



## White Paper #1: How to Determine Strategic Planning Readiness

by Laura Otten, Ph.D., Director, The Nonprofit Center

**M**any organizations use the calendar to determine when it's time to do strategic planning. It's been three years, or five years, or even worse, 10 years, so it's time. Others use a looming or current crisis as the signal that it's time. But the mere fact that a number of years have passed since the last strategic planning process, or that the organization needs a panacea for what ails it, is not a recipe for a successful strategic planning process.

Strategic planning is an extensive and costly process; entering into it without assessing readiness is an almost certain guarantee for disaster and an indicator that you'll be starting the process again before long under a likely cloud of negativity from the prior experience.

If strategic planning were understood for what it truly is, then people would know that it cannot be the quick fix to the problems that plague an organization. Strategic planning will *not* cure your poor, current financial picture. It cannot turn around a dysfunctional board. It cannot correct the mismatch between skills needed in the executive director and those possessed by the current leader. In fact, these are some of the very scenarios that must be redressed *before* strategic planning is begun.

Let's take a step back and look at strategic planning: what it is, how it operates and what it provides an organization. It is helpful to know that strategic planning, as a concept and tool, originated with the military. Before going into battle, commanders would engage in an assessment of their own strengths and weaknesses, those of the enemy, and an assessment of the terrain and environment in which the battle would take place, all with the goal of identifying the tactics most likely to produce the end goal: victory. Strategic planning in the nonprofit sector is parallel, with the exception that our end goal is a kind of victory: fulfilling the organization's mission promises to the best degree we can while simultaneously building a sustainable business model for continued "victory."

Nowhere in the military origins of this concept of strategic planning was the planning done to correct current deficiencies. If the commander wasn't equipped for the task, the solution wasn't to plan to fix the commander during battle but to get a better commander *before* the battle took place. If there were insufficient resources of any kind--human, dollars, equipment, etc.--to fight the enemy, the solution wasn't to plan the battle anyway, ignoring the current realities and hope that the battle would improve the situation, but rather to address the paucity of resources before the attack or find an alternative solution to engaging the enemy. To do otherwise would mean an even greater loss of life, equipment, morale, etc. than would happen in a well-planned, well-led and well-resourced battle.

So it is with strategic planning in the nonprofit sector: engaging in strategic planning when the organization is not well-equipped to follow the battle plan is agreeing to waste financial and human resources, good will, time, and the mission. Instead, it is well worth the investment to get the organization in order and then plan.

There are some classic, easily identifiable readiness factors for strategic planning that every organization should assess before writing the RFP, forming the strategic planning committee, announcing your intentions, and making promises. All are equally important to address.

### 1. **Help! We are in financial crisis!**

If you think strategic planning will right your current financial ship, you are sadly mistaken. Understand that a strategic plan identifies a course of action for a sustained period of time, generally three years in today's nonprofit sector. Strategic planning should never be relied upon as a quick fix to anything--large or small. If your organization is having financial difficulties, such as multiple years of increasing deficits, sudden or unplanned loss of major grants or donations, bi-weekly overhead costs that are beyond the ability of the organization to pay month after month, those difficulties must be addressed before starting strategic planning as the nature of what you are planning for, and

with, absolutely influences the content of the ultimate plan. Thus, if you go into a planning process with a false understanding of what the organization for which you are planning is at the start of the planning process and is likely to be at the end, you are building a plan that won't match the needs and capacity of the organization.

**Solution:** address the annual deficit through whatever means are necessary: closing down a program, scaling back another, laying off staff or across-the-board salary reductions. It won't be pleasant, but it will address the problem and stabilize the situation immediately, which strategic planning never will do. With this done, you will then have a rational and honest picture of where things are and then you can realistically plan for a strategy that will move the organization forward in a direction it will be capable of pursuing.

## 2. Our executive director just isn't right for the job.

If an executive director (or any staff member, for that matter) isn't right for an organization before strategic planning, s/he won't be right for the organization afterwards. Why is that? Two reasons. First, generally, by the time a board is willing to vocalize that the executive director is not right it is because they have recognized gaps in basic skills and talents needed to be a successful executive director, like being an effective fundraiser, or able to manage and/or lead well, or capable of developing strong relationships both internally and externally, or understanding financials, complex or otherwise. A strategic plan is not going to be able to redress those deficiencies, as that is not what a strategic plan does. Rather, what it does do is paint clearly and decisively the skills and talents that will be needed in the key staff person charged with implementing much of a strategic plan. And, second, if a strategic plan is done with the hope of "correcting" the misfit of executive director and organization, the plan will be tailored to fit the executive director rather than fit what the needs are of the mission and organization going forward.

**Solution:** get rid of the executive director. It is not necessary to have an executive director in a planning process. (In fact, if an executive director is particularly heavy handed or the board and staff always defer to the executive director, the presence of an executive director can actually detract from both the benefit of the process of strategic planning and most definitely the "agreed upon" strategic priorities.) And it is far better for the organization's future to plan without an executive director than to plan with an underperforming executive director. Figure out how you will cover the executive director responsibilities during the planning process--hiring an outside interim executive director, *carefully* appointing an internal interim executive director, last resort divvying up the responsibilities upon several--and then plan. With the known strategic priorities in hand, there is a roadmap for hiring the person with the skills needed to implement the strategic plan and lead the organization.

