

# Strategic Planning

This information sheet examines the process of strategic planning. It defines the concept, examines concerns and barriers to effective planning and outlines the benefits and the process of achieving an effective strategic plan.

## What is strategic planning?

Strategic planning is:

*'Strategic planning is an organizational management activity that is used to set priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders are working toward common goals, establish agreement around intended outcomes/results, and assess and adjust the organization's direction in response to a changing environment.'*<sup>1</sup>

It is a disciplined and creative process to map how an organisation can use its resources to achieve the desired results usually within three to five years.

## 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 limit choices for organisations. This is of particular concern for the not-for-profit (NFP) community sector which prides itself on its capacity for flexible, innovative and responses to emerging community needs.

### The need for flexibility

Given the emphasis in the sector on its adaptive capacity, it is essential to ensure 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 goals are achieved can result in loss of morale among Board and staff members alike. Simply 'keeping the show on the road' (ie operational tasks), is often all that an organisation can manage. This is an issue of capacity and resources. Challenges to current operations such as requirements of funding agreements, can take precedence over strategic thinking and planning.

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<sup>1</sup> Balanced Scorecard Institute <http://balancedscorecard.org/Resources/Strategic-Planning-Basics>

## **Requirements of government contracts**

In many instances, government funding contracts, rather than organisational priorities, may determine future directions. This can impact heavily on strategic planning goals and processes.

## **Cost of planning**

In a context of scarce resources, organisations may be loath to spend money on planning. It is expensive in terms of human resources particularly if it is perceived it may impact on the capacity to deliver services.

## **Problems with implementation**

Almost every community sector worker will recall the enthusiastic planning process that resulted in documentation that was never properly implemented, properly resourced or reviewed. This can lead to a 'why bother' attitude.

## **Resistance**

There is a need to work with differing manifestations of resistance such as fear of failure or increased workloads that may result from the plans and new demands which can emerge. The prospect of change may breed resistance as workers and Board members may be comfortable operating in familiar ways with specific groups of people. A critical task before engaging in strategic planning is to ensure the commitment of the participants, in particular the Board and senior management, including 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 starting a 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 required.

## **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 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.

Stephen Bowman ([Conscious Governance](#)) explores the concept of Strategic Awareness. This process combines intuitive knowledge with strategy or the capacity to translate a vision into reality where all our capacities, intrinsic, 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 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.

## Principles for Effective Strategic Planning

### Managing Change

Strategic planning generally leads to change. Effective change management strategies may need to be implemented. These could include:

- 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
- 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. 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.

## The Process of Strategic Planning

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

Strategic planning requires the involvement of the Board and staff members. Other stakeholders may also participate including clients, volunteers and representatives of other agencies that have a close working relationship with the organisation.

Choosing the right facilitator is also important. This is generally an external person with experience in facilitation and strategic planning, someone 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:

- Were the outcomes from the previous strategic plan achieved?
- Where are we up to now?
- Where do we want to be in three to five years?
- How do we get there?

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

If the previous strategic plan has been systematically and adequately reviewed, it should be straightforward to determine whether the outcomes have been achieved. If not, it is important for the group to undertake a review of what has been achieved, identify outcomes that were not achieved and the reasons.

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

- The organisation's recent history
- Any changes (internal and external) to the context. This can include the political and economic environment, changes in funding policy, 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 timeframe of the plan. This process requires consideration of factors such as services, funding, infrastructure and staffing.

The question of how to achieve this vision can be canvassed in the broad strategic planning forum but often the details will be identified during the process leading to the writing of the actual plan.

## Elements of a Strategic Plan

The documents and working papers need to be drawn into a coherent strategic plan. Responsibility for this 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. The draft would 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 that serves to inspire those in the organisation. It responds to the question: Why does this organisation exist? It is the organisational equivalent of a 'calling'. The vision statements are usually framed in broad terms such as: *'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 responds to the question 'Who are we as an organisation?' It describes how the organisation will contribute to fulfilling the vision and the role it plays in achieving this ideal. An example 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 how the organisation operates. They are the guidelines detailing how business will be conducted (ie 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 service objectives. Generally an organisation will have 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. This is a detailed plan outlining the tasks to be completed in relation to each objective, the person/position responsible, and timeframes for completion. The operational plan should be integrated into individual work plans.

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

For each objective, it is important to specify key performance indicators (KPIs) to evaluate whether the objective has been achieved. KPIs are sets of quantifiable measures used to gauge or compare performance in terms of meeting strategic and operational goals.

The Board will determine the frequency with which the operational plan is reviewed (usually quarterly or bi-annually). The CEO reports to the Board on progress. 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.

## Conclusion

In conclusion, this 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. There needs to be 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

### NSW Family and Community Services (FACS)

- [Strategic Business Planning Chapter 3 in Good Governance: It's your business](#)

### Conscious Governance (Steve Bowman)

- [Strategic Planning Toolkit](#)
- [Conscious Governance Knowledge Centre](#) Includes a video, From Strategic thinking to planning, and podcasts on strategic planning
- [Developing a Culture of Strategic Awareness](#)

### Community Door

- [Strategic planning](#) posted by Australian Centre for Philanthropy and Nonprofit Studies, Queensland University of Technology

### Institute of Community Directors Australia

- [Strategic Planning](#)

### Board Connect

- [Strategic planning checklist](#)
- [The Strategic Plan - benefits & contents](#)

### US Resources online

- [Strategic Planning Process: Steps in Developing Strategic Plan](#) Schilder, Diane, Harvard Family Research Project
- [Strategic Plan Builder](#) Resource includes the steps to be taken in planning and planning templates:
- [All about Strategic Planning](#) Authenticity Consulting LLC, Free Management Library

NB: The above websites were accessible on 16 Dec 2015. If the links do not work search on the title of the document or go directly to the organisation's website.