(Agency Logo)

Great Start Report
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GREAT START
What *are* we doing now?

Every agency wants to flourish. Yet to do so, our business practices must be as exceptional as the work we produce. In this, we will determine our purpose, values, mission, lines of business (LOBs), success measures, current vision, and our agency's existing strategies. Consequently, our organization will be able to pinpoint what it's doing now to consider what we could and should do next.

Purpose

The heart of any living thing sustains its existence. An organization is no different and our purpose informs all other elements. Purpose is the first step to strategy building[1] and covers values and mission.

Values

Values for our organization are virtually useless without associated actions to clarify them.[2] The following table shows our values and behaviors in actions:

Values	Collaborative	Exceptional	Fiscally Responsible	Respectful	Intimate
Behaviors	• Cooperative • Inspiring • Team players • Creative	• Demand excellence • Innovative • Results-driven • Customer-centric	• Effective resource managers • Informed decision-makers	• Embrace diversity *(people and ideas)* • Effective listeners • Transparent • Fair	• Personal with those we serve • Customer-centric

Your turn: Complete the chart below with your agency's values and the behaviors you want everyone inside your organization (employees, volunteers, etc.) to embody. Once you've done this, delete the example table above and these directions.

Values				
Behaviors	•	•	•	•

Mission

Before our organization can consider the future, we must understand why our service matters.[3] This vital step is the bedrock of strategy building and ensures sound decision-making. The mission should address three key elements:

1. **Who do we serve**, our customers, clients?
2. **What transformation** do they experience?
3. **How are we better than rivals**, our competitive advantage?[4]

Answering 'who, what, and how' will provide better rational for our organization's existence, resulting in a more targeted mission.

Who do we serve?

Does our current mission identify a customer? Although all stakeholders served via programs or outreach are valuable, the mission should identify the *primary* customer.[5] Generally, our clients are well-versed in other offerings and they are interested in our work. Inspired by history or the plays in the American canon that have defined it, our primary customers are **curious Chicago theatregoers**.

Your turn: Decide who is your primary customer, and then replace the last sentence with your own and delete these instructions.

What transformation?

Answering what transformation happens in the lives of our primary constituents insures that focus lies outside of the organization.[6] Our clients should experience an impact that extends beyond the interaction with us. Because we deliver services that shape the world we all live in, our clients **more fully understand themselves and their collective past.**

Your turn: Decide what transformation your primary customer experiences and then replace the last two sentences with your own and delete these instructions.

How are we better than rivals?

To fully answer how we are different from our rivals, we used research from strategy scholars Hitt, Ireland, and Hoskisson[7] and blended it with insights from non-profit expert David La Piana.[8]

First, we determined our **greatest resources**, we looked at both the tangible (physical, financial, organizational, technological, etc.) and intangible (human resources, innovation, reputation, values, etc.) assets of our agency. When brainstorming these resources, we heeded La Piana's advice to consider our most unique assets.[9]

Second, to understand our **capabilities**, we made a list of all the things that we are *pretty* good at doing. La Piana describes this as what we can execute in an outstanding fashion.[10] Usually these are not specific lines of business, but could be the way our agency designs, delivers, and/or manages lines of business. Many organizations look to identified values for possibilities.

Third, to get at **core competencies**, we chose four contenders for what we are *really* good at from our greatest resources *and* capabilities These are "the activities that the

company performs especially well compared with competitors"[11] Here are our four core competencies contenders:

Greatest Resources	Permanent Space	Abundance of local talent	Culture-driven city	Teaching artists on staff
Capabilities	Ability to sell tickets and attract audiences	Ability to identify local talent	Ability to host special engagement events	Building partnerships with teachers and schools
Core Competencies Contenders	Exceptional Theatre Inspired by Shared History	Works with Chicago Actors	Engages Audiences	Develops Art in Schools Programs

Your turn: Place your greatest resources, capabilities in the table below, and then put the core competencies you chose in the following chart and then delete the example table above and these directions.

