of your real mission—the social ends you try to promote—not simply as a way to reinforce the work you do.

WORKSHEET 20.1 Mission Statement Refinement (Sample)

Step 1. As a group, recount your organization's mission statement. (It's OK to look it up if no one can remember it.) Write it here:

Happy Tots Child Care Center provides a high-quality child development experience to low-income kids in our community through our three daycare programs, parent education, and teacher training programs.

[Hopefully the essence of the statement can fit in the space provided. The shorter, the better. An overly long mission statement is sure to include information better articulated somewhere else. Moreover, the longer the mission statement, the less likely it is that anyone will be able to commit it to memory, which means that it will have limited usefulness.]

Step 2. Rewrite the statement, deleting all references to services, programs, or how the mission is accomplished. Sometimes these clauses begin with the word "by" or "through," as in the statement "The Community Center is committed to ending poverty in our neighborhood *through the provision of health and social services.*" For this exercise you would delete the second half of the sentence, beginning with the word "through."

Happy Tots Child Care Center provides a high-quality child development experience to low-income kids in our community.

Step 3. You should now have boiled down your mission statement to its essence: a statement of what the organization is trying to accomplish and for whom. If, after following these instructions, you deleted the entire mission statement (or most of it), then your mission statement is probably too focused on service provision and not enough on outcome. Try writing a new statement: one that contains no references to services or programs, and thus passes the above test.

The mission of Happy Tots Child Care Center is to ensure that low-income kids in our community are ready to succeed in school and are able to escape the cycle of poverty.

WORKSHEET 20.1 Mission Statement Refinement

Step 1. As a group, recount your organization's mission statement. (It's OK to look it up if no one can remember it.) Write it here:

[Hopefully the essence of the statement can fit in the space provided. The shorter, the better. An overly long mission statement is sure to include information better articulated somewhere else. Moreover, the longer the mission statement, the less likely it is that anyone will be able to commit it to memory, which means that it will have limited usefulness.]

Step 2. Rewrite the statement, deleting all references to services, programs, or how the mission is accomplished. Sometimes these clauses begin with the word "by" or "through," as in the statement "The Community Center is committed to ending poverty in our neighborhood *through the provision of health and social services.*" For this exercise you would delete the second half of the sentence, beginning with the word "through."

Step 3. You should now have boiled down your mission statement to its essence: a statement of what the organization is trying to accomplish and for whom. If, after following these instructions, you deleted the entire mission statement (or most of it), then your mission statement is probably too focused on service provision and not enough on outcome. Try writing a new statement: one that contains no references to services or programs, and thus passes the above test.

TOOL 21 ORGANIZATIONAL SELF-ASSESSMENT AND DISCUSSION

Organizations often benefit from an assessment of functioning in key areas. Sometimes this assessment is done by external consultants and sometimes by the nonprofit itself, using one of many available tools. Here are some examples.

The Performance Imperative Organizational Self-Assessment (PIOSA)

Building on seven organizational disciplines necessary for high performance and offering a modular design, the PIOSA offers a flexible way to facilitate organizational self-assessment, identify concrete proof points, and focus efforts toward improvement.

<https://leapambassadors.org/products/piosa/>

Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector

Forming the basis of Maryland Nonprofits' Standards of Excellence peer-reviewed accreditation program, this codebook identifies six major areas of governance and management containing twenty-seven different topic areas with specific benchmarks and measures.

<https://standardsforexcellence.org/home-2/code/>

The Organizational Capacity Assessment Tool (OCAT)

This free tool is based on an online survey instrument that allows participants to measure how well their organization performs against best practices in ten areas, generating a report that can be used to inform internal conversations and decision-making.

<https://www.mckinsey.com/industries/social-sector/how-we-help-clients/organizational-capacity-assessment-tool>

Five Life Stages of Nonprofit Organizations, Featuring the Nonprofit Life Stage Assessment

This life stage model and accompanying assessment helps organizations understand where your organization is in its life, how this relates to different struggles and opportunities, and how best to move ahead to the future.

<http://www.turnerpublishing.com/books/detail/five-life-stages-of-nonprofit-organizations>

Marguerite Casey Foundation Organizational Capacity Assessment Tool

This Excel-based, self-assessment instrument asks nonprofits to rate their performances on a variety of capacity elements in four major areas to identify strengths and challenges and establish capacity-building goals. It is available for free in both English and Spanish.

<https://caseygrants.org/resources/org-capacity-assessment/>

Organizational Mapping Tool (OMT)

This tool is designed as a survey to be accompanied by an externally facilitated discussion to build organization-wide consensus on what works well, what could be improved, and steps for making priority improvements. The tool is available in English and five other languages.

<http://effectiveorgs.org/resources/>

La Piana Consulting frequently facilitates organizational self-assessments using our own tool (not currently available online) or others as requested by the client.

Use, Outcomes, and Measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you've achieved your goals?
<p>An organizational self-assessment and discussion is useful . . .</p> <ul style="list-style-type: none"> • To educate yourself and your board about the key areas of organizational health needing attention in developing your nonprofit 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • Knowing which internal areas you excel at, and which need work • Agreement among different stakeholders about these needs • Post-assessment report sets the stage for future organizational development work

How Should You See It?

The various assessment tools cited above each contain their own instructions, which are generally easy to follow. Form a team of organizational leaders to go through the process. Whichever approach you select will yield better results if you work as a group.

TOOL 22 THE DUE DILIGENCE TOOL

“Due Diligence Done Well: A Guide for Grantmakers” is a separate publication, authored by La Piana Consulting and published by Grantmakers for Effective Organizations (GEO). It is available for free to members of GEO through its web site.¹ Others can download it free from La Piana Associates’ web site.²

This tool was originally designed to help foundation program officers do a better job of assessing the organizational health of a potential grantee. It includes both document reviews and face-to-face interviewing, and produces a set of useful scores and recommendations for strengthening the nonprofit’s functioning.

