

*The David and Lucile Packard Foundation*

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# Strategic Planning A Review Of Grantee Practices

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**Teamworks**

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## Acknowledgement

We want to thank the interviewees who generously shared their thoughts with us regarding their strategic planning. Interviewees were notably candid and reflective. Of special note, we want to thank the boards and staff of the organizations that allowed us to observe their retreats, normally quite private events. We were given extraordinary access to people and to materials and hope that this report reflects their sincere efforts.



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## Executive Summary

### The Grantees

East Palo Alto Community Alliance and Neighborhood Development Organization

Food and Nutrition Services

Global Fund for Women

Greenspace Cambria Land Trust

Institute for Local Self Government

International Center for Research on Women

National Center for Youth Law

National Council for Science and the Environment

Native Americans in Philanthropy

Sanchez Art Center

TechRocks

Foundations face a challenge of how to invest in their nonprofit partners to build effective organizations. The lion's share of foundation resources have long been directed to supporting nonprofits' programs. But there is a decided upswing of interest among foundations in finding ways to ensure that these organizations are stable and effective. One good indicator is the founding of Grantmakers for Effective Organizations in 1997 to serve as a forum for foundations, researchers, management assistance organizations, and nonprofit organizations to discuss and debate how to successfully build effective organizations.

The David and Lucile Packard Foundation is one of the pioneers in the field of promoting nonprofits' organizational effectiveness, having begun its efforts over 15 years ago. The following report is an analysis of a set of grants awarded by the Packard Foundation to nonprofit organizations to conduct strategic planning. In its simplest terms, strategic planning provides direction for an organization, a map for how to get where they want to go, an assessment of the resources needed, and an idea of how they should be organized for the journey.

The Foundation's Organization Effectiveness and Philanthropy (OEP) Program pursues goals to enhance the effectiveness of its grantees, build the field of nonprofit management, foster effective philanthropy, and better inform and engage donors in California. Between January 1, 1998, and June 30, 2001, Packard's OEP Program provided \$20.3 million for 498 capacity-building grants to 379 organizations (some received multiple grants). The median grant is \$35,000. Of the total number of grants, just over one-third (171) supported some aspect of planning. The grantees that were studied represent the Foundation's program areas: Conservation; Population; Science; Children, Families, and Communities; Arts; and the OEP Program.

The research approach included interviews with executive directors, consultants, and board members, as well as observations of strategic planning retreats. Interviews were also conducted with a group of "thought leaders," and a literature search was done as well. We

### **Their Profile**

Of the eleven participating organizations, two were under five years old, six were between 10 and 15 years old, and two were approaching 25 years in existence. One was nearly 50 years old. The annual budgets ranged from \$80,000 to \$11,000,000, with a median of \$700,000.

### **Their Observations**

"I don't think I ever understood what strategic planning was before this. It's very seldom that someone like me gets a chance to talk to someone from the outside (the consultant) with such profound insights on the organization."

*National Center for Youth Law*

"At first, I was skeptical of the strategic planning exercise and undertaking it. Now I've been won over by what it has done for the organization."

*National Council for Science and the Environment*

"We wanted to put the institution in the best place possible. That was the impetus for doing a plan...to stabilize, put in systems, and grow."

*Native Americans in Philanthropy*

intentionally selected a mix of groups that had finished their planning and ones that were in the midst of their process. This allowed observing the process in real time while also capturing the impacts of completed plans.

The goal of this research project was to learn from grantees what happened during their strategic planning process and, when completed, the outcomes. Strategic planning is about organizational change, which is sometimes welcomed and at other times resisted. The processes prodded people to make hard decisions; sometimes they were painful ones for board members or for staff.

### **The Planning Process**

We found that just under half of the grantees had never written a strategic plan, citing a lack of resources as one of the impediments to doing one. The grantees relied heavily on their own professional networks to identify strategic planners. Only one group used a formal solicitation process. Much of the hiring responsibility fell to the executive director, with boards playing a largely procedural role, rubber-stamping the director's recommendation. The consultants included Wharton School professors, former high-ranking government officials, and individuals who had once headed nonprofit organizations.

Once an executive director received a recommendation from a colleague, the selection criteria focused on the candidate's fit with the organization, for example, the alignment of his/her values, knowledge of the organization's business, and cultural (racial/ethnic) sensitivity. The grantees were not schooled to assess strategic planning competencies such as facilitation skills, stakeholder assessment, organizational development, or plan writing. Nevertheless, nearly all of the directors and their board members were satisfied with the consultants and their work products.

The scopes of work were developed by the consultants, typically after at least one discussion with the executive director and an interview with a key board designee. Most consultants also reviewed critical documents such as the organization's chart, bylaws, and financial statements.

The scopes outlined similar steps, including (1) a stakeholder assessment, (2) one or more retreats that typically included both board and staff, and (3) writing the plan. Time was also allocated for



### **Their Experiences**

The strategic planning process at the Washington, D.C.-based International Center for Research on Women led to a new mission statement that puts the empowerment of women for economic development at the heart of its operations.

Sanchez Art Center, a small community-based organization in Pacifica, California, used the planning process to develop a new mission statement, an artistic plan for using its gallery and studio space for community arts purposes, and a fundraising plan, as well as to gain board agreement to hire one new staff person and to write and approve new bylaws.

The Institute for Local Self Government, the research arm of the California League of Cities, had never done a strategic plan in its nearly 50 years of operation. It used its opportunity well. It developed a new mission statement and redesigned its programs to invite higher public accountability. Significantly, too, it resolved a complex and sensitive set of issues regarding its relationship with the League that ensures the Institute can be an independent voice.

ongoing contact with the executive director and board strategic planning committee, if there was one. Two consultants included a progress check several months after the plan was completed. The follow-up proved to be a useful tool for board members and staff to hold them accountable to the plan. In a few cases, consultants also provided training (e.g., in team building, board roles, and responsibilities).

### **The Plan Outcomes**

The key outcomes for the organizations included clarified vision/mission statements, shared values statements, new organizational structures, and plans for addressing capacity needs. All of the organizations used the strategic planning opportunity to develop their mission/vision statements or to reaffirm them. The final strategic plan generally had sections for vision/mission statements, values statements, goals/objectives, and implementation strategies.

The final documents typically included operating plans, which in varying levels of detail described tasks, responsible parties, and timelines. In two cases, the scope of work for the strategic plan included the production of a separate fundraising plan. The strategic plan document was frequently described by interviewees as a road map, and they are actively used for the organizations' external communications, particularly with prospective donors.

### **The Products**

Among the groups that had completed their plans, only one was not using it. This organization had early in its development experienced very steep growth and anticipated that it would continue. Its plan was based on those expectations, which were not fulfilled.

The groups that were using their plan reported a number of changes that they directly attributed to the plan. Those changes included having more productive board meetings, hiring new staff, making an executive director's position full-time, submitting proposals for funding, merging programs, conducting board training, and forging new partnerships with other organizations. The planning processes reportedly helped to establish a favorable climate for change, making it easier to implement the plan. Though there was anxiety, interviewees said that they were also energized. Many of these changes occurred within six months after the plan's formal adoption.

**Their Experiences (cont.)**

The National Center for Youth Law changed its focus from improving juvenile services to addressing the root causes of criminal behavior. Staff priorities have shifted from working on programs to policy development and advocacy.

Greenspace Cambria Land Trust used their strategic plan to increase its part-time executive to a full-time position, expand its board, and embark on a new fundraising effort.

Food and Nutrition Services engaged CompassPoint (a management assistance organization) to assist them with business planning, prepared a proposal to merge two programs, and expanded its efforts to build cultural competencies in order to work more successfully with Latino populations.

**A Final Comment From an Executive Director:**

“It is kind of like my bible here, helps me to stay focused and to get buy-in from others on the basis of pointing to the plan as the consensus that we have built.”

**Conclusion**

Strategic planning is clearly an important contributor to increasing organizational effectiveness. Its benefits go well beyond the tangible product of the written plan. This study’s findings show that this comparatively modest level of support from the Packard Foundation was instrumental in an organization examining its niche, its values, its capacities, and what difference it wants to make in society. The process provides essential connection and reconnection with stakeholders, introduces people to the expertise that is offered by consultants, and offers a chance to grow acquainted with such tools as market analysis. In a nutshell, it raises an organization’s level of professionalism.

**“You’ve got to be careful if you don’t know where you’re going ‘cause you might get there!”**

**Yogi Berra**

## **I | Introduction**

### **I.1 Overview**

The following report is an analysis of a set of grants awarded by the David and Lucile Packard Foundation to nonprofit organizations to conduct strategic planning. The Packard Foundation enjoys wide recognition for its efforts to heighten awareness of the factors that contribute to organizational effectiveness and to better apply philanthropy to further organizational capacity. The Organization Effectiveness and Philanthropy (OEP) Program pursues goals to enhance the effectiveness of Packard Foundation grantees, build the field of nonprofit management, foster effective philanthropy, and better inform and engage donors in California.