Greatest Resources				
Capabilities				
Core Competencies Contenders				

To identify our company's competitive advantage—which is what we do better than anyone else—we tested the core competencies against how valuable, rare, costly to imitate, and non-substitutable they are:[12]

1. Valuable capabilities will allow our agency to "exploit opportunities or neutralize threats in the external environment [to create] value for customers."[13]
2. Rare capabilities are those that "few, if any, competitors possess.[14]
3. Costly to imitate capabilities are those that others cannot easily develop.
4. Non-substitutable capabilities means there are no substitutes for our core-competency.

In searching for how we are different from our rivals—our competitive advantage—we found the following:

	Exceptional Theatre Inspired by Shared History	Works with Chicago Actors	Engages Audiences	Develops Art in Schools Programs
Valuable	Yes, unites audiences; increases self-awareness	Yes, champions Chicago talent	Yes, pre- and post-show activities spark dialogue	Yes, fosters learning
Rare	Yes, only theatre in Chicago devoted to this undertaking	No, many theatres only work with local artists	Somewhat, but immersive theatre is becoming more popular	No, many theatres offer art in classroom opportunities
Costly to Imitate	Somewhat, any theatre can produce plays about history	No, any theatre can use local artists	Yes, requires human and financial resources	No, most likely funding is available
Non-substitutable	Yes, the mission requires that the theatre only do plays inspired by history	Yes, company members become integrated within the organization and must be local	Yes, engagement efforts have become part of its reputation	Yes, interacting with the next generation is a stated goal in the strategic plan

Your turn: Fill in the table below for your core competencies and then delete the example table above and these directions.

Valuable				
Rare				
Costly to Imitate				
Non-substitutable				

Because of our efforts, we discovered that our competitive advantage is being Chicago's **only theatre company producing exceptional productions inspired by our shared history**.

Your turn: decide your best competitive advantage, delete the sentence above and replace it with your own.

Mission Statement

After identifying our organization's primary customer, the transformation for that customer, and the competitive advantage, we assembled the pieces to form a simplified mission. As Christopher Finny argues, an "organization's mission statement deserves to be elegant, precise, and even poetic because these words embody the reason your

nonprofit exists."[15] Indeed, the very best mission statements are similar in texture to a Japanese haiku with its 17 syllables:

Who	Curious Chicago theatregoers
What transformation	Better understand themselves and their collective past
How better than rivals	Chicago's only theatre company that unites curious theatregoers with exceptional productions inspired by our shared history
Simplified Mission	Better understanding for curious Chicago theatregoers united by history

Your turn: Now it's your chance to improve your old mission and create a new, simplified statement. Once you fill in the table below, delete the example chart above and these directions.

Who	
What transformation	
How better than rivals	
Simplified Mission	

How do we know our simplified mission is good? We took Peter Drucker, the father of modern management, advice and tested it against his questions in the table below:

- Is short and sharply focused.
- Is clear and easily understood.
- Defines why we do what we do, why the organization exists.
- Does not prescribe means.
- Is sufficiently broad.

- Provides direction for doing the right things.
- Addresses our opportunities.
- Matches our competence.
- Inspires our commitment.
- Says what, in the end, we want to be remembered for.[16]

Strategy

Strategy isn't just about the future; it's about defining where we are today.[17] To establish our starting point, we need to analyze our Lines of Business (LOBs), our organization's success measures, and vison.

Lines of Business

If purpose is at the heart of strategy, LOBs bring the organization to life.[18] Wach LOB must pass the customer-transformation test and be an "ends, not means."[19] Here are our lines of business:

Lines of Business	Customer	Transformation
Annual Season	Chicago theatregoers	Gain knowledge and self-awareness
Subscribers	Avid Chicago theatregoers	Never miss a show; Guarantee your experience
Young Audience Program	Patrons under the age of 35	Experience great theatre at a great price
New Work Reading Series	Chicago theatregoers interested in new work	See it first
Scholar Program	Thoughtful theatregoers	See more; go behind the scenes
Student Programming	CPS students	Confident and competent learners
Company Artists	Core family of artists	Perform more; Create the theatre's future
Research (Dramaturgy)	All constituents	Ensure authentic experiences
Resource Development		
Annual Fund	Individual donors	Feel generous; make history
Special Events	Individual donors	Feel generous; make history
Sponsorship	Corporate donors	Access potential customers
Foundation Support	Foundations	Fulfill mission

Your turn: Don't forget to delete the example chart above after you fill in your answers below. And then delete these directions.

