

(Agency Logo)  
**STRATEGIC PLAN**  
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(Author Names)

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## STRATEGIC PLAN

What we *will* do next.

URTurn Note: Your strategic plan will open this report, but you should not start with because your Great Strategies Report that follows it in this template provides elements for the Strategic Plan. Thus, complete your STRATEGIC PLAN LAST and complete your GREAT STRATEGY REPORT FIRST. Please delete this note when you have finished reading this.

### Executive Summary

A Theatre Company in Chicago dreams of joining the ranks of other legendary theatres that started small and grew into cultural treasures. An award-winning theatre with nearly two decades of artistic success, the organization has the potential to be more than a theatre that produces plays about history. It could *make* history. Yet, doing so requires that the organization plan strategically.

The Great Strategies Report begins by summarizing the results of the Sustainable Strategy Process and outlines what the theatre is doing *now*, what they *could* do next, and what they *should* do next. Subsequently, this report articulates the strategies and goals that will launch the company forward, thus putting the aspirations of its vision within reach.

The Great Start Report analyzed this theatre's purpose, values, mission, current strategies, lines of business (LOBs), and success measures. This process proved that the organization is promising and has a clear competitive advantage. As Chicago's only theatre devoted to productions inspired by history, the nonprofit's dedicated staff is committed to a mission of exceptional productions that engage and unite curious Chicago theatregoers. Yet passion cannot sustain a business and the report revealed that the theatre's lack of human and capital resources affect its overall effectiveness.

Using four tools to ideate and four methods to evaluate, the Great Ideas Report generated three great strategy ideas for the organization: a festival around a historical holiday; performing matinees for Chicago Public Schools (CPS); and building a new home. These resonated with the theatre because they promote the its new vision to be a preeminent Chicago arts organization, and are likely to attract national attention. Furthermore, they are pragmatic enough to achieve and idealistic enough to incentivize action.

The final narrative, The Great Strategies Report, reviewed the theatre's purpose, mission, LOBs, capital structure, and vision in order to illuminate its foundation and future direction. Next, we fleshed out the strategies identified in the Great Ideas Report and evaluated them against the external and internal environment. Consequently, it was determined that student matinees and a new facility would propel this organization forward – thereby paving the way to make the theatre a preeminent arts organization.

URTurn: Edit or replace this executive summary with your own. But please note, a good summary tells what you found more than how you found it. Many of the readers of your strategic plan will only carefully this one-page summary. As such, KEEP IT SIMPLE and include the RESULTS THAT YOUR FOUND. Then delete these instructions.

## Purpose

The heartbeat of any living thing sustains its existence. An organization is no different and its purpose is the heart that informs all other elements. In brief, purpose is the first step to strategy building.<sup>1</sup> To discover the organization's purpose, we examined the agency's organizational values and defined the elements of its mission.

## Values

Values are virtually useless without associated actions to clarify them.<sup>2</sup> The chart below not only lists our organization's values but also the behaviors that all staff members are expected to embody:

Values	Collaborative	Exceptional	Fiscally Responsible	Respectful	Intimate
Behaviors	<ul style="list-style-type: none"> <li>• Cooperative</li> <li>• Inspiring</li> <li>• Team players</li> <li>• Creative</li> </ul>	<ul style="list-style-type: none"> <li>• Demand excellence</li> <li>• Innovative</li> <li>• Results-driven</li> <li>• Customer-centric</li> </ul>	<ul style="list-style-type: none"> <li>• Effective resource managers</li> <li>• Informed decision-makers</li> </ul>	<ul style="list-style-type: none"> <li>• Embrace diversity (<i>people and ideas</i>)</li> <li>• Effective listeners</li> <li>• Transparent</li> <li>• Fair</li> </ul>	<ul style="list-style-type: none"> <li>• Personal with those we serve</li> <li>• Customer-centric</li> </ul>

URTurn: Insert the Values table that you created in the Great Start Report or use the blank table below to reinsert your findings. Then delete the chart above and these instructions.