Foundations show a strong preference for investing in nonprofits’ programs, but there is also a decided upswing of interest in finding ways to ensure that these organizations become more stable and effective. In the opening pages of *High Performance Nonprofit Organizations: Managing Upstream for Greater Impact*, the authors discuss a new formulation of a challenge that nonprofits experience, one that advises changing the focus to building effective organizations rather than expanding effective programs (Letts, Ryan, and Grossman, 1999). They explain that even the best programs do not survive, or even grow, when their organization’s foundation is weak.

The Packard Foundation is one of the pioneers in the field of promoting nonprofits’ organizational effectiveness, having begun its efforts over 15 years ago (Greene, 2001). The Foundation encourages organizations to identify their own priorities, such as board development, strategic planning, and financial management. This report focuses on the Foundation’s support for strategic planning, a critical tool used in the business, public, and nonprofit sectors to improve organizational capacities.

The Packard Foundation’s OEP Program provides funds for well-defined projects to develop skills, systems, strategies, or structures that enhance an organization’s effectiveness. Organizational effectiveness grants are primarily used to cover the costs of outside experts who assist with assessments and planning.

Some portion of the funds can be applied to related training or direct costs. Examples of eligible projects include organizational assessment; strategic planning; board or staff development; fund development planning and feasibility studies; succession planning and executive search services during leadership transitions; market research and development of external communications strategies; mergers or other restructuring efforts; and assessments, planning, or feasibility studies related to the use of technology for management functions within an organization.

All current grantees of the Packard Foundation are eligible to receive grants for these types of organizational capacity-building projects. Foundation grantees often independently elect to apply for an organizational effectiveness grant, although sometimes they apply upon the recommendation of their program officer. In no case is it ever compulsory. Because these organizations are already funded through another Foundation program area, the application process is streamlined. In most cases, the application consists of a two-to-four page letter of intent, a consultant's work plan, and a project budget. The application and review process can often take less than six weeks.

Between January 1, 1998, and June 30, 2001, the OEP Program provided \$20.3 million for 498 capacity-building grants to 379 organizations (some received multiple grants). The median grant was \$35,000. Of the total number of grants, just over one-third (171) supported some aspect of planning.

Given the importance of strategic planning and the scale of its own commitment, Foundation staff were keen to deepen their own understanding of how grantees pursued their strategic planning. Staff were interested in learning how the planning process evolved, the scope of the product, and the impact of both components on improved organizational effectiveness.

There are innumerable definitions of strategic planning. One of the findings from this study is that strategic planning occasionally gets muddled with other strategic interventions. A helpful conceptual starting point is to recognize that strategic planning is just one of several strategic management approaches. In Exhibit 1-1, we highlight two other approaches—issue management and scenario building—that interviewees occasionally described as synonymous with strategic planning. Though they share some commonalities, better understandings of the differences between these approaches would lead to more strategic applications.

In its simplest terms, strategic planning provides the direction for an organization—a map for how to get there, an assessment of the resources needed, and an idea of how they should be organized for the journey. John Bryson, consultant and author of one of the most widely used texts on the subject, defines strategic planning as “an effort to produce fundamental decisions and actions

that shape and guide what an organization is, what it does, and why it does it” (Bryson, 1995). When done well, strategic plans motivate staff, focus energies, provide for connection or reconnection with critical constituencies, and clearly define an organization’s business products and services.

**Exhibit 1-1  
Strategic  
Management  
Approach<sup>1</sup>**

| Characteristics                                     | Strategic Planning  | Strategic Issue Management   | Scenario Development   |
|---|---|--|--|
| <b>Organizational Prerequisites and Assumptions</b> | Involves initial development or reformulation of organizational mission, vision, and values | Examination of existing mission, vision, and values is not a central feature; focus is analysis of specific issue, e.g., organization growth | Organization seeks to anticipate impacts of various futures on operating environment |
| <b>Objectives</b>                                   | Create blueprint to guide organizational decision making                                    | Identify and implement specific change projects  | Stretch strategic thinking; set ground for planning                                  |
| <b>Distinguishing Elements</b>                      | Comprehensive reflection and formulation of organizational focus, structure, objectives     | Selective issues with focus on operational projects for immediate attention  | Broad external scan to develop alternative futures as context for planning           |
| <b>Planning Horizon</b>                             | 1–5 years   | Immediate implementation   | 5–15 years   |
| <b>External Environmental Scan</b>                  | Yes   | Depends on the issue   | Yes  |
| <b>Internal Resource Assessment</b>                 | Yes   | Depends on the issue   | No   |
| <b>Key Participants</b>                             | Staff, consultants, board   | Staff  | Staff, consultants   |
| <b>Consultant Role</b>                              | Facilitation, analysis, plan writing  | Facilitation, analysis, implementation   | Facilitation, scenario writing/analysis  |
| <b>Staff Role</b>                                   | Usually major   | involvement  | Variable   |
| <b>Initiative Time Frame</b>                        | 6 months to 1 year  | Variable   | 3–5 months   |
| <b>Typical Process Components</b>                   | Staff/board retreats, surveys, interviews   | Issue-based meetings   | Workshops  |
| <b>Products</b>                                     | Strategic plan  | Issue management   | 3 or 4 scenarios   |
| <b>Sources, Examples</b>                            | Bryson (1995); Barry (2001)   | Eadie (1993); Klafatas (2000)  | Global Business Network (1991)   |

<sup>1</sup> In *Strategy Safari: A Guided Tour Through the Wilds of Strategic Management*, Henry Mintzberg and his co-authors identify 10 schools of strategic management (Mintzberg, Ahlstrand, and Lampel, 1998). Strategic planning is viewed as one type of strategic management, characterized by a formal and prescriptive approach. Other approaches they outline are similarly formal, prescriptive, or descriptive and might focus on competitive position or entrepreneurial opportunity, deal with a specific issue that needs to be managed better, or be open-ended and oriented toward discovery, as is the case with scenario building.

## 1.2 The Research Approach

The goal of this research project was to learn from grantees what happened during their strategic planning process, and when completed, the outcomes. The research was guided by three questions:

1. What precipitates strategic planning?
2. How do organizations pursue their planning?
3. What are the critical outcomes of both the process and the product?

### *Study Methods*

The research process included extensive review of grant records, interviews with a sample of six grantee organizations that had completed their plans (the “prior” group), interviews and observations of five groups that were conducting their planning (the “real-time” group), interviews with thought leaders, and a literature review. Interviews were conducted in each organization with the executive director, one or more board officers, and the strategic planning consultants. For the real-time group, interviews also occasionally included senior staff, and grantee retreats were observed. Also, for the real-time group, interviews were conducted at the beginning of the process, at the mid-point, and at its end. The prior group was plumbed for information about enduring impacts, while the real-time set gave unique insight into the planned and unplanned aspects of the process. In total, there were 48 discrete interviewees, and the number of interviews conducted was 75.

Selection criteria to identify grantee organizations for this study were (1) organizational diversity that would be reasonably representative of the nonprofit organizations supported by the Packard Foundation and (2) an approach to planning that reviewed the organization’s mission or goals and called for broad stakeholder input. We also took into consideration the organization’s stated reasons for undertaking the planning explained in their proposals and grant reports. Here, too, we sought diversity, considering equally valuable reasons ranging from “it was time to update the old plan” to leadership or structural changes.

### *The Study Population*

Nonprofits serve the homeless, seek to protect consumer rights, provide food and comfort for lonely elders, do pioneering research, and care for the sick. The National Taxonomy of Exempt Entities, the classification system used by the Internal Revenue Service, divides nonprofits into 10 major categories, 26 groups, and over 600 subgroups. The major categories are arts; culture and humanities; education; environment and animals; health; human services; international and foreign affairs; public, societal benefit; religion-related; and

mutual membership benefit (Boris, 2001). Our sample of 11 grantees includes a representative from virtually every one of the categories. The groups are in differing stages of their development and vary from a staff of one full-time person to a staff of 180 full-time equivalent employees. Two of the organizations have an international scope of activities, while the others have a national, state, or local focus.

Of the eleven groups that were subjects of the in-depth interviews, two organizations are under five years old, six have been in existence between 10 and 15 years, and two are approaching 25 years old. The Institute for Local Self Government is the oldest, now 46 years old. The annual budgets ranged from \$80,000 to \$11,000,000, with a median of \$700,000. Exhibit 1-2 provides a capsule description of each organization.

