**SUSTAINABLE**

**STRATEGY**[[1]](#footnote-1)

(5-21-17)

Mark Light



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Great to Go

What to do today?

# Operations

What gets measured gets done.  
Maison Haire



One of the best ways to illustrate the role of operations is through the film *Jerry Maguire*. When Bob Sugar fires Jerry from his job as an agent, Jerry loses all of his clients except for Rod Tidwell, a wide receiver for the Arizona Cardinals. As he scrambles for clients, he has a chance to get Frank Cushman, the college star quarterback, but loses him.

The biggest mistake Jerry makes is trying to get a quarterback instead of a linebacker: “You want to use a first-round draft pick on a player who will have an immediate impact on your team? Go with a linebacker. You want to use a first-round draft pick on a player who will promptly establish himself as a difference-maker? Go with a linebacker.”[[2]](#endnote-1)

What does this have to do with your strategic plan? Simple: If the strategic plan is the quarterback, operations is the linebacker. Just like a linebacker, the operating plan is the difference-maker in a successful offence and the element that will make your quarterback (strategic plan) look good.

At its core, the operating plan is all about goals. Goals are “the future outcomes (results) that individuals, groups, and organization desire and strive to achieve.”[[3]](#endnote-2) Goals can take a wide variety of forms; they can be “implicit or explicit, vaguely or clearly defined, and self-imposed or externally imposed. Whatever their form, they serve to structure employee time and effort.”[[4]](#endnote-3)

The operating plan answers “what to do today*”* through goals to be accomplished in the next 12 months. This is very different from the strategic plan, which addresses “where to go tomorrow” in the longer term. This is not an earth-shattering concept according to Goodstein, Nolan, and Pfeiffer: “Strategic planning, in and of itself, is an academic pursuit, of little direct use to any organization. The payoff of strategic planning is in its application, in the execution and implementation.”[[5]](#endnote-4)

Call it what you will –be it a tactical plan, implementation plan, or operating plan –execution matters a lot. “No worthwhile strategy can be planned without taking into account the organization’s ability to execute it,”[[6]](#endnote-5) say Larry Bossidy and Ram Charan. That said, you won’t find a lot of ink spent on operating plans in most books on planning. For example, in Michael Worth’s quite thorough text on nonprofit management, the operating plan merits just one lonely paragraph in a nearly 400-page book that largely focuses on the role of the executive director:

This will include identifying specific tasks to be completed, establishing a timeline for their completion, assigning responsibility for each task, identifying the resources that will be needed – human and financial, determining the right organizational structure, identifying what information systems will be required, defining measures by which the competition or success will be determined, and other operational details.[[7]](#endnote-6)

This is pretty much the same content that you will find in the for-profit sector. Here’s how Larry Bossidy and Ram Charan describe the role of the chief executive:

In the operating plan, the leader is primarily responsible for overseeing the seamless transition from strategy to operations. She has to set the goals, link the details of the operations process to the people and the strategy processes, and lead the operating reviews that bring people together around the operating plan. She has to make timely, incisive judgments and trade-offs in the face of myriad possibilities and uncertainties. She has to conduct robust dialogue that surfaces truth. And she must, all the while, be teaching her people how to do these things as well . . . It’s not just the leader alone who has to be present and involved. All of the people accountable for executing the plan need to help construct it.[[8]](#endnote-7)

One reason for the lack of attention is that the operating plan is a logical extension of the strategic plan where you’ve invested a lot of intellectual capital. “It’s all over except for the shooting” as the old saying goes. You’ve decided *where to go tomorrow*, now it’s a relatively simple matter of laying out the various things that need to be done (goals) and the price to do it (budget).

The operating plan certainly is the linebacker of sustainable strategy and accomplishes many of the same purposes. Yet the operating plan only goes to the line of scrimmage for major plays. Remember that the sustainable strategy gets much of its quickness and flexibility by paying attention to the Pareto Principle—the 80/20 rule where 80 percent of your results are delivered by 20 percent of your efforts.

What this means in sustainable strategy is that when it comes to operating plan goals, only the major ones that deliver high payback are included. None of the “continue to do this and that” stuff or job description-like elements that typically are part of operating plans.

Now, take a deep breath here, step away, and remember that nearly 30 percent of all nonprofit agencies have one full-time employee or none at all. Half of all nonprofits have five or fewer.[[9]](#endnote-8) So forget about the 80/20 rule when it comes to available time and substitute the 95/5 rule where staff members have already committed 95 percent of their time to on-going activities and have only 5 percent of disposable time . . . if that. Only the major, high-impact goals are in the operating plan; if this means that there are only one or two goals (or none at all) for a particular department, so be it.

The operating plan is generally the work of the staff with the exception of goals that pertain to the board. As opposed to the highly creative process that characterizes the strategic plan, the operating plan is developed in a more mechanical, step-by-step approach to render the two sections of goals and budget.

## Goals

Call it an objective, tactic, or target; an operating plan goal should do just one thing: achieve a meaningful result. That outcome is typically an improvement or innovation for the organization at the department level. Again, goals in the operating plan do not describe the on-going, day-to-day activities of the organization or the job duties of individuals. Put another way, goals are not a policies and procedures manual. When it comes to the *right* goals, simply choosing a clear and difficult goal is not enough; it must also achieve a significant result for the organization in general and the department specifically.

What does significant mean? Obviously this will depend upon the specific organization and its circumstances. In times of economic turbulence for instance, many nonprofits may have found a decline of 10 percent in fundraising results a significant accomplishment.

Though goals in the operating plan are not about continuing operations, they must respect the reality of the everyday work of employees. Almost all staff time is consumed by regular job duties or the unexpected (and inevitable) things that come up, so you must find time to implement a goal in the same workweek that you use to get your job done. That’s why it is unusual for any department to have more than two or three meaningful goals in any given year. And when a department has new staff or has just concluded a major improvement project, it will likely have no goals at all that year.

The degree of involvement from the board in developing goals is usually very limited. In some nonprofits, the board never sees the goals; in others, the board receives this information as a matter of practice, but doesn’t participate. I personally like to show the goals in all their glory as it can implicitly reassure the board that the staff is driven and focused.

In smaller organizations with limited employees, the board may be very involved in setting goals. In any case, the covenant to respect the chain of command between the board, the executive director, and the professional staff means that there needs to be careful consideration of the fine line between advice and instruction.

There are many ways to develop operating plan goals—just keep the following in mind: “Clear and challenging goals lead to higher performance than do vague or general goals . . . goals that are difficult, but not impossible lead to higher performance than do easy goals.”[[10]](#endnote-9)

## 

### Department Map

Step one in the process of developing goals is to understand the departments in your organization. Rather than building plans around job titles and specific people, as is usually the case with traditional approaches, sustainable strategy asks that you build the operating plan goals around departments that must exist for the organization to be successful—even if these departments do not have staff members or volunteers currently assigned to them.

Consequently, job titles and department boundaries have less meaning because people have job duties that often cross departments. Since most nonprofit organizations are lean in terms of hierarchy, it is common for people to do many different jobs. The finance person does the budgets and answers the phones; the executive director handles governance, fundraising, programming, and takes out the trash.