Values				
Behaviors	•	•	•	•

## Mission

A strong mission should address three key elements: **(1.) Who your organization serves;** **(2.) What transformation occurs in your clients' lives;** and **(3.) How your organization is different from its rivals.**<sup>3</sup> Detailed answers to these questions can be found in our Great Start Report, which led us to construct the following new simplified mission statement:

*A place that creates better understanding  
for curious Chicago theatregoers  
and unites audiences through history*

URTurn: Delete the simplified mission above and replace with the one you created in the Great Start Report. Then delete these instructions.

### Strategy

For our organization to consider its future, we must understand where we currently stand.<sup>4</sup> To establish our starting point, we examined our current LOBs and capital structure.

### Lines of Business

If purpose is the heartbeat of strategy, LOBs are the lifeblood that brings the organization to life.<sup>5</sup> The chart below identifies the theatre's LOBs, the corresponding customer, and the transformation for that constituent:

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

URTurn: Insert the LOBs chart that you created in the Great Start Report or use the blank table below to reinsert your findings. Then delete the chart above and these instructions.

Lines of Business	Customer	Transformation

## Success Measures

Success measures allow the agency to track its financial health and the number of clients served by LOBs. This information is found in the organization's most recent 990s, its annual report, and as described by staff leadership.

The chart below shows that the theatre outspent its revenue in 2013. Even so, the total margin was less than 1%. Furthermore, the organization's assets exceed its liabilities and its working capital indicates that the business could sustain its current spending for a short period.

Mission Success Measures (\$ in thousands)	FYE 2011	FYE 2012	FYE 2013	FYE New
<b>Profit &amp; Loss:</b> Contributed Revenue \$	490	513	512	550
Non-contributed Revenue \$	657	835	849	865
Total Revenue \$	1,148	1,348	1,361	1,415
Total Expenses \$	1,055	1,270	1,372	1380
Revenue less Expenses \$	93	78	(11)	35
<b>Balance Sheet:</b> Assets \$	911	1,065	1,053	1,070
Liabilities \$	346	421	420	420
Net Assets \$	566	644	633	650
<b>Capital Structure:</b> Total Margin	0.08	0.06	(0.01)	0.02
Current Ratio	2.1	2.1	2.1	2.1
Working Capital	391	482	480	484
Operating Reserves	335	395	380	390

A

Lines of Business	FYE 2011	FYE 2012	FYE 2013	FYE New
Total Clients #			59,211	63,000
Annual Season of 4 Plays: Total Clients #			19,000	22,000
Subscribers: Total Clients #			5,000	5,800

<sup>A</sup> **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

Lines of Business	FYE 2011	FYE 2012	FYE 2013	FYE New
Young Audience Program: Total Clients #			6,500	7,500
New Work Reading Series: Total Clients #			800	900
Student Programming: Total Clients #			750	1,200
Scholar Program: Total Clients #			400	450
Company Artists: Total Clients #			40	42
Research (Dramaturgy): Total Clients #			25,600	25,850
Resource Development: Total Funds Raised \$				
Annual Fund: Total Funds Raised \$			800	1,000
Special Events: Total Funds Raised \$			300	375
Corporate Sponsorship: Total Funds Raised \$			4	6
Foundations: Total Funds Raised \$			17	19
Government: Total Clients #			1	1

URTurn: Edit/replace the paragraph above the sample chart. Then insert the success measures table that you created in the Great Start Report or use the blank table below to reinsert your findings. You'll notice that there is a column for your new fiscal year in this version. Populate this column with your best estimate. Don't forget to delete the sample chart too and these directions.

Mission Success Measures (\$ in thousands)				FYE New
<b>Profit &amp; Loss:</b> Contributed Revenue \$				
Non-contributed Revenue \$				
Total Revenue \$				
Total Expenses \$				
Revenue less Expenses \$				
<b>Balance Sheet:</b> Assets \$				
Liabilities \$				
Net Assets \$				
<b>Capital Structure:</b> Total Margin				
Current Ratio				
Working Capital				
Operating Reserves				

A

<sup>A</sup> **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

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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,

Lines of Business Success Measures				FYE New
Agency Total Clients #				
Line of Business: Total Clients #				
Line of Business: Total Clients #				
Line of Business: Total Clients #				
Line of Business: Total Clients #				
Line of Business: Total Clients #				
Line of Business: Total Clients #				

For a more detailed analysis of the theatre's success measures, please see the Great Start Report.

