



***YOUR MONEY OR YOUR MISSION? NCNE's national conference.
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Life is What Happens while you are making Strategic Plans

This is a lightly edited transcript of a session presented on the morning of Thursday 27 September 2007. The session concerns planning in nonprofits and features three outstanding speakers.



Kevin Kearns is Professor of Public and Nonprofit Management in the Graduate School of Public and International Affairs (GSPIA), University of Pittsburgh. Kevin has served as President of The Forbes Funds, an organization devoted to capacity-building in nonprofit organizations. He has published on nonprofit accountability, strategic planning, board development, and general management. His book, *Private Sector Strategies for Public Sector Success* (Jossey-Bass, Inc.) was honored with the Terry McAdam Best Book Award by the Alliance for Nonprofit Management. He holds a bachelors degree from the University of Dayton and masters and doctoral degrees from the University of Pittsburgh.



Jeanne Bell, MNA is Chief Executive Officer of CompassPoint Nonprofit Services, one of the country's leading providers of training and consulting services to community-based organizations. She is the co-author of *Financial Leadership for Nonprofit Executives: Guiding Your Organization to Long Term Success* (Wilder). In addition to frequent speaking and consulting on nonprofit strategy and finance, Jeanne has conducted a series of research projects on nonprofit executive leadership, including *Daring to Lead 2006: A National Study of Nonprofit Executive Leadership* and *Securing the Safety Net: A Profile of Community Clinic and Health Center Leadership in California*. Jeanne serves on the Advisory Boards of the Institute for Nonprofit Organization Management at the University of San Francisco, The Nonprofit Quarterly and the Alliance for Nonprofit Management.



Joan Hoge has been the Executive Director of the Historical Society of Delaware since November 2003. Prior to this appointment, she was Executive Director of the Historical Society of Talbot County in Easton, Maryland. This followed work at the Chesapeake Bay Maritime Museum in St. Michaels, Maryland, graduate studies, employment at the VA Department of Historic Resources and several years in interior design. Joan attended East Carolina University where she completed a Bachelor of Fine Arts in textile design in 1988, and has a Master's degree in art history and museum studies at Virginia Commonwealth University.

Kevin Kearns introduces the session with a review of critiques of strategic planning; Joan Hoge then provides a live case study and an example in which a strategic planning process works. She describes the background of her organization, the process she applied, the engagement of her staff and board, and then of the community, implementation, and finally some lessons she and her Society learned from the whole experience. And Jeanne Bell then offers provocative remarks about planning in the context of a consultancy whose aim is to support nonprofit community-based organizations engaged in social change. She raises some interesting issues for nonprofit managers to consider, about the language of planning, whether the process of planning

really is as important as the intended result, how participative planning processes need to be, business models, capacity-building, the need for measurement and more.

This transcript concludes with a summary of the questions and answers that followed the presentations.

KEVIN KEARNS

Our session here today is designed to explore some of the critiques of strategic planning that Jo DeBolt (of La Piana Associates) just spoke of at lunch. And in fact, when you hear what I have to say, you're going to think that either everybody in Pittsburgh thinks alike, because Jo and I are both from Pittsburgh, or that we've somehow coordinated our presentation. And I can assure you neither of those two things is correct. Not everybody in Pittsburgh thinks alike, and it is a flyover destination, nor did we coordinate our presentation. But it's very clear to many of us who've been involved in strategic planning, and the literature is loaded with examples, that there are critiques to be made of planning as an activity.

Henry Mintzberg is probably the most vocal, the most direct, and in some way the most humorous of those critics, but my colleague John Camillus, at the Katz Graduate School of Business at University of Pittsburgh, has also authored a number of critical articles on traditional models of strategic planning. And as Jo noted, many of the critiques of strategic planning suggest that it's not the only, or even the most prominent route to organizational strategy. Some of Henry Mintzberg's longitudinal work that you might be familiar with has shown that in organizations in Canada, nonprofit and for profit, and their strategy bears little resemblance to what they say in their strategic plan, and so there's an interesting disconnect between what people say they're going to do, and what they actually do in their strategy development.

There's also a lot of mixed evidence as to whether or not strategic planning as we know it actually produces better organizational outcomes. We could quibble with that, suggesting that it's very difficult to do that type of empirical research when there's no one model of strategic planning, so it's a little difficult to control what your independent variable is, and it's also pretty difficult to control the dependent variable in nonprofit organizations that pursue multiple outcomes. But nonetheless, there's mixed evidence that strategic planning actually produces better outcomes. Henry says that strategic planning is virtually impossible in a complex environment. Too often by the time the plan is complete, the environment has changed because it's so dynamic and rapidly changing, and that it's especially difficult for small organizations to do strategic planning due to lack of resources, lack of time, lack of staff capability, and the inability to retain talented consultants.

The other popular critique is that there's this disconnect between planning and implementation. That planning is somehow a thinking, or intellectual exercise, that is separate from the actual implementation and that too often organizations go about this long strategic planning process, and then only afterwards do they think, "Where are we going to get the money to implement this? Where are we going to get the staff to implement this? Where are we going to find the resources to implement this?" And so the notion that thinking is separate from action has been a critique as well.

Another intriguing critique, I think, is that planning too often focuses on the search for new opportunities rather than the maintenance of an organization's core competencies and comparative advantages. There seems to be a tremendous incentive in strategic planning to say, "We're going to do something new. We're going to pursue a new market. We're going to introduce a new service. We're going to change our demographic." Consultants don't get paid lots of money to say, "We're going to continue doing exactly what we're doing, and do it very very well. Right?"