In many nonprofits, it is unlikely there will be a full-time development director on staff, but someone must still do the job. By making sure that there is a development department, you are much more likely to reduce “fall through the cracks” failures. Whether the people who work in the department area are staff, board members, or volunteers, having each department identified makes it more likely that goals will be developed and that the department will move ahead. Below is a simple department map from a Big-Brothers, Big Sisters agency:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Board of Directors | | | | | | | | | | | | | |
|  | | | | | |  | | | | | | | |
| Executive Director | | | | | | | | | | | | | |
|  | | | | | |  | | | | | | | |
|  |  | |  | |  |  | |  | |  | |  | |
| Administration | | | Marketing | | | Development | | | | Programs | | | |
|  | | |  | | |  | | | |  | |  | |
|  | | |  | | |  |  | |  |  |  | |  |
|  | |  | |  | | Mentoring | | | Core Match | | Recruiting | | |

In contrast, below is a department map from a county children services agency with a budget in excess of $50 million:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Board of Directors | | | | | | | | | | | |
|  | | | | | |  | | | | | |
|  | |  | |  | |  | |  | |  | |
| Planning & Programs Committee | | | |  | |  | | Resources Committee | | | |
| Executive Director | | | | | | | | | | | |
|  | | | | | |  | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Fiscal Services | | Public Relations  & Marketing | | Human Resources | | Legal & Risk Management | | Organization Research  & Evaluation | | Social Services | |

The department map is a tool for determining the necessary departments of the organization that will guide goal setting. You can discard it after use or hold onto it and distribute it to the board. Either way, it should be kept as simple as possible, but not simpler.

### Making Goals

When it comes to building goals, Bryson’s final two questions of his five-question strategy-development process apply:

1. What major actions (with existing staff and within existing job descriptions) must be taken within the next year (or two) to implement the major proposals?
2. What specific steps must be taken within the next six months to implement the major proposals, and who is responsible?[[11]](#endnote-10)

These two questions represent goals and action steps respectively. Not all goals have action steps, but many do and most should.

#### Generate Your Ideas

There are many ways to generate goals for a department. The first and best place to look for operating plan goals is the strategic plan in general and the success measures and vision strategies in particular. Indeed, if you’ve done it right, you’ve already finished much of the goal setting work. That’s because success measures already come with goals built in. Remember that each success measure not only includes the past and the present, but also the future of at least one year. Take for example the following from a performing arts center development department:

| ($ in thousands) | Year 4 | Year 3 | Year 2 | Year 1 | This Year | | Next Year |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Budget | Forecast |
| Total Raised | 1,576 | 1,701 | 1,759 | 1,689 | 1,740 | 1,760 | 1,956 |
| Annual Fund | 280 | 332 | 360 | 390 | 370 | 440 | 425 |
| Government | 258 | 279 | 391 | 385 | 363 | 290 | 345 |
| Legacies | 18 | 20 | 22 | 22 | 26 | 30 | 26 |
| Sponsorship | 1,020 | 1,070 | 986 | 892 | 981 | 1,000 | 1,160 |

The obvious choices for focus are sponsorship (set to rise 16 percent) and the annual fund (forecasted to rise by 19 percent). These two targets require clear action steps, as they are above the typical obtainable goal that Michael Tushman, William Newman, and David Nadler outline: “almost any organization can tolerate a 10 percent change.”[[12]](#endnote-11) Yet each organization’s goals are unique and only the people close to the ground in that agency can determine what is significant and what isn’t. For example, sponsorships for next year might already be in place, and therefore focus on that goal would be unnecessary.

Here is a different example from another Big Brothers - Big Sisters:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Year 3 | Year 2 | Year 1 | This Year | Next Year |
| Bigs – Inquiries  Applications Completed  Little Sisters: Inquiries  Applications Completed | 352  120  54  33 | 319  176  33  42 | 610  229  50  42 | 400  200  75  60 | 400  200  100  85 |

Clearly, the 33 percent boost from 75 to 100 for Little Sisters inquiries could be a significant goal. Perhaps the effort expended to make that happen will be intense or maybe it will happen naturally due to board member connections. As noted earlier, sometimes just to stay even can represent a significant goal. The point is that success measures often contain important benchmarks that reveal themselves when you look for them. Even so, not all departments will find goals here. It is unlikely, for example, that the human resources department will have any relevant success measures.

The other place to look for readily available goals is in the vision strategies. Take a strategy from a housing agency to stabilize contributed income at $150,000 per year by 2013. In year one, you may need to enhance the infrastructure in the development department or make your first hire an administrative assistant. In year two, the development department might need to secure some percentage of funding and the finance department may need to determine how to invest those funds.

Another place to seek out goals is in obstacles - which is especially useful for departments that have difficulty finding possibilities in the success measures or vision strategies. Obstacles are everywhere and all organizations have a fair share of them. In fact, you may have already generated a list when you were working on the vision. Look at identifying obstacles as opportunities to finally get rid of them.

The department in search of obstacles should list as many of them as possible. Completing the following sentence is a good way to begin: “If there was just one thing I could fix that would make things work a lot better, it would be . . .” Once done, grouping the answers around common themes will help eliminate duplication. Once you have identified the obstacles, prioritize them by choosing the most actionable.

Not everyone is comfortable searching for problems as it has a decidedly negative texture. In other words, some people become justifiably defensive. Instead, you can change the terminology to a review of best wishes. Instead of asking, “What is wrong with our department that we’d like to fix?” change it around a bit and ask, “If I had just three wishes for this department, what would they be?”

#### Make Your Goals

Making your goals begins with deciding which of the ideas generated are worthy of pursuit. Return to the Great Ideas section on evaluating ideas on page **Error! Bookmark not defined.**. Once you’ve decided what you’re going to do, put the goals into the proper format. Return to the plan section on page **Error! Bookmark not defined.** in the Great Strategies section for information on how to do this.

## Budget

There is great variety in the formats used to create the budget and there is no right or wrong one to use—except for one: a budget summary should not be longer than one or two pages (three at the very most). Frequently, the current budget format is a holdover from an executive director long since departed and needs revision to reflect the needs of the current readers. Be forewarned however, that asking too many people for their opinions can create a format that is too complicated; what should have been a simple three- or four-column presentation turns into something impossibly confusing. As a minimum rule of thumb, any budget summary presented to the board should give enough information to answer these questions:

1. What have you spent so far this fiscal year?
2. What is the approved budget for the current fiscal year?
3. What is the projection for how the current fiscal year will end?
4. What is the difference between budget and projection?

By having these four perspectives, the reader can understand the basic financial position. Of particular importance is the often-neglected forecast. The late General Dillman Rash, a wizened community volunteer and sought-after board member in Louisville, Kentucky, used to call the surplus or deficit the “southeast corner of the budget,” referring to the lower-right corner of the financial statement where he said, “The sun goes up or down on the executive director.” It was, he said, “about the only number that any board member worth his or her salt should care about”.

Regrettably, the most common format revolves around year-to-date comparisons complete with percentages and extensive detail. This approach has arisen primarily because publicly held corporations use quarter-to-quarter comparisons and for-profit oriented board members are comfortable with this. It could also be that software defaults to this format. In a nonprofit, however, such information can be largely distracting as shown below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | $ Actual last year, January | $ Budget this year, January | $ Difference column 1  less column 2 | $ Forecast this year, January | % Difference  column 4 vs. column 2 |
| Total Income | 224,531 | 285,787 | 60,746 | 284,082 | -0.6 |
| Total Expense | 200,490 | 248,909 | 48,419 | 316,510 | 127 |
| Net Income | 24,041 | 36,878 | 12,327 | -32,428 | -88 |

We know very little about what is going on in the above organization beyond the month under discussion. More importantly, the reader cannot get a clear picture of the anticipated surplus or deficit that will occur at the end of the fiscal year. The table below shows the better approach for a typical nonprofit:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ($ in Thousands) | $ Actual  year-to-  date 6/30 | $ Budget  for year  ending 12/31 | $ Forecast  for year ending 12/31 | $ Difference  column 3 less column 2 |
| REVENUE |  |  |  |  |
| Contributed | 696 | 1,891 | 2,420 | 529 |
| Earned | 805 | 1,113 | 947 | -166 |
| REVENUE | 1,501 | 3,005 | 3,367 | 362 |
| EXPENSES |  |  |  |  |
| Program Services | 1,221 | 1,462 | 1,265 | -197 |
| Management and General | 160 | 200 | 141 | -59 |
| Fundraising | 224 | 217 | 514 |  |
| EXPENSES | 1,605 | 1,879 | 1,920 | 41 |
| EXCESS OR (DEFICIT) | -104 | 1,126 | 1,447 | 321 |

Generally, more information provides value to the reader—but there is always a limit. Where that fine line occurs is going to be different for every organization, but there is a line since people may not be able to wade through the details.