### Vision

#### Statement

To paint a picture of the *best* future, leaders must consider what is achievable based on what holds the organization back and what takes it forward.<sup>6</sup> Brainstorming around these issues identified that we aspire to be:

A preeminent Chicago arts organization  
and nationally recognized leader

URTurn: Edit/replace the vision statement above with the one you created in the Great Ideas Report. Then delete these instructions.

For more information on the brainstorming process and the construction of the vision statement, please refer to the Great Ideas Report.

#### Strategies

##### Underway

Our current strategies are outlined below:

Strategy	Better Space for Staff	Insightful Productions	Sustainable Growth
People	Employees	Educated Chicago theatregoers	All stakeholders
Product	Boost morale by creating a better workplace	Increase knowledge through deep cultural experiences	Strengthen all facets of the organization
Price Client	N/A	Competition based	N/A
Price Agency	Low	Medium	Medium

2009, p. 9). Formula = Unrestricted Net Assets minus land, building, and equipment plus mortgages and notes

Proposition	Support productivity	Deliver entertaining ways to revisit history	Maintain the theatre's place among great Chicago venues
Plan	• Underway	• Underway	• Underway

URTurn: Insert the table that you created in the Great Strategies Report or use the following blank one to reinsert your findings. Then delete the chart above and these instructions.

Strategy			
People			
Product			
Price Client			
Price Agency			
Proposition			
Plan	•	•	•

### New

The new strategies our organization will be pursuing are:

Strategy	Student Matinees	New Facility
People	Students	Funders (Individuals, corporations, and foundations)
Product	Amplify teacher lesson plans through live storytelling	Making history through a worthwhile investment
Price Client	Competition based	Economic value
Price Agency	Moderate	Very High
Proposition	Uniquely aligning with CPS history curriculum	A space worthy of the theatre's artistry

Strategy	Student Matinees	New Facility
Plan	<ul style="list-style-type: none"> <li>• Develop a corporate sponsorship and foundation strategy (By 6/1/2015)</li> <li>• Formalize group sales practices (By 9/1/2015)</li> <li>• Create marketing materials for teacher mailings and eblasts (By 1/15/2016)</li> <li>• Build a larger network of CPS teachers and referrals (By 4/1/2016)</li> </ul>	<ul style="list-style-type: none"> <li>• Hire a consultant to ensure success (By 6/1/2015)</li> <li>• Develop major gift, corporate, foundation, and planned giving strategy (By 8/1/2015)</li> <li>• Develop communication plans and marketing materials (By 11/1/2015)</li> <li>• Celebrate donors and keep stakeholders updated on progress (At least twice per year during campaign life - approx. 3 years)</li> </ul>

URTurn: Insert the table that you created in the Great Strategies Report or use the following blank one to reinsert **only the strategies you decided to pursue**. Then delete the chart above and these instructions.

Strategy			
People			
Product			
Price Client			
Price Agency			
Proposition			
Plan	•	•	•

For further analysis regarding the new strategies we plan to pursue, please see the Great Strategies Report.

## REPORTS

### GREAT STRATEGIES

What *should* we do next?

Now that we have our future and our aspirations, we must begin to implement the strategies that allow our vision to be realized. In the Great Ideas Report, we brainstormed dozens of ideas. Of those, we found three strategies that fit our mission and reinforce our vision:

- **A festival around a historical holiday** – the theatre imagines an outdoor summer festival on July 4<sup>th</sup> weekend. The organization is excited about exploring this because of the potential outreach to new audiences and PR opportunities.
- **Perform student matinees** – Student matinees would simply remount a production from the theatre’s season and allow the organization to have a greater impact with Chicago Public School (CPS) history students.
- **Build a new and better home** – This strategy would better serve its growing audience and provide a platform more appropriate for the theatre’s vision.

URTurn: Replace or edit the bullets above with the strategies you identified in the Great Ideas Report. Then delete these instructions.

The Great Strategies process builds these strategies and evaluates if they are fundable, competitively advantageous, and achievable.