Lines of Business	Customer	Transformation

Success Measures

Identifying our success measures will allow our organization to track its financial well-being and the people served by LOBs. We sourced this information from our three most recent 990s, our annual report, and as described by staff leadership.

Mission Success Measures ($ in thousands)	FYE 2011	FYE 2012	FYE 2013
Profit & Loss: Contributed Revenue $	490	513	512
Non-contributed Revenue $	657	835	849
Total Revenue $	1,148	1,348	1,361
Total Expenses $	1,055	1,270	1,372
Revenue less Expenses $	93	78	(11)
Balance Sheet: Assets $	911	1,065	1,053
Liabilities $	346	421	420
Net Assets $	566	644	633
Capital Structure: Total Margin	0.08	0.06	(0.01)
Current Ratio	2.1	2.1	2.1
Working Capital	391	482	480
Operating Reserves	335	395	380

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Lines of Business	FYE 2011	FYE 2012	FYE 2013
Total Clients #			59,211
Annual Season of 4 Plays: Total Clients #			19,000
Subscribers: Total Clients #			5,000
Young Audience Program: Total Clients #			6,500
New Work Reading Series: Total Clients #			800
Student Programming: Total Clients #			750
Scholar Program: Total Clients #			400
Company Artists: Total Clients #			40
Research (Dramaturgy): Total Clients #			25,600
Resource Development: Total Funds Raised $			
Annual Fund: Total Funds Raised $			800
Special Events: Total Funds Raised $			300
Corporate Sponsorship: Total Funds Raised $			4
Foundations: Total Funds Raised $			17
Government: Total Clients #			1

Your turn: Look at the success measures sample first, then go to GuideStar and download your three most recent 900s. For each one, print out pages one, the statement of functional expenses, and the balance sheet. Now, fill in the success measures template (look at the bottom left two tabs to be sure you are in the data tab).

A **Total Margin**: "This is the bottom line . . . the one [measure] that tough, no-nonsense managers of all stripes supposedly focus on single-mindedly" (McLaughlin, 2009, p. 83). Formula = Revenue minus Expenses divided by Revenue]
Current Ratio: "The most widely recognized measure of liquidity . . . the ratio should be at least 1" (McLaughlin, 2009, p. 75). Formula = Current Assets divided by Current Liabilities
Working Capital: "Determines how long a charity could sustain its level of spending using its net available assets, or working capital, as reported on its most recently filed Form 990" ("Glossary," 2010). Formula = Unrestricted plus Temporarily Restricted Net Assets
Operating Reserves: A more conservative view of working capital because you use unrestricted net assets and exclude land, building, and equipment, and temporarily restricted assets (Blackwood & Pollak, 2009, p. 9). Formula = Unrestricted Net Assets minus land, building, and equipment plus mortgages and notes

When you're all done, go to the report tab (if it hasn't already refreshed to show your numbers, press F9 to calculate and if that doesn't work, save, close and reopen. If you're still having trouble, call 312-799-1117). Once you're done, delete the sample success measures table above and these directions.