Exhibit 1-2  
Organizational  
Overview of Study  
Participants

| Organization   | Packard Program Area                          | Location           | Focus of Mission                   | Geographic Scope | Date Published    | Prior Plan? | Organizational Budget    | Staff FTE | Plan Completion |
|--|---|--------------------|------------------------------------|------------------|-------------------|-------------|--------------------------|-----------|-----------------|
| East Palo Alto Community Alliance and Neighborhood Development Organization (EPACANDO) | Organizational Effectiveness and Philanthropy | East Palo Alto, CA | Community Development              | Local            | 1989              | No          | \$264,000                | 2.5       | 2000            |
| Food and Nutrition Services  | Organizational Effectiveness and Philanthropy | Aptos, CA          | Hunger and Food Security           | Local            | 1977              | Yes         | \$11,000,000             | 180       | 2000            |
| Global Fund for Women  | Population                                    | San Francisco, CA  | Women's Rights                     | Global           | 1987              | Yes         | \$7,400,000 <sup>2</sup> | 26        | Projected 2002  |
| Greenspace Cambria Land Trust  | Conservation                                  | Cambria, CA        | Environmental Conservation         | Local            | 1988              | No          | \$80,000                 | 1         | 2000            |
| Institute for Local Self Government  | Conservation                                  | Sacramento, CA     | Public Policy                      | State            | 1955              | No          | \$462,000                | 242       | 2001            |
| International Center for Research on Women   | Population                                    | Washington, DC     | Womens Economic and Social Welfare | Global           | 1976              | Yes         | \$5,700,000              | 40        | 2001            |
| National Center for Youth Law  | Children, Families, and Communities           | Oakland, CA        | Juvenile Justice and Child Welfare | National         | 1970              | No          | \$1,6,00,000             | 15        | 2001            |
| National Council for Science and the Environment                                       | Science, Conservation                         | Washington, DC     | Environmental Science              | National         | 1990              | No          | \$700,000 <sup>3</sup>   | 7         | 2000            |
| Native Americans in Philanthropy   | Organizational Effectiveness and Philanthropy | Lumberton, NC      | Philanthropy                       | National         | 1990 <sup>4</sup> | Yes         | \$275,000                | 1.5       | Projected 2002  |
| Sanchez Art Center   | Arts  | Pacifica, CA       | Arts Education                     | Local            | 1998              | No          | \$140,000                | 1.5       | 2000            |
| TechRocks  | Organizational Effectiveness and Philanthropy | Philadelphia, PA   | Technology Assistance              | National         | 2000              | No          | \$2,100,000              | 1.2       | 2001            |

<sup>2</sup> This sum is the projected operating budget for 7/01-6/02. The grants budget is \$4.8 million.

<sup>3</sup> The budget prior to the strategic planning was \$491,000. It grew to \$700,000 during the planning period and is now \$1.2 million.

<sup>4</sup> Native Americans in Philanthropy was founded in 1990 and operated as an all-volunteer organization until 1993.



**“It’s all so simple Anjin-san. Just change your concept of the world.”**

***Shogun, by James Clavell***

## 2 | Findings

This findings section is divided into two parts. The first discusses what was learned about the process of how strategic planning was conducted. Part two details the reported outcomes. We conclude the review of findings with a list of 10 factors that emerged from this study as contributing to successful strategic planning efforts.

### 2.1 Part One: The Process of Strategic Planning

The overarching emphasis of this study was to shed light on the reasons organizations wanted to pursue strategic planning, how they carried out the planning, and the plan’s impacts. Our charge was to explore the context, describe and analyze the processes that were employed, examine the products that were generated, and identify notable practices. The study’s purpose was not to be a report card, with grades awarded for quality. In a similar vein, although some organizations confronted more obstacles than others, this should not be interpreted as a measure of the quality of their work. The organizations should be viewed as independent of each other, understanding that comparing and contrasting their activities are basic tools of analysis but are not used here to suggest a ranking of how well they have accomplished their tasks.

All of the groups in the prior grantee population completed their plans, and within the real-time cohort two had finished, one was near completion with board approval anticipated by December 2001, and the remaining two were midway through their processes.

#### ***Precipitating Factors***

The guiding question that frames the discussion that follows is “What precipitates strategic planning?” What factors, internal or external, move an organization to undertake a strategic planning project?

In the ideal situation, strategic planning is an internalized and regularized organizational competency. It is not caused by anything in particular other

than the need, on a routine basis, to take the time to assess one's environment, reflect on a mission, revisit values, examine goals and strategies, and make sure that there is a good fit between direction and competencies. This does not, however, reflect the reality of many organizations in the nonprofit, for-profit, or public sectors. Within the group of 11 grantees, only four organizations had ever previously completed strategic plans. This is a result of several factors, but a key one is the limited level of financial support that has traditionally been available to nonprofit organizations for this purpose.

We found that leadership changes in the board chair or executive director positions and major external changes, particularly those impacting revenues, push strategic planning onto an organization's agenda. Many dramatic changes build slowly over time—this is true of shifting demographic profiles among client communities, aging staff, and cultural or political trends. The drama is in the perception of the change rather than in the change itself. Anything that shakes the routine, including a change in leadership, may serve to make apparent changes that were previously invisible.

All of the grantees had vital issues to address. They ranged from coping with rapid growth to deciding whether or not to separate from a founding institution and become an independent organization to recognizing a need to professionalize operations. These issues seemed to provide the rationale for seeking support for strategic planning, but the catalysts more often than not were new leaders or a major external force.

**Finding:**

**Leadership change at the topmost ranks of an organization, either at the board or staff levels, was the most common precipitating factor for strategic planning among this group of organizations. For new leaders, strategic planning was a legitimate means to revisit an organization's direction, review its operations, and map its future. The new leaders used strategic planning to rapidly affirm their position.**

A change in leadership at the topmost ranks of an organization provides a rationale for a fresh look at its mission, priorities, and operations. New leaders are expected to provide guidance, and strategic planning is an ideal tool for them to gather critical intelligence; motivate staff; and, through the management of the process, introduce their leadership style (Drucker, 1994; Heifetz and Laurie, 2000).

Nonprofit organizations tend to be particularly vulnerable to changes in leadership, in the political climate, or in the priorities of philanthropic institutions. Changes in staff leadership can have seismic impacts, because many nonprofits have a small staff and often do not have the equivalent of the corporate sector's chief operating officer, who can keep operations running smoothly in the absence of an executive.

Eight of the sample organizations either had a new board chair or had recently hired a new executive director, who early in his or her tenure promoted strategic planning. Some of these new leaders were not new to the organization, having previously served in another position on the board or on staff. Whether new to the organization or not, the board chairs and directors saw strategic planning as a way for them to establish shared goals and values and for them to shape and affirm their new roles.

**Case Examples:**

- When a new board chair was seated at the Sanchez Art Center (SAC), he made it clear that his legacy was going to be the organization's first strategic plan. SAC is a community arts center founded by artists who readapted a school building for studio space, galleries, and classes. Its members are mostly business people and teachers by day and artists in their precious spare time. They knew little about the formal responsibilities of a nonprofit organization. As one stated, "We started from scratch, a bunch of artists ...we knew we needed an executive director and a board, but didn't know the responsibilities. We had a wagonload of questions." One of the Center's members, a successful, hard-driving Silicon Valley entrepreneur, became the board chair in 1999. He and the executive director recognized that SAC was at a critical juncture. Like many new nonprofit organizations, it was focused on day-to-day survival, with the board and two part-time staff members trying to raise money while addressing various crises. The new chair had previously established a nonprofit trade association and felt that if SAC was going to endure, it needed to professionalize its operations. The Center's approach tackled multiple needs, generating a strategic plan that also included an artistic plan and a fundraising plan. The chair established his own performance measure: the approval of the plan would coincide with the completion of his term of office. The artistic pulse of the organization had tended to manifest itself in not meeting timetables, and he felt that the strategic planning process, in promoting greater professionalism, should be exemplary in its discipline. The plans were completed on schedule.
- The executive director of Food and Nutrition Services had already worked in the organization for 15 years when he assumed the director's position. He saw the strategic planning process as an opportunity to begin a new era for an organization that, in addition to changes at the top, was experiencing line and managerial staff turnover and transformations in its client demographics. The plan, developed through a highly inclusive process requiring active involvement from staff at all levels, became an embodiment of consensus on a new organizational structure, mission, and name. As such, it has helped to guide and maintain buy-in for organizational decisions.

- For the executive director of the International Center for Research on Women, a strategic planning process was the next step following an organizational restructuring effort that she had initiated after assuming leadership four years earlier. A new strategic plan would define an organizational direction congruent with its new structure. The essence of that direction would be embodied in the organization's new mission statement, articulated by the executive director and communicated throughout the organization.

#### **Finding:**

**The organizations in this study that experienced dramatic change, either as a result of external or internal factors, were motivated to engage in strategic planning as part of rethinking and restructuring the enterprise. Common external factors included the loss of a primary funding source or the possibility of receiving a funding windfall. Internal factors included rapid growth, high levels of staff turnover, or a merger with another organization.**

We have said a change in leadership was a critical catalyst, but in all the cases reviewed for this study it was accompanied by another cause. The organizations were all facing, or anticipating the possibility of experiencing, dramatic changes. One common theme is these organizations' vulnerabilities to changes in the priorities of funders. Like other nonprofit organizations, the groups in this sample rely on the support associated with public policies and philanthropic priorities. When those priorities change—whether it results in precipitous drops in revenues or sudden rises—the impact is invariably profound.

