

# Taking Stock: Gearing Up for Effective Strategic Planning

The Community Action Association of Pennsylvania (CAAP)

## Overview

Today's nonprofits are experiencing unparalleled change and uncertainty, with the promise of even more to come. In this interactive workshop, participants will review the principles of strategy development and planning, assess the relevance of their existing strategy, and lay the groundwork to lead an inclusive strategic planning process that positions their organizations for sustained impact.

The content is based on [La Piana Consulting's](#) powerful *Real-Time Strategic Planning* methodology — described in our book [The Nonprofit Strategy Revolution](#) — as well as our extensive experience guiding nonprofit leaders to position their organizations for strategic, equitable, and sustainable impact.

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## Organizational Self-Assessment




### Directions

Whether in times of rapid change or in the regular course of operations, an organizational assessment can help determine where best to focus your efforts. The following scorecard is a tool to prioritize investment of attention and resources. Using the prompts that follow the scorecard, select which color best represents the status of each assessment category.

**Organizational Self-Assessment Scorecard**

Category	Assessment
Strategic Framework / Plan	  
Programs	  
Finance	  
Fundraising	  
People	  
Infrastructure: Marketing / Communications	  
Infrastructure: Facilities / Technology	  
Partnerships	  
Other (Specify)	  

### Legend:

-  Area of high concern
-  Needs work but is manageable
-  We're good!

## Organizational Self-Assessment Questions

### Strategic Framework / Plan

- Have the Board and staff recently reviewed the strategic plan?
- What is still true and relevant?
- What would it take to refresh your plan as a roadmap for the next 12-24 months?
- Is this an opportunity to address diversity, equity, and inclusion (DEI)?
- Do you actively refer to your strategic plan when new opportunities or challenges arise?
- Have you shifted your strategy to continue to meet mission?
- Are you clear on what makes your organization unique?
- Is it the same or is there a new superpower you've discovered?

### Programming and Operations

- Have you conducted trend and player analyses?
- What are your highest impact programs? How do you know?
- Have you considered reinventing your programs to meet critical needs?
- What resources are needed? (E.g., systems, training, infrastructure)
- Do you need to educate stakeholders on changes?
- Can you keep clients, staff, volunteers safe?
- Are there adjustments to make to address DEI?
- Have you laid out scenarios and back-up plans?

### Finances

- Have you reviewed your year-to-date finances?
- What do they show?
- What is your cash position?
- What is your monthly burn rate?
- What indications have you been hearing from donors/funders?
- Can you adjust the terms of restricted grants?
- Have you stress-tested your budget? (E.g., reductions of 10%, 25%, or 40%)
- Are you effectively engaging your Finance Committee?

## **Fundraising**

- Are you clear on your funding mix and areas of fundraising strength?
- How are you engaging your strongest donors and partners?
- What is your current messaging/outreach?
- What feedback are you getting?
- Does your fundraising approach need to change?
- What resources are needed?
- Is there a way to better incorporate DEI in your approach?

## **People**

- Have leaders been modeling self-care approaches for staff?
- Has there been leadership turnover?
- Have you had to make staffing changes?
- If furloughs/lay-offs – are there creative and equitable solutions?
- Are there opportunities to maintain flexibility?
- Are you considering options through a DEI lens?
- Have you reviewed personnel policies?
- Are you able to provide training or infrastructure to keep staff, clients, and volunteers safe?
- Are you optimizing your Board and Committee structure?
- Is there an opportunity to create a more inclusive Board and Committee structures?

## **Infrastructure: Marketing / Communications**

- Have you reviewed your communications plan?
- Is there an opportunity to adapt?
- Are you being transparent about the impact of current events on your organization?
- Do you segment how you reach audiences?
- Are current channels working?
- Does your messaging reflect inclusion and dignity for all?
- Are you linking communications to fundraising efforts?
- Do you need additional resources to implement changes?

## **Infrastructure: Facilities / Technology**

- Have you had to make changes in your facilities or in your technology?
- What additional changes may be needed under different scenarios?
- What are the costs (out-of-pocket or lost revenue) to implement?
- What contingency plans do you have for last-minute changes?
- Are there soft skills to be acquired as well?

## **Partnerships**

- Who are your key partners?
- How have your relationships been strengthened or weakened?
- Are there opportunities to work together to address gaps?
- How does your organization work best in partnership?
- What new partnerships might bring mutual benefit?
- How might you reach out to those organizations to problem-solve?

## **Other**

- What's an area that was not covered?
- What are the key drivers in that area?
- What are the risks related with each driver?
- How would you assess your organization's ability to address any shortcomings?
- What are the costs involved?
- What are the timing implications?
- How does it impact other areas?