Mission Success Measures ($ in thousands)			
Profit & Loss: Contributed Revenue $			
Non-contributed Revenue $			
Total Revenue $			
Total Expenses $			
Revenue less Expenses $			
Balance Sheet: Assets $			
Liabilities $			
Net Assets $			
Capital Structure: Total Margin			
Current Ratio			
Working Capital			
Operating Reserves			

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Lines of Business			
Agency Total Clients #			
Line of Business: Total Clients #			
Line of Business: Total Clients #			
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Line of Business: Total Clients #			

The chart above shows that we had more expenses in 2013 than total revenue. Despite this minimal debt, we have maintained a healthy ratio, working capital, and operating reserves. Also we tracked the LOBs and metrics to measure performance. In addition to the hard data found in 990s, our leadership confirms that all programs have seen growth, with subscriptions most rapidly growing from year-to-year.

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Current Ratio: "the most widely recognized measure of liquidity . . . the ratio should be at least 1" (McLaughlin, 2009, p. 75). Formula = Current Assets divided by Current Liabilities
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Operating Reserves: A more conservative view of working capital because you use unrestricted net assets and exclude land, building, and equipment, and temporarily restricted assets (Blackwood & Pollak, 2009, p. 9). Formula = Unrestricted Net Assets Minus Land, Building, and Equipment plus Mortgages & Notes

Your turn: Edit and/or replace this summary of your success measures with your own and delete these instructions.

Vision

Peter Senge says that a vision statement is a "**shared picture of the future**."[20] And it is very important. Scholar and expert Henry Mintzberg explains, "vision – expressed even in imagery, or metaphorically – may prove a greater incentive to action than a plan that is formally detailed, simply because it may be more attractive and less constraining."[21] In sustainable strategy, vision contains two elements: the statement and strategies.

Statement

Many agencies will remake their visions as part of the sustainable strategy process, but in the meantime, we have included our current vision statement below:

> To be a preeminent Chicago arts organization
> and nationally recognized leader.

Your turn: Edit and/or replace the vision statement above with your own and delete these instructions.

Strategies

Like most agencies, our company has current strategies that are already underway. Upon completing our strategic plan, we may choose to continue these strategies, modify them, add additional strategies, or even exit some strategies. Looking at our current strategic plan or drawing from discussions with staff leadership, our agency has the following strategies with respective outcomes:

	Better Space for Staff	Insightful Productions	Sustainable Growth
Outcome	Boost morale by creating a better workplace for staff	Increase knowledge through deep cultural experiences for Chicago theatregoers	Strengthen all facets of the organization to benefit all stakeholders

Your turn: Fill in the chart below and then delete the example table above and these directions.

Outcome			

Great Start Summary

Our organization can now firmly establish where it is *today* by examining this report's insights. We first evaluated our purpose including values (collaborative, exceptional,

fiscally responsible, respectful, and intimate) and behaviors to guide conduct. We also generated a new and improved simplified mission statement: "Better understanding for curious Chicago theatregoers united by history."

We next looked at our lines of business. Following this, we established financial and lines of business success measures that showed our organization is in good shape. We ended our Great Start Report by identifying our current vision and strategies underway (better space for staff; insightful productions; sustainable growth).

Your turn: Summarize your findings from the Great Start Report and then delete the two paragraphs above and these instructions. You will use this summary in your executive summary of the strategic plan, so be sure to *write about what you found* because some of your readers will only read the strategic plan and will not read these reports.

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ENDNOTES

[1] (Light, 2017)
[2] (Light, 2017)
[3] (Light, 2017)
[4] (Light, 2017)
[5] (Light, 2017)
[6] (Light, 2017)
[7] (Hitt, Ireland, & Hoskisson, 2015)
[8] (La Piana, 2008, p. 36)
[9] (La Piana, 2008, p. 36)
[10] (La Piana, 2008, p. 36)
[11] (Hitt et al., 2015)
[12] (Hitt et al., 2015)
[13] (Hitt et al., 2015)
[14] (Hitt et al., 2015)
[15] (Finney, 2008, p. 54)
[16] (Drucker, 1999, p. 20)
[17] (Light, 2017)
[18] (Light, 2017)
[19] (Light, 2017)
[20] (Senge, 1990, pp. 9, bolding added)
[21] (Mintzberg, 1994, p. 293)