A Beginner’s Guide to Strategic Planning

By Bryan W. Barry

Having goals is one thing; accomplishing them is another.

A strategic-planning expert stresses the need for planning—and replanning.

Strategic planning is the process of determining what your organization intends to accomplish and how you will direct the organization and its resources toward accomplishing these goals in the coming months and years.

Such planning involves fundamental choices about the mission your organization will pursue, as well as its role in the community. You must decide whom you will serve and the kinds of programming, services, or products you will offer. You must identify the resources needed to succeed—people, money, expertise, relationships, and facilities. Above all, you need to determine how you can best combine all of these ingredients to accomplish your organization’s goals.

Strategic planning is often distinguished from operational or short-range planning. Operational planning is what organizations do when they develop yearly work plans and budgets. Operational plans are usually more narrow in scope than strategic plans and focus on a shorter period—for example, one year instead of three or five. Both kinds of planning are useful. Strategic planning can be used to chart the longer-term direction and goals for your organization. Operational plans can then be developed to show how, in the coming year, your organization will move toward the future described in its strategic plan.

We are often asked, “How many years should a strategic plan cover?” As a guideline we suggest that you consider a period long enough to make major shifts in your organization’s direction, but not so long as to seem absurd. Generally, small groups that operate in quickly changing environments plan two to three years into the future. A three- to 10-year perspective is more common for larger organizations, which may require a longer lead time to make major changes.

Stated another way, strategic planning is developing a shared vision of your organization’s future, then determining the best way to make this vision occur. As your people create a clear and compelling picture of the organization’s future, they become committed to creating that future. A clear sense of purpose also guides staff in making everyday choices about which opportunities they will pursue and which they will not.

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Strategic planning also requires course corrections. Although you cannot develop a perfect strategic plan (because the world changes too quickly), most organizations can get better at planning over time. They use their strategic planning to get general agreement on where the group should go, along with the major steps to get there. As people learn which strategies work (and which do not), they adjust their goals and path accordingly.

Henry Mintzberg, noted professor of management at McGill University, states that strategic planning is like molding a clay pot over time: The design gets clearer and better after you begin shaping your organization’s future and determining what’s possible. Therefore, many organizations formally update their strategic plans regularly (every one to three years) and make more frequent adjustments in strategy as they learn what works.

Finding the Fit

How does an organization determine the best course for the future? One key is to find the fit among three forces—your organization’s mission, outstanding opportunities, and capabilities. The mission of your organization is what you intend to accomplish—your overall goal, the reason you exist.

The opportunities or threats you face are related to the resources and needs of clients, customers, and other people you serve, such as other stakeholders, competitors, and allies. They include other major forces (social, economic, political, or technological) that will influence whether you succeed or fail.

Your organization’s capabilities are the resources and competencies that it has or could develop.

If there is not sufficient overlap among your organization’s mission, its capabilities, and the needs and opportunities of your service area, then you could see trouble.

For example, assume that you are a nonprofit organization whose mission is to improve the availability and quality of affordable housing across a particular section of town. Unfortunately, you have been unable to convince funders, lenders, and several key community groups to provide significant support to your work. In addition, you do not yet have the capability to undertake housing improvement efforts on the scale you would like.

In this case, you have not yet found a good fit among your group’s mission, capabilities, and opportunities in the neighborhood. Your strategic planning should help you understand what is occurring, then develop a better approach for the future. The planning will help you answer such questions as “Is our mission still on target?” “Why are funders and other community groups not supporting us as we like?” and “How will we develop the capabilities we need to achieve our goals?”

Your finished strategic plan will describe what your organization intends to accomplish over the next few years. It will also explain the planned scope of that work and how you will secure the resources and support needed to successfully carry out those plans. If you have done good planning, your organization’s mission, its capabilities, and external forces and opportunities will be much better aligned.

Developing a Strategic Plan

Each organization has a distinctive situation and style. Research and our own experience strongly suggest that you use a strategic-planning process that fits your organization and context. You may run into problems by trying to duplicate the planning process used by an organization that operates in a different field, sector, or situation, but the basic steps are nearly universal.

Over the years, the Wilder Foundation has developed the following five-step model to guide organizations in developing their strategic plans.

Step 1: Get Organized. This usually includes confirming that the time is right to undertake strategic planning; selecting a person or steering group to keep the planning on track; determining what people and groups will be involved; deciding if a consultant or outside resource people are needed; outlining the planning steps; and getting agreement to proceed.

Step 2: Take Stock. Review your history and current situation and identify future possibilities and choices. Focus on the most critical issues concerning the organization’s future.

Step 3: Set the Direction. Leaders determine the best future direction
for the organization, then draft a strategic plan. That first draft customarily includes the organization’s future mission, an overall approach for accomplishing the mission, and specific goals or strategies for moving the organization in the direction envisioned. Some strategic plans also include more detail about guiding values, future services, finances, staffing levels, and implementation.

**Step 4: Refine and Adopt.** Fine-tune the draft plan and secure necessary approvals. At this point a generally on-target draft plan is sharpened to increase the likelihood of successful implementation and ensure broad-based commitment.

**Step 5: Implement the Plan.** A good plan needs good implementation, so you must periodically monitor progress, make adjustments, and then update the plan—usually every one to three years.