### Build

A common tool, the 6 P’s (people, product, place, price, proposition, and plan), has been slightly modified for our non-profit organization. By fleshing out our strategies and their essential elements, we can also identify each strategy’s benefits for the agency and our customers.<sup>7</sup> This process will prepare us to pitch the strategies to external stakeholders.<sup>8</sup>

### Underway

Our current strategies are outlined below:

Strategy	Better Space for Staff	Insightful Productions	Sustainable Growth
People	Employees	Educated Chicago theatregoers	All stakeholders
Product	Boost morale by creating a better workplace	Increase knowledge through deep cultural experiences	Strengthen all facets of the organization
Price Client	N/A	Competition based	N/A
Price Agency	Low	Medium	Medium

Strategy	Better Space for Staff	Insightful Productions	Sustainable Growth
Proposition	Support productivity	Deliver entertaining ways to revisit history	Maintain the theatre's place among great Chicago venues
Plan	• Underway	• Underway	• Underway

URTurn: Complete the chart below with your agency's current strategies. Once you've done this, delete the example table above and these directions.

Strategy			
People			
Product			
Price Client			
Price Agency			
Proposition			
Plan	•	•	•

## New

As we consider our new strategies, our agency should focus on those that link to our primary customer.<sup>9</sup> Furthermore, operational strategies – or internal strategies (e.g. strategies that benefit our employees or create sustainable growth) must reach beyond operational effectiveness and create a unique and valuable position.<sup>10</sup> We must always ask ourselves, “What will support our newly created vision?”

The new strategies listed below support our coveted future, elaborate our plan (how we will accomplish it), and potentially create a competitively unique and valuable position:

Strategy	Festival	Student Matinees	New Facility
People	Families and culture-seekers	Students	Funders (Individuals, corporations, and foundations)
Product	Access to culture by taking performances outdoors	Amplify teacher lesson plans through live storytelling	Making history through a worthwhile investment
Price Client	Economic value	Competition based	Economic value
Price Agency	High	Moderate	Very High
Proposition	Low-cost and highly accessible	Uniquely aligning with CPS history curriculum	A space worthy of the theatre's artistry

Strategy	Festival	Student Matinees	New Facility
Plan	<ul style="list-style-type: none"> <li>Partner with Chicago Park District and Department of Cultural Affairs (By 1/1/2019)</li> <li>Conduct site visits to determine location (By 4/1/2019)</li> <li>Establish creative team to curate productions, events, and programming (By 3/1/2020) Create outreach team to build new family audience (By 3/1/2021)</li> <li>Publicize through paid and free media outlets (By 4/1/2021)</li> </ul>	<ul style="list-style-type: none"> <li>Develop a corporate sponsorship and foundation strategy (By 6/1/2015)</li> <li>Formalize group sales practices (By 9/1/2015)</li> <li>Create marketing materials for teacher mailings and eblasts (By 1/15/2016)</li> <li>Build a larger network of CPS teachers and referrals (By 4/1/2016)</li> </ul>	<ul style="list-style-type: none"> <li>Hire a consultant to ensure success (By 6/1/2015)</li> <li>Develop major gift, corporate, foundation, and planned giving strategy (By 8/1/2015)</li> <li>Develop communication plans and marketing materials (By 11/1/2015)</li> <li>Celebrate donors and keep stakeholders updated on progress (At least twice per year during campaign life - approx. 3 years)</li> </ul>

URTurn: Complete the chart below with your agency's new strategies. Once you've done this, delete the example table above and these directions.

Strategy			
People			
Product			
Price Client			
Price Agency			
Proposition			
Plan	•	•	•

### Test

Studying the external environment uncovers the opportunities and threats that help or hinder the success of new strategies.<sup>11</sup>

### External Environment

Evaluating the external environment is essential to determine if our industry or competitors will threaten any of our proposed strategies. This analysis applies to new programs or LOBs that we are introducing to the market.

## Industry

An industry is “a group of firms producing products that are close substitutes.”<sup>12</sup>

Therefore, rather than examining the industry at large, our organization should only test industries offering similar services as our proposed strategies. In addition to defining the industry, Susan Oster recommends researching, evaluating relations among other agencies, and identifying the stakeholders that are likely to fund your strategies.<sup>13</sup>

Strategy	Festival	Student Matinees	Facility
Industry Description	Summer festivals for families with live entertainment	Field trips for CPS students	N/A
Relationships within Industry	Moderate	Moderate	N/A
Stakeholder Influence	Weak	Weak	N/A
<b>Fit to Strategy</b>	<b>Somewhat Attractive</b>	<b>Attractive</b>	<b>N/A</b>

URTurn: Complete the chart below with your agency’s external strategies. If any of your great ideas are internal strategies (like the facility in the example chart), they do not need to be currently evaluated. Once you’ve completed the table for your agency, delete the example table above and these directions.