## Strategy Development Terms

**Vision:** Describes the inspirational, long-term impact that is desired by the organization (How will the world change for the better because of our contribution?)

*"Everyone will enjoy abundant access to clean drinking water."*

**Mission:** An organization's purpose and reason for being (*What is the contribution we will make toward our desired impact?*)

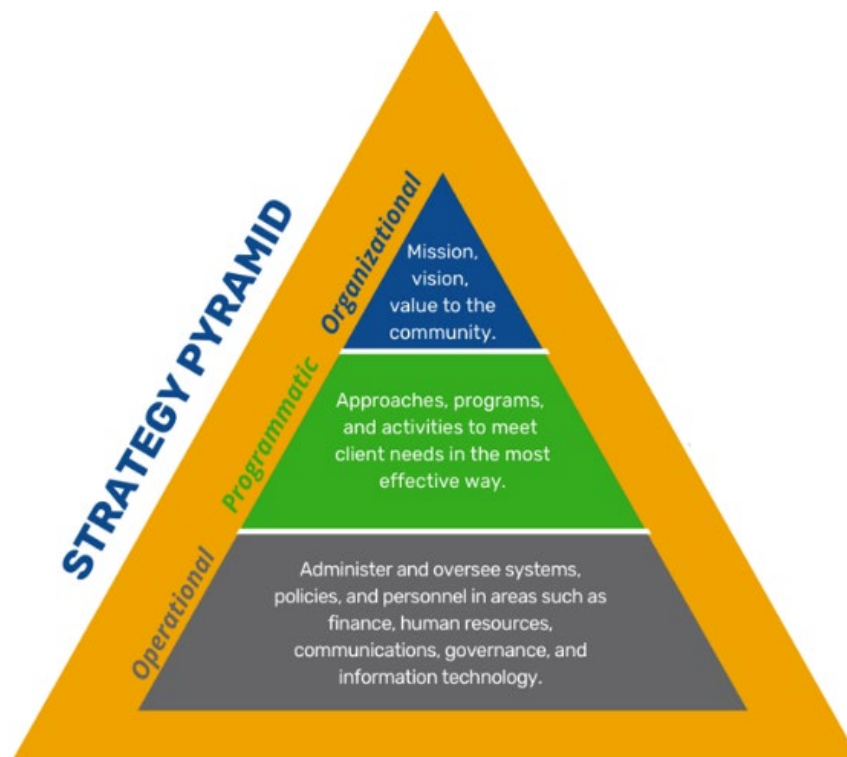
*"We advocate government and corporate action to provide clean drinking water for all."*

**Strategy:** A coordinated set of actions aimed at creating and sustaining a unique strength in carrying out the nonprofit's mission (*How will we focus and align our efforts in the current environment?*)

*"We will lobby state governments to tighten water treatment regulations and pressure manufacturers to change their waste distribution practices."*

**Strategic Planning:** How an organization operationalizes its strategy (*What are the actions, milestones, and resources that will advance our strategy?*)

*"We will engage supportive political leaders to advance water treatment, zoning, and building code bills in seven key states this year and 14 more next year. We will lead a coalition of environmental organizations to engage CEOs and traditional news media organizations in an influence campaign over the next two years. We will secure growth funding to develop our research, communications, and organizing capacity to launch social and traditional media education, awareness, and action campaigns for the public."*



# The Building Blocks of Strategy

*The Right Questions + Relevant Information + Clear Decision Criteria = Good Decisions*



## Organizational Identity

**Effective strategy is a choice** – rooted in a firm understanding of "who we are" and "who we are not" as an organization. Agreement on an organization's **current identity** — including its purpose, desired impact, primary audiences, programs and services, and funding sources — sets a foundation on which to imagine a different future.

### Identity Statement

Organizational mission or purpose

Vision of desired results or impact

Business Model	Customers, clients, or audience who are an important focus for us	Customers, clients, or audience who are <u>not</u> our focus
	Geographical areas we serve	Geographical areas we do <u>not</u> serve
	Primary program/service areas	Programs/services we choose <u>not</u> to offer
	Current sources of funding and why we pursue these sources	Funding sources we do <u>not</u> seek

Our unique strength

## The Market – Trends and Players

### Trends

What trends or environmental changes will likely impact your organization as it moves forward? Identifying and analyzing such trends can help you identify future opportunities and challenges, how they may affect your organization, and what you will do in reaction to, or — better yet — in anticipation of, each.