#### **Case Examples:**

- Shifts in the political climate in Washington can eliminate longstanding sources of primary funding or open the door to new ones. The National Center for Youth Law experienced the former when its budget shrank by over 60 percent as a result of congressional budget cuts following the election of a Republican House of Representatives. The National Council for Science and the Environment experienced the opposite, happier outcome when the changes it was established to advocate for were endorsed by the National Science Foundation, and the organization was forced to reconsider its future role.
- Dramatic staff or board turnover or persistent difficulties with retention can be a catalyst to revisit an organization's mission and structure in the light of staff capacity lost or gained. At the National Center for Youth Law, many among the organization's founding group of professional legal staff, all of whom had graduated from law school in the 1970s, left the organization within a few years of one another in the late 1990s. It became staffed with a less seasoned group of attorneys. The East Palo Alto Community Alliance and Neighborhood Development Organization experienced turnover of over half of its board, and their replacements were less experienced individuals.

Other prominent factors that catalyzed interest in strategic planning among these grantees were rethinking the organization's structure (Food and Nutrition Services, the Institute for Local Self Government), professionalizing operations (Sanchez Art Center, Greenspace Cambria Land Trust), managing growth (Global Fund for Women, TechRocks), and deciding whether or not to expand (Native Americans in Philanthropy).

### ***Components of the Planning Process***

There is a set of activities that take place before the actual planning process is launched, which we refer to as preplanning. Bryson (1995) refers to this as "planning the plan." Typical preplanning steps include forming a strategic planning committee, developing and implementing a process to hire the consultant, and developing the scope of work. During this phase, a consultant may conduct interviews with a limited number of board members to sharpen understanding of the organization's status and needs and to deepen buy-in. For the organization, preplanning is the time when key parties develop shared understandings and agreement about the planning process; for the consultant, preplanning is critical to diagnosing whether the organization is ready to undergo strategic planning.

Here we focus on selecting the consultant, highlight the process for developing the scope of work, detail the core components of the scope, and describe the activities engaged in by the client organization to support the planning process.

### **Consultant Selection**

Finding the right consultant is a vital factor in a successful strategic planning outcome. We asked: How do grantee organizations go about identifying a suitable consultant? What criteria do they bring to bear on their selection? What skill sets do consultants typically bring to their work?

#### **Finding:**

**Most organizations in this study drew upon their own professional network for identifying their prospective strategic planning consultant. Only two of the grantee organizations used a formal approach such as issuing a request for qualifications or proposals (RFQ or RFP). In all but two cases, the executive director had primary responsibility for screening and interviewing candidates and for making a recommendation to the board.**

Nonprofit organizations are well-known to be thinly resourced. When special needs arise, for example, legal or financial needs, staff often seek out volunteers. It is not a surprise, therefore, that the smaller and mid-sized organizations in this study had never worked with consultants. A majority of the organizations described themselves as having limited experience with consultants, with the occasional group noting they had never before worked with a paid one. Once they received the grant for strategic planning, all of the groups retained exter-

nal, paid consultants. One interviewee reflected, “I just assumed we needed a consultant; in all honesty it seems to me if you are going to take a hard look at an organization and going to engage in hard discussions, you need independence and experience with other organizations.” There was one organization that created its own hybrid approach: the executive director of the National Council for Science and the Environment used a textbook (Bryson, 1995) to guide the organization’s process, relying on a consultant for a limited set of tasks, including facilitating a retreat and conference calls.

Grantee organizations reported that the process of finding a consultant was both challenging and time consuming. This appeared to be a result of lack of experience and unrealistic expectations. The task of identifying a consultant or pool of candidates fell to the executive directors. The executive directors would solicit names from board members and use their own contacts to identify potential candidates.<sup>5</sup> It is noteworthy that none of the organizations looked to their local nonprofit management support organization to identify prospective talent or used databases of consultants to ease their search.

Directors drew most heavily on their professional networks to identify candidates. Only two groups released either an RFQ or an RFP to help distinguish consultants. Most organizations quickly zeroed in on one consultant or consultant team. In these cases, decisions were based on prior experience working with the individual or on what was perceived as a uniquely tight fit with the organization’s needs.

The executive director operated as the gatekeeper, identifying candidates, soliciting resumes, reviewing the responses to the RFQ or RFP and providing recommendations to the board. The board’s strategic planning committee typically endorsed the executive director’s recommendation.

Based on the interviews and a review of grantee documents, it takes up to three months (and often longer) to complete the process of identifying consultants, issue an RFQ or RFP, interview candidates, check references, and approve their hiring.

**Case Example:**

- The Institute for Local Self Government’s board formed a strategic planning committee and conducted deep interviews of two consulting firms that had been screened through a competitive RFP. The Institute’s membership is drawn from the senior ranks of the public sector and includes individuals who have rich experience with bidding processes. According to

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<sup>5</sup> Some interviewees said they asked the Packard Foundation for referrals but learned that the Foundation will not steer organizations to particular consultants. Rather, when an organization has concerns about the consultant search, the Foundation will provide specific reading materials on how to make effective use of consultants. It will also provide the names of grantee organizations that have worked with strategic planning consultants who can be contacted for further information.

several members of the strategic planning committee, the two firms were equally impressive. The deciding factor proved to be one firm's familiarity with state and local government operations.

**Finding:**

**Criteria for selecting a consultant emphasized a candidate's knowledge of the organization's particular substantive concerns (e.g., environment, law) and the candidate's alignment with agency values. Overall satisfaction levels were high, though most of the grantees did not have prior experience with strategic planning and did not have clear expectations about the broad range of skills that would be needed.**

Both board members and executive directors reported that they had limited, if any, experience with strategic planning. Within this grantee sample, board members included lawyers, economists, mayors, homemakers, business executives, bankers, artists, and managers. They worked in the for-profit, public, and nonprofit sectors, and they brought local, national, and even international experience. Yet, despite their backgrounds, they did not necessarily have prior exposure to strategic planning. Exceptions included the Institute for Local Self Government, which had a board member who had been a management consultant and written a strategic planning guide, and the Global Fund for Women, whose board chair had experience conducting strategic planning.

More typically, however, organization board and staff did not know what to expect. One board member, formerly a high-ranking official in the Clinton administration, acknowledged that her government experience and extensive business background did not prepare her for working on a nonprofit board. Other board interviewees, professionally seasoned and not, echoed her sentiments. Accordingly, the executive directors could not look to their boards for guidance. With executives lacking experience as well, the criteria for selecting a consultant were often more likely to be informed by intuition than by practice.

The grantees relied heavily on their own professional networks, seeking out candidates that would have (1) basic working knowledge of the organization's field of interest (e.g., the environment, arts) and (2) sympathetic values. An interviewee from the Institute for Local Self Government said, "While the competition included a dynamo, who would have probably been great, the board chose someone who has some background with local governmental think tanks, which is sort of what we aspire to be." Other grantees focused on the candidates' political views or whether they would be sufficiently sensitive to factors such as race, ethnicity, or gender. Given that a distinguishing feature of nonprofit organizations is their emphasis on values, it is not surprising that values were used as one of the primary screens for selection (Frumkin, 2001; Moore, 2000).

Beyond these two initial filters, other criteria used by grantees included finding individuals who could advance the organization's goals and people who had particular cultural competencies, which encompassed such aspects as race/ethnicity and even organizational culture. Chemistry also played a role but tended to be absorbed into the assessment of whether the candidate's values aligned with those of the organization and its mission. Interviewees occasionally noted that a candidate had fundraising or board development skills, capacities that for some were seen as directly responsive to the grantee's needs or a bonus.

Almost all of the grantees chose small consulting firms, usually consisting of one or two principals. Decision makers felt that these firms (in many cases, technically sole proprietorships) would offer personal service and the time of the principals, rather than that of junior staff. Only one organization chose a large firm, whose expertise was in fundraising. The relationship with that firm was not wholly satisfactory, resulting from a combination of the grantee organization's initially rudimentary understanding of strategic planning, poor communication between organizational leadership and the consultant team, and the assignment of major project responsibility to junior staff following initial establishment of an engagement—and a relationship—with a senior consultant from the firm.

Over 70 percent of the organizations reported that they were very satisfied with the consultants' work.<sup>6</sup> Lower levels of satisfaction appear to have principally resulted from weak diagnosis of the organization's needs and whether or not strategic planning was the appropriate tool for the situation (see section 2.2.1 discussion below of pre-assessment and organization diagnosis). It is noteworthy that the interviewees did not include within their bundle of selection criteria essential strategic planning competencies such as facilitation skills; strong verbal and written skills; basic research capacities to develop questionnaires, conduct interviews, and analyze data; knowledge of organizational development; or awareness of diverse strategic planning approaches.

Although the consultants' commonalities included familiarity with their client organization's field of interest and high alignment with its values, the consultants' backgrounds were quite diverse. They included people who had worked in the public, for-profit, and nonprofit sectors. Among the consultants were former directors of nonprofit organizations, people with university affiliations, and individuals who had held senior positions in government. Below are illustrations of how grantees applied their consultant selection criteria.

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<sup>6</sup> The Packard Foundation commissioned a mail survey of its grantees inquiring about their management challenges. The organizations reported that they did not think they used consultants particularly well, but of the different types of outside expertise planning received the highest score. The most frequent type of project undertaken was planning (Thomas, 2001).