Use, outcomes, and measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you’ve achieved your goals?
<p>The Due Diligence Tool is useful when there is a need to . . .</p> <ul style="list-style-type: none"> • Educate yourself and your board about the key areas of organizational health needing attention in developing your nonprofit • Understand and assess the strengths and areas of challenge your organization faces • Assess the organization before a major strategic move, such as a merger 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • A fuller understanding of your functional core strengths; a sense of how you might be viewed by a potential funder, since many are using the tool • A benchmark against your organizational development goals where “Red Flags” indicate areas to work on; gauge progress against “Indicators of Effectiveness” included in each section

How should you use it?

The executive director or a team of managers can go through the sections on organizational health and answer the “Questions to Consider” included in each section. This is an easy and effective way to identify areas for organizational development. The “Indicators of Effectiveness” and “Red Flags” provide a useful checklist of things to look for—compare these against your organization’s current structure, systems, and processes. Completing this assessment will help you to identify priority areas for organizational development.

1 <https://www.geofunders.org/resources/due-diligence-done-well-a-guide-for-grantmakers-714> .

2 <http://lapiana.org/Portals/0/Documents/Due%20Diligence%20Done%20Well.pdf>

TOOL 23 OPPORTUNITY MATRIX

The Opportunity Matrix is a simple tool for comparing the relative value of different current or contemplated programs along key dimensions. La Piana Consulting developed it after using the Strategy Screen for some time. We present it here both for its own merits (since many organizations face the strategic challenge of too many opportunities) and to encourage you to be creative in how you approach, modify, and use any of these tools.

Organizations that have been around for a while, or have leaders who like to start new things, frequently develop many programs. Others, perhaps by virtue or reputation or specific field, continually face new opportunities. For these organizations, a typical Big Question is “Which opportunity do we pursue?” The Opportunity Matrix is a filter for examining the relative value of various strategies, programs, or activities. The Opportunity Matrix helps the organization to identify its greatest opportunities and then tighten its focus around those opportunities—that is, to set priorities.

Use, outcomes, and measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you’ve achieved your goals?
<p>An Opportunity Matrix is useful when there is a need to . . .</p> <ul style="list-style-type: none"> • Engage in a good “tune up” process that helps everyone involved to see where the organization’s programs fall on key measures • Sort through a variety of opportunities to develop new products or services 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • Increased clarity about the relative merits of programs according to values the organization has established • Greater clarity on which programs are strongest overall, and on which particular measures

How should you use it?

Begin by rereading Tool 7: Strategy Screen because the Opportunity Matrix is a variation on that process. As with the Strategy Screen, engage a strategic thinkers group (see Tool 14: Strategic Thinkers Group) where smart people from all parts of your organization come together to work on the Opportunity Matrix. This group should develop four to six key criteria for considering how to tighten the organization’s focus. When undertaken seriously, this process can surface disparities in the relative value of different strategies, programs, or activities. It points to the places of greatest opportunity.

While you will no doubt have other criteria to add, the following topics should always be part of the Opportunity Matrix.

Value. This is the relative importance of an activity to the mission. The group should rate it (3) high, (2) medium, or (1) low. Push yourselves to differentiate between various activities. Do not simply label them all as high value—that says nothing.

Economics. This describes the economic logic of the activity, program, or strategy. Consider whether the opportunity has a dedicated income stream, generates a surplus or a deficit, or has potential for improving its economic logic. Think prospectively and use a spreadsheet so these determinations are based on real numbers. For example, eliminating a program that has a dedicated but inadequate funding stream (such as a government contract that pays 90 percent of your related program costs) may only make the financial loss worse. Instead of losing a few thousand dollars a year while providing a useful service, giving up the contract means the organization will lose the program's contribution to its overhead, which may be substantial. Rate its importance as (3) strong, (2) medium, or (1) weak.

Competitiveness. There are two considerations here. (1) Is this activity or strategy undertaken in a highly competitive market, making for difficult work? Is your organization the market leader, one of many, or a small fry? (2) If there are no other organizations in this market, and that is because it is a money-losing proposition, is there an overriding value concern that keeps your organization here? For example, the last hospital in a rural area has no competitors, and regularly hemorrhages dollars, but if closing it would leave the community without health care, that may be an overriding concern. The group may decide to keep the hospital going for as long as possible. Rate each activity (3) strong, (2) medium, or (1) weak relative to its competitive position.

Organizational Capacity. The essential question is "How easy is it for us to produce this activity?" Does it require specialized skills, equipment, or expensive outside specialists, or is it a routine activity that the organization inherently understands how to produce? Also, consider whether the activity or program places heavy or relatively light demands on the organization's administrative capacities. Rate each activity or program (3) high, (2) medium, or (1) low in terms of your capacity to deliver it.

These four elements encapsulate the criteria most nonprofits should consider when facing difficult but necessary focusing decisions. However, feel free to add other criteria if they better suit your needs. By using these criteria you can quickly gauge the relative strength of any actual or proposed activity. This will help you make decisions based on apples-to-apples comparisons between options.

Whatever criteria you use, develop your Opportunity Matrix as a group process with other organizational leaders. Argue over it, vet every entry. Do not allow yourself or others to be deluded about the facts around a pet program. Only after you have completed and agreed on the elements of an Opportunity Matrix should you discuss it and begin to make decisions.

WORKSHEET 23.1 Opportunity Matrix (Sample)

In the top row, fill in opportunities. In the first column, fill in your criteria. Discuss each opportunity in terms of the specific criterion, and rate each opportunity from strong (3) to weak (1) according to the criteria it has established. Add the numbers in each column, and give strongest consideration to those opportunities with higher scores. Of course, some opportunities will have the same score, and some opportunities will score differently than the group feels is correct. Do not rely only on the numbers to make a decision for the group—use them to spur conversation and move the group toward a decision.