So oftentimes strategic planning has sort of an inherent or implicit incentive to do something new, something dramatic has to come out of it. The cynic who suggested all decision making is political would say that strategic planning inevitably involves the allocation of scarce resources, and whenever you have such an allocation you're going to have bargaining, compromise, coalition, building, and outright power plays, and that strategic planning is just the ritualized version of codifying some sort of political process in an organization.

I had the pleasure and honor of taking a leave of absence from the University of Pittsburgh a few years ago to serve as president of a small foundation in Pittsburgh, a capacity-building foundation entitled the Forbes Fund. It's a supporting organization of the Pittsburgh Foundation. And increasingly in that capacity, both I myself, and other grant makers, were less interested in an organization's strategic plan than we were in their business plan for a particular program or service that they were coming to us for funding. And of course, with the trend toward social entrepreneurship and revenue generating enterprises, and other types of earned-income activities, the notion of business planning also becomes increasingly important. So these are some critiques of strategic planning, and we've got two speakers today who are going to tell us that none of this is true. And that in their experience and in their activities they have perhaps encountered these issues, encountered these challenges, but have successfully overcome them.

I'd now like to introduce Joan Hoge, the executive director of the Historical Society of Delaware since 2003. You have her biographical sketch in front of you.

JOAN HOGE

Well, good afternoon. Thank you for coming today. I believe that my role here is to give you a little bit of a grass roots perspective of going through a strategic planning process that so far appears to have worked.

We are now about 18 months out of the official, "Yes, the board approves the plan," 18 months into working on it, and all the top ten of our primary objectives are underway or finished. So I'm going to spend a fair amount of time talking about the process that we went through because in thinking about it, hopefully, the process is of the reasons for our success. And I will also talk about the implementation and how we are implementing the process and getting through our goals. I am not a student of strategic planning, I have only done it. So as I think about this, and I've listened to some of the other speakers today, I realize that we probably followed a fairly traditional strategic planning model with a few things perhaps a little bit different. And again, when we get to the conversation part of this afternoon, we can perhaps talk about what was it in our process that resulted in progress on the other end.

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So with that said I'm going to tell you a little bit about our organization and our background, take you through the process that we went through, and then wrap up with the implementation. Many of you have probably heard the same things that I've heard about public speaking that you should have three points because that's all that most people can handle. I think you all are smarter than that, so I've got five. And if you're a note taker, I'm going to give you five trigger words, and we'll see if I can manage to hit on them through my presentation. So if you take notes, write them down. If you don't, you'll just remember them. First one is monkey, the second is pregnancy, third is Europe, fourth is type A, and the fifth is air force.

Background: the organization and its approach to planning

My organization has been around for about 143 years. We were founded in 1864, and we have pretty much stayed true to our core mission since then. We were founded to preserve, collect, and share the stories of Delaware's past. That part has stayed true all the way through. How we've done it has changed dramatically from 1864 to now. However, we do still actually do some of the same things.

We are located in Wilmington, Delaware. We have two sites, Wilmington and Newcastle. We have an operating budget of about \$1.5 million. We have a professional staff of 15, an hourly education staff of about 30, a volunteer board of directors of 32, and a supporting membership of about a thousand households. We manage eight historic properties that we use for administration, program, and outreach. We have a collection of about three and a half million things that we care for and use. We do exhibits, we do school programs, we do publications, we reach probably one-on-one about 50,000 people a year, and through the Internet about another 150,000. So that's kind of us in a snapshot.

I am relatively new to the organization. It will be four years in October, and for our organization that's new. I followed a director who'd been there 20 years, and that was one of the challenges that I faced coming in being the new kid on the block. And that is one of the things that inspires strategic planning.

My organization had a history of strategic plans. They probably had them for 30 years. Every three to five years they had a new one, and they had one when I got there. But when I went through the interview process and I read that plan I recognized that it was a maintenance plan, just one of the points that Kevin brought up, is do strategic plans have to mean growth and changing new things, or is maintenance okay? Well, at that point I felt that maintenance wasn't quite okay, and before they hired me I said, "We're going to do strategic planning, if you hire me be prepared." They weren't. They didn't listen, but we did strategic planning anyway.

So I was following a very charismatic director who took the organization to a new place, and I think that's one of the reasons they had a maintenance plan. They were resting, but they'd been resting for five years, and were starting to move into complacency and I felt that we needed to rethink. And the environment was changing, and we needed to keep that in mind too.

I was new. I had a number of challenges to face, one of which was that we had a very long list of deferred maintenance. Who owns buildings? Whose organization owns buildings? You're so lucky if you don't. Deferred maintenance: I think one of the major

challenges of the nonprofit world is taking care of your infrastructure, and we had a lot of it.

We had staff who had not been included in the planning process in the past, and one of the great things about being new is the people will be honest with you because it's not your fault, the current situation, whatever it might be. So people were really open in saying that they didn't feel they had a voice, and that there was this big disconnect between the board and the staff. And we heard about that a little bit at lunch today and how that can affect planning and strategic thinking, and recognizing everybody needs to be on the same page. We had unknown community perception. We had masked what people thought of us. What they thought we did and what they thought we should be doing. And I thought that that was very valuable information to help guide us in how we should direct our very limited resources.

My board had a been-there-done-that attitude. They were all corporate folks. They'd done strategic planning in their business. They'd done it for this organization before. They were like, "Yeah, yeah, yeah, we'll do it again." And then I made it worse by bringing in a consultant because they'd never used consultants before, and worse than that, a consultant from DC coming into Delaware. Why on earth would we want to do that? And the only way that I got away with it was that I raised money from a foundation to pay to do it, so they let me bring in a consultant. And we were also very insular. There was a stigma about outside help, and in talking to my colleagues in the field, they looked at our organization – as many people might – historical society, closed, you have to be a member, it's dark, it's dusty, it's "tea." And I thought that was an issue and that we needed to address it. So that's the big setup.

