

# What is Strategic Planning?

Simply put, strategic planning determines where an organization is going over the next year or more and how it's going to get there. Typically, the process is organization-wide, or focused on a major function such as a division, department or other major function.

Planning typically includes several major activities or steps in the process. Different people often have different names for these major activities. They might even conduct them in a different order. Strategic planning often includes use of several key terms. Different people might use apply different definitions for these terms, as well.

*Don't be concerned about finding the "perfect way" to conduct strategic planning. Consider your options from a variety of approaches that are available.*

## One Way to Look at Strategic Planning

One interpretation of the major activities in strategic planning activities is that it includes:

### 1. Strategic Analysis

This activity can include conducting some sort of scan, or review, of the organization's environment (for example, the social, economic, political and marketplace environment). Carefully consider various driving forces in the environment, for example, increasing competition, changing demographics, marketplace forces, etc. Also look at the various strengths, weaknesses, opportunities and threats (an acronym for this activity is **SWOT**) regarding the organization.

(Some people take this wide look around after they've identified or updated their mission statement, vision statement, values statement, etc. These statements are briefly described below. Other people conduct the analysis before reviewing the statements.)

### 2. Setting Strategic Direction

Carefully come to conclusions about what the organization must do as a result of the major issues and opportunities facing the organization. These conclusions include what overall accomplishments (or **strategic goals**) the organization should achieve, and the overall methods (or **strategies**) to achieve the accomplishments. Goals should be designed and worded as much as possible to be specific, measurable, acceptable to those working to achieve the goals, realistic, timely, extending the capabilities of those working to achieve the goals, and rewarding to them, as well. (An acronym for these criteria is "SMARTER".)

At some point in the strategic planning process (sometimes in the activity of setting the strategic direction), planners usually identify or update what might be called the strategic "philosophy". This includes identifying or updating the organization's mission, vision and/or values statements. **Mission statements** are brief written descriptions of the purpose of the organization. Mission statements vary in nature from very brief to quite comprehensive, and including having a specific purpose statement that is part of the overall mission statement. Many people consider the values statement and vision statement to be part of the mission statement.

It seems that vision and values statements are increasingly used. **Vision statements** are usually a compelling description of how the organization will or should operate at some point in the future and of how customers or clients are benefitting from the organization's products and services. **Values statements** list the overall priorities in how the organization will operate. Some people focus the values statement on moral values. Moral values are values that suggest overall priorities in how people ought to act in the world, for example, integrity, honesty, respect, etc. Other people include operational values which suggest overall priorities for the organization, for example, to expand market share, increase efficiency, etc.

### **3. Action Planning**

*Action planning* is carefully laying out how the strategic goals will be accomplished. Action planning often includes specifying **objectives**, or specific results, with each strategic goal. Therefore, reaching a strategic goal typically involves accomplishing a set of objectives along the way -- in that sense, an objective is still a goal, but on a smaller scale.

Often, each objective is associated with a **tactic**, which is one of the methods needed to reach an objective. Therefore, implementing a strategy typically involves implementing a set of tactics along the way -- in that sense, a tactic is still a strategy, but on a smaller scale.

Action planning also includes specifying **responsibilities** and **timelines** with each objective, or who needs to do what and by when. It should also include methods to **monitor** and **evaluate** the plan, which includes knowing how the organization will know who has done what and by when.

It's common to develop an **annual plan** (sometimes called the **operational plan** or **management plan**), which includes the strategic goals, strategies, objectives, responsibilities and timelines that should be done in the coming year. Often, organizations will develop plans for each major function, division department, etc., and call these **work plans**.

Usually, **budgets** are included in the strategic and annual plan, and with work plans. Budgets specify the money needed for the resources that are necessary to implement the annual plan. Budgets also depict how the money will be spent, for example, for human resources, equipment, materials, etc.

(Note there are several different kinds of budgets. Operating budgets are usually budgets associated with major activities over the coming year. Project budgets are

associated with major projects, for example, constructing a building, developing a new program or product line, etc. Cash budgets depict where cash will be spent over some near term, for example, over the next three months (this is very useful in order to know if you can afford bills that must be paid soon. Capital budgets are associated with operating some major asset, for example, a building, automobiles, furniture, computers, etc.

## Basic Overview of Variety of Planning Models

*Here's a quick overview of a variety of strategic planning. This overview will help you get a feel for the variety of perspectives on strategic planning.*

There is no one perfect strategic planning model for each organization. Each organization ends up developing its own nature and model of strategic planning, often by selecting a model and modifying it as they go along in developing their own planning process. The following models provide a range of alternatives from which organizations might select an approach and begin to develop their own strategic planning process. Note that an organization might choose to integrate the models, e.g., using a scenario model to creatively identify strategic issues and goals, and then an issues-based model to carefully strategize to address the issues and reach the goals.

