



Management Support Unit (MSU)

Information Sheet 25: Strategic Planning

This information sheet examines the process of strategic planning. It defines the concept, examines concerns and barriers to effective planning, outlines the benefits and the process of achieving an effective strategic plan. There is also a list a useful resources.

What is strategic planning?

First, we need to clarify what we mean by strategic planning.

Strategic planning can be defined as a disciplined, creative process for determining how to take your organisation from where it is today to where you wish it to be in the future. It describes the means of achieving the desired results.

1. Strategic Planning: Concerns and Roadblocks

There is a range of concerns about and potential barriers to strategic planning that need to be considered, and where possible addressed, before embarking on the process:

The certainty of uncertainty

The first of these concerns is the certainty of uncertainty. Because of rapid changes in social and economic circumstances, the assumptions underpinning a strategic plan may become invalid over time and may in fact limit choices for organisations. This is of particular concern for the not-for-profit (NFP) community sector, which prides itself on its capacity for flexibility, innovation and responsiveness to emerging community needs.

The need for flexibility

Given this emphasis in the sector on its adaptive capacity, it is essential to ensure that plans are not rigid and that they inherently allow for a constructive response to changing circumstances. This requires courage, as stability is not always desirable, even when it is sought.

'Keeping the show on the road'

The scale of what is required to ensure that goals are achieved can feel so monumental that it can result in loss of morale among Board and staff members alike. The operational tasks, simply 'keeping the show on the road', are often all that an organisation can manage. This is an issue of capacity and resources, and challenges to current operations such as requirements of funding agreements, can take precedence over strategic thinking and planning.

Requirements of government contracts

In many instances, government funding contracts, rather than organisational priorities, may determine future directions – this impacts heavily on strategic planning goals and processes.

Cost of planning

In a context of scarce resources, organisations may be loathe to spend money on planning – it is expensive in terms of human resources and potentially in cost outlays such as expenditure on information technology – when they are squeezed in their capacity to deliver services.

Problems with implementation

Another concern relates not to the principle of strategic planning but to its implementation – almost every community sector worker will recall ruefully the enthusiastic planning process that resulted, eventually, in a smart-looking document that was never properly implemented, properly resourced or reviewed. This results in a 'why bother' attitude that is demoralising.

Resistance

There is a need to work with differing manifestations of resistance such as fears of failure, or of increased workloads that may result from the plans and new demands which can emerge. The prospect of change may itself breed resistance as workers and Board members are often comfortable operating in familiar ways with specific groups of people. Therefore, a critical task before engaging in a strategic planning process is to engage the commitment of the full range of participants to the process, in particular the Board and senior management, and ensuring a willingness to work through any difficulties that inevitably arise.

External pressures

External pressures such as changes in government policy, the prevailing economic conditions and the plans of other organisations operating in the same sector or region can also impact on the strategic planning process. It is essential to ensure that the planning process is conducted with due regard to the broader context.

Not a tool for crisis management

Strategic planning cannot be used as an instrument of crisis management – there needs to be a level of calm and continuity within an organisation before a planning process is contemplated.

Before embarking on any long-range planning exercise, organisations need to think through these issues critically and address them constructively. They need to clarify why they are embarking on a planning exercise, what they hope to achieve and assess the resources such a process will require.

2. Benefits of Strategic Planning

Transparent accountability

One of the key benefits is that it provides a transparent accountability process that is visible to stakeholders. It can be argued that strategic planning is even more important in the NFP sector precisely because of the lack of discipline inherent in the fact that there is no need to demonstrate profitability – other measures are required.

In a planning process both the mission of the organisation and its strategies are exposed to review. The process poses questions about, and provides a means of developing responses to, the central issues facing the organisation. It gives a framework to the decision making process at a broad level.

Bowman (Conscious Governance) explores the concept of Strategic Awareness – a process of combining intuitive knowing with strategy, or the capacity to translate a vision into reality – so that all of our capacities, intrinsic and rational or analytic can be brought to bear on the planning process. He concludes that ‘with strategic awareness, organisations can break out of mediocrity based on a competitive stance and into unlimited possibility of functioning’. Strategic thinking therefore needs to be an ongoing process, not an event.