We were very lucky in that we got funding. That we are an organization that gets support from a foundation that actually really believes in building institutional capacity, and they were willing to help us with this, so we did get some money for it, to bring in a consultant and to do some of the pieces that I really felt we needed to do. We actually got a small grant to plan the planning process, which is where the traditional planning comes in, and it is somewhat of a traditional strategic planning process that we went through, but again, as I mentioned, I think there were some pieces that really made a difference. Our goals for the process were more than just coming up with a strategic plan, I had some bigger goals. One of them was to bring the board and staff together, to create that team of people that recognized they had a shared goal, and that they both really did believe in the mission of the organization, and they needed to realize that.

So a lot of the process was designed to get them in the same room at the same table, talking to each other and coming up with something together because I think a lot of the challenges of strategic plans is that the board comes up with it and then gives it to the staff to implement. That's where you have a big disconnect. So that was one of our goals. The community perception was critical. We had to find out not only what people thought we should be doing, or thought that we did do, but what should we be doing? What can we be doing to better the community? And I think that was really a key piece and that's also where we invested some resources is doing some external analysis. We wanted to create a shared vision of how to get to that end goal, and we wanted to create a process to keep up with it and not just put it on the shelf.

The Process: getting people onto the same page

In the very beginning we wanted to start with the core stuff, and what that meant to me was the vision – the long-term vision of what we wanted, what we believed. Our definition anyways, our vision, was an ideal community in which history played a vital role. And as a group we worked together to come up with that vision. This is the BHAG, the big hairy audacious goal. The thing that may or may not actually be attainable, but it's the thing that you're always working towards. So the vision was the first thing we worked on. Guiding principles, core values, those things are used interchangeably, but we went through that exercise as well, as a group.

And again, it wasn't necessarily because we thought we needed this on paper to refer to, or that we needed it for funders, but we needed the exercise together to recognize again that we had a shared value system, not only a shared vision for the future. So we did some really silly exercises comparing the historical society to vegetables and things like that to come up with our core values, and it actually worked. Everybody had a lot of fun, they got to know each other and they agreed on it.

The next piece after that was the really tough one, and that was core audiences. And it was the recognition that with limited resources you couldn't be all things to all people. And it was a very tough conversation for a long time to get everyone to agree on that. And it's not saying that we aren't going to be diverse in who we serve, but it is saying that with limited resources sometimes you have to make choices, and you need to make those choices based on how much you will advance your mission. So our process of identifying the core audiences was with that in mind.

And then lastly was the mission. We've always had a mission statement. It changes every 8-10 years, mostly just tweaking. We didn't have "sea change" here, but I will tell you, at our first planning retreat that the whole board and staff were there, the morning session was to review the mission statement. And we had 50 people in a room for three hours debating two or three words, whether they should be in or whether they should be out. And it was painful, but in the end, everybody – we got there. And we agreed on it, and that's what was important.

Engaging the community

All of this work we did before we got the money to do official planning. This was to pull the team together, get everybody on the same page, make friends, do some work, get that shared vision. Then at that point, we went out to the community, and we did use outside help to do our external analysis. And what that meant to us was conducting focus groups across the state, interviewing teachers, which was one of our primary audiences, conducting membership surveys, a library user survey, an online survey, a combination of things, to find out what people thought of us and what they thought we should be doing.

And I think this is a really key piece in the process, and I think it was very key again for our success. And it was the question I would have asked again at lunch if we hadn't run out of time, is where in the process – in their abbreviated process, do you find out about the community need? Because I think again, that that's part of the reason for our success, is that the strategic decisions we made out of this, were based on what the

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community told us that they want us to do. And I think because we're doing that, we're seeing success, and we're seeing growth.

And here comes the first word: Monkey. We were lucky to have funding to have people help us do this, however, you can do external analysis on the cheap. And one of the best tools we discovered in this was SurveyMonkey, and some of you are probably already familiar with it. For 30 bucks, for a month, you can have an online survey. And it's easy to use, and it gets you great data, and it tabulates it for you. And it's a fabulous tool. If you're not familiar with it, just Google "SurveyMonkey," you'll find out about it. But all of our surveys we did on paper and on SurveyMonkey so that people had a choice of how to respond to us. And we had a phenomenal response. As a result of all that external analysis, over 400 people contributed to our planning process, and gave their opinions. And again, I think that's one of the reasons that we had some success. They were all part of it, they felt a part of it, they were invested in it, and therefore when we go back and say, "See, we're doing what you said we should," then they spread the word and you get that wonderful word-of-mouth support.

Deciding on the Vision and Goals

So we did our visioning, we did our external analysis, and we did the standard SWOT analysis - strengths, weaknesses, opportunities, threats. And we did that internally with the board and the staff, and I think that was parallel to the piece mentioned at lunch - she talked about using your internal knowledge and expertise to talk about your organization and the history of your organization to really understand it. That was critical for me as the new person because we were doing this process - I had only been there about ten months. And so I learned a tremendous amount about the organization and what it had tried before and failed, and what it had tried before and worked. And what the staff really wanted to do - and they are the experts - so having an opportunity to listen to them, they'd been in the trenches doing the work, also made a really big difference. Once all of that was behind us then we got down to the notion of analyzing these mountains of data, and coming up with our strategic goals.