There are several types of trends. Analysis of each trend to determine its direction and the implications for your organization can provide valuable input for strategy development. Trend categories include, but are not limited to:

- **Social Trends** - This may include the level of demand for your programs/services based upon societal perceptions, the profile of your work in the public eye, attention given to your cause, etc.
- **Economic Trends** - These include unemployment, inflation, individual and family income, public sector spending, etc.
- **Demographic Trends** - Growth or decline in overall population; changes by age, gender, race, ethnicity; etc.
- **Available Funding for Your Programs/Services** - Philanthropic foundations, individual donations, corporate support, public funding, etc.
- **Political or Policy Trends** - Local, regional, state, and/or national.

Consider the trends that are most relevant to your organization's mission. For each trend, identify the direction of the trend as it applies to your organization's environment: Is it increasing, decreasing, or staying about the same? Getting more favorable, less favorable, or staying about the same? Then think about what this means for your group. What are the implications for what you do, how you do it, and how you are funded?



## Players

When engaging in strategy development, it is important to identify what strength makes your organization unique and what types of collaborations can bring strengths your organization does not possess. To do that, you need to identify and understand other players in the field and their unique strengths. These players may include partners, competitors, or even adversaries.

### Four different types of players:

- **Peer Organizations** - Those organizations with the same market focus as your organization – they do what you do (*that is, they have a similar program/service*) within the same geographic area for the same types of constituents.
- **Substitute Organizations** - Those organizations that meet the same need that you meet, but in a different way.
- **Resource Competitors** - Those organizations that have a different focus than yours, but compete with you for resources such as funding, board members, other volunteers, paid staff, or media attention.
- **Adversaries** - These are organizations actively opposed to your mission. They work to advance a vision of impact that conflicts with your own. While you may spend much of your time working to counter their efforts, often there is something you can learn from what makes them effective.

Consider the strengths of each player across various dimensions – where are they stronger or more effective than other related organizations (including your own)? How might your assessment of their strengths inform when and how you partner — or compete?

Area of Strength	Description
Leadership	<i>Board, management, and staff</i>
Programs and Services	<i>Quality, breadth, impact, customer/member numbers, satisfaction, retention, etc.</i>
External Resources	<i>Different ways someone outside the org is contributing to your cause, i.e. volunteers, partners, funding</i>
Awareness	<i>Media attention/publicity, communications, visibility</i>
Operations	<i>Finances, facilities, systems, etc.</i>

## Unique Strength

Your organization's "unique strength" is a crucial component — if not the most important — component of its strategy. Your nonprofit will only be successful in contributing true social value if it identifies, understands, and applies its most important strengths.

A unique strength is determined by identifying *how your organization differs from other players in how the mission is advanced or impact is made in a way that customers and funders value*. Unique strengths typically fall into the following categories.

### Unique Asset

- 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

### Outstanding Execution

- 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

***What is your organization's unique strength?***

## The Strategy Screen

Leaders with clear decision-making criteria are well-equipped to make better decisions. The strategy screen allows the decision-making process to align strategic choices with an organization's mission, vision, and capabilities while avoiding hasty decisions made under pressure. It is also a valuable communication tool for fostering agreement on what information is needed to succeed, surfacing important issues, and clarifying the rationale for those decisions for stakeholders.

When faced with a strategic choice, apply the strategy screen by considering how each option (including keeping the status quo) addresses each criterion.

The criteria help inform decision-making but should not be the sole method of determining the path forward. Some choices may fall short in one or more criteria, but still be worth doing. In those cases, additional conversation should determine whether to choose that path despite it failing to address all the criteria. Conversely, some items may seem to address each of the criteria, but not may still not be the best investment of resources. Update the list of criteria as needed to ensure its relevance.

***We recommend that every nonprofit organization's strategy screen includes the first three criteria (bolded below).***

### Sample Strategy Screen

- ***How does it help us advance our mission and vision of impact?***
- ***How does it build on, reinforce, or create a unique strength?***
- ***How does it positively advance equity and avoid amplifying or creating harmful internal or external inequities or oppressions?***
- How is it informed by the diverse perspectives and experiences of our internal and external stakeholders?
- How does it fit with our organizational priorities?
- Does it pay for itself (e.g., fees, earned revenue, sponsorships), or can we raise funds to pay for it? (E.g., is it compelling, relevant, and necessary enough to excite and motivate donors?)
- Do we have the capacity (e.g., staff, expertise, tools) to do this or a plan to add capacity?
- How will we measure short- or long-term success?
- Are we the best organization to take this on? Or are others more suitable?
- If we will work in partnership, is this a partner we want to have?
- How will our effort leverage bigger gains or impact?

