

and concerns of its members, developing a planning process that addresses those concerns, and setting up the planning process to be successful.

SIDEBAR

An Alternative to a Formal Strategic Planning Process—The Strategic Learning Agenda

Because of limited time, limited commitment, and past dissatisfaction with previous strategic planning processes, Evergreen Services' board and staff were reluctant to engage in a formal strategic planning process. However, the organization was facing some important issues—issues that have both long-term and short-term implications. To address these issues, the board initiated a six-month strategic learning agenda. Three strategic learning topics were identified:

1. How can we have a greater impact in the region?
2. Under what circumstances should we collaborate?
3. Should we take our informal research efforts and grow those efforts into a major research program?

Interested Board and staff members volunteered to participate in one of the three strategic learning agenda committees, and after no more than six months, present their findings to the board of directors. By the end of six months, each committee had finished its work and presented its recommendations, including detailed action steps, to the board of directors. The board approved those recommendations, and the staff took on the responsibility of implementing the decisions.

From: Allison, M., & Kaye, J. (2005). *Strategic planning for nonprofit organizations: A practical guide and workbook* (2nd ed.). Hoboken, N.J.: Wiley.

STEP 1.3: DEVELOP A PLAN FOR GATHERING INFORMATION FROM INTERNAL AND EXTERNAL STAKEHOLDERS

Considerations for Participation in the Planning Process

Strategic planning should be an inclusive effort that engages a broad array of stakeholders at the appropriate phases in the strategic planning process. Who are stakeholders? A *stakeholder* is simply defined as anyone who cares,

or should care, about the organization—anyone who has a stake in the success of its mission. This encompasses those who must implement the strategic plan, those who benefit from its implementation, and those who could significantly help or hinder its implementation.

Part of the thoughtfulness and creativity of the strategic planning process is identifying those individuals and groups who traditionally might not be regarded as stakeholders to involve in the process. This might include those who could contribute unique and valuable perspectives (not to mention those who should be included because of other substantive or political reasons). A truly inclusive process can accomplish the following:

- Help build internal and external enthusiasm for and commitment to the organization and its strategies. Those who feel they have contributed to the planning process then feel invested in it and are more likely to take ownership of the organization's goals and efforts
- Add objectivity to the process. Outsiders can identify jargon or ask critical questions about issues that insiders might assume common knowledge of or simply take for granted.
- Develop foundations for future working relationships.
- Establish a continuous exchange of information among staff, management, clients, and other key stakeholders.
- Ensure an adequate depth and breadth of data from which to make informed decisions.

Determining how to include all of these internal and external stakeholders can prove trickier than identifying who they are, because there are many different kinds and levels of participation and roles in the planning process, such as the following:

- *Leadership.* Taking the initiative to see that decisions get made and things get done
- *Decision making.* Deciding on strategies, goals, objectives, and the like
- *Facilitation.* Paying attention to the process rather than content (a role played, for example, by an outside consultant or neutral participant)
- *Input.* Providing information and opinions

It is especially important to delineate between those stakeholders who provide input and those who make decisions. Being asked an opinion is not

the same as having a final say in related decisions, but stakeholders sometimes lose sight of that distinction. It is the decision makers' responsibility to let participants who provide input know what was done with their information and the rationale for decisions that were made.

The nature of stakeholders' participation will depend on several factors—an organization's size, culture and management style, range of constituents, breadth of services, and so on—but following are some general understandings of specific stakeholders' roles in the strategic planning process.