We organized them programmatically, basically, and then under each goal you had all of your action steps and our strategic plan, the 30-page document that's in a binder, is pretty complex, and our consultant and I went around and around and around about that because she wanted us to fill in every single box. This is the action, this is who's going to be responsible, this is how much it's going to cost, this is where you're going to get the money, this is who your partners are going to be. But there was no way we could do that because a lot of these things were dreams and they were three, five, seven years out, and the environment could change. But we did want them on the list, so they went into the plan. Interestingly of course, the ones that are the most thought out, and had those boxes filled in, are the things that have gotten done. So they're probably the things that were the most important.

Reflecting on the Process

This whole process for us took 18 months. It was not supposed to take 18 months, and I won't go into the reasons as to why, other than it wasn't necessarily the process itself. We ran into some health issues, and some vacation issues, and some funding issues, and all of these things that delayed the process.

However, it was really tough to get through it, to do 18 months on the same project. It pulled away from other work, people got tired of it, we lost momentum during gaps of time, and I really think it was one of the weaknesses of our whole process was it takes too long, which leads to my second word, and that is – strategic planning is like pregnancy, it shouldn't take more than nine months.

It's hard to keep people focused. We heard earlier about how the process can happen in a day – hooray, if that's achievable I don't know yet. But for us, going through a fairly strategic, or traditional process, nine months would have been right on, but we couldn't quite get there, and next time it's going to be shorter, I promise you. However, doing the external analysis takes time. Doing focus groups, doing interviews, all of that, and you have to be willing to invest, not only that money, but that time.

It was all worth it. It was a lot of work. As I said, there were 400 people, which includes everybody who filled out a survey. But there were actually 60 people, my board and my staff, that did have to coordinate schedules, that did have to get to meetings, and all of that kind of thing. But I will say it was all worth it because it pulled everybody together, and we do have a shared vision and everybody agrees on it. And we look at it now and then, we actually have it taped up there on the bulletin board what the vision is, and I'm always so proud when we're in a planning or brainstorming meeting and someone other than me brings up one of our core audiences and says, "You know, is this really going to serve that group? Is this really going to advance the mission?" And I'm so proud when they do that. So it was a huge team-building opportunity. It gave staff a voice, which was very important, and now they use that voice all the time, which isn't always good, but I'm happy for them. The data that we gathered through the external analysis we use over, and over, and over again. Not just in the plan, but in every single funding proposal I have written since we gathered that data, I've referenced it.

So it has a life long beyond the actual planning document. We use it all the time, and we use the plan all the time in our funding. We say, "This is the number two priority identified by the board, yeah." And funders listen to that, and they ask, "Where does this fall? How important is this to you?" And you can say, "We've been through all this, and this is exactly how important it is to us, and it's important to us because it's important to our community because they told us that," and we can back it up. So it was definitely worth it. And it provides focus. So I said we had ten major strategic goals, and that's a lot. But it's still a lot more focused than we had before. And we have those things that we are working on. So it's definitely working.

All of that said, and one of my lessons learned, is that complicated doesn't mean better, and it brings to my third point of Europe. How many of you did the post-college, in-college Europe backpacking trek. How many of you are familiar with Let's Go travel books, Let's Go Europe? It was my bible, and one of my favorite pieces of advice in there in the very beginning, and I apply it to all aspects of my life, is – when you get ready to go – lay out everything on the bed that you want to take, put half of it back and take twice the money. Same thing with strategic planning. Lay out your process, and then streamline it where you can, simplify it because you will overwhelm your board in particular, and your staff. You don't want it to consume your organization while you're doing it. But it's important to have the most important steps, the most important pieces, and that to me is that your board and your staff have an equal voice, as well as your community.

Making the Plan happen

Okay. So. We're 18 months into the plan and all top ten priorities are underway or finished. And I didn't even realize that until about six months ago when I did pull that plan out for the first time, and I went through and I checked things off, (one of my favorite activities is checking things off of lists.) And I was blown away. And when I sat down with the staff and we talked about it, they were too, because so many of these strategies had become so ingrained in what we understood our job to be, things were just getting done. We didn't have to have this second list of things on top of your regular work that you had to do, that was your regular work, and we were making that progress. So it was really exciting when I found that out. And I'll take just a few minutes to sort of wrap up how we do the implementation and how we're staying on top of it. And I think again, this is part of the reason that we've seen some success.

We have the 30-page plan that has the 852 action steps in it, but we have the 3-page version too, and that's the summary. And that's those top-ten goals with the major steps underneath them. And what we've done is very systematic and fairly simple, but again, it's been working. The beginning of the year, the senior staff sit down with those top-ten projects, and they pick five institutional goals for the year. And these are sort of the big goals, that may be one whole goal in the plan, or it may be a piece of one, but they pick five things that are institution-impact-wide that we think we can accomplish in the year. That gets reviewed and approved by the board. Then those goals go to the staff, and each of them look at them and they set their personal goals for the year, and three of their five goals have to support an institutional goal. You give everybody a little leeway for some of their pet projects, but three of their goals support the institutional goals. And here's a really key part, they have to tell me if they need money for those goals, or if they just need time. They're both valuable resources, but the next key piece is then we use those individual goals to plan the budget.

It's not wholly based on that, but at least we know where we're going to need to find special resources, and then that goes to my development guy and he said, "Okay, here are funders that are going to support those things," and we work through the process and get the money. So that happens at the beginning of the year. Three times during the year I report on the progress of the big goals to the board and they have an opportunity, and we have an opportunity, to adjust, and every time we've had to adjust because your environment changes. But they're still getting done, and what's great is the board really appreciates hearing the progress, having an opportunity to make suggestions, to weigh in again if we decide to just cut one loose, say, "This is no longer important. This has changed, and this has changed, and this has changed, so we don't think this is important anymore," and they say, "We agree," and it goes off the list and we move on.