The following models include: “basic” strategic planning, issue-based (or goal-based), alignment, scenario, and organic planning.

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### **Model One - “Basic” Strategic Planning**

This very basic process is typically followed by organizations that are extremely small, busy, and have not done much strategic planning before. The process might be implemented in year one of the nonprofit to get a sense of how planning is conducted, and then embellished in later years with more planning phases and activities to ensure well-rounded direction for the nonprofit. Planning is usually carried out by top-level management. The basic strategic planning process includes:

1. **Identify your purpose (mission statement)** - This is the statement(s) that describes why your organization exists, i.e., its basic purpose. The statement should describe what client needs are intended to be met and with what services, the type of communities are sometimes mentioned. The top-level management should develop and agree on the mission statement. The statements will change somewhat over the years.

2. **Select the goals your organization must reach if it is to accomplish your mission** - Goals are general statements about what you need to accomplish to meet your purpose, or mission, and address major issues facing the organization.

**3. Identify specific approaches or strategies that must be implemented to reach each goal** - The strategies are often what change the most as the organization eventually conducts more robust strategic planning, particularly by more closely examining the external and internal environments of the organization.

**4. Identify specific action plans to implement each strategy** - These are the specific activities that each major function (for example, department, etc.) must undertake to ensure it's effectively implementing each strategy. Objectives should be clearly worded to the extent that people can assess if the objectives have been met or not. Ideally, the top management develops specific committees that each have a work plan, or set of objectives.

**5. Monitor and update the plan** - Planners regularly reflect on the extent to which the goals are being met and whether action plans are being implemented. Perhaps the most important indicator of success of the organization is positive feedback from the organization's customers.

### **Model Two - Issue-Based (or Goal-Based) Planning**

Organizations that begin with the "basic" planning approach described above, often evolve to using this more comprehensive and more effective type of planning. The following table depicts a straightforward view of this type of planning process.

#### **Summary of Issue-Based (or Goal-Based) Strategic Planning**

(Note that an organization may not do all of the following activities every year.)

1. External/internal assessment to identify "SWOT" (Strengths and Weaknesses and Opportunities and Threats)
2. Strategic analysis to identify and prioritize major issues/goals
3. Design major strategies (or programs) to address issues/goals
4. Design/update vision, mission and values(some organizations may do this first in planning)
5. Establish action plans (objectives, resource needs, roles and responsibilities for implementation)
6. Record issues, goals, strategies/programs, updated mission and vision, and action plans in a Strategic Plan document, and attach SWOT, etc.
7. Develop the yearly Operating Plan document(from year one of the multi-year strategic plan)
8. Develop and authorize Budget for year one(allocation of funds needed to fund year one)
9. Conduct the organization's year-one operations

### **Model Three - Alignment Model**

The overall purpose of the model is to ensure strong alignment among the organization's mission and its resources to effectively operate the organization. This model is useful for organizations that need to fine-tune strategies or find out why they are not working. An organization might also choose this model if it is experiencing a large number of issues around internal efficiencies. Overall steps include:

1. The planning group outlines the organization's mission, programs, resources, and needed support.
2. Identify what's working well and what needs adjustment.
3. Identify how these adjustments should be made.
4. Include the adjustments as strategies in the strategic plan.

### **Model Four - Scenario Planning**

This approach might be used in conjunction with other models to ensure planners truly undertake strategic thinking. The model may be useful, particularly in identifying strategic issues and goals.

1. Select several external forces and imagine related changes which might influence the organization, e.g., change in marketplace, demographic changes, legislative / regulatory changes, etc.
2. For each change in a force, discuss three different future organizational scenarios (including best case, worst case, and OK/reasonable case) which might arise with the organization as a result of each change. Reviewing the worst-case scenario often provokes strong motivation to change the organization.
3. Suggest what the organization might do, or potential strategies, in each of the three scenarios to respond to each change.
4. Planners soon detect common considerations or strategies that must be addressed to respond to possible external changes.
5. Select the most likely external changes to effect the organization, e.g., over the next three to five years, and identify the most reasonable strategies the organization can undertake to respond to the change.

## **Model Five - "Organic" (or Self-Organizing) Planning**

Traditional strategic planning processes are sometimes considered "mechanistic" or "linear," i.e., they're rather general-to-specific or cause-and-effect in nature. For example, the processes often begin by conducting a broad assessment of the external and internal environments of the organization, conducting a strategic analysis ("SWOT" analysis), narrowing down to identifying and prioritizing issues, and then developing specific strategies to address the specific issues.