**Case Examples:**

- **Knowledge of the field.** The National Center for Youth Law undertook its initial search for an appropriate consultant by methodically going through a Packard Foundation–furnished list of organizations that had previously undertaken a strategic planning project, calling each in turn to ask whom they had engaged to support their process and whether they would recommend the consultants. The Center then solicited and reviewed several consultant resumes but failed to identify a suitable candidate. The two consultants eventually hired came to the Center through entirely different contacts in the legal field and were chosen in large part because of their membership in and knowledge of the legal services community and the respect and credibility this would garner from Center staff.
- **Gender and race/ethnicity.** The Global Fund for Women expressly sought candidates who were knowledgeable about geopolitics and who were feminists. Given its own diversity and that of the population the Fund serves, its selection criteria also considered racial and ethnic sensitivity. Its sweep was international, but logistical and resource constraints focused the search in the United States. Staff recognized that their criteria permitted a very narrow band of possibilities yet felt strongly that they would provide the best indicators of a candidate truly understanding the organization's sensitivities. After a long search that was occasionally sidelined because of other pressures, a Bay Area consulting team, composed of three members that included Asian and African Americans, was hired. There was reportedly some concern that one member of the team was male, however staff at the Fund (which had just hired its first male) felt the team's values aligned well with their own. The search had already consumed considerable time, and the board retreat was to occur in less than two months, factors that made it even more urgent to retain a consultant.

Cultural awareness, specifically sensitivity to race/ethnicity, also played an important role in the selection of consultants for Native Americans in Philanthropy and the East Palo Alto Community Alliance and Neighborhood Development Organization. The Native Americans group sought someone who understood tribal decision-making processes, and the East Palo Alto organization wanted a consultant that would be sensitive to African American concerns.

- **Organizational culture.** The Institute for Local Self Government's membership includes public officials who, within their own agencies, find themselves facing unrelenting pressure to show outcomes. The Institute's board selected a consulting team with two people whose combined experiences included managing large public sector bureaucracies in Maryland and Georgia and working for the chief advocacy organization for the nation's governors. These experiences lifted the team's resumes to the top of the

pile, but according to a board member “the sale was closed when we saw the team’s emphasis on using strategic planning to produce measurable outcomes,” which aligned well with the institute’s desire to better assess its impacts. The strategic planning process became a tool for the organization to consciously create a business-like culture.

### ***Developing and Implementing the Scope of Work***

After a consultant is selected, the next critical prelaunch activity is developing the scope of work. This scope serves as the map of how the consultant will carry out the work. This stage of the process seems relatively straightforward, especially once a consultant is selected, but it is actually one that is fraught with landmines that will derail the effort if not caught early. If an RFP was used, the client and consultant already have a working document that is typically subject to further refining; if an RFP was not used, the consultant must prepare a work plan and gain the necessary approval and buy-in from the client. There are a number of sub-steps involved in generating a satisfactory scope of work.

In this section we examine: How is the scope of work developed for a strategic planning project? Who is involved in the process? What kinds of tasks and activities make up a scope of work for strategic planning?

#### **Finding:**

**Effective diagnosis of the organization’s needs, by the grantee and the consultant, was a critical factor in determining whether or not a scope and its associated work were well received by the organization.**

The scope of work outlines the key steps for the process, serving as both a guide and the basis for the contract. The initial topics of discussion between grantees and their consultants tended to focus on (1) descriptions in varying levels of detail of the executive director’s perceptions of the organization’s status and needs and (2) diagnosis by the consultant of the organization’s situation and how the consultant’s tools will address it. The scope was principally a product of the initial conversations between the executive director and the consultant; occasionally there was board input. In some cases, the board’s strategic planning committee formally approved the scope of work, a step that was described to be more procedural than analytical.

Developing a scope of work that truly met an organization’s needs depends upon the ability of the consultant to properly assess its needs (Lukas, 1998; Allison and Kaye, 1997; Kibbe and Setterberg, 1992). The consultants who were retained by the grantee organizations in this sample had conversations with the executive director and several conducted formal interviews of key board members (e.g., the strategic planning committee) prior to completing their scope of work. Several reported that they also reviewed prior strategic plans, financial statements, and annual reports as part of their overall initial assessment.

Factors that aided in effective diagnosis included the grantee organization preparing itself by reviewing different models of strategic planning, assessing what it wanted the strategic planning process to accomplish, determining whether its communications among board members and staff were sufficiently open and clear to make effective use of the planning process, and identifying whether other issues might distract the board or staff or logically might take priority over planning.

Consultants with effective interviewing skills who made sure that they interviewed a core group of active board members individually (e.g., the officers, the strategic planning committee members) understandably learned more about the organization than those who relied almost wholly on the executive director for information about the organization. Consultants were far better positioned to conduct a useful planning effort when they assumed it was part of their job to question an organization's motivation for planning, knew to assess the clarity of its internal communications, identified whether the board and chief staff shared common understandings and expectations regarding the planning process and its objectives, and determined whether the organization's board and staff were capable of and willing to carry out the diverse demands of strategic planning. The consultant had to be secure enough to be able to reshape a team or even decline the work.

Occasionally, organizations selected certain consultants because they felt that those consultants could change its organization's culture. All of the consultants that we interviewed said that examining the culture was not a formal part of their assessment, but several added that they used their observations to help tailor their scope of work. We found, both from the interviews and the observations, that an organization's culture played a vital role, aiding or impeding the planning process and affecting the impact of the plan on the organization (see Exhibit 2-1).

Within this sample group, as we have mentioned, most of the organizations reported that they were satisfied with the consultants' work. In the cases where the satisfaction levels were lower, it was due to the consultant misunderstanding the organization's true needs or getting into a situation where the needs called for a set of skills different than his or her principal ones. The following highlights one case of successful preassessment and organizational diagnosis and one that was flawed.

**Case Examples:**

- Sanchez Art Center wanted to professionalize its operations. The Center had never done a strategic plan, and the director had no prior experience with what to ask for or to expect from a strategic planning consultant. He wanted the board's structure reviewed, a staffing plan developed, and a fund development plan formulated. The director asked a well-known Bay Area fundraiser for the arts if he would do a strategic plan. This consultant

made it clear that his skills were best suited to assembling a fundraising plan and advised that someone else should be retained for the strategic planning. For the strategic planning task, the Center approached the former director of one of the largest community arts organizations in the nation to lead the center's planning process. The Center's board members admired the other organization, viewing it as a role model, and the former director's affiliation served to quickly legitimize his capacities. The strategic planner and fundraiser designed a process that was collaborative but allowed each to conduct his own assignment, effectively using their respective strengths.

- Over the past handful of years the Global Fund for Women staff has grown from 9 to 26, and its grantmaking budget has jumped 350 percent (from \$1.2 million to \$4.1 million). Fund board and staff interviewed for this study explained that the organization needed a strategic plan because it had fulfilled the goals of its earlier five-year plan; the organization's growth was severely straining its capacities to operate effectively. The lead consultant did not conduct any preassessment, explaining that there was little time to prepare for the board meeting intended to launch the process and that she accepted the organization's analysis that its need was strategic planning. The staff's energies are wholly devoted to the urgent, daily pressures of responding to crises affecting women throughout the world. The consultant stuck to a classic strategic planning process that started with revisiting the mission and doing some environmental scanning; the board felt it knew the mission and wanted to work on key issues (e.g., growth management). After several unsuccessful efforts on the part of the Fund and the consultant team to find a way to proceed, the parties reached an agreement to end their work with each other. The Fund's short-term need was to manage the growth and stabilize itself. Although strategic planning can work during organizational disequilibrium, successful outcomes are more likely when an organization is stable.<sup>7</sup> The Global Fund for Women has made arrangements to retain a consultant that will focus on growth management. Focusing first on managing this issue of growth rather than on the broader task of strategic planning may prove more appropriate to the immediate need faced by the Fund (refer to the distinctions between strategic issue management and strategic planning presented in Exhibit 1-1).

Scopes of work are not static. Rather they are subject to change as new information and opportunities arise. In this study group, the changes were usually not so significant that they required formal amendments to the contract. If the scope was followed in spirit and the organization was satisfied with the consultant (and vice versa), course adjustments were treated as a norm. More dra-

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<sup>7</sup> Bryson refers to this as the strategic planning paradox, which states that strategic planning is least likely to work where it is most needed and most likely to work where it is least needed. (Email communication with John Bryson, 9/21/01.) See also Heifetz, 1994.

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**Exhibit 2.1**  
**The Role of**  
**Organizational**  
**Culture**

The study sample included organizations that were newly formed and those that were well established. Their budgets ranged from tens of thousands to millions of dollars, with staff size ranging from just one person to a staff exceeding 180. Their services were diverse, from the arts to environmental protection, and their orientations ran the gamut from research to advocacy. They are located throughout the nation, from Washington, D.C., to Pacifica, California. There were old organizations that had never done a strategic plan and newly formed ones seeking to complete a plan early in the organization's life. Some groups were experiencing rapid growth; others dramatic decline; and one, mimicking a dot-com, more than doubled its staff during its planning and then halved it just as the plan was completed.