The best place to begin a discussion of the right format is at the absolute minimum, not the maximum. The four-column approach (year-to-date, budget, forecast, and variance) is generally all that is required.

Some organizations like to add a balance sheet to the financial presentation and there is no objection to doing so. Indeed, this can be very helpful. Even so, it is good to remember that balance sheets have become increasingly complex and difficult to understand. Keeping things simple is always a good idea and reducing the balance sheet down to its basic elements accomplishes this. Typically, the budget summary shows an abbreviated balance sheet at the bottom of the budget summary.

It is also good to remember that producing balance sheets regularly throughout the fiscal year can be a time-consuming activity that only delivers limited benefits (especially for smaller organizations). Most people who ask for a balance sheet are actually looking for answers about cash flow or solvency questions. You approximate this quite simply using the suggested format and adding the modifications that are useful for your organization:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | $ Actual  year-to-  date 6/30 | $ Budget  for year  ending 12/30 | $ Forecast  for year ending 6/30 | $ Difference  column 3 minus 2 |
| Total Revenue | 186,449 | 300,000 | 320,000 | 20,000 |
| Total Expenses | 200,490 | 250,000 | 290,000 | 40,000 |
| Net Income | -14,041 | 50,000 | 30,000 | -20,000 |
| Add Back Depreciation | 16,000 | 32,000 | 31,000 | -1,000 |
| Estimated Cash Position | 1,959 | 82,000 | 61,000 | -21,000 |

Granted, for many nonprofits (and especially those that don’t own real estate), depreciation is a negligible expense. As such, their net income is often essentially the same as their cash position. The challenge this example presents is that the organization has a surplus on a cash basis and a deficit on an accrual basis in the actual year-to-date column. Discussion about the value of depreciation and the like can occasionally enliven a dialog or present an opportunity to educate those unfamiliar with such financial matters.

As you continue to build your budget, one of the easiest ways is to use the categories from the IRS Form 990. It allows you to compare your organization to your peers easily and serves as a credible platform for communicating your financial position. Take for example an economic development agency:

| ($ in Thousands) | $ Actual  year-to-  date 6/30 | $ Budget  for year  ending 6/30 | $ Forecast  for year ending 6/30 | $ Difference  column 3 minus 2 |
| --- | --- | --- | --- | --- |
| **Profit & Loss** |  |  |  |  |
| Revenue |  |  |  |  |
| Contributed | 696 | 1,891 | 2,420 | 529 |
| Earned | 805 | 1,113 | 947 | -166 |
| Revenue | 1,501 | 3,005 | 3,367 | 362 |
| Expenses |  |  |  |  |
| Program Services | 1,221 | 1,462 | 1,265 | -197 |
| General Management | 160 | 200 | 141 | -59 |
| Fundraising | 224 | 217 | 514 |  |
| Expenses | 1,605 | 1,879 | 1,920 | 41 |
| Excess Or (Deficit) | (104) | 1,126 | 1,447 | 321 |
| **Balance Sheet**  Assets  Current  Long-Term |  |  |  |  |
| 373  3,413 |  |  |  |
| 1,210 | 1,264 | 54 |
| 3,974 | 5,586 | 1,612 |
| Assets | 3,786 | 5,184 | 6,850 | 1,666 |
| Liabilities |  |  |  |  |
| Current | 220 | 202 | 316 | 114 |
| Long-Term | 5 | 19 | 35 | 16 |
| Liabilities | 225 | 221 | 351 | 130 |
| Net Assets |  |  |  |  |
| Unrestricted | 3,396 | 3,698 | 3,748 | 50 |
| Temporarily Restricted | 165 | 1,265 | 2,624 | 1,359 |
| Permanently Restricted | 0 | 0 | 128 | 128 |
| Net Assets | 3,560 | 4,963 | 6,499 | 1,536 |
| Liabilities& Net Assets | 3,786 | 5,184 | 6,850 | 1,666 |

At less than one page, the model above is perfectly adequate for use at the full board level, as it generates a comprehensive view and includes the balance sheet. Because agencies that are required to file the IRS Form 990 will have a methodology already in place for dealing with this, the budget format already exists. In short, it is convenient and readily available for most.

Do not let the brevity of this chapter understate the importance of the financials in general and the budget in particular. It bears repeating that about two-thirds of the nonprofits in a study on innovation were unable to move their ideas forward due to lack of funding caused by growth capital availability, narrowness of government funding streams, and foundations that encourage innovation but don’t sustain it.[[13]](#endnote-12) Neglect the financials at your peril.

## Contingencies

The length of this section belies its importance. Contingency planning according to George Steiner is about making “preparations to take specific action when an event or condition not planned for in the formal planning process actually does take place.”[[14]](#endnote-13) Say Nolan, Goodstein, and Goodstein, contingency planning is “the single best way to ensure that organization has developed a process for rapidly identifying and then addressing unanticipated or less-likely events – an early warning system.”[[15]](#endnote-14)

The workaround to dealing with the known and unknown is to construct a four-point compass of key indicators that are vitally important to the success of your organization. Obviously, you could go very deep and broad with contingency compasses and that’s not necessary. Having just a few is all that’s necessary. Perhaps one for the external environment, one for total revenue, and another for total expenses might be enough.

You might also consider using some of the tools from the section on risk in the Great Strategies process. You could develop compasses for any of your critically important departments or any of your strategies.

Once you have clarified these compasses, set trigger points for each of them - lines in the sand so to speak - and actions you will take if the line is crossed. These contingency plans should not be overly complicated, but should have enough structure to guide the first responders you deemed accountable for tracking each of the indicators.

# Promoting Strategy

# 

## Preparedness

A vision gives you a focal point.  
It tells people what’s expected of them.

Frederick Smith

Promoting strategy is about presenting your strategic plan in general and your strategies in particular to your stakeholders. Sometimes promoting is in person; other times it is in writing. Two attributes of promoting strategy influence the actions of the recipients: passion and preparedness. According to Chen, Yao, and Kotha, “passion is often critical to convince the targeted individuals to invest their money, time, and effort.”[[16]](#endnote-15) Preparedness is about “the content of the script . . . how well prepared one is is as important as how enthusiastic one is in predicting whether a script will be successful or not.”[[17]](#endnote-16)

Your strategic plan may be enough for you relative to the cognitive aspects of promoting strategy. To fine-tune a specific strategy quickly, consider building a case statement using questions suggested by Bernard Ross and Claire Segal:

* What is the need?
* What evidence is there that this is a pressing need?
* How are you uniquely qualified to tackle this need?
* What will be the benefits of your action?
* What are the negative consequences if you fail?[[18]](#endnote-17)

A more elaborate approach is a business plan specifically for the strategy. Although about half of all nonprofits launching ventures skip this step and move right to implementation, some find time to make one.[[19]](#endnote-18)

Business plans are effective in that they provide a deep dive for each of the strategic plan’s strategies. For some, a business plan is a mash up of an operational plan and marketing pitch for each of your strategies. According to Jeanne Rooney, “A business plan is not just one forecast about one program, one function, or one resource. Instead it is a blend of the expectations about multiple factors into one plan framing the future.”[[20]](#endnote-19)

Others see the business plan as a communication device used primarily to represent a specific strategy to funders, as well as for all stakeholders.[[21]](#endnote-20) Overall, the business plan is both a pitch and a plan.