The staff will report in twice a year to their supervisors and how they're doing on their goals, again, so that we can adjust. We're not complete nuts about this. We recognize opportunities and crises come up that mean other things have to go on the back burner, and the important thing is the checking in and the reminding, "Oh, yeah, I forgot I was supposed to do that this year. It's not going to happen." But we check for it. And that's our basic implementation process, and now we're heading into our third year of it. In fact, next Tuesday we sit down to set our institutional goals for '08. We tried to do too much the first year, and tried to do too much the second year, and we'll probably try to do too much the third year, but it's working even though we're overworking, and I think it's working because everyone bought into it. Everyone had opportunity to agree, disagree,

modify, select, and as a result they're willing, they want to put in whatever it takes to get there, which leads to my last key word, which is Air Force.

Last week, the chairman of one of our school boards talked to my Rotary Club, and she stole this from the Air Force, and now I'm stealing it from her because I just love it. One of their mottos says, "The difficult we do immediately, the impossible takes a little longer." And what that says to me is that outside of all of the things I've said that are important, that are helpful, nothing is more important than attitude, and I think that we were able to create a positive attitude about this plan, and about getting it done because everybody had a voice in it. So they have a positive attitude about it. It doesn't mean there aren't bad days, and it doesn't mean that there aren't days that someone comes in and says, "I just can't take another thing on my plate." But what's important is that they feel that they can come into my office and say that, and that I can go to my board president and say that, and they'll listen and they'll say, "Okay, then let's adjust."

And I've realized that I've skipped one of my key words - Type A. For me, I have learned – I've never done Myers-Briggs, or any of those things, but I suspect I might be type A. And I know it doesn't work for everybody, but I do think it has a role in the implementation, and that you always want to leave some room for flexibility for changes in the environment, for new opportunities to come up, or heaven forbid there's crises that happen now and then. But being a bit regimented about staying on top of it will get you there, it will help you to work through the crisis. And that's it. That's my experience.

KEVIN KEARNS

Thank you, Joan. I'm going to suggest that we hold questions until the end, until our next speaker is finished. Jeanne Bell is CEO of CompassPoint. I've never met Jeanne before, but I'm a big fan of her organization so that's mean I'm a big fan of Jeanne.

JEANNE BELL

Thanks Kevin. Hi. I'm just getting over a cold, so I'm a little gravelly, sorry about that. Well, I've actually been at CompassPoint for about seven and a half years, but I've been the Executive Director for about three months.

KEVIN KEARNS: I'm still a big fan.

JEANNE BELL

[Background: how the environment for consultants to social change nonprofits is changing](#)

So it's an interesting time for me because this conference and this topic is working on a number of levels. It's working on the level of what do we want to do with our strategic planning practice? Working on a level of what is CompassPoint doing with its own strategy in a new place, and then I personally do strategic planning and business planning consulting. And so it's hitting on a lot of different levels, and one of my priorities at CompassPoint is, in fact – and what's underway right now – is a rethinking and a reframing of our strategic planning practice. CompassPoint is a nonprofit organization

with a \$4 million budget and 25 staff, and many of those staff are not consultants. I mean we have a large training program, conference series, publications, etc. But ten or twelve of them are doing at least 50 percent of their time in consulting. So my part I think is to stimulate the conversation from the perspective of a consulting firm, especially one like mine, and the kinds of clients that we work with, which are community-based organizations. And just to start by thinking – to add to what Joan has said – which was enormously helpful – what are some of the issues from the standpoint of what's the paradigm around strategic planning right now and how is it shifting - some of the issues that Kevin brought up; and then - what are some of the things that are associated with what Kevin said that are really a critique of consultants. I mean if we're critiquing strategic planning, then we're also critiquing strategic planning consultants I think, and – in a positive way – but I'm certainly doing that, and critiquing myself. So that's kind of what I want to stimulate with these comments.

So one of my priorities is to help reframe our strategic planning practice, and there's a lot of that going on. And La Piana is in our space, is one of our competitors if you will, in a good way, to use their language, in the Bay Area, and there's just been a proliferation of strategic planning consultants over the last ten years. Independent consultants, for-profit firms, expansion of certain management support organizations like CompassPoint, and the closing of a number of management support organizations like CompassPoint, and so a lot of us are thinking differently about this question.

And again, I want to reiterate that CompassPoint sees itself as a social change organization, so our mission is to increase the impact of nonprofit community-based organizations and the people who work and volunteer in them. So we have a very specific audience of typically – for planning it's usually a million to ten million in operating budget, or maybe even a half a million to ten million, with a real emphasis on communities of color and social change, but we would prioritize those clients in our community in the Bay Area. So I'm also sort of bringing that perspective, which is of course the bulk of the sector in terms of size, but also this orientation towards social change. So one of the questions I have about planning processes is if the planning process is about social change, how does that show up in the planning process? Even as we migrate the tools and methods to – in maybe a good way – a more business planning orientation. How do you know when you're doing planning in a social-change organization, or can you even tell by the plan? I don't know that yet, but we're certainly grappling with that.

So we have a long-time strategic planning practice. Mike Allison and Jude Kaye, who are long-time senior consultants at CompassPoint wrote a book called “Strategic Planning for Nonprofit Organizations,” It's still in its second print, widely used. But they both are good friends of mine and come back and talk with our current staff about how they don't use their model exactly anymore, and how the way they work with clients is changing, so we're all trying to figure this out. How do we adapt this process to a new reality in a professionalization of the sector, which is pretty clear.