Criteria	Program or activity				
	A	B	C	D	E
	Land Acquisition Program in Too Tall Hills	Land Acquisition Program at the lake	Advocacy Program	Stewardship Program	Education Program
What is its value to our mission?	2	3	2	1	3
Economics: Does it pay for itself?	2	2	1	1	3
What's our competition?	3	3	1	2	2
Do we have the capacity?	3	3	1	1	2
Score	10	11	5	5	10

WORKSHEET 23.1 Opportunity Matrix

In the top row, fill in opportunities. In the first column, fill in your criteria. Discuss each opportunity in terms of the specific criterion, and rate each opportunity from strong (3) to weak (1) according to the criteria it has established. Add the numbers in each column, and give strongest consideration to those opportunities with higher scores. Of course, some opportunities will have the same score, and some opportunities will score differently than the group feels is correct. Do not rely only on the numbers to make a decision for the group—use them to spur conversation and move the group toward a decision.

	Program or activity				
	A	B	C	D	E
Criteria					
Score					



TOOL 24 LOGIC MODEL

A logic model is a systematic and visual way to present and share your understanding of the relationships among the resources you have to operate your program, the activities you plan, and the changes or results you hope to achieve.¹

Use, outcomes, and measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you've achieved your goals?
<p>A logic model is useful when there is a need to . . .</p> <ul style="list-style-type: none"> • Design a new program or choose between various programmatic options • Test assumptions about a programmatic strategy's potential impact • Test whether proposed activities will yield the intended results • Understand what resources will be needed to carry out a programmatic strategy • Know how much of an activity will be possible and whether that will be enough to accomplish a programmatic goal 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • Greater clarity in programmatic strategy choices • A program holds promise, works, and is affordable (if you are unable to construct a workable model, that tells you that the task is either more difficult than you imagined, more expensive, or both)

¹ *Logic Model Development Guide* (Battle Creek, MI: W.K. Kellogg Foundation, January 2004), 1. <https://www.wkkf.org/resource-directory/resource/2006/02/wk-kellogg-foundation-logic-model-development-guide>

How should you use it?

To generate logic models, assemble some of your strategic thinkers along with people from the programs for which you are creating logic models. Together, work through the following steps.

Step 1. Articulate *assumptions* upon which the program rests. Assumptions are your beliefs about how things work, related to your program. For example, “Children who have supportive adults in their lives will do better in school.”

Step 2. Enumerate *activities* you will undertake as you begin to operate the program—activities that you believe will result in the changes you seek. For example, “Provide 100 at-risk 5- to 10-year-olds with mentoring from a caring adult.”

Step 3. List the *resources* required for these activities, including both people and money. For example, “The program will require 100 adult volunteers, 3 full-time social workers, and \$500,000 a year in funding.”

Step 4. Specify the *outputs* you anticipate from these activities. Outputs are the measurable units of the program’s production. For example, “100 weekly contacts between adults and children in the program, over 40 weeks, equaling 4,000 mentor-child contacts per year.”

Step 5. Describe the *short-term outcomes* that will result from these outputs. Short-term outcomes are positive results of the program that are likely to occur within twelve months. For example, “Children who participate in the program will do better in school, as reported by their parents and teachers.”

Step 6. Imagine the long-term outcomes, often called the *impact*, of the program. These are positive results that can take years to manifest themselves. For example, “At-risk children receiving mentoring will attend college in greater numbers.”

WORKSHEET 24.1 Logic Model (Sample)

Assumptions	Activities	Resources	Outputs	Short-term outcomes	Impact
<p>Poor children who receive enrichment early in life do better in school.</p> <p>Parents can help their children's school readiness.</p> <p>Parents will send their kids to preschool if it is affordable and accessible.</p> <p>There is an appetite for funding this type of program in our community.</p>	<p>Daily preschool for 20 4-year-olds from 8AM-5PM, year round.</p> <p>Parent education classes for 20 families, 20 weeks a year.</p> <p>Raise sufficient funds to make the program affordable and locate it in the target community.</p>	<p>An inspiring director and 3 teachers.</p> <p>\$500,000 a year.</p> <p>A child care licensable building and funds to renovate it.</p> <p>Positive media attention to bring in parents, staff, and funds.</p>	<p>6,000 child/days of service per year.</p> <p>Develop a curriculum by the end of December.</p> <p>400 hours of parent classes provided to a total of 20 families a year.</p> <p>The school will be full 85% of the days it operates.</p>	<p>80% of kids are reading-ready as they enter kindergarten one year after enrollment in our program.</p> <p>90% of parents are reading to their kids nightly for 10 minutes after one year in our program.</p>	<p>Kids succeed in school (beginning in kindergarten, and carrying on throughout their elementary years) at higher rates than kids from families who did not receive a program such as ours.</p>

TOOL 25 90-DAY PLAN FOR INCREMENTAL IMPROVEMENTS

This tool creates a rolling process for small improvements throughout the organization, all focused on strategic priorities. The improvements are approached on a rolling 90-day cycle.

Use, outcomes, and measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you've achieved your goals?
<p>A 90-day plan is useful when there is a need to . . .</p> <ul style="list-style-type: none"> • Make a series of incremental improvements • Involve everyone in making changes to best implement a strategy 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • Small improvements over time, in the spirit of developing an execution advantage (a category of competitive advantage)

How should you use it?

Assemble preexisting natural teams within your organization. In a smaller nonprofit the entire board and staff may constitute one team, while a larger one will have many such teams. A *natural team* is one where members work together regularly; they are not thrown together for a planning exercise. A team could be senior management, the staff of a particular program, the board or a single board committee, the accounting department, and so on. A team could also be defined geographically for a multisite nonprofit. Give each team four blank work plans, one for each of the four categories described.

Areas for improvement

Increase customer satisfaction—make customers happier. “Customers” are the clients, donors, end users, and so forth, of your team. For an internal team (e.g., accounting), customers may be managers and board members who use their work product.