## 3. Our board is weak.

A good, positive strategic planning process--and achieving the same in the resulting plan, itself--will not be accomplished by a weak board, a board that does not understand its role, function, relationship with the executive director, *raison d'être*, etc. There is a direct correlation between the engagement of a "right" (correctly and strategically composed) and "good" (understands its roles and responsibilities, its relation to the executive director and its responsibility to its stakeholders) board and the success of the planning process and the strength of the actual strategic plan: the better the board, the better the strategic plan; the weaker the board, the weaker (less meaningful, helpful, value) of the plan. Alternatively put, the weaker the board the greater the waste of time in attempting strategic planning. Even if a group goes through the motions of a good strategic planning process, as happens with a poor board, it will only be an attempt, as the right level of involvement and strategic thinking won't be present. Think of it this way: a strategic plan results from a process that engages people in inquiry, exploration, critical thinking, weighing of options, and more, in order to arrive at a course of action that will move an organization forward in a positive direction. Without a proper auxiliary brain trust (the board) in place, this process will not be robust; it will be a mere going through the motions so that you can say you have a strategic plan. I can guarantee you will never drive anything that way!

Additionally, if a board does not understand what are its roles, does not understand that the strategic plan is perhaps the most important policy for an organization, that board will not be able, or willing, to do the work that is required in a good planning process.

**Solution:** Bite the bullet and clean up the board. One of the most frequently asked questions related to strategic planning is: Should we build the board first and then plan or plan first and then build the board. And the answer, very succinctly put, is it depends. If you can prune, do so, then plan. Perhaps not all of the way (and generally, even on a weak or bad board, there is a handful of good people who are hampered by the others), as you want to have seats

available that will allow you to build the bulk of the board strategically, identifying the skills and talents that will be required for successful implementation of the strategic plan. But, get rid of the non-performing board members, the hangers on, the naysayers, while keeping the handful of those who get it, like to think strategically and creatively and want to help move the mission forward. Then supplement that brain trust that will be the planning group (all board members who remain and staff) with additional people--key volunteers, good strategic thinkers who understand and support the mission, thought leaders in the field, etc.

But if pruning isn't an option, because essentially the whole tree must go, then step back, build a core of the board, leaving seats, as noted above, for post-planning. To reiterate, there is no value in building a plan with a weak board, as the plan will be, at best, weak, and at worst, useless.

With both of these options, the worry inevitably comes: if we do this, there won't be board members who have buy-in to the plan! I could say, who cares as the plan created by a weak board isn't plan worth buy-in. Just because someone didn't create something doesn't mean s/he can't see the value of it. You can, and must, get buy-in from candidates as you recruit new board members; no buy-in, no recruitment.

#### 4. **Our organization is riddled with tensions.**

By now, it should be clear that strategic planning doesn't fix things that are wrong; rather, it brings into relief those things that are wrong. One of the many benefits of strategic planning is that it brings an organization together--literally and figuratively. The planning process is a group effort, oftentimes bringing disparate (in terms of day-to-day interaction) parts of the nonprofit together on a regular basis over a sustained period of time. If staff morale is low, factionalism, for whatever reason, is running high, mistrust is rampant within the organization, or any other of the many sources of tension than can plague a group, it is not the time to do strategic planning as the risk for any of these imploding the planning process is high. This is not to say that only nonprofits that enjoy regular *Kumbayah* moments are those that should engage in strategic planning; but if any such moment is out of the question because some folk won't participate willingly, strategic planning should be out of the question until things have been addressed.

**Solution:** Stare down the elephant(s) in the room and address it (them) head on. Avoidance will only lead to slow, painful, torturous ruin. Why is morale low? What can be done to redress the situation in short order? What needs a longer course of correction and might be or be part of a strategic priority, such as bringing compensation for all employees up to market value? Factions have developed because of the reality or perception of favoritism on the part of senior leaders? Address it. An irritant board member who quickly drives everyone at a board meeting to the precipice of violence? Remove him, as no amount of strategic planning can correct that. Unresolved tensions are unpredictable and combustible threats to a successful planning process and simply not worth the risk.

#### 5. **We've always done things this way. We tried that and it didn't work.**

We don't engage in strategic planning to change; we engage in planning to evolve. To be successful with strategic planning, and to chart our evolution for the next period of our existence, all players must go into the process with an open mind and a willingness to explore possibilities and new ideas and ways of doing things in order determine what should truly be done in order to be as powerful as possible at pushing the mission forward. Rarely will the planning process turn the naysayer around, and excite the one closed to new ways; rather, that person(s) will simply be a drag on the process and dissipate the energy and zeal of the rest of the group.

**Solution:** Rid the board (using the provision in your bylaws if a conversation doesn't first do the trick) of the tired, the rigid and the ones yearning to be free of board service. Then plan.

Strategic planning should be used to create the roadmap that will guide an organization through the organization's landscape by capitalizing on its strengths in order to do the best job it can at delivering on its mission promises. It is an essential tool for ensuring a focused pursuit of mission; it is not, nor should it ever be used as a tool for correcting an organization's immediate ills.