Okay, so I want to do is help you think about – with me – this idea of reframing our practice. What are some of the issues that we're thinking about, and probably you're thinking about, either as a consumer of consulting, or as a provider of consulting, or as an academic thinking about this issue?

Real-world thinking about planning

1. Just one term

I guess the first opinion I have is that we're going to pick one term. It's not going to be strategic planning or business planning. I think it's kind of irresponsible for consultants – certainly for the size of organizations that I work with – to start using multiple planning languages, and say, “Well, maybe you need a strategic plan, maybe you need a business plan,” Give me a break. They barely are getting the capacity-building to do one of these planning processes, so I think it's incumbent upon us in conversations like this to decide what are the elements of a modern planning process, if you will, and give it a name, and do it. I guess there's the exception of the social enterprise, a new social venture, or a brand new program, as Kevin was saying, program-based business planning. I'm really talking about organizational planning. Absolutely if you're starting a new social venture, even a new program from scratch, you're going to do some elements of business planning whether you call it that or not. You're going to look at the revenue model, the costs, etc. and projections.

But from an organizational planning perspective, what you were talking about, I don't think we should be walking around saying, “Do you want a strategic plan or a business plan?” I think we should figure it out, at least for the kinds of clients that we as consultants may be working with, for your particular audience. So CompassPoint right now is deciding what does it mean, how are we going to adopt the traditional strategic planning process to be mindful of business planning techniques, and pull in the ones that are particularly relevant and possible for social-change organizations that are community-based and community-lead. We don't work with universities, and hospitals, and national organizations. We're working with folks on the ground, and usually with single organizations. So that's my first thing. Pick a name, and get the right elements into the planning process, and commit to that.

2. SWOT doesn't do it anymore

The emphasis on market is obviously what's changed, and the classic SWOT done by maybe a team of staff and board that maybe aren't very sophisticated planners, is very insular, very internal - the strengths or things like dedicated diverse staff, okay, blah, blah, blah, blah, blah.

This doesn't help you get to any kind of decision-making. And isn't really a true market scan of other people in the space, and particularly other people's business models, right, so just naming them doesn't do it. It's not enough to say these people seem to be coming up in the world. I mean that's not enough, you have to understand how they're financed, what their impact is, etc. So one of the key things we're going to shift in our strategic planning process is replacing SWOT in the traditional sense with a true market scan.

3. Talking so clients can understand

I think traditionally, strategic planning has been very process oriented in community-based organizations, and that has been a good cultural fit. But I have a big question about this, because it's fine when you have a very corporate-type board, or a very

sophisticated organization, to just roll in business planning language and business planning techniques. But my clients are going to resist that in many cases. My EDs are going to resist that.

I just got my work plan from one of my clients all in Spanish yesterday, and I mean I read a little bit of Spanish, but I mean this is what we're dealing with. So me going in there talking about 'business model this and that' is going to alienate them right out of the gate. So that's one concern I have about this dialogue for us today, is let's be really clear who we're working with, and who the people on these staff and boards are. You can't on the one hand say, "You got to have representational boards and community input, and then on the other hand say, "These people should have economic literacy right out of the gate and be great business planners." So there's got to be ways in which we deal with the business model question, but I think what's incumbent upon us, certainly at CompassPoint – and maybe some of you work in the same space – is how are we going to language this? How are we going to help people do this work, rather than dropping in solutions, which will be literally foreign when you leave, in terms of the language, the format, the presentation, and the process.

4. The process is NOT more important than the outcome

So I'm not a big process consultant, and one of the rifts that's happening in my organization, I mean it's amicable, but it's a rift, is between these people that have been there six, eight, ten, twelve years who are process consultants, who will sit there and yell at me, "The process is more important than the outcome." I disagree with that, but believe me, there's a huge contingent of strategic planning consultants still in the nonprofit sector that really believe that process is consulting is the value add. That the knowledge is in the room – you know these phrases – which are true and it's not that the knowledge isn't in the room, but I don't agree that process is more important than outcome. But if you look at a traditional work plan of a traditional strategic planning process, it speaks volumes that process is what's important. The activities, the buy-in component, etc. So we have a big question about that. Are we going to let organizations continue to believe that, or are we going to challenge them, and challenge ourselves to reframe the model so that there's enough process for buy-in, but that we never mistake the fact that we're doing anything here but making some strategic decisions. That we're not in the effort of a process for process's sake.

Many people disagree with that. I mean maybe no one in this room because this is a business – enterprise kind of a conference, but many consultants disagree with that, and believe that the real value add that they bring is in team-building, bringing process together, capacity-building, etc. So we have a real issue to grapple with there. Because I'm not a process person, with an organization I'm working with I'm not doing planning with groups – I'm skipping all of that, which is just outrage to my staff. Some of them are thinking, "What about the retreat? What about online survey – internal survey? The client survey, and all this?"

But I haven't found that that's how people make strategic decisions. This idea that the planning process is an OD intervention I think begins to sometimes trump the strategy formation – again, to use La Piana's language – and is that okay? And these other consultants will say, "But obviously this is what's burning, so we've got to deal with this before we can do strategy formation." Well, what organization doesn't have

some kind of internal political strife, and climate problems? Should we be allowing organizations to be that self-involved, to take that kind of time, and money, and resources when the world is demanding service and strategy from them?