Another view of planning is similar to the development of an organism, i.e., an "organic," self-organizing process. Self-organizing requires continual reference to common values, dialoguing around these values, and continued shared reflection around the systems current processes. General steps include:

1. Clarify and articulate the organization's cultural values. Use dialogue and storyboarding techniques.
2. Articulate the group's vision for the organization. Use dialogue and storyboarding techniques.
3. On an ongoing basis, e.g., once every quarter, dialogue about what processes are needed to arrive at the vision and what the group is going to do now about those processes.
4. Continually remind yourself and others that this type of naturalistic planning is never really "over with," and that, rather, the group needs to learn to conduct its own values clarification, dialogue/reflection, and process updates.
5. Be very, very patient.
6. Focus on learning and less on method.
7. Ask the group to reflect on how the organization will portray its strategic plans to stakeholders, etc., who often expect the "mechanistic, linear" plan formats.

## **Preparation for Strategic Planning**

### **Guidelines to Keep Perspective During Planning**

Many managers spend most of their time "fighting fires" in the workplace. -- their time is spent realizing and reacting to problems. For these managers -- and probably for many of us -- it can be very difficult to stand back and take a hard look at what we want to accomplish and how we want to accomplish it. We're too busy doing what we think is making progress. However, one of the major differences between new and experienced managers is the skill to see the broad perspective, to take the long view on what we want to do and how we're going to do it. One of the best ways to develop this skill is through ongoing experience in strategic

planning. The following guidelines may help you to get the most out of your strategic planning experience.

1. The real benefit of the strategic planning process is the process, not the plan document.
2. There is no "perfect" plan. There's doing your best at strategic thinking and implementation, and learning from what you're doing to enhance what you're doing the next time around.
3. The strategic planning process is usually not an "aha!" experience. It's like the management process itself -- it's a series of small moves that together keep the organization doing things right as it heads in the right direction.
4. In planning, things usually aren't as bad as you fear nor as good as you'd like.
5. Start simple, but start!

### **Need Consultant or Facilitator to Help You With Planning?**

You may want to consider using a facilitator from outside of your organization if:

1. Your organization has not conducted strategic planning before.
2. For a variety of reasons, previous strategic planning was not deemed to be successful.
3. There appears to be a wide range of ideas and/or concerns among organization members about strategic planning and current organizational issues to be addressed in the plan.
4. There is no one in the organization whom members feel has sufficient facilitation skills.
5. No one in the organization feels committed to facilitating strategic planning for the organization.
6. Leaders believe that an inside facilitator will either inhibit participation from others or will not have the opportunity to fully participate in planning themselves.
7. Leaders want an objective voice, i.e., someone who is not likely to have strong predispositions about the organization's strategic issues and ideas.

### **Who Should Be Involved in Planning?**

Strategic planning should be conducted by a planning team. Consider the following guidelines when developing the team

(Note that reference to boards of directors is in regard to organizations that are corporations.)

1. The chief executive and board chair should be included in the planning group, and should drive development and implementation of the plan.
2. Establish clear guidelines for membership, for example, those directly involved in planning, those who will provide key information to the process, those who will review the plan document, those who will authorize the document, etc.
3. A primary responsibility of a board of directors is strategic planning to effectively lead the organization. Therefore, insist that the board be strongly involved in planning, often including assigning a planning committee (often, the same as the executive committee).
4. Always include in the group, at least one person who ultimately has authority to make strategic decisions, for example, to select which goals will be achieved and how
5. Ensure that as many stakeholders as possible are involved in the planning process.
6. Involve at least those who are responsible for composing and implementing the plan.
7. Involve someone to administrate the process, including arranging meetings, helping to record key information, helping with flipcharts, monitoring status of pre-work, etc.
8. Consider having the above administrator record the major steps in the planning process to help the organization conduct its own planning when the plan is next updated.

Note the following considerations:

9. Different types of members may be needed more at different times in the planning process, for example, strong board involvement in determining the organization's strategic direction (mission, vision, and values), and then more staff involvement in determining the organization's strategic analysis to determine its current issues and goals, and then primarily the staff to determine the strategies needed to address the issues and meet the goals.
10. In general, where there's any doubt about whether a certain someone should be involved in planning, it's best to involve them. It's worse to exclude someone useful than it is to have one or two extra people in planning -- this is true in particular with organizations where board members often do not have extensive expertise about the organization and its products or services.
11. Therefore, an organization may be better off to involve board and staff planners as much as possible in all phases of planning. Mixing the board and staff during planning helps board members understand the day-to-day issues of the organization, and helps the staff to understand the top-level issues of the organization.