## The Big Question

While nonprofit leaders wrestle with many questions, the most effective strategies address the most critical questions first. A Big Question is ***an opportunity or threat to which the organization must respond and is beyond the scope of the organization's current strategies***. Answering the right *Big Questions* makes it easier to answer subsequent *Important Questions*.

Big Questions typically arise from one of three sources:

- **A New Opportunity:** A chance to expand your programs and services, reach new constituencies, or in some way measurably improve your ability to achieve your mission.
- **A Competitive Challenge:** Another organization — perhaps unintentionally — harms your ability to achieve your mission, such as by expanding services, launching a high-profile campaign, or garnering funding that was previously coming to your organization.
- **A Business Model Challenge:** Similar to a competitive challenge but impacts all organizations in your field, such as a policy shift, economic disruption, or new approaches to achieving your mission that emerge and are widely adopted.

**Example:** A funder announces a grant program that is relevant to those you serve but would require the development of new programs and perhaps new competencies within your organization.

Questions might be:

- How much funding should we request?
- Will we be able to hire additional staff to do this work?
- What are the implications for our mission and current work if we add new services?

The first two questions are practical — but operational. The third question frames the strategic question — would moving in this direction further our mission? What about our current strategies — should we move in a new direction?

Other examples of strategic *Big Questions* include:

- How do we balance our litigation, policy, and community organizing roles?
- How can we most effectively incorporate equity in our mission, programs, and operations?
- Should our work be specific to on-site hospital activities or broadened to support citywide public and community health needs?
- Are we primarily focused on serving or carrying out work our members cannot do?

***What is your organization's Big Question?***

## Strategy Development as an Ongoing Activity

Formation of an effective strategy is not just a once-every-several-years activity. To be successful, nonprofit leaders (both board and staff) should incorporate strategic thinking and action into the organization's daily life.

### Consider Your Meeting Agendas

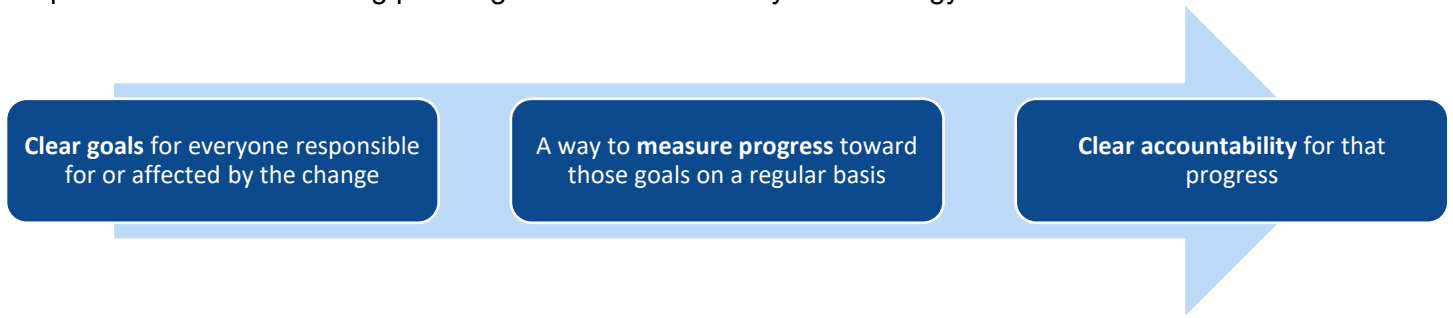
Organizational leaders spend a great deal of time in meetings, but often that time is not used in the most effective way possible. Consider your meeting agendas: Do you designate enough time for strategic discussions? Engaging the right people in the right discussions is critical. Consider designating a portion of time at each board meeting for strategic discussion. You can "plan ahead" by calendaring a rotating selection of topics, though you should always be open to changing plans to address emerging issues or opportunities.

Following are some topics to consider:

1. Are there **changes in the environment** we should consider? How might these impact our work?
2. Has there been **significant / notable activity by other players in our field**? How might this impact our work? What should our response be (if any)? Do we need to take any action to reduce the negative impact or increase the positive impact?
3. What is the **next big innovation** in [choose a topic] likely to be? (e.g., private education, technology use in schools, etc.) How might this impact our work, or how we do our work? How *should* it?
4. **"Vision Brainstorm."** Select one element of the organization's vision statement and conduct a brainstorming discussion. How could we be more effective in this area? Be creative. Consider changes to program as well as to infrastructure / internal processes. (As an alternative, if the organization has articulated a Logic Model or Theory of Change to guide its work, focus the brainstorm on one of the outcomes described in that model.)
5. **"Silo Check."** Is there an area where we could be working more collaboratively? How? What steps can we take in the next 30 days to improve?
6. Review **specific programmatic strategies and outcome indicators** — are our goals still realistic? Are we on track? Why or why not? Where do we need to adjust?
7. How relevant is our **unique strength** to advancing our mission? Have we developed any new unique strengths?
8. Have decisions already been made, and if so, was the **strategy screen** used? How did that process go? Would we make the same decision again? If not, what decisions *need* to be made? How can we do this strategically?
9. **How else** can we incorporate ongoing strategic thinking and discussions into our work? What is working well, and what could be improved?