5. Does everyone have to have a voice? The need for the ED to lead

Joan talked a lot about board, staff, everybody, having a voice. But do line staff really understand the business model in the same way the management team does? Do they have capacity to make – to do strategy formation? Is buy-in so important in the process that you're going to have a series of conversations that are awkward and very imbalanced in terms of what's going on in the field, what's going on in trends, what's going on in our financial condition? My experience is that no, you don't have equal capacity to have those conversations, and if the executive director is sort of being held hostage, there's this sort of equalizing effect, or ethos to planning that is not the way organizations really work.

And why should we suddenly act like everybody has a voice, and everybody has equal understanding of strategy formation? So I have a real question about that in the process, and I've worked with a lot of executives who feel like, "Well, just do another meeting because we've got to get by." Well, hold on. You know the answer. I mean – Jan Masaoka, my predecessor, used to say that strategic planning is just making time for the management to articulate what they know they need to do. I think that's a very important statement. And I don't know how that fits into traditional strategic planning in which everybody has to do the survey, everybody has to buy in, everybody has to be in retreat, everybody has to pretend they can read financial statements, everybody has to pretend they know what a business model is. That isn't what's going on in community-based organizations by any means, in my opinion.

And I would say in terms of the executive being held hostage, Joan called herself type A. I would suspect that the reason this traditional strategic planning process worked so well is sitting right here. It was Joan's attitude towards it, her leadership. And the executive can't be suddenly equalized in the planning process, but must actually push forward as someone who really has a chance during the planning process to articulate that vision and ask for it to be endorsed.

6. Address the business model first

One of the things I would say is that, while I believe strongly that we need to bring business model thinking and really rigorous assumptions about revenue models into the planning process, most of the clients I work with don't know what their business model is. Even if I were to define business model to them and say, "Let's use this word together," they don't know. They don't have the data, they don't have the analysis skills, they don't think that way about revenue. They think of it more passively as grant funding, contracts, things they have to do for major donors. They're in a passive mode rather than a, "This is our business model. This is how our resource engine, as Jim Collins calls it, relates to our program output."

That isn't the way they're thinking, so one of the things I'm contemplating is I think the first step in our strategic business planning, or whatever we're going to call it, is identification of the current business model. Not only helping them define that, but really mapping out what is currently true before you get into, "What do people think of

us and what do we want to be when we grow up and all that.” What is currently true, and what are the problems of that business model, both financially and from an impact standpoint. So that’s a lot of what I’m focused on, is that first step in a planning process instead of being mission, vision, values, has to have some analytics, but also some capacity-building in helping them articulate what that business model is. And I would offer that if they’re uncomfortable with that term, at least in my consulting world, we’re going to have to deal with that. But what’s actually happening right now in the relationship between mission and money in that organization has to be a first step.

7. Is Capacity Building an aim of Strategic Planning?

One of the debates in the dialogue going on at CompassPoint is whether strategic planning is fundamentally a capacity-building moment? What’s happening at CompassPoint with a lot of community-based organizations, is that we’re getting into a planning process and we’re stopping and doing capacity-building. Now, a lot of for-profit firms, or just pure consulting firms just wouldn’t even contemplate doing that. One of the reasons that we do that is because we can. Because we do 450 workshops, and conferences, and coaching, and we’re a capacity-building organization, so we could stop right there and literally help you find accounting software because you don’t know what your business model is, because you don’t have any financial data, so we have to stop and do an actual capacity-building intervention.

You can see this is a slippery slope, right? But some consultants would say that this would be more important than finishing the plan, we have to deal with this governance issue, this board is a mess, we have to deal with this financial data issue, this system isn’t producing any data.

And so a question – if you think that strategic planning is a learning moment – I mean no one is going to disagree with that – but how far are you willing to go with that? How far into capacity-building especially if what’s coming out in the planning process are fundamental weaknesses in a nonprofit’s operational foundation? If that operational part is so weak, the argument is: what good is strategic planning? I mean you’re rearranging the furniture while the ship sinks, or – that was a mixed metaphor. But you know what I mean - that this all becomes a challenge to a consulting model. Which is why I think CompassPoint and organizations like us that have been doing this this long with this type of organization have resisted models, and diagrams, and power points.

The reality is, if you’re working with that kind of organization, and systems are that fragile, what kind of strategy formation can you do when that operational foundation is so weak? And the data is so weak. The leadership and governance may be quite weak too.

So we have to answer that question at CompassPoint because that’s our mission. Those are precisely the organizations we think are in emerging communities doing social-change work. Those are the people reinventing – everyone talks about reinventing philanthropy – these are the ones reinventing how we work with communities. So that’s where we want to be, but all the models don’t necessarily fit

in there. So that's a question for us. How much is it capacity-building and is it worth delaying or changing the process to address capacity?

8. Measure for Measure

I think the issue of measurement is another problem in traditional strategic planning. I feel like all planning processes should end with the development of a dashboard. That hasn't been CompassPoint's model, but that's where it will go in the next few months. By dashboard I'm just talking about a sheet or two of metrics that tie to the decisions in the strategic planning process. Many organizations are using dashboards that are very departmental, what are governance goals, what are finance goals, or indicators I should say – not goals, but indicators. So finance would be days of cash, governance might be meetings with a quorum and recruitment of board members; and departmental capacity would have its own operational indicators.

So one of the things we're working on at CompassPoint is trying to evolve that dashboard. It's a great start, but we need to evolve it so that it's also inclusive of some nuanced indicators that tie to these decisions in the planning process. So it's not just flat indicators, but indicators that address the question: are we making progress?