Strategy			
Relationships within Industry			
Stakeholder Influence			
Industry Description			
<b>Fit to Strategy</b>			

## Competitor

Competitors are the agencies that offer similar products to similar customers.<sup>14</sup> In addition to identifying our organization’s rivals, it is valuable to know their LOBs, competitive advantages, and the likely response if we implement our new strategies:

Strategy	Festival	Student Matinees	Facility
Competitors	An organization in Chicago hosts an annual three-day music event the second weekend in July suitable for family audiences. In all, it features 60 music acts that range from indie rock, international acts, teachers, and students.	Another theatre in Chicago is the primary competitor for student matinees. This rival has more than 20 years of experience producing student matinees, serves more than 40,000 students annually, and is the go-to field trip for more than 2,500 English and Drama teachers.	N/A
Comparison	The theatre festival is a theatrically driven festival that will occur only on July 4 <sup>th</sup> weekend.	We will have a significantly smaller network and primarily present works with history classes tied directly to the classroom curriculum.	N/A
Response	Not likely to respond. Their festival is music-centered and on a different weekend.	Not likely to respond. Their network is massive and catered to English and Drama students.	N/A
<b>Fit to Strategy</b>	<b>Attractive</b>	<b>Attractive</b>	<b>N/A</b>

URTurn: Complete the chart below with your agency's new strategies and your competitor analysis. Once you've done this, delete the example table above and these directions.

Strategy			
Competitors			
Comparison			
Response			
<b>Fit to Strategy</b>			

### External Environment Summary

The chart below summarizes the external environment, as defined by the industry and our agency's competitors:

Strategy	Festival	Student Matinees	Facility
Industry	Somewhat Attractive	Attractive	N/A
Competitors	Attractive	Attractive	N/A
<b>Fit to Strategy</b>	<b>Mostly Attractive</b>	<b>Attractive</b>	<b>N/A</b>

URTurn: Complete the following chart with your agency's new strategies and its fit to the external environment. Once you've done this, delete the example table above and these directions.

Strategy			
Industry			
Competitors			
<b>Fit to Strategy</b>			

## Internal Environment

In addition to determining the external environment, our agency must consider its internal abilities. By adapting Clara Miller's Iron Triangle, we can analyze mission drift, organizational capacity, capital structure, and risk orientation to evaluate if our organization can carry out the proposed strategies, while maintaining its current initiatives.<sup>15</sup>

### Mission

As we seek to be a purpose-centered organization, there needs to be a clear connection between our primary revenue generator and any new LOBs. To ensure this is the case for our proposed strategies, we revisited the MacMillan Product Matrix<sup>16</sup> and tested the new strategies in terms of program attractiveness, alternative coverage, and competitive position:

- **Proposed Strategy 1:** A festival for the theatre is highly attractive (aligns with the mission), has high alternative coverage (many competitors), and a strong competitive position (uniquely linked to a historical holiday), making it mostly attractive. Should the organization pursue this strategy, it will have to compete aggressively to ensure the strategy's success.
- **Proposed Strategy 2:** The market for student matinees is competitive, but the strategy aligns with the theatre's mission. The organization also has a unique position as an arts organization focused on history teachers – therefore, making matinees very attractive. Furthermore, the Great Ideas Report identified a need for aggressive growth for the theatre's education programs, which would be satisfied with the conception of student matinees.
- **Proposed Strategy 3:** As it relates to program attractiveness, alternative coverage, and competitive position, a new facility will certainly help us to serve our primary constituents and better fulfill our mission.

URTurn: Edit or replace the analysis in the three bullets above. Then delete these instructions.