Analysis of strengths and weaknesses

Intrinsic to strategic planning is a SWOT analysis, an analysis of the strengths, weaknesses, opportunities and threats to the organisation. At this stage, a review of the organisation’s previous strategic plan is an essential foundation to decision making for the future.

This enables participants to engage in open communication, to ask key questions and make a realistic assessment of what is possible.

3. Principles for Effective Strategic Planning

Managing Change

Strategic planning generally leads to change and this can be difficult. Effective change management strategies need to be implemented including ensuring the involvement of all parties affected by the change; ensuring that people feel valued and are not threatened; that the plan builds on previous successes so there is confidence in the proposed strategies and building a shared understanding of the need to change. It is essential that any planned changes are based on objective evidence of need, not change for its own sake.

Organisational Preparedness

An organisation needs to be ready for a strategic planning process: If there is too much occurring in the organisation or underlying conflicts exist, it is not the time for planning and any unresolved conflicts should be addressed prior to the planning process. The organisation needs effective management and good communication channels before embarking upon a planning process.

Planning Process

Once it has been determined that the organisation will proceed with planning, decisions need to be made about who will conduct the process, what information is at hand to contribute to the process and how it will be carried out. It is critical to ensure all stakeholders are engaged in the process. Following the meetings, it is vital that the work to compile the planning document is completed within an agreed time frame.

Review of Strategic Plan

Finally, it is essential for the Board to review the plan regularly and to monitor its implementation. Without a systematic review, a strategic plan is of very little value either in setting directions or ensuring that priority issues are addressed by the organisation.

4. The Process of Strategic Planning

How then does an organisation embark on a strategic planning process? The steps involved in developing a strategic plan are outlined below. This process appears systematic but it may evolve over time and be more organic than is implied in the steps below.

Defining the roles and the participants

This preliminary step involves defining who will be involved in the planning process. This important process always involves Board and staff members but frequently other stakeholders as well – including clients and representatives of other agencies that have a close working relationship with the organisation.

Another essential task is to determine who will facilitate the initial planning meeting. This is generally an external person with experience in facilitation and strategic planning; somebody who has the confidence of the Board and Management and expertise to draw together diverse and potentially competing ideas.

Steps in Strategic Planning Process

Participants in the strategic planning process need to consider a number of questions:

- How did we go in achieving our last strategic plan?
- Where are we up to now?
- Where do we want to be? (This is framed within a specific time frame, usually three to five years)
- How do we get there?

Effective group processes are important in order to capture the ideas and vision of the participants.

Hopefully, if the previous strategic plan has been systematically and adequately reviewed, it will be fairly straightforward to determine whether the goals have been achieved. If not, it is important for this group to undertake a review of what has been achieved, which goals were not met and the reasons for this.

In examining the current situation and resources, the planning process needs to review:

- Its recent history
- Any changes (both internal and external) to the context. This can include the political and economic environment, changes in funding policy and new government initiatives; developments within similar organisations in the region and staffing.
- The strengths and weaknesses (potential risks) to the organisation.

The next step is to determine where the organisation would like to be within the time frame of the plan. This process requires consideration of a range of factors including services, funding, infrastructure and staffing.

The question of how to achieve this vision can be canvassed in the broad strategic planning forum but often these details are articulated in the writing of the plan – as described below.

5. Elements of a Strategic Plan

The documents and working papers need to be drawn into a coherent strategic plan. Responsibility for this task is generally delegated to an individual (the

facilitator, the CEO or other senior manager) or a small group of individuals, including senior management and representatives of the Board. Once a draft is prepared it can be circulated for comment and then finalised. The strategic plan generally contains:

Vision, Mission, goals and objectives

The **vision** of an organisation is a statement about the broadest picture that serves to inspire those in the organisation. It responds to the question: 'Why does this organisation exist? It is the organisational equivalent to a 'calling'. The vision statement will therefore be framed in the widest of terms such as: 'A just and inclusive society underpinned by the values of fairness and opportunity' or 'Our vision is for a world where no one is needlessly blind, and Indigenous Australians enjoy the same health and life expectancy as other Australians' (Fred Hollows Foundation).