The Pros and Cons Of Strategic Planning

Great leaders and great movements have demonstrated that compelling visions have the power to draw people toward a preferred future. Both large and small businesses with strategic plans outperform their counterparts without formal plans.

Having a clear plan for the future and periodically monitoring progress can also contribute to a greater sense of purpose, movement, and accountability. Strategic planning will help you:

- **Build your momentum and sharpen your focus.** Leaders of some groups become so preoccupied with day-to-day pressures that their organizations lose momentum. Good strategic planning forces future thinking and can build commitment to agreed-upon goals. It can refocus and reenergize a wandering organization.

- **Improve the organization’s problem-solving capability.** Productive planning focuses on an organization’s most critical problems, choices, and opportunities. Nonprofit groups in particular sometimes face a web of problems and opportunities that is difficult to untangle. Strategic planning is a way to resolve an interrelated set of issues or problems in an intentional, coordinated manner. Faced with funding cuts and increased competition in recent years, many nonprofits have used strategic planning to find new ways to increase revenue and cut expenses.

- **Enhance teamwork, learning, and commitment.** Most groups involve people throughout the organization—and often beyond—in developing their strategic plan. Everyone, from the CEO to the customer—and even allies in other organizations—all can contribute. Strategic planning can help create teamwork, promote learning, and build commitment across the organization and with key publics. In discussing a group’s history, current situation, and future options, people learn from each others’ perspectives and can better understand how their work meshes with that of others. As a clear direction for the organization develops, people usually become committed to this direction if they have contributed significantly to its formation.

Beware: With traditional strategic planning come limitations that should be anticipated. For example:

- **Costs can outweigh benefits.** Strategic planning can consume time and money that might be spent more productively on other tasks. In addition, planning efforts sometimes get off track. Poor decisions are made, smoldering problems surface, people become lost in planning or bogged down in trivia. Before undertaking a planning effort, you need to ask if the benefits of planning appear to outweigh the costs. If they don’t, you may have to address a pressing problem, develop a better approach to the planning, or get advice before you begin.

- **Poor plans can send you in the wrong direction.** Critics of strategic planning note that some groups develop lousy plans. Faulty assumptions about the future, poor assessment of an organization’s capabilities, ineffective or even destructive group dynamics, and information overload are four reasons often cited. If you believe that your planning is or will be unproductive, you should raise the issue early, then correct the problem or get help before proceeding.

- **Overplanning may undermine good intuition.** Some groups are fortunate to have gifted leaders with finely developed intuition about what will occur and how their organizations should proceed. In one sense, strategic planning can be viewed as an effort to duplicate the knowledge, foresight, and instincts of a gifted intuitive leader. If your organization has such a leader, you may want to keep the planning simple.

- **Emergencies can intrude.** Organizations in crisis should generally tackle immediate, serious problems before proceeding with strategic planning. For example, a group with severe cash shortages may need to stabilize its cash situation to workable levels before developing a strategic plan. Hiring a new executive director, when an organization has been without one for some time, may also be a more important task.
The Wilder Foundation

The Amherst H. Wilder Foundation is one of the largest and oldest endowed human-service and community-development organizations in the United States. For more than 90 years, the Wilder Foundation has focused on children and family issues, the elderly, and the development of St. Paul, Minnesota. Wilder also undertakes select consulting and training projects in other cities.

In the past 15 years, Wilder consulting staff has fielded thousands of consulting and training requests from many kinds of nonprofit and government groups. The most frequent request received is for help with strategic planning.

For more information, contact: Amherst H. Wilder Foundation, 919 Lafond Avenue, St. Paul, Minnesota 55104. Telephone 1-612-659-6024; Website www.wilder.org.

Realistic Planning

If you have never developed a strategic plan, getting guidance before proceeding is helpful. Aside from reading books, you can get help from an experienced planner, from similar organizations that have succeeded with their planning, or from a workshop on the subject. Consider using a relatively simple, straightforward process to develop your first plan. The second time through (usually a year or two later), you may want to try a more involved approach.

Beware of designing a planning process that requires 40 hours of meetings if your staff or board cannot realistically make the time commitment. Frustration and failure can result. Effective strategic planning can be done in 10 to 15 hours of meeting time, with good preparation between meetings. However, some organizations—such as larger groups whose planning involves several managerial layers, or those with broad-based constituencies—may prefer a slower, more deliberate procedure. Outline the process you will use, then make sure that the time required is realistic for staff, board, and others.

Several kinds of leadership are often needed in strategic planning. The organization’s executive, steering group, or other leader keeps overall planning on track while other staff suggest future program options or financial strategies. Board members customarily evaluate and determine major shifts in mission and direction. A consultant may suggest appropriate planning methods or facilitate certain meetings. When designing your planning process, it is best to outline the major steps and note who will be responsible for leading each step. If you anticipate a problem—from group dynamics, missing information, or other reasons—find a way to address it.

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About the Author

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This article draws from his book, Strategic Planning Workbook for Nonprofit Organizations (Amherst H. Wilder Foundation), which is available from the Futurist Bookstore for $25 ($22.95 for Society members), cat. no. B-2097.