9. Make up your mind

And then lastly I would say the critique we're grappling with in reforming our model is getting to decision. Now, I agree that you don't have to do something new, but I also think – and I think of NCNE thinking, what came out of their process to develop business planning materials – they're saying that maybe you don't need to plan. If you don't have any questions, maybe you don't need to be in a planning process. Not just because one sunsetted should you be doing another. So if you don't have any questions about your business model, or your impact in the community, or what to do next, maybe you shouldn't be in full-blown organizational planning just because something else sunsets, just go in and change the end date on the range in the first plan.

But most of the time, for us, we want to work with existing organizations – we don't do startup – we want to work with existing organizations that are about to do something, or know they need to do something differently and need help analyzing and getting to decision on that issue. What I hate to see is strategic plans, or business plans that don't actually list the decisions and how they're going to be made. I think that's different than articulating a goal. So again, it's this nomenclature, but I think it's very different – if you're talking about an existing organization making some kind of important shift in its business model or impact, there should be some decisions there, not just goals. And I think decisions are a little different than activity. I mean an organization I just worked with decided to divest itself of its owned property and to create liquidity and to get back into doing some of the programming it wanted to, and so the plan doesn't say, "We should divest..." it says, "Sell the Green Street property for between 50..." What are we going to do? What are the decisions this group has made? I think decision-making is so critical, and the articulation of those decisions.

10. The trouble with consultants

Briefly about consultants. I think there's a couple of potential problems with planning consultants that can hinder this development of a modern planning model. One is financial literacy. The elephant in the room is that so many strategic planning consultants themselves are not deeply financially literate, don't know their way around a balance sheet, don't really understand how to talk about business models, they are in fact, process consultants in many ways. I think as consumers, you have to be really clear about vetting consultants. Can they really help you do the financial analysis that's required in this kind of planning? My experience even with firms that say they have this orientation, when you get down to the actual consultant and their ability to talk freely and fluently about finance, is that it's very hit or miss.

Another potential problem with planning consultants is the question of whether the consultant will challenge the client. I think this is huge. Can you challenge the client to think differently, to really learn what we mean by business model and make hard decisions, or are you going to do a descriptive plan of basic goals. So – and this is also a business question for consulting firms – are you going to fire clients? Are you going to have a screen for clients who think this way, and are ready to think – or at least want to think this way? Are you going to insist on challenging and writing different kinds of plans, or are you going to say, “Meet the client where they are.”

You see, these are all good phrases, but they're continuums that are a slippery slope to not doing the kind of planning we're talking about, I think especially in community-based organizations.

And the final question about consultants is about value add. The permission to have an opinion and suggest a decision. Again, this can be contrary to process consulting, but my feeling is that it's irresponsible to charge somebody twenty, thirty, fifty, and then some of these larger firms are doing three or four hundred thousand dollar engagements, and not bring anything to the process but good facilitation skills, or even good analysis skills. What's the point of doing good analysis including good financial analysis if you don't have an opinion about what the organization should do? So I feel really strongly about this that the value add has to be more than the facilitation or even the framing with some great trademarked model, that that's not the value add in and of itself. I want a consultant that has an opinion. That's going to get in there and understand our business model and make some suggestions, not just lead me to the process and keep telling me the knowledge is in the room....If the knowledge was in the room, I wouldn't have hired you.

And I would include in that that you have to have an opinion about closing programs. I think what I've seen in too many consultants' plans is that there's no “stop-doing” list. And that betrays that they're not doing good financial analysis because most existing organizations that have been around for ten, fifteen, twenty-five years in that range, there is something they're doing that's the misappropriation of resources. It probably made sense at some time, but when I see a plan that doesn't have any decision to stop doing something, that's a red flag for me. Because it means that somebody didn't make the hard choices, the disciplined choices looking at current impact and financial return data. I mean there could be exceptions, but it's a red flag for me. So that that's an example of decision making and facing the brutal facts, as

Collins calls it, that if we're process consulting, and we're to pushing the client, then I think we're not adding value from a consulting standpoint.

QUESTIONS AND ANSWERS

There were a number of questions posed by members of the audience after these presentations. Here is a summary of the subjects that people raised and of the panelists' responses.

- The importance of getting to a decision. This should be the principal aim of any strategic planning or business planning process. And the decisions should be about the critical issues that a nonprofit faces. These may be short, medium or long term. It will often be more important that such decisions are made than that people go through a whole process or reflect on their mission and vision. For example, the agency that Jeanne Bell described that sold its real estate did so before reflecting on whether they should change their mission. It may be better to develop a simple screen of criteria for decision-making and to make some decisions, than to go through a full-blown planning process.
- Both Joan and Jeanne emphasized the importance of basing a choice of planning consultant as much as possible on personal knowledge of an individual and their commitment to the type of nonprofit that you represent, as well as their experience and expertise. Joan's view is that you need to treat the recruitment of a consultant like the appointment of a member of staff: you are looking for shared values, relevant experience and you should talk at length with other clients of the 'candidate.'
- A consultant in the audience described how most of her clients approach her asking for help with fundraising, but it often turns out that there is another problem that needs dealing with first.
- The support required for boards, particularly of community/grassroots organizations. These nonprofit boards are currently being bombarded with messages about the need to be representative of and connect with, their community. At the same time they are expected to understand concepts such as business models and business drivers. Often, planning cannot start until some board members have been educated.
- The difference between strategic and business planning. There was general agreement that business plans have more financial analysis, a market scan, and certainly more emphasis on revenue. Kevin also believes that a business plan is more relevant when an organization is embarking on a new venture, product or service. Detailed financial analysis, identification of start-up and operating costs and specific plans for, for example, the first six quarters of operation, would be characteristic of a business plan.