For William Sahlman, the most effective business plans focus on four factors: people, opportunity, context, risk, and reward.[[22]](#endnote-21) According to Peter Brinkerhoff, the business plan should have the following contents:

* A title page identifying the business plan as the property of your organization
* A table of contents
* A summary of the plan
* A description of your organization and its business
* A description of the market for your product or service
* A marketing plan
* A financial plan
* Business plan goals and objectives with a time line
* An appendix (if needed)[[23]](#endnote-22)

The Small Business Administration’s template for a business plan contains the following table of contents:

The Business

* Description of business
* Marketing
* Competition
* Operating procedures
* Personnel
* Business insurance

Financial Data

* Loan applications
* Capital equipment and supply list
* Balance sheet
* Breakeven analysis
* Pro-forma income projections (profit & loss statements)
* Three-year summary
* Detail by month, first year
* Detail by quarters, second and third years
* Assumptions upon which projections were based
* Pro-forma cash flow

Supporting Documents

* Tax returns of principals for last three years personal financial statement (all banks have these forms)
* For franchised businesses, a copy of franchise contract and all supporting documents provided by the franchisor
* Copy of proposed lease or purchase agreement for building space
* Copy of licenses and other legal documents
* Copy of resumes of all principals
* Copies of letters of intent from suppliers, etc.[[24]](#endnote-23)

You might also consider the many excellent software providers that deliver comprehensive tools for business planning. Among the most popular is Business Plan Pro from Palo Alto Software, which offers the user three different templates—simple, standard, and financials only—along with a plentiful database of sample for-profit and nonprofit business plans.

Because you dealt with many of these necessary issues earlier in your strategy deliberations, putting a business plan together should be somewhat easy to do. However, keep in mind William Sahlman’s warning:

Most waste too much ink on numbers and devote too little to the information that really matters to intelligent investors. As every seasoned investor knows, financial projections for a new company – especially detailed, month-by-month projections that stretch out for more than a year – are an act of imagination.[[25]](#endnote-24)

## Passion

Whether you are using a short elevator pitch or the fully shaped strategy plan, Solas and Blumenthal advise the following:

Whatever the format, all of the *information* you provide in your pitch, no matter how long or short it is, should be relevant to answering the investor’s central question: Why should I invest in this venture? The pitch is not simply a compendium of information assembled so that investors can draw their own conclusion. Your job is to persuade prospective investors that your venture is the right investment for them.[[26]](#endnote-25)

There is ample advice for promoting your strategy – and how it will achieve your vision –whether it’s pragmatic or idealistic, plain vanilla fix or thrilling new opportunity. The most important thing is that you tap into people’s emotions.[[27]](#endnote-26) Jay Conger advises that an effective vision “will ensure emotional impact, particularly in terms of building a sense of confidence and excitement about the future.”[[28]](#endnote-27)

Why should it matter how you frame your strategy? Simply put, visions must compete for the attention of the listeners – convince them in their hearts and minds that this is *the* vision for them. As you observe reactions from the intended audience, you change and adapt the vision. One can think of this competition in biological terms as Richard Dawkins does when he compares this struggle for attention and survival to what genes do in the biological world.[[29]](#endnote-28)

In essence, visions “undergo a kind of *emotional selection*—they are chosen and retained in the social environment often because of their ability to tap emotions that are common across individuals.”[[30]](#endnote-29) As Warren Bennis and Burt Nanus note, “Even the ‘best’ ideas are only as good as their ability to attract attention in the social environment.”[[31]](#endnote-30)

In the early days of my work at the performing arts center, I made many curtain speeches to implore our audiences to become subscribers. I liked to say that we deserved to have Broadway shows in our community, that we deserved better than driving to Cincinnati or Columbus to see these shows. This vision of having the best shows in our own theatre where our customers were the stars worked: subscriptions went up seven fold to over 25,000, the budget grew from $550,000 to over $21 million, and all attendance in our facilities grew 400 percent to 900,000.

The exemplars in my study of high-performing nonprofits had a two-step process for conveying their visions.[[32]](#endnote-31) First, they legitimized the vision by conveying it through the strategic plan. All the passion in the world can replace the preparedness necessary to take on the project.[[33]](#endnote-32) Passion is all about engaging emotions; preparedness shows that you’ve really thought hard about what you’re presenting (the quality of your strategy).[[34]](#endnote-33)

Second, these successful organizations were persuasive enough to get people involved. As one person said, “You can never remove the fact that people have to feel your love for what you’re doing.”[[35]](#endnote-34)

Howard Gardner and Emma Laskin make two recommendations about constructing a powerful pitch. First, it is “stories of identity – narratives that help individuals think about and feel who they are, where they come from, and where they are headed – that constitutes the single most powerful weapon in the leader’s literary arsenal.”[[36]](#endnote-35) Second, “those who fashion a more sophisticated account of identity are often bested by those whose identity stories are simpler, if not simplistic.”[[37]](#endnote-36)

In sum, the best pitches **connect emotionally** with your audience through simple stories of identity. They make people feel your lovefor what you’re going to do and they are relatable. Moreover, be sure to make it clear that you **know what you’re talking about**. Which is the most important? According to a study of venture capitalist, first things first – preparedness.[[38]](#endnote-37)

# 

# Leading Change

Resistance is futile.

Locutus of Borg

Most major change efforts fail.[[39]](#endnote-38) Larry Greiner observes that all “organizations appear to experience revolutionary difficulty and upheaval, and many of these organizations falter, plateau, fail, or get acquired rather than grow further.”[[40]](#endnote-39) Change expert John Kotter studied more than 100 companies and found that few change efforts were successful and few were failures: “Most fall somewhere in between, with a distinct lean toward the lower end of the scale.”[[41]](#endnote-40)

John Strebel found that “radical corporate reengineering . . . success rates in *Fortune* 100 companies are well below 50%; some say they are as low as 20%.”[[42]](#endnote-41) A different study by Robert Tomasko of 1,000 U.S. companies that undertook downsizing as a change effort found that only 19 percent improved their competitive advantage.[[43]](#endnote-42) The bottom line is that you might want to head back to your work in the Great Strategies Report and rerun the Change or Die checklist[[44]](#endnote-43) to be sure you really want to go forward with any life-altering strategies.

## Healthy Resistance

One of the fundamental reasons major transformation efforts fail is because people resist them.[[45]](#endnote-44) Indeed, people in organizations “often resist change even when their environments threaten them with extinction.”[[46]](#endnote-45) James O’Toole puts it directly saying, “In all instances of modern society, then, change is exceptional. When it comes about, it does so primarily as a response to outside forces.”[[47]](#endnote-46)

It’s convenient to blame change failures on the people who resist differences, but many times, resistance is the right thing to do. When an organization looks major change in the eye, Clayton Christensen and Michael Overdorf say, “the worst possible approach may be to make drastic adjustments to the existing organization. In trying to transform an enterprise, managers can destroy the very capabilities that sustain it.”[[48]](#endnote-47)

Adapting too quickly can also be unproductive because the periods leading up to a transformation can “provide the pressure, ideas, and awareness that afford a platform for change and the introduction of new practices.”[[49]](#endnote-48) According to David Miller, sometimes the best thing for organizations is to “behave like sluggish thermostats. They must delay changing their structure until an important crisis develops. By then, quantum or revolutionary change may be required to re-establish harmony among the many aspects of structure and environment.”[[50]](#endnote-49)

Embarking on a major change effort during a time of stability can be unrewarding. While making changes during crisis gets the executive director a lot of credit, during times of stability it can be dangerous because when “people do not perceive any crisis, attempts by the leader to make major changes are likely to be viewed as inappropriate, disruptive, and irresponsible.”[[51]](#endnote-50) Ronald Heifetz goes even further, “Challenge people too fast, and they will push the authority figure over for failing their expectations for stability.”[[52]](#endnote-51) The lesson is that “frame-breaking change is quite dysfunctional if the organization is successful and the environment is stable.”[[53]](#endnote-52)

Unfortunately, sometimes the environment is stable and the agency successful, but a major change effort is necessary. Maybe you now understand your risk and have decided that some class-six rapids (the most dangerous level of whitewater) are just around the bend. Maybe your nonprofit agency has been the sole provider in the community for decades, but a for-profit heavyweight has just announced that they’re coming next year. You have some choices: You can simply go with the flow and wait till you’re over your head; you can leave the party early because you know what’s coming; or you can take on the challenge and deal with the natural instinct to dig in your heels.