With this stunning diversity, one factor—the organization's culture—appeared to play an especially profound role in influencing its strategic planning. An organization's culture most clearly manifests itself in how information is treated and decisions are made (Schein, 1990; Knauff, Berger, and Gray, 1991). For example, are decisions well informed? Are they made hierarchically? Collaboratively? Is the decision-making process opaque? Transparent? What is the organization's balance between reflection and action? An organization's leader(s) play a vital role in forming the culture. Are they ethical? Honest? Open? Are their messages consistent, both in their public statements and private ones?

A few organizations consciously used the strategic planning process to either reinforce their culture or to proactively change it. Food and Nutrition Services has a highly participatory culture, and this became the basis for a multifaceted team approach that fostered spirited involvement from staff at all levels and from all of its locations. TechRocks was a product of a merger. Its management team saw the strategic planning process as a tool to shape a new culture, one where the decision process was transparent, roles well understood, and trust fostered.

Most of the grantees in this study, however, did not explicitly consider their organization's culture and how it might influence or could be affected by strategic planning. Their planning processes focused on overall vision and strategy and occasionally on the systems and structures to support plan implementation. An example of where organization's culture clashed with strategic planning can be seen with the Global Fund for Women, whose business is driven by crises: its charge is to respond, rapidly, to women encountering threatening situations. The Fund's culture is antithetical to the rhythms of strategic planning, which require taking time away from daily activities for reflection. With this tension, it is not surprising that the Fund has encountered some speed bumps in its strategic planning.

This suggests that examining an organization's culture, including its values and whether or not its decision-making processes align with those values, should be part of the organizations leaders' and strategic planners' early assessment and diagnosis. Findings could be used to help determine whether or not an organization is ready for strategic planning and, if so, how the process might build upon its existing culture or prepare an organization for a new one.

matic changes in scope resulted only when expectations were not met. There were few of those cases, and when they occurred, significant efforts were made by both the organization and the consultant to make adjustments so that the process could go forward.

**Finding:**

**In this grantee sample, the consultants' scopes share three common elements: (1) a stakeholder assessment, (2) one or more retreats, and (3) a written product. Two other more occasional elements are training/coaching and a follow-up ("check-in") session after the plan has been implemented.**

There are common steps in strategic planning that were reflected in the consultants' scopes of work (Bryson, 1995; Allison and Kaye, 1997; Barry, 2001). The consultants' scope of work usually included conducting the assessment, facilitating one or more retreats, taking primary responsibility for or assisting with writing the plan, and occasionally providing training or coaching. Their scopes occasionally set aside time for additional advisory services to support the organization's board and staff with implementing their tasks.

***Stakeholder Assessment***

The first of the common components is a stakeholder assessment.<sup>8</sup> The assessment is concerned with the context in which the organization operates and the parties with whom it interacts. Exhibit 2-2 depicts the stakeholder segments that might compose the potential universe of representatives to be consulted. The stakeholder assessment provided organizations with the formal opportunity to gather input from groups both within and outside of their normal circle of operations. We note that this assessment is not to be confused with the diagnostic assessment used initially to create the scope of work, although it may share some of the same methods and involve some of the same stakeholders.

Depending upon the central concerns identified in the initial diagnostic phase, a stakeholder assessment may inquire about larger social, political, and economic trends; about the changing demographics of an organization's client population; or about the concerns and views of the organization held by both internal and external stakeholders. Akin to market research in the corporate world, stakeholder assessment may be used to help identify new niches for an organization's work, pinpoint key trends that will affect available resources, or assess the organization's reputation.

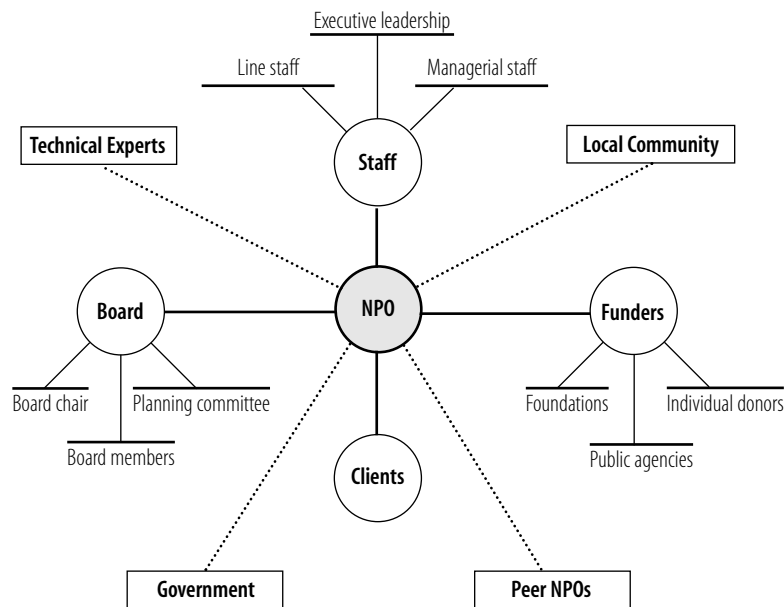
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<sup>8</sup> Interviewees occasionally labeled this task the "environmental scan." We chose to use "stakeholder assessment" because the practices often were deeper than the term scan would imply and included input from internal actors such as staff and board.

Interviewees reported using diverse approaches to their stakeholder assessments, including interviewing thought leaders, researching demographics, conducting expert panels or focus groups to obtain input from specific subsets of stakeholders, interviewing staff, and performing customer surveys. Whatever the data collected or the methods utilized, an assessment is fundamentally characterized by inquiries into the organization's context and practices that go beyond what is required by its routine, day-to-day operations. With the sample grantees, interviews seeking to elicit candid and sometimes critical views of the organization, whether from insiders or outsiders, were normally left to consultants in order to respect the anonymity and privacy of respondents. For expert panels and conferences, on the other hand, board or staff members were usually present.

Stakeholder assessments among the organizations studied tended to focus upstream, on influentials such as funders, peer organizations, experts, and board members, rather than downstream to staff or customers. Input from staff was more typically gathered through the management team's ongoing input or in a specially designated staff retreat. Although groups used the stakeholder assessment step to analyze their markets, few actively sought client feedback as a formal part of the strategic planning process.<sup>9</sup>

**Exhibit 2.2**  
**Participants**  
**in Strategic**  
**Planning**



<sup>9</sup> Organizations may have conducted client satisfaction assessments during the course of their routine work.

### Case Examples:

- At the National Center for Youth Law, consultants designed an “experts’ conference” that brought together national thought leaders in the fields of child poverty and family welfare for two days of conversation with Center staff and board members on trends and possible strategies. The themes that emerged in those two days were central to the formulation of the organization’s plan.
- The East Palo Alto Community Alliance and Neighborhood Development Organization had been struggling for years through difficult relationships with its external stakeholders. Consultants conducted confidential, anonymous interviews with a sample of key individuals, and the findings delivered a constructive shock to the board. As one interviewee said, “You really don’t know how you’re doing until someone tells you from the outside what is happening. It was important to us to hear that. A lot of it was old baggage and old history that was being carried on, when we realized we were a new entity and wanted to move on. It was a real eye-opener...”
- Defining customers to include both internal and external stakeholder groups, Food and Nutrition Services used the Drucker Self-Assessment Tool to organize its approach to obtaining broad and deep input.<sup>10</sup> Customer research in this case included surveys, questionnaires, and in-depth interviews conducted with service recipients or primary customers (in Spanish and English); with internal customers including staff and board members; and with colleagues and funders, for a total of over 800 respondents. Findings from these and other assessments served as a guide to identify key areas for planning.

Interviewees found the stakeholder assessment stage informative and also energizing. It was a rare opportunity for board and staff to receive a comprehensive picture of how the organization is viewed. The stakeholder assessments required knowledge of basic research design, the construction and application of various information-gathering tools, and data analysis. Most of the consultants did not have specific training in interview or questionnaire design or data analysis, nor did the staffs or boards of the organizations that hired them. Formal tools such as the Drucker Self-Assessment Tool reportedly provided helpful support in the assessment process. Our work did not seek to assess whether or not tools were well constructed or data properly analyzed. Here we simply note that assessment is crucial to the strategic planning process and that the capacity of a consultant to fulfill the technical demands of this component does not appear to be given focused attention.

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<sup>10</sup>The Drucker Self-Assessment Tool (Drucker Foundation) uses five core questions to assist non-profit organizations in becoming more strategic: What is the mission? Who is the customer? What is the source of value to the customer? What are the results? What is the plan? The questions are addressed by board, staff, and customers.



### *Retreats*

We define a retreat as a meeting facilitated by the consultant(s), the agenda for which goes beyond the processes and concerns of routine, day-to-day operations to focus on elements of the strategic planning process. Following this definition, all the cases reviewed included one or more retreats as an integral part of the strategic planning process. At their simplest, retreats were half-day meetings bringing together members of the board and executive staff for a facilitated discussion of strategic issues facing the organization. More elaborate events were two-day affairs that brought together varying combinations of board and staff members. Occasionally, an organization structured a retreat to support the stakeholder assessment component and involved external funders, partners, and experts using a formalized process to participate in such tasks as scenario building.