## Implementation Planning

Requirements for outstanding planning and execution of any new strategy include:

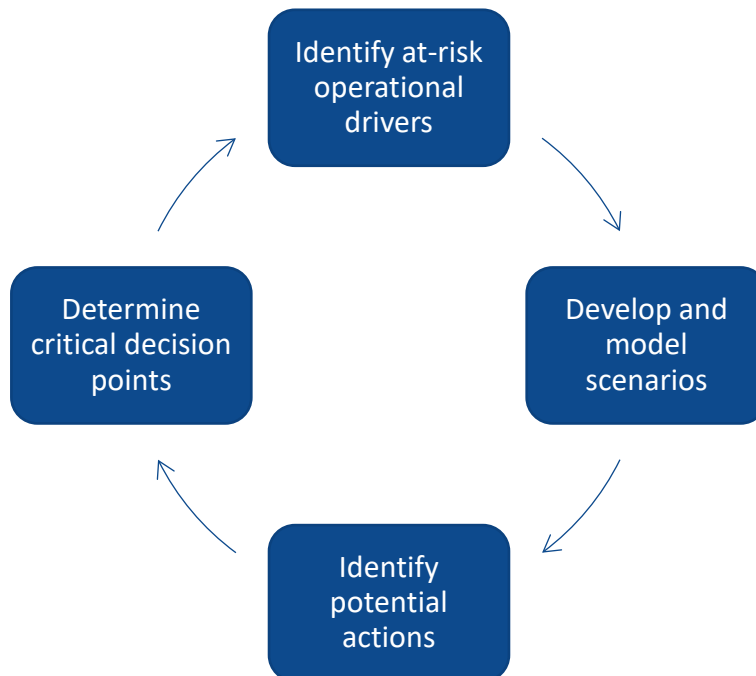


Closely linking decisions with organizational priorities and **connecting execution goals to individual performance expectations is critical.**

## Scenario Planning

As we have all learned in recent years, a well-designed plan can become obsolete in an instant. It is impossible to predict the future, however, leaders can examine possible risks and develop contingencies to address them. Doing this work in advance positions organizations to respond quickly and effectively in times of rapid change and high uncertainty.

### Scenario Planning Process



## Identify At-Risk Drivers

Drivers typically impact programs, operations, and funding. Prioritize drivers by level of importance and risk, then focus your attention first on those items with both high importance and high risk. If your organization runs multiple programs, begin with an analysis of those that are most central to your mission and stability.

- What is the nature of the risk associated with the driver?
- What is the likelihood that the risk plays itself out?
- If the risk played out, how much of an impact would it have?

## Develop and Model Scenarios

For your high-importance and high-risk drivers, identify best-, moderate-, and worst-case scenarios. Include factors both in and outside of your control. Estimate how the driver may be affected in each scenario. Detail your rationale and assumptions.

## Identify Potential Actions

Develop a set of actions you might take in response to the list of scenarios. Some of these actions may be applicable to any scenario while others might be specific to one. Some actions may be short-term, while others may be permanent.

Quantify the costs and benefits of each action for your best-, moderate-, and worst-case scenarios.

## Determine Critical Decision Points

Now that you have a sense of risks and possible responses, it's time to determine how you'll know when you are in a scenario and which action is most appropriate. Decision points may include thresholds for:

- Revenue
- Cash on hand
- Demand for programs/services
- Contract/partnership statuses
- Policy change
- Access to constituents
- Staffing levels
- Natural disaster
- Leadership change

## Taking Action in Times of Crisis

With the benefit of ongoing scenario planning, your organization will be equipped to take quick, effective action in times of crisis and uncertainty. To maximize the options available to you, act quickly and consider the following:

- Effective crisis leadership is adaptive, decisive, & inclusive
- Use a board/management crisis management committee to consider options and recommend action
- Appoint a crisis coordinator if the Executive is overwhelmed with day-to-day operations
- Ban wishful thinking: bring facts and numbers to table and detail assumptions and uncertainties
- Know what resources are needed to pivot
- Get help from funders, board members, advisors
- Take care of yourself: stress makes for poor decisions