It is human nature to thwart change—some say that only 10 percent of the population is comfortable leading change and two-thirds will resist it outright.[[54]](#endnote-53) Most experts advise that you must have the right level of dissatisfaction in order to achieve a tipping point that overcomes the resistance. The idea is that by creating enough urgency, you can create a scenario that forces people out of their comfort zone.

## Necessary Urgency

The tipping point is language borrowed from epidemiologists to describe the point at which an ordinary, run-of-the-mill cold outbreak in a classroom inflects the entire school system and shuts it down. It is the “moment of critical mass, the threshold, the boiling point . . . where the unexpected becomes expected, where radical change is more than possibility. It is—contrary to all our expectations—a certainty.”[[55]](#endnote-54)

Crisis often sets off a tipping point. John Bryson says that crisis “occurs when a system is required or expected to handle a situation for which existing resources, procedures, laws, structures, and/or mechanisms, and so forth, are inadequate.”[[56]](#endnote-55) David Hurst calls crisis “far-from-equilibrium conditions,”[[57]](#endnote-56) and Intel’s former CEO Andy Grove calls it a “strategic inflection point”, which is “a time in the life of a business when its fundamentals are about to change.”[[58]](#endnote-57) Whatever you call it - tipping point, crisis, far-from equilibrium - it can be one scary place.

Executive succession often sparks or finishes a tipping point. Michael Tushman and Elaine Romanelli found that such tipping points “occur most frequently after a sustained performance decline and will be most frequently initiated by outside successors.”[[59]](#endnote-58) The causes for sustained performance decline are numerous and can arise from “problems in achieving internal consistencies, from changes in the external environment, which rend prior patters of consistency no longer successful, or from changes in the internal environment which re-define current performance and/or strategic orientation as no longer appropriate.”[[60]](#endnote-59)

To be fair, tipping points also originate in the environment itself and are frequently out of the control of leaders.[[61]](#endnote-60) Others suggest that whatever makes the organization successful today will be the cause of its crisis tomorrow.[[62]](#endnote-61) Sometimes very small things lead to tipping points like the butterfly effect wherein “a small alteration in the initial conditions can amplify into wide-ranging effects throughout the system [like] the flap of a butterfly’s wings in Beijing triggering a hurricane in Florida.”[[63]](#endnote-62)

Tipping points can also be quite exciting. New opportunities, going to the next level, going to scale, launching new lines of business, or major improvements in operational effectiveness are all very stimulating. The point here is that without a tipping point, it is very difficult to move people out of their comfort zones. If a tipping point is not going to occur naturally, you have to create one yourself; you have to boil the frog, as the saying goes.

Boil the frog is a powerful and widely used metaphor for tipping point change.[[64]](#endnote-63) Al Gore, for example, made use of it in his film *An Inconvenient Truth*. Here is how it works: “Drop a frog in boiling water and it will jump out; slowly heat the water to a boil and the frog will remain in the water and die.”[[65]](#endnote-64) As the metaphor suggests, the way to get people out of their comfort zone is to turn up the heat fast.[[66]](#endnote-65)

How important is urgency? Change expert John Kotter makes building urgency his first step (vision is step three) in his eight-stage change model. Kotter details the importance of urgency by listing nine ways to create it including: creating a crisis, eliminating obvious examples of excess, disseminating information about problems compared to the competition, cutting out management happy talk, and bombarding people with information on future opportunities.[[67]](#endnote-66)

If you see that frame-breaking change is absolutely necessary, but the environment is stable and the organization is doing well, you can use Kotter’s eight-stage model for creating major change:

1. Establishing a sense of urgency

2. Creating the guiding coalition

3. Developing a vision and strategy

4. Communicating the change vision

5. Empowering broad-based action

6. Generating short-term wins

7. Consolidating gains and producing more change

8. Anchoring new approaches in the culture[[68]](#endnote-67)

When it comes to building urgency, Kotter warns that fact-based appeals won’t cut it:

Excellent information by itself, with the best data and logic, that may define new needs and new (probably ambitious) goals . . . Can win over the minds and thoughts of others, but will rarely win over the hearts and feelings sufficiently to increase needed urgency *(and this happens all the time).*

A logical case that is part of a heart-engaging experience, using tactics that communicate not only needs but emotionally compelling needs, that communicate not only new stretch goals, but goals that excite and arouse determination . . . Can win over the hearts and minds of others and sufficiently increase needed urgency.[[69]](#endnote-68)

Jeffrey Pfeffer and Robert Sutton offer a more parsimonious four-step approach to leading change that requires the following ingredients:

1. People are *dissatisfied* with the status quo

2. The *direction* they need to go is clear (at least much of the time) and they stay focused on that direction

3. There is confidence conveyed to others – more accurately *overconfidence* – that it will succeed (so long as it is punctuated by reflective self-doubt and updating as new information rolls in)

4. They accept that change is a *messy process* marked by episodes of confusion and anxiety that people must endure[[70]](#endnote-69)

Nevertheless, of all these steps, the first is most salient: call it boil the frogs or burning the boats, you must have a satisfactory level of urgency. “Dissatisfaction proves people to question old ways of doing things and fuels motivation to find and install better new ways – especially when leaders can find ways to dampen fear and increase trust and psychological safety.”[[71]](#endnote-70)

Though John Kotter’s focus on first creating enough urgency when undertaking a change effort is unassailable, it has always felt out of place to me. Create urgency for what? Where’s the rationale for the urgency? It’s a bit like Jim Collins’ “first who . . . then what” approach for leaders to take a company from good to great: “they *first* got the right people on the bus (and the wrong people off the bus) and *then* figured out where to drive it.”[[72]](#endnote-71) How do you know who should be on the bus if you don’t know where you’re heading? Are you taking the team to play football or run at a track meet?

In for-profit companies, this is completely understandable because leaders already know the “what,” which is above-average returns on investment or the specific solution to whatever problem is causing urgency. And you know the “what” too – your strategy. Yet for a successful nonprofit organization, knowing your strategy, goals, action steps, and budget will inform the level of urgency and the needs involved.

Note to Mark: Add CHANGE OR DIE CHECKLIST SECTION here.

# Closing Thoughts

In a 2000 *Opera in Trust* article, Thomas P. Holland, an acknowledged expert on boards, commented about how to build the leadership team:

Building a high-performing board team means building a team that is ready, willing, and able to focus on the main thing—a team that isn’t hobbled by inefficient or unproductive procedures or distracted by trivial issues that will have little impact on your board’s ability to achieve its vision for the organization.[[73]](#endnote-72)

Ready, willing, and able to focus on what main thing? Which comes first: the main thing or the structure that helps you decide the main thing? In sustainable strategy, structure follows purpose and strategy. Paul Valery’s “The best way to make your dreams come true is to wake up”[[74]](#endnote-73) follows Walt Disney’s “If you can dream it, you can do it.” [[75]](#endnote-74) As Holland noted in his article:

The idea is to determine what the big ideas are, to find the whales in the pool and not be distracted by the paramecium, to ask yourself what is of such overwhelming imprint that it requires the board’s attention for the foreseeable future.[[76]](#endnote-75)

One way to fix problems within an organization is to yell at the people who cause them. Someone puts the letter in the wrong envelope or forgets to turn out the lights when leaving. Yelling can produce meaningful short-term results, but it fades over time. Wouldn’t it be better to simply get window envelopes and install motion sensors to automatically turn off the lights? Wouldn’t it be better to work on the system instead of the yelling? After all, as Deming says, “Workers are responsible for only 15 percent of the problems, the system for the other 85 percent.”[[77]](#endnote-76)

What then is the main thing? It is the chosen destiny, the combination of purpose and strategy. The problem is that in the hubbub of life, people in organizations usually don’t know what that chosen destiny is because their agency never decided it. It’s like walking into a completely dark room for the first time, given tools to do a job you know nothing about, told to work, and then changing the job every few minutes.