Formal facilitation was commonplace to all the retreats examined. Remarkably, although facilitation was expected of all consultants, facilitation skill was rarely cited as a criterion for consultant selection. It is not always clear to leadership in the beginning what will be important to successful facilitation of their retreats. Facilitation received the most notice when it failed to work well. As one executive director remarked, “Good facilitation is almost invisible, knowing when to jump in and when not to, how to get things moving quickly when they are blocked. We basically did that ourselves. The consultants were not effective in this area. They were good at listening one-to-one and in giving me feedback.”

There is considerable variation in the timing and agenda of retreats. The usual approach is to schedule a retreat near the beginning of the project, which serves as a launching or kick-off event. Standard agenda components include, but are not limited to, collective reflection on the organization’s mission, vision, and values and, if available, a report on findings from the initial assessment.<sup>11</sup> More aggressive agendas might include discussing goals and strategies. In very new organizations, articulation of the mission, vision, and values may constitute the retreat’s central activity, especially if these have not yet been developed. In more mature organizations as well, revisiting these items is a common point of departure and, in some cases, can become a major focus of the planning process.

Gaining consensus on the organization’s vision or mission is a necessary outcome of the initial strategic planning retreat, without which further work cannot be done. In nonprofits, vision and mission statements are characterized by a value proposition, for example, having a cleaner environment or bettering the lives of low-income people. Although board members are recruited by and drawn to organizations because they presumably share its value proposition, the opportunity to focus or refocus on mission is vital to their shaping and buying-into the organization’s identity (Knauff, Berger, and Gray, 1991). Interviewees expressed surprise at how much time is used for the vision and

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<sup>11</sup> Some organizations articulate a vision first and then a mission. The former is the broader, bolder picture of what the group wants to achieve, for example, in 20 years; the latter serves as the more realistic charge for the organization and is the one most often cited to colleagues, funders, and other interested parties.

mission but said that they ultimately found the exercise profoundly important. For the International Center for Research on Women, reformulation of the organization's mission was a key outcome. At Food and Nutrition Services, reformulating the mission also led to renaming the organization, both of which were key project outcomes.

Retreats were one of the more expensive components of the strategic planning process because they required time for planning the agenda, numerous people making arrangements to take time away from their primary work places, and direct costs for consultant and participant travel and accommodations. Organizations that were global, national, or statewide and had busy board members who were thousands of miles away made efforts to use new technologies for communication. Nevertheless, the face-to-face retreat remained an essential part of strategic planning practice. Typically, the initial retreat resulted in preliminary drafts of the key components of the strategic plan and identified the sets of actions and responsible parties for transforming the drafts into final products.

Occasionally organizations held more than one retreat. Where one additional retreat was scheduled, it was generally for staff alone. There were numerous other meetings that supported the planning process, but it was in the retreats that broad policy outlines were articulated. Toward the end of the process, previously scheduled board meetings were used for the strategic planning committee to report on progress or for the consultant to again facilitate a session focused on a specific component, such as the development of measurable outcomes or to resolve a thorny issue. By the time a document reached the stage of presentation to the board for final approval, big concerns had been addressed, the critical details filled in, and most if not all of the wordsmithing done. These sessions generally did not require facilitation, although the consultant might be present to answer questions.

It is a given that board members participate in retreats (they are often referred to as the "board retreat"). We found it common that executive staff also participated, and occasionally, with smaller organizations, the roster was synonymous with virtually the entire organization. Materials were sent beforehand to clarify for board and staff their respective roles at the meetings. Staff were physically at the table with board members, and while they were active participants in discussions, they were clearly present to provide information and support for the board members. Because retreats included both formal sessions and social time, the design allowed opinions that might not be asserted in the formal sessions to surface in other settings.

**Case Examples:**

- The Institute for Local Self Government staff invested considerable time conducting the preparatory work and managing the logistics for its strategic planning retreat (see Exhibit 2-3). The organization selected a spartan facility, a former seminary, its austerity a stark contrast to the lush mountains hugging Santa Barbara. In addition to the right price, and a strong recommendation from a board member, planners were confident that the facility’s ambience would promote reflection. Indeed, as the morning mists rose, participants found themselves sharing the conference center with a yoga group.

Good advance work and a strong commitment from the board were manifested in near perfect attendance. The facilitators used various group dynamics tools such as icebreakers and small group exercises to relax participants and encourage broad input. The agenda called for working on the vision, mission, goals, and outcome measures, as well as tackling thorny structural issues regarding the Institute’s relative levels of independence from its founding organization, the California League of Cities. The retreat’s schedule called for one and three-quarter days, with social time in the evening (a board member who resided nearby hosted a kick-off dinner the evening prior to the formal meeting).

| Exhibit 2-3<br>Institute for Local<br>Self Government<br>Strategic Planning:<br>Steps and Time<br>Allocated <sup>12</sup> | Steps                                    | Hours      |
|---|--|------------|
|   | <b>Preplanning</b>                       |            |
|   | Research Prospective Consultants         | 5          |
|   | Draft and Distribute RFP for Consultants | 5          |
|   | Interview Candidates, Finalize Selection | 15         |
|   | Negotiate and Execute Contract           | 3          |
|   | <b>Subtotal</b>                          | <b>28</b>  |
|   | <b>Planning</b>                          |            |
|   | Project Design Meeting                   | 20         |
|   | Initial Board Retreat <sup>13</sup>      | 116        |
|   | Staff Work Products <sup>14</sup>        | 125        |
|   | Board Review Session                     | 30         |
|   | Market/Partner Testing <sup>15</sup>     | 30         |
|   | Prepare Final Documents                  | 40         |
|   | Board Adoption                           | 16         |
|   | <b>Subtotal</b>                          | <b>377</b> |
|   | <b>Total Staff Hours</b>                 | <b>405</b> |

<sup>12</sup> The Institute’s process from the search for a consultant through plan adoption took nine months.

<sup>13</sup> This task included preparation of materials, organizing the logistics, and arranging staff travel.

<sup>14</sup> The staff’s work included identification of primary business lines, market position analysis, program performance measures, action plans and priorities, draft workload standards, and budget. Tasks encompassed monthly meetings with consultants and travel and attendance at a board committee meeting on finance.

<sup>15</sup> Focus groups were conducted for key constituent testing of draft work products and assessment of partnership possibilities.

Although it was clear this was a board-led meeting, staff were physically at the table, and their opinions were actively sought throughout the discussion. Members elected to tackle the tough structural questions early in the meeting and moved rapidly, completing all tasks on the agenda and finishing in less time than the consultants had assumed would be required. One of the participants offered the following reasons for the group's ability to effortlessly complete a packed agenda:

*We are mostly public officials, used to spirited debate, that is what we experience in public hearings; we are accustomed to wordsmithing to pass legislation, so have tolerance for microsemantics ...we understand that consensus does not mean everyone agrees, but most do and it is how to move forward.*

- TechRocks had three retreats that focused on various facets of their strategic planning. The first retreat, attended by staff, was devoted to team building and creating the committees charged to develop components of the plan, for example, draft the vision statement. The second was designed to update the board on TechRocks's progress identifying its distinctive market niche, its proposed scope of activities, and the potential for its products to generate sufficient revenues. Board attendance was excellent. Senior management staff attended the retreat and they were active participants throughout the meeting. The third retreat, one month later, was attended by all staff (with offices located throughout the nation, this was the first time many had ever met). Its goal was to acquaint everyone with the organization's proposed new operating structure and, through small group activities, model new staff roles and responsibilities. TechRocks had been challenged to unify its vision and better integrate its products and services, each of which was operating in a silo. The small group exercises pushed staff to begin the transition from how they were accustomed to working into a new flatter and matrix-styled organization.

### ***The Written Plan***

A third common denominator of a strategic planning scope is the creation of a written plan or other document setting forth key decisions and findings of the planning process. The final products share well-established common elements that include a vision or a mission statement, a values statement, goals or objectives, and strategies for implementation. Some include detailed operating plans; others identify measurable outcomes for each goal and objective.

The interviewees generally did not have an image or model for their final product. Would it be a document used exclusively to guide executive staff and board in decision-making and ongoing organizational assessment? Would (part or all of) it serve as a tool to set the tone for management and line staff in the day-to-day conduct of their work? Would it be used as a communications

piece distributed to current and potential funders and board members? Would it be a source for developing a customer outreach program? We found that decisions regarding plan breadth and detail, the mechanics of how it would be written, and the look of its final form were made as the process unfolded.

A strategic plan can serve any or all of these ends, but it is highly unlikely to do so with just one document. The importance of clarifying the purpose of the plan and making explicit mention of it in the scope is worth underlining. Failure to do so became a major source of friction between organization and consultant in one of the cases reviewed.

The plans in our sample of cases ranged from roughly 10 to 15 pages to over 50 pages. One key determining factor of the length was whether or not the process included a step for producing operating plans. TechRocks has a one-page vision statement that staff refer to as a strategic plan. During its strategic planning process, reams of materials were generated to articulate the organization's structure, the staff roles and assignments, and how work would flow among them. These materials constitute its operating plan.