Increase our skills—attend to board or staff professional development needs that must be addressed to keep or develop a competitive advantage.

Improve execution or productivity—enhance the effectiveness and efficiency of the organization’s systems, or of how the team carries out its work.

Win new contracts, donors, business—grow the team’s service or funding or, in the case of an internal team (e.g., accounting), support other parts of the organization that grow the service or funding with some new report, tool, or service.

Ask each team to come up with at least one concrete action to carry out over the next 90 days in each of the four areas. A total of four actions is fine, but discourage having more than eight actions (two in each area) as unrealistic.

Coaching

A coach helps create the work plans for each area. A coach, who can be a senior manager or board member, does not lead the process but helps the team come up with its own work plan. The coach also draws connections between the actions of different work teams and calls attention to opportunities for collaboration. The coach does not impose priorities on the team. The team will only succeed at implementing ideas that it owns. The coach checks in monthly to monitor the team’s progress and offer assistance. A central coordinator should receive a quarterly report so that everyone can see the progress each unit makes and so that each unit receives encouragement to develop its next set of goals. After three months the coach assesses the team’s progress and helps it to develop a new work plan in this rolling process.

The samples that follow demonstrate how one team completed the work plan.



WORKSHEET 25.1 90-Day Plan for Incremental Improvements (Sample)

Team Name: Outpatient Counseling Program Staff

Action Area: Increase customer satisfaction

Actions	Responsibility	Due date
<p>Action 1: Next quarter we will begin asking all clients, at termination, to complete a brief survey about our services so we can make improvements</p>	Bob, program director	
<p>Activities:</p> <ol style="list-style-type: none"> 1. Design survey 2. Figure out how it will be administered 3. Train staff in its use 4. Collate and report results quarterly 	Jane knows surveys and will coordinate development and training. Bob will oversee and ensure reporting.	<p>March 1</p> <p>March 1</p> <p>March 15</p> <p>June 15</p>
<p>Action 2: None</p>		
<p>Activities:</p>		

(continued)

Worksheet 25.1 **90-Day Plan for Incremental Improvements** (Sample–continued)

Team Name: Outpatient Counseling Program Staff

Action Area: Increase our skills

Actions	Responsibility	Due date
<p>Action 1: Improve our family therapy skills</p>	Denise, clinical director	
<p>Activities: Hire a trainer to do a 3-month series of workshops with staff on family therapy</p>	Denise	Next quarter
<p>Action 2: Improve our medical records processes</p>	Bob, program director	
<p>Activities: Give staff a refresher course on how to complete the forms in the new system</p>	Bob, program director	End of quarter

(continued)



Worksheet 25.1 **90-Day Plan for Incremental Improvements** (Sample–continued)

Team Name: Outpatient Counseling Program Staff

Action Area: Improve execution or productivity

Actions	Responsibility	Due date
<p>Action 1: Streamline intake process</p>	<p>Janice, intake coordinator</p>	
<p>Activities: Review each step in process and get staff feedback on how well each step works. Eliminate unnecessary or duplicative steps and train staff in new process.</p>	<p>Janice</p>	<p>End of quarter</p>
<p>Action 2: None</p>		
<p>Activities:</p>		

(continued)



Worksheet 25.1 **90-Day Plan for Incremental Improvements** (Sample–continued)

Team Name: Outpatient Counseling Program Staff

Action Area: Win new contracts, donors, business

Actions	Responsibility	Due date
<p>Action 1: Raise profile of our program in the community</p>	Denise, clinical director	
<p>Activities:</p> <ol style="list-style-type: none"> 1. Develop a process for getting clinical staff’s names out to various services clubs and professional organizations as speakers 2. Publish one professional piece in a journal this year 	Denise	End of quarter
<p>Action 2: Attract new donors to our program</p>	Bob, program director	
<p>Activities:</p> <p>Get in front of board to tout our great program and get them to bring friends to visit our site</p>	Bob	March 31



WORKSHEET 25.1 90-Day Plan for Incremental Improvements

Team Name:

Action Area: Increase customer satisfaction

Actions	Responsibility	Due date
Action 1:		
Activities:		
Action 2:		
Activities:		

(continued)

Worksheet 25.1 **90-Day Plan for Incremental Improvements** (continued)

Team Name:

Action Area: Increase our skills

Actions	Responsibility	Due date
Action 1:		
Activities:		
Action 2:		
Activities:		

(continued)



Worksheet 25.1 **90-Day Plan for Incremental Improvements** (continued)

Team Name:

Action Area: Improve execution or productivity

Actions	Responsibility	Due date
Action 1:		
Activities:		
Action 2:		
Activities:		

(continued)



Worksheet 25.1 **90-Day Plan for Incremental Improvements** (continued)

Team Name:

Action Area: Win new contracts, donors, business

Actions	Responsibility	Due date
Action 1:		
Activities:		
Action 2:		
Activities:		



TOOL 26 POST-ACTION DEBRIEFING

A debriefing is a get-together in which participants in a project, meeting, or other effort determine whether they have met their goals and objectives, what worked well and should be incorporated in future processes, what improvements may be needed for the next time, and what learning occurred that can be disseminated.

Use, outcomes, and measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you've achieved your goals?
<p>A post-action debriefing should be used when there is a need to . . .</p> <ul style="list-style-type: none"> • Strengthen communication and teamwork • Improve structure, processes, outcomes • Understand the impact of strategies and projects, and engage in continuous improvement • Increase awareness of the impact of actions, communications, and behavior on others 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • Use of tool following meeting or project; broad adoption of tool • Actions taken on “things to improve” • Reduction in the number of items on the “what-did-not-go-well” list • Increased understanding of pitfalls • Increased customer satisfaction • Increased accomplishment of goals • Reduction in crises

How should you use it?

Set aside enough time to debrief soon after the project or event. Everyone involved in the project should attend and be prepared to discuss the questions on the worksheet that follows. The meeting facilitator should be someone not integrally involved with the project, a person who can set a tone of objectivity and encourage a candid discussion in which all participants actively engage. Capture the discussion and include highlights in a one-page report. Ask participants to sign off on the notes before distributing them outside the group.