So what’s the solution? Sustainable strategy of course! It’s the best way to turn on the lights and give you the tools needed to do good great.[[78]](#footnote-2)

Appendices

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# BAM

A brainstorming, affinity grouping, and multi-voting rating process (BAM) begins with brainstorming, which is a technique used to generate as many ideas as possible. There are five official steps to structuring this first step:

1. The central brainstorming question is stated, agreed on, and written down for everyone to see.

2. Each team member, in turn gives an idea. No idea is criticized. Ever!

3. As ideas are generated, write each one in large, visible letters on a flipchart or other writing surface [like Post-it® notes].

4. Ideas are generated in turn until each person passes, indicating that the ideas (or members) are exhausted.

5. Review the written list of ideas for clarity and to discard any duplicates.[[79]](#endnote-77)

**The wonderful thing about BAM is that it allows everyone to have a voice in the process, but no one can dominate it.** The quiet members who never speak up finally have a chance to offer input because you directly ask them to do so; the overbearing members finally get a chance to listen—albeit, this is not necessarily of their choosing. To be sure, facilitating a brainstorming session takes practice, but most executive directors can become quite good at leading these sessions rather quickly. That said, bringing in a facilitator, or training someone in house to handle the process, can be helpful so that the executive director and senior staff can participate actively.

Here, for example, is a short list of 20 ideas from a question about board member duties answered by seven people:

advocate, ask questions, attend, attend events, be active, be ambassadors, be educated, contacts and resources, dedicated, do the work of the board, get money, give money, good representatives, make good decisions, participate, prepare, promote, provide tech expertise, recruit others, sit on subcommittees

When I do brainstorming, I like to go around the table at least twice and stop when the ideas get saturated. This usually occurs when members become exhausted and you start hearing lots of synonyms for things already up on the board, literal repeats, and passes. Keep in mind that for a group of 15 people, you might end up with 40-50 ideas—a full board of ideas.

With this many ideas, you need some way to manage them. A technique called **affinity grouping arranges the answers into common themes** that become the final board member duties. Here are the steps:

1. Phrase the issue under discussion in a full sentence.

2. Brainstorm at least 20 ideas or issues.

3. Without talking, sort ideas simultaneously into 5-10 related groupings.

4. For each grouping, create a summary or header cards using consensus.[[80]](#endnote-78)

When using this technique, invite the participants to help sort the ideas, while the facilitator remains in control. This is a game of horseshoes where getting close is good enough, but being too far away is bad. In other words, you don’t want to end up having just one or two groupings when 10 are actually present. Building an affinity diagram can be done quickly, but you want to practice this before going before a group. You have to be able to see the trees for the forest and that takes some practice.

Looking at the small group of ideas from above, start with one that seems like a root idea. Using advocate as an example, there are three other ideas that belong: be ambassadors, promote, and good representatives. The table below shows the results:

|  |  |
| --- | --- |
| Ideas | Results |
| contacts and resources, get money | Raise money |
| recruit others, sit on subcommittees, do the work of the board | Do the board’s work |
| be ambassadors, promote, good representatives, advocate | Champion the organization |
| prepare, be educated, dedicated, ask questions, make good decisions, attend, provide tech expertise, be active, participate, give money, attend events | Make good decisions |

The final step in the BAM process is **multi-voting to prioritize or *rate* the final ideas**. The easiest tool is weighted multi-voting that I like to call “Take it to Vegas,” where a blue dot equals $3, a red dot equals $2, and a green dot equals $1. Each person gets one dot of each color to distribute on any grouping of ideas. They can put all their dots on one grouping or spread the dots around. Adding up the money yields a strong sense of priority as shown in the following table:

|  |  |
| --- | --- |
| Ideas | Results |
| prepare, be educated, dedicated, ask questions, make good decisions, attend, provide tech expertise, be active, participate, give money, attend events | Make good decisions (21) |
| contacts and resources, get money | Raise money (13) |
| be ambassadors, promote, good representatives, advocate | Champion the organization (8) |
| recruit others, sit on sub committees, do the work of the board | Do the board’s work (0) |

In the case of the last grouping that earned no points, you’d have a choice of whether to keep it in the mix. Remember that prioritization does not necessarily require discarding groupings; it’s simply a method for establishing importance. **Indeed, perhaps less important than what is at the top of the list is what ends up at the bottom**. Multi-voting is a good way to winnow out the things that you’re not going to pursue further.

A word of caution: not every BAM process requires the multi-voting step. Sometimes the consensus of the group is so strong, it is not necessary. This is also true when time is at a premium or when prioritization is not necessary.

The supplies you’ll need for a BAM process include four lightweight aluminum telescoping display easels, four packages (three boards per package) of 30” x 40” foam boards, magic markers, a role of clear packing tape, and 10 packages of 5” x 8” Post-it® notes. You should also get black magic markers and sticky dots in blue, red, and green colors.

Assemble the foam boards into six bigger 60” x 80” boards by taping the adjoining seams on both sides. Leave two boards blank and load the four other boards with Post-it® notes in vertical columns, seven notes to a column with seven columns to a board. Put the two blank boards abutting each other spanned across the four easels. Place the four loaded boards, one behind the other, in the middle of the two blank boards (leaving one-half of each blank board on each end).

Arrange the participants around a table set up in an open U shape with an equal number of comfortable chairs on the three outside sides. Put the easels at the head of the open U. You’re now ready to go!

# Strategic Plan Sample

## Executive Summary

The Strategic Plan for Community Health Centers (CHC) used the sustainable strategyplatform wherein leadership focused its energy to ensure the agency got the job done and accomplished its purpose.

With sustainable strategy, the right answers come from the right questions as shown in the illustration below:



The strategic planning process had four distinct phases:

|  |  |  |  |
| --- | --- | --- | --- |
| **Great Start** *What are we doing now?* | **Great Ideas**  *What could we do next?* | **Great Strategies** *What should we  do next?* | **Strategic Plan** *What will*  *we do next?* |

Great Start began with values and behaviors. One hundred and five people including 33 external stakeholders and 72 internal stakeholders had a voice in the process. The planning group of senior staff members worked on the lines of business and success measures. By the time they finished, there was a solid answer to the question of what CHC’s current position was.

Great Ideas delivered a vision statement and generated many ideas for the future. More than 100 people participated in the ideation process and included 15 external stakeholders, 18 clients, and 72 board members and staff. All totaled, more than 335 ideas were produced. We used these ideas to guide the creation of a compelling vision that helped the planning group winnow the hundreds of ideas to a more manageable amount of 20 possibilities that could evolve into strategies. Another round of disciplined decision-making led to four finalists for the Great Strategies process.

Great Strategies is where we evaluated the four finalists to decide which of them should be included in the Strategic Plan. The analyses generally support the next step of implementation planning, after which time CHC should reevaluate each strategy to determine whether to go forward.