Internal stakeholders include:

- *Executive director.* The executive director (chief executive officer) is usually the chief planner and prime mover of the plan through the entire process. Even if she or he is managing the planning process, the executive director works closely with the chair of the planning committee and often serves as the prime liaison between the staff and the planning committee. Sometimes the executive director writes the plan, but larger organizations may delegate that responsibility to someone else. Finally, the executive director plays the crucial role of being ultimately responsible for implementation of the plan.
- *Board of directors.* Strategic planning is one of the primary functions for which the board–staff partnership can ideally work the best. Both the board and the staff have different contributions to make and perspectives to bring to the process: the staff know individual clients' needs, understand day-to-day operations and other service providers, but may not always be willing or able to think big picture or long term. The board, in its governance capacity, has the responsibility to think about what is important for the entire community and not just one particular client. The board has within its governance role the responsibility to practice what Harvard Professor Retina Herzlinger has referred to as “intergenerational equity” (i.e., the needs of both current and future clients are responded to within the strategic plan). The board must make sure that the plan's goals are consistent with resources and that the organization is sustainable.²

An appropriate role for the board is to make sure an effective planning process is in place. The board should provide input into the organization's mission statement and approve any changes that need to be made. Either as a whole or through their representation on a

strategic planning committee, the board should be involved in strategy discussions, setting long-term program and administrative priorities, and setting goals for the board. Individual board members may be able to gain access to external stakeholders for input.

Regardless of board members' level of involvement, the board needs to be kept informed throughout the planning process, not just at the end when they are presented with the final planning document. This can happen through reports at board meetings, written updates, a committee structure, or in other ways.

SIDEBAR

Board of Directors' Participation in a Planning Retreat

The process of holding an annual planning retreat has benefits far beyond even the significant advantage of giving a clear idea of where you're going. For instance, the very nature of the session provides the [board] with a common grasp of existing commitments and resources . . . and their participation will help them feel a commitment to the goals for the year. . . . Planning retreats are not easy sessions; properly organized, they should be designed to decide what not to attempt to accomplish or what should be assigned a low priority. . . .

Source: Brian O'Connell, *The Board Member's Book* (New York: The Foundation Center, 1985), p. 79.

- *Staff members.* Paid and volunteer staff have programmatic expertise and familiarity with the field and clients, information that is vital to shaping a relevant and workable strategic plan. Their involvement not only ensures buy-in to the organizational goals and strategies but is also the link between the plan's vision and the realization of that vision on a day-to-day basis. As such, staff members should be involved in identifying current and future client needs and able to give their perceptions regarding the organization's strengths, weaknesses, opportunities, and threats, and possible short-term and long-term program and administrative priorities.

Staff members may also be asked to collect data (do market research) and evaluate programs. Program managers should have significant

input into setting long-term program objectives and should assist in the development and monitoring of operational plans. Ideally, staff members should be represented on the planning committee and kept informed throughout the planning process.

- *Advisory boards.* If you have an advisory board, you might want to involve these people in some of the strategic conversations. They are an important bridge between your internal and external stakeholders—closer to the organization than other outsiders and yet still likely to be more objective than board or staff members.

External stakeholders include people you serve, those with whom you partner, and people or organizations whose support is required to move the organization's vision forward. Identifying how and when to involve external stakeholders is an important activity when designing your planning process. Involving external stakeholders can accomplish two objectives: (1) these people have perspectives that inform your strategic decisions, and (2) and sometimes just as importantly, asking for input from external stakeholders invites them into a closer relationship with your organization. Everyone likes to feel that their opinion is important to others.

External stakeholders include the following:

- *Clients.* The sole reason for most nonprofits' existence is the betterment of society, whether that means providing a top-notch and well-rounded education, enriching cultural life, feeding the hungry, protecting the environment, providing quality health care, or defending the freedom of individuals. In a planning process, then, it is critical to evaluate how well intended beneficiaries are being served. Directly involving past and present clients (and perhaps potential clients) in the planning process, soliciting their unique firsthand experience of the organization, is one of the best ways to gain such insight into the organization's performance and to receive guidance on how to improve services. Some organizations include client representatives on the planning committee.
- *Funders.* Past, current, and potential institutional funders provide another valuable perspective on client needs and how others in the community are either meeting or failing to meet those needs. They may be able to shed some light on the funder community's inclination to fund a specific new program and their own interest in particular programs. Funders' input should be sought primarily during

Phase 3, *Assessing Your Situation*. Current and prospective funders should also receive an executive summary of the strategic plan.