### Capacity

Clara Miller defines organizational capacity as “the ability of an organization to simply operate its business.”<sup>17</sup> To determine if our agency can execute its new strategies, we must identify any lack of resources that would prevent success. To evaluate, we used

the Organizational Capacity Assessment Tool ([OCAT](#))<sup>18</sup> to analyze our strengths and problems. Nine raters found the following (notice for reliability and usefulness that we show only statements that are high consensus and that are ranked as high or low):

OCAT Summary Results		Avg.	Consensus	High/Low
1	Aspirations	2.6		Moderate
1.3	Clarity in reason for being	3.57	High	High
2	Strategy	2.5	--	Basic
2.3	Logic model	2.0	High	Low
3	Leadership, Staff, and Volunteers	2.8	NA	Moderate
3.6	CEO external recognition	3.8	High	High
3.18	Board contribution to the organization	2.2	High	Low
3.25	Board operations	3.5	High	High
3.29	Diversity of staff skills and experience	3.7	High	High
3.39	Talent management plan	1.8	High	Low
4	Funding	2.6	--	Moderate
4.1	Fundraising skills	2.1	High	Low
4.3	Strategic funder base	3.3	High	High
4.4	Sustainable funder base	3.3	High	High
4.6	Financial management systems	2.1	High	Low
5	Values	2.8	--	Moderate
5.5	Orientation toward external stakeholders	3.8	High	High
5.7	Organizational impact	3.6	High	High
6	Learning and Innovation	2.9	--	Moderate
6.6	Monitoring of landscape	3.3	High	High
7	Marketing and Communication	2.8	--	Moderate
8	Managing Processes	2.8	--	Moderate
8.6	Financial controls	3.5	High	High
8.9	Insurance	4.0	High	High
8.10	Backup systems	3.4	High	High
8.11	Disaster preparedness	2.1	High	Low
9	Organization, Infrastructure, and Technology	2.5	--	Basic
9.3	Cross-functional coordination	2.1	High	Low
9.6	Information technology (IT)	1.9	High	Low

URTurn: Complete your own [OCAT](#) and input your analysis in the table below. There are directions on the website of how to use this tool, but if you run into trouble, contact one of the coaches or call 312-799-1117. Once you've completed your table, delete the chart above and these directions.

OCAT Summary Results		Avg.	Consensus	High/Low
1	Aspirations			
2	Strategy			

OCAT Summary Results		Avg.	Consensus	High/Low
3	Leadership, Staff, and Volunteers			
4	Funding			
5	Values			
6	Learning and Innovation			
7	Marketing and Communication			
8	Managing Processes			
9	Organization, Infrastructure, and Technology			

As illustrated in the table above, there are quite a few low capacity areas due to resources being spread thin (human and capital). Therefore, the assets necessary to curate a successful festival don't seem to exist, making this strategy unattractive. Student Matinees, however, would require very few resources, as the theatre would simply remount an existing production – making this strategy attractive.

The OCAT also illustrates that the theatre's relationship with funders is moderately strong. By further investing into fundraising through a capital campaign, the theatre will develop deeper relationships with current supporters and gain new funders in the process. A campaign will draw upon human resources that are already spread thin, but the payoff of raising money for a new venue and simultaneously establishing an endowment will strengthen all resources in the long run. As a result, this strategy is attractive.

URTurn: Edit or replace this summary of your OCAT analysis with your own and delete these instructions.

## Capital

Understanding our capital structure will illuminate the overall health of the organization:<sup>19</sup>

Mission Success Measures (\$ in thousands)	FYE 2011	FYE 2012	FYE 2013
<b>Profit &amp; Loss:</b> 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)
<b>Balance Sheet:</b> Assets \$	911	1,065	1,053
Liabilities \$	346	421	420

Net Assets \$	566	644	633
<b>Capital Structure:</b> 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

URTurn: Insert the mission success measures that you created in the Great Start Report in the table below. Then delete the chart above and these directions.

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

A

Although, the organization needs to build its operating reserves, the theatre is fit to maintain its current initiatives and to pursue the following strategies: student matinees and creating a new facility.