## Purpose

Purpose has two elements: values and mission. Together these are a powerful combination – more powerful than the paycheck for many. Expert Daniel Pink, for example, says that it takes three things to motivate most people in the workplace: “(1) *Autonomy* – the desire to direct our own lives; (2) *Mastery*: the urge to get better and better at something that matters; and (3) *Purpose* – the yearning to do what we do in service of something larger than ourselves.”[[81]](#endnote-79)

### Values

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Values | **Client-centered** | **Ethical** | **Competent** | **Team** |
| Behaviors | Culturally competent  Compassionate  Responsive  Effective | Accountable  Confidential  Honest | Dependable  Proactive  Open to Learning  Knowledgeable | Respectful  Supportive  Positive  Communicative |

### Mission

Christopher Finny argues that an “organization’s mission statement deserves to be elegant, precise, and even poetic because these words embody the reason your nonprofit exists.”[[82]](#endnote-80) Indeed, the very best mission statements are similar in texture to a Japanese haiku. Because the working mission should be the combination of three essential elements (clients, transformation, and competitive advantage), the following is CHC’s working mission:

Client-centered care  
for our Community  
to have lives worth loving

## Lines of Business

Lines of business are different from other activities within the organization because they are ends, not means. These are the services, products, and programs that are “the ‘face’ of an organization; the businesses that customers see as *being* the organization.”[[83]](#endnote-81) Most importantly, they must stand the customer-change test: First, there is an external customer. Second, there is a life-changing difference for that customer.[[84]](#endnote-82) CHC has the following lines of business that serve their customers:

|  |  |  |
| --- | --- | --- |
| **Addiction Services**  *A Life Worth Loving in Recovery*  Group  Housing Individual Counseling  Peer Support | **Clinic Services**  *On-going Access*  *for Excellent Health*  Case Management  Medical Care  Food Access  Housing  Retention and Adherence Transportation | **Mental Health**  *Living Longer and Better*  Counseling  Internships  Medications  Peer Counseling  Psychiatry  Training |
| **Prevention** *Embracing Your Choices for a Healthier Life* | | **Resources**  *Support that Matters* |
| **County**  Awareness  HIV Testing  Individual Risk Reduction  Peer Support  Risk Reduction Groups | **Downtown**  Awareness  Individual Risk Reduction  Navigation  Peer Support  Education & Screening  Testing & Vaccinations | Events  Federal Grants  Foundation Grants  Individual Donors  Program Revenue  Support Services |

## Success Measures

Unlike the lines of business that describe what the agency is doing qualitatively, success measures look at this question quantitatively. The bottom line for success measures is quite simple: “What you measure is what you get.”[[85]](#endnote-83)

| **Success Measures** ($ in thousands) | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
| --- | --- | --- | --- | --- | --- |
| **Profit & Loss** Contributed Revenue $ | 5,057 | 5,451 | 5,368 | 5,675 | 6,326 |
| Non-contributed Revenue $ | 279 | 208 | 398 | 381 | 427 |
| Total Revenue $ | 5,336 | 5,659 | 5,765 | 6,056 | 6,753 |
| Total Expenses $ | 5,270 | 5,642 | 5,769 | 5,874 | 6,601 |
| Excess/(Deficit) $ | 66 | 18 | (4) | 182 | 152 |
| **Balance Sheet** Assets $ | 818 | 851 | 871 | 1,322 | 1,302 |
| Liabilities $ | 358 | 374 | 397 | 152 | 76 |
| Net Assets $ | 460 | 477 | 473 | 893 | 1,147 |
| **Capital Structure** Total Margin $ | 0.01 | 0.00 | (0.00) | 0.03 | 0.02 |
| Current Ratio$ | 1.8 | 2.0 | 1.9 | 5.4 | 12.5 |
| Working Capital $ | 273 | 357 | 329 | 673 | 870 |
| Operating Reserves $ | 207 | 170 | 253 | 616 | 814 |

[[86]](#footnote-3)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Lines of Business Success Measures** |  |  |  | 2014-15 | 2015-16 |
| Addiction Services %Sobriety>90 Days |  |  |  | 60 | 60 |
| Clinic Services # |  |  |  | 861 | 975 |
| Mental Health # |  |  |  | 600 | 660 |
| Prevention Duluth # |  |  |  | 2,315 | 1,650 |
| Prevention Midtown # |  |  |  | 4,800 | 5,000 |
| Resources $ |  |  |  | 7,620 | 7,975 |

## 

## Vision

Many writers in popular literature have long argued that vision is essential for effective leadership.[[87]](#endnote-84) Scholars also give an equally strong vote of confidence to its importance.[[88]](#endnote-85) As such, it is now generally accepted that the “single defining quality of leaders is the capacity to create and realize a vision.”[[89]](#endnote-86) In other words, “leadership behavior that is not infused with vision is not truly leadership.”[[90]](#endnote-87)

When it comes to definitions, change master John Kotter defines vision quite broadly as “a picture of the future.”[[91]](#endnote-88) Burt Nanus says vision is “where tomorrow begins . . . a signpost pointing the way.”[[92]](#endnote-89) Thus, your purpose is in the present tense and the vision is in the future tense. Vision has three elements:

1. The statement is the clear picture of the future.

2. Strategies are the overarching actions that bring the vision to life.

3. Goals are the steps to achieve each of the strategies.[[93]](#endnote-90) Because of the complexity of each of the strategies, CHC’s planning group decided to craft a plan-to-plan implementation for each of the strategies.

### Statement

Model Leader in Integrated Care

*Those who need care, get care, feel better*

### Strategies

#### Current Strategies

| **Downtown Housing**  Quality affordable housing through rental assistance  for behavioral health clients  for income-based fees  with a low startup cost:  *Stability Safety  Recovery*  Goals planned: finished  Goals completed: 12/1/15 | **Downtown Clinic**  Primary care  for newly diagnosed  or out of care 6-12 months  for a sliding fee scale  or insurance  with a high startup cost:  *Excellent Convenient Care Many Services – One Place*  Goals planned: finished  Goals completed: 5/1/16 |
| --- | --- |

#### New Strategies

|  |  |  |
| --- | --- | --- |
| **In-house Pharmacy**  Medications for insured clients  at all locations  during established hours  for a cost plus fee  with a high startup cost:  *Convenience Experienced Pharmacists  Access to Payment Help*  Goals planned: 12/1/16  Goals completed: 12/1/16 | **Patient-Centered Medical Home** (PCMH)  Comprehensive services  in a unified process  at all locations  during established hours  for a rate plus fee  with a medium startup cost:  *Comprehensive*  *High Quality*  *Accessible*  Goals planned: 5/1/16  Goals completed: 5/1/18 | **Broaden Client Payer Mix**  Excellent care from  client-centered practitioners  for insured clients at all locations during convenient times for a rate plus fee  with a low startup cost:  *Confidential Convenient*  *High Quality*  Goals planned: 12/1/16  Goals completed: 12/1/16 |