Many organizations use debriefing as a tool for ongoing learning. It has its origins in the military's “after-action report” and is often used for reviewing crises and disasters, for “failure analysis,” or for implementation of new systems. It has become a mainstream process in many organizations. This is a good tool for developing strategic thinking and for continuous learning.

We have adopted this tool for internal use at La Piana Consulting to debrief consulting projects—especially large projects that involve many team members. We follow the process outlined above, using Worksheet 26.1: Post-Action Debriefing. Team members share their learning with the entire staff at our regular staff meetings. We believe that this helps us avoid repeating the mistakes of others and also promotes adoption of best practices shared by others.

In the research and development process for the strategy formation initiative from which this book evolved, the team leading the pilot sessions met immediately after each session to debrief. Key learnings were then incorporated into the development process. Changes were tested in a subsequent session, resulting in a continuous feedback loop and ongoing improvement.



WORKSHEET 26.1 Post-Action Debriefing (Sample)

Notes

Project to be debriefed	Board Development Project
Type of project	Internal—Board
Date or time of debriefing	January 12, 2008
Facilitator	Ken—Executive Director
Note taker	Sam—Development Director
Team leader	Ken
Team members and roles	Sam, and board members Erica, Lang, and Steve
Goals or objectives of project	To raise our board's awareness about the need for fundraising
What went well?	Several board members seem to have gotten the point and are actively seeking ways to bring in funds.
What did not go so well?	We still have a few board members who refuse to see fundraising as a basic responsibility of the board. The session was tense because of this.
What did we learn?	For some board members this is easy, but for others it is going to take a longer time, and many discussions, to move them—if ever.

(continued)

WORKSHEET 26.1 **Post-Action Debriefing** (Sample–continued)

Notes

What would we do differently next time?

Plan several sessions right at the outset.

Were the goals met? Why or why not?

Mostly they were; we got movement by the board as a whole.

Do we need to take any action now (such as revisit the project)?

We need to plan additional sessions every other month for the next year.

What is most important to disseminate to others?

We need to communicate positive messages—that this is really where we are going—so we reinforce the message of the session.

Who will disseminate the notes? When?

Ken will do it, for the board, next week.

Other comments

We should have done this years ago!

WORKSHEET 26.1 Post-Action Debriefing

Notes

Project to be debriefed

Type of project

Date or time of debriefing

Facilitator

Note taker

Team leader

Team members and roles

Goals or objectives of project

What went well?

What did not go so well?

What did we learn?

(continued)

WORKSHEET 26.1 Post-Action Debriefing (continued)

Notes

What would we do differently next time?

Were the goals met? Why or why not?

Do we need to take any action now (such as revisit the project)?

What is most important to disseminate to others?

Who will disseminate the notes? When?

Other comments

- 1
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TOOL 27 TRADITIONAL STRATEGIC PLAN TEMPLATE

Tool 10: Strategy Road Map provides a format for your organization to assemble the results of its Real-Time Strategic Planning kick-off session into a document that can be provided to funders showing that you do indeed have strategies and a plan to enact them. However, some funders may still demand a traditional strategic plan from your organization. Chapter 9 of *The Nonprofit Strategy Revolution* includes a section titled “Crafting a Traditional Strategic Plan” that explains how to convert the work your organization has done into a funder-recognizable strategic plan. The format that follows will help you create a plan that is closer to what funders have come to expect.*

* Adapted from Bryan Barry's *Strategic Planning Workbook for Nonprofit Organizations*, rev. ed. (Saint Paul, MN: Fieldstone Alliance, 2003). Used with permission.

WORKSHEET 27.1 Traditional Strategic Plan Template

Organization name

Years plan will be in effect

Mission

History

Future plans

This is an overview of where your organization is going over the next few years and how the plan will get you there.

Goals and strategies

Describe the Big Questions your organization faces and the strategies you are using to face them in the categories of organizational, program, and operational strategies.

Organizational Strategies

Describe your overarching organizational strategy or strategies.

Program Strategies

Note how the program strategies support the organizational strategy or strategies.

Program A:

Program B:

Program C:

(continued)

Worksheet 27.1 Traditional Strategic Plan Template (continued)

Operational Strategies

Note how your operational strategies (also called “support strategies”) will support your programs.

Program production

Note quantifiable results of your program activities.

Financial plans

Include *abridged* current and forecast budgets that express your program and operational plans.

Implementation plan

Typically, the work you’ve set out in Tool 9: Next Steps Work Plan will suffice here. Some funders may need to see program-specific work plans.

TOOL 28 THE INCOME MIX MAP

The ideal income mix is different for every nonprofit. It's based, in part, on the type of services you provide (which may tend to be funded through fees or government contracts), your history, and trends in philanthropy or government funding policy. And yet, every nonprofit should conduct an analysis of its funding mix to develop informed strategies and plans. The Income Mix Map is one way to describe your current revenue mix at a glance to get leaders on the same page and focused on the development of your optimal or ideal revenue mix.

Based on a simple x-y axis chart, this tool asks you to map each of your income sources by its reliability and by the level of autonomy or flexibility it affords. This helps make visible the tradeoffs at play, allowing for nuanced conversations about your current sources of revenue and what changes or adjustments you may need to pursue to achieve a better mix to support your work.

Use, Outcomes, and Measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you've achieved your goals?
<p>Optimal income mix mapping is useful when your nonprofit . . .</p> <ul style="list-style-type: none"> • Is concerned about dependence on one (or a limited number of) funder or type of income source • Is experiencing changes in the level of support from key sources of income and/or in donor behaviors • Is considering new earned income or other fund development strategies • Is building a revenue plan or budget and wants to consider the status of current revenue streams before developing projections 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • Better understanding of strengths and vulnerabilities in your current income mix • Clarity about opportunities or priorities for increasing revenue from key sources • Revenue projections that are realistic

How Should You Use It?