The **mission** or **statement of purpose** provides a response to the question 'Who are we as an organisation?' It describes how this organisation will contribute to fulfilling the vision – what is its particular role in achieving this ideal? So, the mission might be: 'We provide low-cost community housing for disadvantaged people in Western Sydney' or 'We provide services for people with a disability to enable them to enjoy a high quality of life in the community'.

Principles or **values** articulate the way in which the organisation operates; it defines the guidelines for the manner in which its business will be conducted including fairness, respect, a commitment to participation of citizens in its affairs and integrity.

Goals describe the desired outcomes in order to contribute to the vision; they define the results or achievement toward which effort is directed. The goals may relate to funding and/or the operation of the organisation, as well as its service objectives. Generally an organisation will not have more than three or four goals.

Objectives define the intended efforts or actions to achieve the goals. There may be three or four objectives for each goal.

Operational Plan, Key Performance Indicators (KPIs) and Reviews

Once the strategic plan is finalised, it is necessary to develop an operational plan for the organisation. This detailed plan outlines the tasks to be completed in relation to each of the objectives, the person/position responsible, and timeframes for completion. The operational plan should then be integrated into individual work plans.

It is critically important that operational plans are developed concurrently with budgets, to ensure the strategies are feasible within available resources.

For each objective, it is important to specify key performance indicators (KPIs) so that it is possible to evaluate whether or not that objective has been achieved. KPIs are sets of quantifiable measures that are used to gauge or compare performance in terms of meeting strategic and operational goals.

The Board then determines the frequency with which the operational plan is reviewed (usually quarterly or bi-annually). The CEO reports to the Board about progress achieved and areas where tasks have not been completed are examined. Progress in achieving the specified outcomes need to be mapped against the strategic plan on an annual basis.

Planning with integrity and congruence

At its best strategic planning is a process that can invigorate an organisation, give it renewed direction and energy, as well as a roadmap for achieving its goals.

It can be an important team building exercise and ensure all members are focused on shared objectives and strategies. It is important to retain a strategic approach to all of the operations and to ensure the long-term vision is retained in an ongoing manner.

As with so many aspects of governance in the community sector, the difference between success and failure lies in the integrity of the process; the congruence between stated values and actions, the skills of those responsible for the process and the commitment of all participants to ensuring a positive outcome.

Resources (On line)

Conscious Governance, About Strategic Awareness,
<http://www.the2bowmans.com/Strategic-Awareness-intro.html>

Accessed 8th September 2009

Global Future – Strategies for a Global Age, Global Future Report, *Strategic Planning for Fun and Profit*,

<http://www.globalfuture.com/planning1.htm>

Management Help – Strategic Planning for Not-for-Profit Organisations (provides a process and resources): http://managementhelp.org/plan_dec/str_plan/str_plan.htm

Our Community: Strategic Planning – Mapping your Group's Future:

http://www.ourcommunity.com.au/boards/boards_helpsheet.jsp?articleId=1368

Our Community: Strategic Planning- SWOT Analysis.

http://www.ourcommunity.com.au/boards/boards_article.jsp?articleId=1369.

Schilder, Diane, Harvard Family Research Project, Strategic Planning Process: Steps in Developing Strategic Plan,

<http://www.hfrp.org/publications-resources/browse-our-publications/strategic-planning-process-steps-in-developing-strategic-plans>

Strategic Plan Builder: This resource includes the steps to be taken in planning and planning templates:

<http://www.strategicplantooll.com/index.html>

Books

Lawrie, Alan, 2007, *The Complete Guide to Business and Strategic Planning for Voluntary Organisations*, 3rd Edition, A Directory of Social Change Publication, London.

[Migliore](#), R. , [Stevens](#), R. E., [Loudon](#), D.L., and [Williamson](#), S. G., 1995, *Strategic Planning for Not-For-Profit Organizations*, Haworth Press, Binghamton, NY.

Victorian Council of Social Service, 2007, *Strategic Planning in Community Management*, VCOSS and Victoria Law Foundation, 58 – 61.

Victorian Council of Social Service, 2007, *Planning in Policies and Procedures*, VCOSS and Victoria Law Foundation, 57 – 61.