- *Government funders and regulators.* Local (and sometimes state and national) officials can have a great influence on the external environment within which an organization operates. Asking their perspective about trends in the environment and their perception of what role your organization plays in the provision of services can help inform your future decisions.
- *Community leaders and partner organizations.* Community leaders, including elected officials, can also offer a valuable opinion of an organization's strengths and weaknesses, as well as insight into the needs of the community and knowledge of the competition. Their buy-in and support may be needed to secure funding and other forms of support; therefore, their input is valuable. Some organizations include a key community leader on the planning committee, thereby building in community commitment to the organization and its mission.
- *Individual donors.* An individual donor base is one of your most important resources. As such, keeping in regular contact with these people and asking them questions about why they support you and what they expect from your organization is critical. The strategic planning process is an invitation to get them involved in creating—and therefore being more willing to support—your future.
- *Competitors and potential collaborators.* Competitors (those who compete for funding as well as those who compete for clients or other customers) might also be approached to contribute to an organization's assessment of its environment—not just to get another outside opinion, but also to garner information to help the organization be more competitive or develop collaborative relationships.
- *Other agencies in parallel or related fields.* When individuals from related fields are involved in an organization's planning process, their knowledge and experience can be leveraged not only for the benefit of the clients being served, but also to foster cooperation and decrease unnecessary competition.
- *Previous staff and board members.* Staff members who were previously employed with the organization or former board members sometimes are considered unofficial alumni, and they offer a historical

perspective that can be helpful in informing the future choices facing the organization. How valuable this perspective is may depend on just why their relationship is former.

Identifying Documents that Would Help Provide Important Background Information

In addition to outlining whether and how to involve internal and external stakeholders, it is helpful to gather all in one place any documents or other background information that would help inform your strategic questions. If you have already collected data about your situation, there is no need to duplicate your efforts.

Not every document needs to be given to every member of the planning committee. The following is a list of the types of documents that you might want to gather:

Mission-Related Documents

- Mission, vision, values statements; strategic plan; annual plans
- Program descriptions/workplans
- Needs assessments
- Client satisfaction surveys
- Previous evaluation designs and results
- Evidence of innovation or reputation in the field
- Other data (such as government reports, etc.)

Financial Documents

- Fundraising materials
- Fundraising plans
- Budget reports
- Audits
- Sample financial reports
- Internal controls procedure manuals

Administrative Capacity Documents

- Organizational chart
- Internal newsletters or other communication vehicles

- Personnel policies and performance appraisal forms
- Previous organizational effectiveness surveys and/or climate surveys (or other formal review of culture and staff satisfaction)
- Volunteer management plan
- Information technology plan
- Visual survey of facilities and equipment

Governance Documents

- Board development plan
- Board minutes
- Board roster and committee structure
- Previous board self-evaluations
- Board manual

Worksheet 3 (see process notes in Exhibit 2.3) can help you develop a preliminary plan for gathering information from internal and external stakeholders and other documents. Although you won't be actually gathering the information until Phase 3, by starting to develop an initial information-gathering plan, you will be better able to design your planning process and develop a strategic planning workplan.

STEP 1.4: DESIGN YOUR STRATEGIC PLANNING PROCESS TO MEET YOUR ORGANIZATIONAL NEEDS

When designing a strategic planning process, a series of choices needs to be made regarding whom to involve, the role of those participants, and how the process will be structured. As part of getting ready, the initial planners need to make decisions regarding the design of a strategic planning process that will work for them. Whether you are working with a planning consultant in designing your strategic planning process or designing the process in-house, it is critical that you design a planning process that meets your organization's specific needs and establish a time frame that makes sense given all that is going on in your day-to-day operations. When designing the planning process, you first want to reflect on previous strategic planning endeavors: what has worked or not worked in the past that might inform the design of the current planning process. Next,