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Endnotes

1. This book is built upon a template derived from Sustainable Strategy (Light, 2017). All content herein © Mark Light, 2017. Thanks to Dottie Bris-Bois for invaluable editing, clarifying insights, and sharing examples of her sustainable strategy work. [↑](#footnote-ref-1)
2. (Carucci, 2009) [↑](#endnote-ref-1)
3. (Hellriegel & Solcum, 2009, p. 192) [↑](#endnote-ref-2)
4. (Hellriegel & Solcum, 2009, p. 195) [↑](#endnote-ref-3)
5. (Goodstein, Nolan, & Pfeiffer, 1993, p. 325) [↑](#endnote-ref-4)
6. (Bossidy, Charan, & Burck, 2002, p. 21) [↑](#endnote-ref-5)
7. (Worth, 2009, p. 181) [↑](#endnote-ref-6)
8. (Bossidy et al., 2002, pp. 227-228) [↑](#endnote-ref-7)
9. (Wiener, Kirsch, & McCormack, 2002, p. 64) [↑](#endnote-ref-8)
10. (Hellriegel & Solcum, 2009, p. 195) [↑](#endnote-ref-9)
11. (Bryson, 1995, p. 139) [↑](#endnote-ref-10)
12. (Tushman, Newman, & Nadler, 1988, p. 111) [↑](#endnote-ref-11)
13. (Salamon, Geller, & Mengel, 2010, p. 7) [↑](#endnote-ref-12)
14. (Steiner, 1979, p. 230) [↑](#endnote-ref-13)
15. (Nolan, Goodstein, & Goodstein, 2008, p. 122) [↑](#endnote-ref-14)
16. (Chen, Yao, & Kotha, 2009, p. 199) [↑](#endnote-ref-15)
17. (Chen et al., 2009, p. 202) [↑](#endnote-ref-16)
18. (Ross & Segal, 2009) [↑](#endnote-ref-17)
19. (Massarsky & Beinhacker, 2002, p. 11) [↑](#endnote-ref-18)
20. (Rooney, 2001, p. 274) [↑](#endnote-ref-19)
21. (Solas & Blumenthal, 2004, p. 131) [↑](#endnote-ref-20)
22. (Sahlman, 1997, p. 98) [↑](#endnote-ref-21)
23. (Brinckerhoff, 2000, pp. 74-75 italics removed) [↑](#endnote-ref-22)
24. ("Small business planner: Write a business plan," 2010) [↑](#endnote-ref-23)
25. (Sahlman, 1997, p. 98) [↑](#endnote-ref-24)
26. (Solas & Blumenthal, 2004, p. 131) [↑](#endnote-ref-25)
27. (Heath, Bell, & Sternberg, 2001) [↑](#endnote-ref-26)
28. (Conger, 1991 #34) [↑](#endnote-ref-27)
29. (Dawkins, 1989) [↑](#endnote-ref-28)
30. (Heath et al., 2001, p. 1029) [↑](#endnote-ref-29)
31. (Bennis & Nanus, 1997, p. 39) [↑](#endnote-ref-30)
32. (Light, 2007) [↑](#endnote-ref-31)
33. (Chen et al., 2009) [↑](#endnote-ref-32)
34. (Chen et al., 2009, p. 203) [↑](#endnote-ref-33)
35. (Light, 2007) [↑](#endnote-ref-34)
36. (H. Gardner & Laskin, 1995, p. 43) [↑](#endnote-ref-35)
37. (H. Gardner & Laskin, 1995, p. 64) [↑](#endnote-ref-36)
38. (Chen et al., 2009) [↑](#endnote-ref-37)
39. (Senge, 1999, p. 6) [↑](#endnote-ref-38)
40. (Greiner, 1998, p. 60) [↑](#endnote-ref-39)
41. (Kotter, 1996, p. 1) [↑](#endnote-ref-40)
42. (Strebel, 1998, p. 86) [↑](#endnote-ref-41)
43. (Tomasko, 1992) [↑](#endnote-ref-42)
44. (Pfeffer & Sutton, 2006, pp. 160-185) [↑](#endnote-ref-43)
45. (Bass & Stogdill, 1990, p. 289; Yukl, 2002, p. 274) [↑](#endnote-ref-44)
46. (Miller & Friesen, 1980, p. 591) [↑](#endnote-ref-45)
47. (O'Toole, 1995, p. 253) [↑](#endnote-ref-46)
48. (Christensen & Overdorf, 2000, p. 68) [↑](#endnote-ref-47)
49. (Greiner, 1998, p. 62) [↑](#endnote-ref-48)
50. (Miller, 1982, p. 148) [↑](#endnote-ref-49)
51. (Yukl, 2002, p. 343) [↑](#endnote-ref-50)
52. (Heifetz, 1994, p. 126) [↑](#endnote-ref-51)
53. (Tushman, Newman, & Romanelli, 1986, p. 39) [↑](#endnote-ref-52)
54. (Smith, 1997) [↑](#endnote-ref-53)
55. (Gladwell, 2000, pp. 12-14) [↑](#endnote-ref-54)
56. (Bryson, 1981, p. 181) [↑](#endnote-ref-55)
57. (Hurst, 1995, p. 101) [↑](#endnote-ref-56)
58. (Grove, 1996, p. 3) [↑](#endnote-ref-57)
59. (Tushman & Romanelli, 1985, p. 180) [↑](#endnote-ref-58)
60. (Tushman & Romanelli, 1985, p. 197) [↑](#endnote-ref-59)
61. (Tichy & Devanna, 1986) [↑](#endnote-ref-60)
62. (Greiner, 1972) [↑](#endnote-ref-61)
63. (Kelly, 1994, p. 140) [↑](#endnote-ref-62)
64. (Heifetz, 1994; Senge, 1990; Tichy & Cohen, 1997) [↑](#endnote-ref-63)
65. (Heifetz, 1994, p. 293) [↑](#endnote-ref-64)
66. (Heifetz, 1994, p. 35; Kotter, 1996, p. 36) [↑](#endnote-ref-65)
67. (Kotter, 1996, p. 44) [↑](#endnote-ref-66)
68. (Kotter, 1990, p. 21) [↑](#endnote-ref-67)
69. (Kotter, 2008, p. 57) [↑](#endnote-ref-68)
70. (Pfeffer & Sutton, 2006, p. 178) [↑](#endnote-ref-69)
71. (Pfeffer & Sutton, 2006, p. 179) [↑](#endnote-ref-70)
72. (J. C. Collins, 2001, p. 46) [↑](#endnote-ref-71)
73. (Holland & Blackmon, 2000, p. 6) [↑](#endnote-ref-72)
74. ("BrainyQuote," 2001-2014) [↑](#endnote-ref-73)
75. ("BrainyQuote," 2001-2014) [↑](#endnote-ref-74)
76. (Holland & Blackmon, 2000, p. 6) [↑](#endnote-ref-75)
77. (Quoted in Walton, 1986, p. 55) [↑](#endnote-ref-76)
78. Saint Vincent de Paul said, “It is not enough to do good, it must be done well.” The phrase “do good great” is a contemporized version of this saying. [↑](#footnote-ref-2)
79. (Brassard & Ritter, 1994, p. 20) [↑](#endnote-ref-77)
80. (Brassard & Ritter, 1994, pp. 12-14) [↑](#endnote-ref-78)
81. ([Pink, 2009, p. 204](#_ENREF_8) [↑](#endnote-ref-79)
82. (Finney, 2008, p. 54) [↑](#endnote-ref-80)
83. (Nolan et al., 2008, p. 79) [↑](#endnote-ref-81)
84. (Light, 2011) [↑](#endnote-ref-82)
85. (Kaplan & Norton, 1992, p. 71) [↑](#endnote-ref-83)
86. **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 [line 19] divided by Revenue [line 12]

    **Current Ratio**: "the most widely recognized measure of liquidity . . . the ratio should be at least 1” (McLaughlin, 2009, p. 75). Formula = Current Assets (lines 1-9) divided by Current Liabilities (lines 17 to 19)

    **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 & Notes [↑](#footnote-ref-3)
87. (Bennis & Nanus, 1997, p. 17; J. Collins & Porras, 1991, p. 30; Covey, 1989, p. 101; De Pree, 1989, p. 9; Kotter, 1990, p. 5; Kouzes & Posner, 1995, p. 95; Senge, 1990, p. 206) [↑](#endnote-ref-84)
88. (Berson, Shamir, Avolio, & Popper, 2001, p. 54; Conger, 1989, p. 29; J. W. Gardner, 1990, p. 130; Sashkin, 1995, p. 403; Tichy & Devanna, 1986, p. 28) [↑](#endnote-ref-85)
89. (Bennis, 1989, p. 194) [↑](#endnote-ref-86)
90. (Vaill, 2002, p. 18) [↑](#endnote-ref-87)
91. (Kotter, 1990, p. 68) [↑](#endnote-ref-88)
92. (Nanus, 1992, pp. 8-9) [↑](#endnote-ref-89)
93. (Light, 2011) [↑](#endnote-ref-90)