## **How Many Planning Meetings Will We Need?**

### **Number and Duration of Planning Meetings**

1. New planners usually want to know how many meetings will be needed and what is needed for each meeting, i.e., they want a procedure for strategic planning. The number of meetings depends on whether the organization has done planning before, how many strategic issues and goals the organization faces, whether the culture of the organization prefers short or long meetings, and how much time the organization is willing to commit to strategic planning.
2. Attempt to complete strategic planning in at most two to three months, or momentum will be lost and the planning effort may fall apart.

### **Scheduling of Meetings**

1. Have each meeting at most two to three weeks apart when planning. It's too easy to lose momentum otherwise.
2. The most important factor in accomplishing complete attendance to planning meetings is evidence of strong support from executives. Therefore, ensure that executives a) issue clear direction that they strongly support and value the strategic planning process, and b) are visibly involved in the planning process.

### **An Example Planning Process and Design of Meetings**

One example of a brief planning process is the following which includes four planning meetings and develops a top-level strategic plan which is later translated into a yearly operating plan by the staff:

1. Planning starts with a half-day or all-day board retreat and includes introductions by the board chair and/or chief executive, their explanations of the organization's benefits from strategic planning and the organization's commitment to the planning process, the facilitator's overview of the planning process, and the board chairs and/or chief executive's explanation of who will be involved in the planning process. In the retreat, the organization may then begin the next step in planning, whether this be visiting their mission, vision, values, etc. or identifying current issues and goals to which strategies will need to be developed. (Goals are often reworded issues.) Planners are asked to think about strategies before the next meeting.
2. The next meeting focuses on finalizing strategies to deal with each issue. Before the next meeting, a subcommittee is charged to draft the planning document, which includes updated mission, vision, and values, and also finalized strategic issues, goals, strategies. This document is distributed before the next meeting.

3. In the next meeting, planners exchange feedback about the content and format of the planning document. Feedback is incorporated in the document and it is distributed before the next meeting.
4. The next meeting does not require entire attention to the plan, e.g., the document is authorized by the board during a regular board meeting.
5. Note that in the above example, various subcommittees might be charged to gather additional information and distribute it before the next planning meeting.
- 6 Note, too, that the staff may take this document and establish a yearly operating plan which details what strategies will be implemented over the next year, who will do them, and by when.
7. No matter how serious organizations are about strategic planning, they usually have strong concerns about being able to find time to attend frequent meetings. This concern can be addressed by ensuring meetings are well managed, having short meetings as needed rather than having fewer but longer meetings, and having realistic expectations from the planning project.

### **How Do We Ensure Implementation of Our New Plan?**

A frequent complaint about the strategic planning process is that it produces a document that ends up collecting dust on a shelf -- the organization ignores the precious information depicted in the document.

The following guidelines will help ensure that the plan is implemented.

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1. When conducting the planning process, involve the people who will be responsible for implementing the plan. Use a cross-functional team (representatives from each of the major organization's products or service) to ensure the plan is realistic and collaborative.
2. Ensure the plan is realistic. Continue asking planning participants "Is this realistic? Can you really do this?"
3. Organize the overall strategic plan into smaller action plans, often including an action plan (or work plan) for each committee on the board.
4. In the overall planning document, specify who is doing what and by when (action plans are often referenced in the implementation section of the overall strategic plan). Some organizations may elect to include the action plans in a separate document from the strategic plan, which would include only the mission, vision, values, key issues and goals, and strategies. This approach carries some risk that the board will lose focus on the action plans.

5. In an implementation section in the plan, specify and clarify the plan's implementation roles and responsibilities. Be sure to detail particularly the first 90 days of the implementation of the plan. Build in regular reviews of status of the implementation of the plan.
6. Translate the strategic plan's actions into job descriptions and personnel performance reviews.
7. Communicate the role of follow-ups to the plan. If people know the action plans will be regularly reviewed, implementers tend to do their jobs before they're checked on.
8. Be sure to document and distribute the plan, including inviting review input from all.
9. Be sure that one internal person has ultimate responsibility that the plan is enacted in a timely fashion.
10. The chief executive's support of the plan is a major driver to the plan's implementation. Integrate the plan's goals and objectives into the chief executive's performance reviews.
11. Place huge emphasis on feedback to the board's executive committee from the planning participants.

Consider all or some of the following to ensure the plan is implemented.

12. Have designated rotating "checkers" to verify, e.g., every quarter, if each implementer completed their assigned tasks.
13. Have pairs of people be responsible for tasks. Have each partner commit to helping the other to finish the other's tasks on time.

**Additional information on this and other planning topics can be located through the RESOURCES section on the main menu.**

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