Prepare an x-y axis chart, in which the x (horizontal) axis indicates the reliability of income sources and the y (vertical) axis indicates the respective level of autonomy or flexibility they afford. Plot your current sources of funding on this chart. You may identify specific funders or begin with categories of funders. Categories may include federal grants, state grants, local grants, foundation support, individual donors, major gifts, events, earned income, and so forth.

We suggest creating the matrix on chart paper, with Post-its for each income source so that adjustments and additions can be made in real time during the exercise. Once you've reached agreement on the placement of each revenue source, you can replace the Post-its with different-sized circles to indicate relative proportions/amounts of funds each contributes to the whole. (Notes can also be added with relevant detail, like trends about the growth or decline of each source, end dates of significant grants, etc.)

Who Should Be Involved in This Sort of Exercise?

The group you engage in this conversation may be different depending on the objective, but generally speaking it will be most helpful to have those involved in developing and tracking revenue in the room. Sometimes it may help to have development and finance staff create an initial draft of the matrix before bringing it to a larger leadership group; during a "second round," leaders can be charged with answering strategic questions about revenue development and diversification, like: *What is our optimal revenue mix? What is our tolerance for risks created by concentration?* and *What do the answers to these questions say about funding trends, as well as organizational capacity, staffing, and systems?*

TOOL 29 ORGANIZATIONAL CULTURE CHECK-IN

“Culture eats strategy for breakfast.” The power of organizational culture is profound, often playing an unseen but pivotal role in the success—or failure—of strategy implementation. But what exactly is organizational culture? And how can organizations align their cultures and strategies to achieve success?

This tool offers a brief overview of organizational structure, questions to help you identify your current culture so you can begin to examine how it supports your chosen strategy, and tips for intentionally shifting your culture toward one that is more aligned with your goals.

Use, Outcomes, and Measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you’ve achieved your goals?
<p>The culture check-in is useful when your nonprofit . . .</p> <ul style="list-style-type: none"> • Wants to better understand its current organizational culture • Has adopted a strategy that entails a new way of working, new set of stakeholders, or other significant change • Is experiencing “growing pains” or anticipates major growth as part of its new strategy 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • Ability to describe the current culture as expressed in organizational norms and behaviors • Better understanding of how the current culture may support or challenge implementation of your chosen strategy • Identification of an “aspirational” culture through specific changes in behavior you are working toward

How Should You Use It?

Use this tool as a discussion guide to engage your organization in identifying key characteristics of its current culture and examining whether these are favorable, challenging, or neutral to your organizational strategy.

What Is Organizational Culture?

It can be difficult for an organization to recognize its own culture, simply because it is so deeply ingrained as to become invisible. Therefore, the process of identifying your culture is one of self-examination, questioning, and discussion.

Asking questions like the following can help your organization begin to make its culture explicit:

- Who is involved in decision-making, and why?
- How is authority expressed?
- How is accountability ensured?
- How are difficult issues raised and discussed? Is there openness to challenges, or do difficult issues remain underground?
- What crises has the organization survived? How did it navigate?
- How are achievements celebrated? Are individual or team successes more readily acknowledged?
- How is information shared and communicated throughout the organization?

The answers will begin to bring into focus the behaviors that express your culture on a daily basis. As your organization identifies and considers these behaviors, the next set of questions to ask is:

- How well does this culture serve us? What are its positive aspects? What are the negative or “shadow” aspects of this culture?
- When and/or from where does this behavior originate, and does it still feel authentic and true, or is it a holdover from the past?
- How well do these behaviors help us advance our chosen strategy? What kinds of behaviors do we need to manifest more frequently to be effective in our chosen strategy?

What’s Next?

You may determine that your current culture is well aligned with your current strategy. If so, fantastic! But if you’ve identified changes that would help you be more effective, take time to describe what that aspirational culture would look like. Once you are clear about what needs to change, prioritize one or two actions you can make over the next three to six months to begin moving your organizational culture in the right direction, toward developing those desired features or traits.

Choose your first steps thoughtfully. First, select a change that is most likely to succeed, so that you can start with success. Second, consider a change that provides high-leverage—that is, that sets in motion other changes that you want to see happen. Finally, do something that is high-visibility to communicate throughout the organization that you are serious and will follow through. Be sure to reinforce both the need and the goal: *We will develop our culture to look more like X so that we will be better able to achieve our strategy Y.*

Finally, culture change is not a “one-and-done” proposition—it must be constantly watched and nurtured, as it is all too easy to fall back into old habits and ways of working. Review progress regularly. Put the culture change work on the agenda for board meetings, senior team meetings, all-staff meetings, and so forth. Be sure to celebrate victories and do post-mortems on setbacks to learn what you might do differently. Adjust—and keep pushing. Your old organizational culture was not formed in a day (or even weeks or months); similarly, the new culture will take time.

TOOL 30 INFLUENCE MAPPING

Increasingly, nonprofits are recognizing that they can have a greater impact if they engage and work with others. For many, this includes a growing emphasis on advocacy to influence policy related to their work. But with limited resources, it's important to be clear on who you're trying to influence and why. Influence mapping can help you think through these questions as you identify and prioritize key influencers who can help advance your work.

Influence mapping can be approached in a variety of ways, but for this tool, we use a framework shared by Ogilvy PR as part of a broader "Influencer Quotient" mapping process. It uses a simple 2×2 matrix to chart influencers' alignment with the idea/issue you're promoting and their level of influence. Using this mapping tool, you will be better prepared to focus your efforts on those partners who are both sympathetic to your cause and well positioned to influence others on your behalf.