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

## Risk

Albert Einstein said, "A ship is always safe at shore, but that is not what it's built for."<sup>20</sup> Yet decision makers must establish the best time to invest in risk-taking initiatives. To help us choose the best strategies and assess our risk orientation, we first talked with

<sup>A</sup> **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

our board about our risk tolerance, used the Trussel Quick Test (to ensure that we had not suffered a 20 percent or more decline in net assets over three years), and discussed how much of our operating reserves we are willing to use to support any new strategies. We then brainstormed and listed the top three possible events that would make the organization less stable:

Event	Odds	Impact	Trigger	Action
Executive Director Leaves	Low	High	3 month notice of resignation	Executive Board Committee to begin a national search
Annual Fundraising Below Goal	Low	High	15 percent below goal at quarter three benchmark	Development Board Committee gathers to ensure relations among funders remain strong so that future strategies can be implemented
Current Rented Location Lease Terminated	Low	Med	90 days notice from landlord	Rent theatre space from other stages

URTurn: Complete the table below and then delete the chart above and these directions.

Event	Odds	Impact	Trigger	Action

The three scenarios above would have a very high impact on our organization. However, our agency determined that are all are unlikely in the foreseeable future, thus having no negative impact on any of our proposed strategies.

URTurn: Edit and/or replace this summary of your risk analysis with your own and delete these instructions.

### Internal Environment Summary

In sum, our agency tested its strategies against the organization's internal environment around mission, capacity, financial health, and risk orientation. Our conclusions are reflected in the table below:

Strategy	Festival	Student Matinees	New Facility
Mission	Mostly Attractive	Very Attractive	Attractive
Capacity	Unattractive	Attractive	Attractive
Capital	Unattractive	Attractive	Attractive
Risk	Unattractive	Attractive	Attractive
<b>Fit to Strategy</b>	<b>Unattractive</b>	<b>Attractive</b>	<b>Attractive</b>

URTurn: Complete the table below and then delete the chart above and these directions.

Strategy			
Mission			
Capacity			
Capital			
Risk			
<b>Fit to Strategy</b>			

### Decide

Analyzing all three environments – industry, competitor, and internal – we made the following conclusions:

Strategy	Festival	Student Matinees	New facility
External Environment	Mostly Attractive	Attractive	N/A
Internal Environment	Unattractive	Attractive	Attractive
<b>Fit to Strategy</b>	<b>Unattractive</b>	<b>Attractive</b>	<b>Attractive</b>

URTurn: Complete the decision table below. Then delete the chart above and these directions.

Strategy			
External			
Internal			
<b>Fit to Strategy</b>			

In our analysis, we decided that the theatre should pursue two of the three strategies initially proposed: student matinees and a new facility. However, this does not mean that a festival isn't a great idea – now is simply not the time to pursue it. When the theatre has additional staff and resources, a festival would be a mission-driven idea to reevaluate.

URTurn: Edit or replace this summary with your own and delete these instructions.

### Great Strategies Summary

By completing the Great Strategies process, the theatre has prioritized student matinees and building a new facility. These two strategies will propel the organization forward as it strives to realize its vision to become a preeminent Chicago arts organization and nationally recognized leader. Furthermore, this report has created goals for each strategy in order to build an action plan that will give the theatre the momentum to start moving toward the future it seeks.

URTurn: Edit or replace this summary with your own and delete these instructions.

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## ENDNOTES

- <sup>1</sup> (Light, 2017)
- <sup>2</sup> (Light, 2017)
- <sup>3</sup> (Light, 2017)
- <sup>4</sup> (Light, 2017)
- <sup>5</sup> (Light, 2017)
- <sup>6</sup> (Light, 2017)
- <sup>7</sup> (Brinckerhoff, 2000, p. 60; Light, 2017)
- <sup>8</sup> (Light, 2017)
- <sup>9</sup> (Light, 2017)
- <sup>10</sup> (Porter, 1996, p. 74)
- <sup>11</sup> (Light, 2017)
- <sup>12</sup> (Hitt et al., 2013, p. 51) (Hitt, Ireland, & Hoskisson, 2015, p. 52)
- <sup>13</sup> (Oster, 1995, p. 29)
- <sup>14</sup> (Hitt et al., 2015; Light, 2017)
- <sup>15</sup> (Light, 2017; Miller, 2001)

<sup>16</sup> (MacMillan, 1983)

<sup>17</sup> (Light, 2017; Miller, 2001)

<sup>18</sup> (McKinsey&Company, 2015)

<sup>19</sup> (Light, 2017)

<sup>20</sup> (Chandler, 2017)