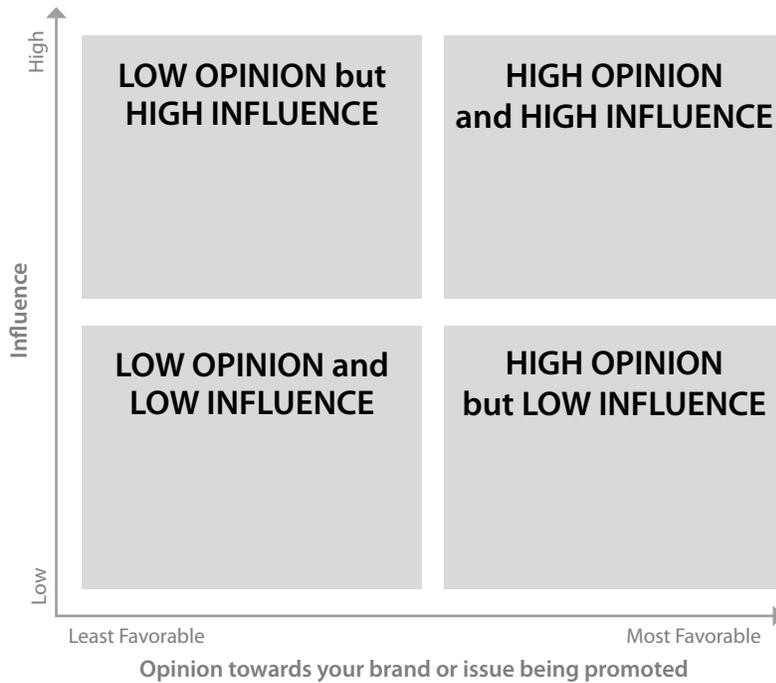
Use, Outcomes, and Measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you've achieved your goals?
<p>Influence Mapping is useful when your nonprofit . . .</p> <ul style="list-style-type: none"> • Wants to engage influencers to help build will and leadership toward desired solutions • Wants to stay connected to clients and community partners • Needs to make the most of limited advocacy capacity • Is prepared to use data to communicate issues 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • Clarity about what influencers can be most helpful to your work • Understanding of how your issue is regarded by others in the community • Efforts and resources are focused on engaging influencers who can be the most helpful allies or evangelists for your issue • Information about your issue is more effectively disseminated throughout the community

* Adapted from Bryan Barry's *Strategic Planning Workbook for Nonprofit Organizations*, rev. ed. (Saint Paul, MN: Fieldstone Alliance, 2003). Used with permission.

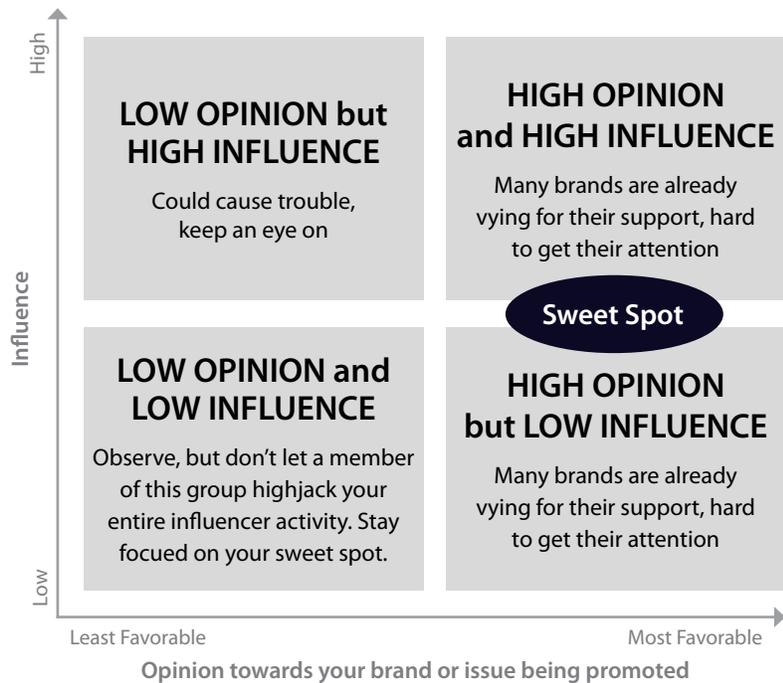
How Should You Use It?

Prepare a 2 × 2 matrix chart, in which the x (horizontal) axis indicates the influencer's opinion about your issue or approach and the y (vertical) axis indicates its respective level of influence, as shown below. Plot your influencers on this chart. You may identify specific influencers or begin with categories of influencers. Influencers may include representatives of the media, academics, policymakers, public agencies, other nonprofits, and community leaders.



You may wish to make an initial effort at this mapping with a just small number of staff and further refine it through a discussion among a broader group of your staff and board. We suggest creating the matrix on chart paper, with Post-its for each influencer, so that adjustments and additions can be made in real time during the exercise.

After you have populated the chart, you will see that your influencers fall into four quadrants: low opinion and low influence (in the lower left corner), low opinion but high influence (above that), high opinion and high influence (in the upper right corner), and high opinion but low influence (below that). As shown below, you will want to focus your efforts on those on the right side of the chart who already have a high opinion of your issue but that fall somewhere in the middle on the level-of-influence axis (the latter indicating that they have good reach but are not out of your reach). Those on the left side of the chart do not represent a high priority for your efforts, as it is unlikely you will change their opinions without considerable effort, though you should stay aware of their activity should they pose a threat as potential detractors.



You may look to engage different influencers for different reasons. For example, an organization serving homeless people may want to engage allies around community-based solutions, as well as to change health care policy and practice. The influencers for each aim may overlap but will likely be significantly different. In such cases, you can map the two issues independently—i.e., create one map showing opinions on your community-based efforts and another for opinions of your overall philosophy of care.

As you are using this tool, consider these two questions: *Who do we want to influence?* and *What change do we hope to achieve?*

Once you have those answers, you will be better prepared to tackle two other key questions: *How will we do it?* and *How will we measure progress?*



TOOL 31 STRATEGIC PARTNERSHIPS

Nonprofits face many pressures and opportunities that may lead them to consider pursuing a partnership with another organization, whether a time-limited collaboration, a more formal joint program, or even a merger. These are all valid collaborative strategies. But partnerships aren't always the answer. Using the Real-Time Strategic Planning (RTSP) process to inform decisions about strategic partnerships gives organizations a practical way of ensuring that their collaborative strategies are, in fact, strategic.

Wherever you are in the partnership process—whether you are just thinking about it, have approached a potential partner, or are deepening an existing collaboration—incorporating strategic thinking and conversations can help you determine how the partnership supports your nonprofit's organizational strategy and advances the mission. This tool offers a guide for using RTSP to inform nonprofit partnerships.

Use, Outcomes, and Measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you've achieved your goals?
<p>This guide is useful when your nonprofit . . .</p> <ul style="list-style-type: none"> • Is exploring potential partnership options and opportunities • Is in conversations with a potential partner organization or pursuing a formal agreement • Has recently entered into or become part of a new partnership 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • Partnership opportunities are assessed in the context of broader organizational strategies • Collaborative strategies are informed by the insights, priorities, and decision-making criteria that emerge from RTSP's strategic conversations • New partnerships are positioned for success when RTSP provides a foundation of shared understanding, goals, and priorities moving forward



How Should You Use It?

Consider the following guidelines for how RTSP can *precede* a partnership process, can be done *during* the negotiations phase, or can immediately *follow* a decision to partner as a way to plan for implementation.

1. RTSP as Catalyst—Using RTSP can help an organization come to a decision to pursue a strategic partnership as one element of its overall strategy. RTSP asks the organization to consider its business model, the market in which it works, its competition, key trends, and its competitive advantage. Answering these questions can help you better understand how a partnership can strengthen your organization and better fulfill its mission.

Tips: When doing your RTSP competitor analysis, include an analysis of what organizations might also be potential collaborators or partners.

2. RTSP During Negotiations—Using the RTSP approach in conjunction with partnership negotiations can help identify alignment in potential partners' primary strategies and lead to a more fully informed decision to partner (or not to do so). RTSP can be used to develop a desired business model for a merged organization or even just to explore how one or more partners can complement and strengthen one another's work. This kind of modeling is often helpful in addressing concerns, answering lingering questions, and leading to a decision about whether to partner.

Tips: Complete a business model worksheet for each organization and look at these side by side, looking for alignment, complementary aspects, or potential conflicts that may need to be further explored and resolved.

3. RTSP to Launch Implementation—RTSP can also be used at the outset of a new partnership, particularly a merger, to inform and guide implementation. Newly merged organizations typically have a lot to do and little appetite for a daunting strategic planning process. But RTSP is an ideal way to help partners make the most of their combined strengths and set shared strategic priorities moving forward.

Tips: Within the first three to six months after implementing a merger or similar highly integrated partnership (or as soon as you feel comfortable with doing so), initiate a joint RTSP session to set priorities for the new organization.

Share this tool with your full board or with a board and staff committee charged with exploring partnership opportunities. Discuss with potential partners. Consider how you will make RTSP part of your conversations about collaborative strategies.

TOOL 32 PARTNERSHIP ASSESSMENT

Organizations considering collaborative strategies, such as joint programs, alliances, or mergers, should ask and answer some key questions to assess their readiness for partnerships and lay strong foundations for success. This tool suggests several questions to help structure just such a self-assessment. Working through these questions will help your organization articulate its motivations, experiences, strengths, and weaknesses in the context of a potential partnership and will give you valuable insight as to your organization's readiness to pursue such a strategy.

Use, Outcomes, and Measures

SITUATION: When is this tool useful?	OUTCOMES: How will you know you've achieved your goals?
<p>A partnership assessment is useful when your nonprofit . . .</p> <ul style="list-style-type: none"> • Is unsure whether a nonprofit partnership will help it achieve its strategic goals • Wants to better understand what it brings to the table as a potential partner • Is considering approaching a potential partner about a collaborative opportunity 	<p>Indicators and measures of outcomes:</p> <ul style="list-style-type: none"> • Clarity about your organization's interests in and motivations for a partnership • Understanding of the potential benefits of a partnership • Understanding of potential challenges or sticking points in pursuing a partnership

How Should You Use It?

These questions cannot simply be answered by one person. They are best used as the basis for discussion among at least a core group of board members and staff leadership. Ideally, the full board should be engaged.

We recommend circulating these questions no more than a week prior to the meeting, asking individuals to jot down their responses, and then working through the questions as a full group. Allow two to three hours, depending on the size of your group. Make sure someone takes notes to capture where there is divergence of opinion or agreement. However, make it very clear at the outset that no decisions are being made during this session.

Questions for Discussion:

What organizational partnerships already exist (or have previously been pursued)? What was the experience like? What significant lessons were learned?

What key challenges and critical issues is your organization facing that it may be able to more successfully address through a partnership? How could a partnership with another organization(s) help solve them?

What are some of the opportunities (e.g., new audiences, increasing impact, attracting funding, etc.) your organization could take advantage of in a partnership that may be more difficult for it to accomplish on its own?

How could a partnership help your organization better serve current clients and advance its mission?

How could a partnership impact your organization's position with funders, donors, and other key supporters?

What are some of your organization's weaknesses that might make it less attractive as a potential partner?

What are your organizational strengths and/or skill sets that could be brought to a partnership that may enhance a partner organization?

What is your organization's current financial position? How might this impact potential partnerships?

How could a partnership increase your organization's capacity to operate more effectively and efficiently?

In exploring these questions, key themes should emerge regarding the potential upsides and risks of pursuing a partnership. You may also find it helpful to continue these conversations with a deeper dive, using external facilitation. For those interested, La Piana Consulting offers a more robust Strategic Restructuring Assessment Tool and supported process. Contact us at info@lapiana.org for information about this service and pricing.