In this study group, responsibility for authorship was shaped by the process adopted to develop and articulate the plan elements and by the skills and experiences of the parties involved. Where staff played a large role in working out focus, goals, or specific plan elements, their work provided a starting place for those charged with creating the final document. In nearly all cases, however, responsibility for the structure and wordsmithing of the plan document fell to either the executive director or the consultant or to both together.

The consultants who specialized in strategic planning were more likely to have a set format and process for assembling the plan. These consultants usually assumed principal responsibility for writing. When the consultant was primarily a facilitator with a broader, organizational development orientation, the form of the plan document and the process for creating it tended to be more open, leaving room for greater involvement from an executive director or board chair. This was especially so when one of these individuals was experienced or interested in either writing or planning.

**Case Example:**

- The National Council for Science and the Environment wanted its strategic plan to serve both internal and external purposes. Internally, the plan was to give the organization a cohesive vision of itself, of what it had become, and where it saw itself going as a result of recent changes in its funding status and political positioning. Externally, the document was to inform and attract current and potential stakeholders. A professional writer was hired to edit the original, internal document.

### ***Training and Coaching***

In an ideal world, staff and board members would come to the strategic planning process already skilled in communications and meeting management and well grounded in the basics of fundraising and alliance building. The real world is very different. Particularly in small, young organizations with limited and sometimes volunteer staff, working boards, and often part-time leadership, basic organizational capacities can be seriously lacking.

Less than a handful of the grantees in this study group expressly included training or coaching in their scope of work. In those cases where it was included, the idea of including it usually grew from the initial discussions between the executive director and the consultant. Alternatively, it developed after the consultant conducted board interviews. When training was provided, it tended to focus on board development, fundraising, and team building. Coaching was a formal component of the consultants' work plan in just one case, TechRocks. We found, however, that coaching was often an element of the relationship between the consultant and the executive director. In the course of our interviews, many of the executives explained that their consultants provided useful advice for better managing their relationships with their board and occasionally also helped with raising awareness about their leadership style. The consultants likewise affirmed that they found themselves being asked for help with management needs that were not expressly defined in their scope but that they felt were important to address in order to successfully forward the planning process.

### **Case Example:**

- TechRocks was unique in that its consultants saw their role as developing the staff's competencies to conduct strategic planning, that is, they did not see themselves as the strategic planners. They provided both training and coaching. Training included sessions on managing virtual organizations and on team building. The coaching was designed to build the new management team's understandings of one another's operating styles. Although the training and coaching were well received, it was midway through the effort before TechRocks's management team realized that they and their staff were responsible for doing the strategic planning.

### ***Follow-Up Meetings***

In addition to retreats and major meetings during the strategic planning process, two of the prior grantees had incorporated into their scope a follow-up meeting to be held after the completion of the strategic plan. These meetings served as an opportunity to revisit the plan in the light of actual experience, identify difficulties early, celebrate successes, and reinforce the value of the planning process. In one case, such post-project follow-ups were part of the consultant's standard practice and were scheduled to take place six months following completion of the work. For people in this organization who were engaged in working on an aspect of the action plan, knowing that a follow-up

meeting was imminent served as a useful catalyst for maintaining momentum. Another byproduct was that it served as a marketing tool for the consultant, identifying what else the organization might need.

Another organization, after initially rejecting its consultant's recommendation for a follow-up meeting, later agreed to add this item to the scope and requested it take place in one year. When the follow-up took place, the consensus was that a meeting at six months would have been better, because the group would have become aware of emerging problems earlier.

**Finding:**

**Most organizations created a strategic planning committee to oversee the process, with its day-to-day management delegated to executive staff. Time demands consistently exceeded expectations, particularly for the executive director and senior management. Including the consultant search, the strategic plan process generally required about one year from start to board approval.**

Plan oversight and management refers to the structures and practices designed to keep the project on track. The complex and extended nature of strategic planning, even in small organizations, makes formal provisions for management an important ingredient of any process. Such provisions include specifying who is in charge of the process; establishing lines of communication; identifying milestones; and engaging in ongoing monitoring to both assess and make adjustments, if needed, to the process (Bryson, 1995).

Most sample organizations established a strategic planning committee, the membership of which included two or three board members, the executive director, and occasionally one other senior staff person. Board member participants often included an officer such as the board chair. Strategic planning committees ranged from being quite hands on, involved in ongoing brainstorming, to meeting occasionally to review staff and consultant work products. International and national organizations, though making ample use of telephone conferencing and email, tended to delegate much of the work to staff. Board members in state and local organizations used the advantage of shorter travel distances to meet face-to-face.

Among the organizations reviewed, day-to-day plan management was almost exclusively the responsibility of the executive director. In larger organizations, the executive would occasionally delegate the work to members of a management team. A three-person senior management team at TechRocks directed the overall planning process, while a program-level staff person for special projects was assigned the task of coordinating the component parts to keep the process on track. For TechRocks and the other organizations, having a senior and clearly identified staff champion was essential to keeping the planning

process from being derailed by other organizational pressures, such as the daily work that already filled staff calendars.

Seven of the organizations did not have prior strategic planning experience and some had only limited experience working with consultants. They started the process without having a sense of the time that would be required. The most common remark from executive directors when asked about strategic planning, after saying that it was a worthwhile process, was to comment on the excessive amount of time that the work demanded of them. Below are examples of how two quite different organizations handled time management.

#### **Case Examples:**

- Food and Nutrition Services is proud of its democratic tradition and wanted the strategic planning process to reflect those values. To make this possible with a staff of over 150, spread out across more than ten locations, three tiers of planning teams were convened. The leadership team met twice monthly, the strategic plan team met at least once a month, and the whole team met four times in the course of the 12 month process. In addition, five work groups were constituted to develop different areas of the plan, which were then reviewed, revised, and adopted by the whole team and the board. The agency also took care to include its clients in the process through surveys and participation in meetings, both of which required considerable staff and consultant time for planning, administration, and analysis and communication of findings.
- The National Council for Science and the Environment is a national organization with a far-flung board. To enable maximal involvement from the board beyond the retreat setting, Council staff made use of available technology. The strategic planning process was spelled out and posted to a private area of the organization's Web site. The products of each step were posted as they were completed. A strategic planning group made up of one-third of the board held regular conference calls, to which the full board was also invited. Key points of those discussions were also posted to the Web site. By the time the retreat took place, which was two-thirds of the way through the planning process, the group was ready to deal with the issues.

When asked how much time was required, the executives estimated about a day a week over six or more months. The Institute for Local Self Government was the only organization in the study group that maintained a detailed record of the amount of time spent by the staff to support the planning process. Information provided by the Institute shows that staff spent a total of 405 hours over the nine months it took to complete the plan, which averages about two and one-quarter hours per day (see Exhibit 2-3). The Institute's records largely mirror the estimates of roughly a day a week that were provided by the other grantees in this study.



In closing, the 11 groups that participated in this study found their strategic planning journey was occasionally a bumpy one but filled with discoveries. For nonprofit organizations, whose work is devoted to addressing society's needs, strategic planning is the rare occasion when board and staff allow themselves the time to reflect on their work. In the next section we describe the outcomes from the strategic planning processes.

## 2.2 Part Two: The Outcomes of Strategic Planning

What were the principal outcomes of strategic planning for an organization? Interviewees routinely said the plan provided the organization with a "road map." Whether it simply affirmed the prior direction, tweaked it modestly, or resulted in a new course of action, interviewees felt they had far higher clarity about what paths to choose than at the starting point of their journey. The process took more time from staff than anticipated and often took longer than expected to complete. Although people wanted their organizations to be seen as peacocks, they occasionally found that they were not. The processes produced people to make hard decisions; sometimes they were painful ones for board members or for staff. We explained in the beginning of this report that strategic planning is about organizational change. Below are the key rewards reported by the organizations in this study.

### *Clarified Vision/Mission*

Organizations formulated or modified their vision/mission through the strategic planning process. Modifications reflected changes in the environment or the board and staff, and they clarified the organization's distinctive values and identity. The importance of clear and consistent statements of mission and objectives cannot be overestimated. Nonprofit organizations secure revenues by persuading funders and donors that the mission they are pursuing is a valuable one. The value of an organization's mission and its success in achieving or contributing to it are the yardsticks against which the organization's performance is assessed, both internally and externally. If the strategic plan is a map, the mission statement is its north arrow, ordering and orienting the components in relation to its axis.

### **Case Examples:**

- At the International Center for Research on Women, rewriting the mission statement became a central undertaking for the executive director and the staff and a focal point for restructuring the organization. The strategic planning process at the Center made evident that the organization's old mission statement did not communicate what the organization did nor the values that guided its work. It had emphasized economic and social development, with improvement of women's well-being as one result. The new mission statement placed the empowerment of women for economic development at the Center, making it clear that improving women's lives is the

focus. The reworked mission also strengthened the organization's dedication to advocacy and capacity building for women worldwide. Clarifying the mission led to operational changes in the organization's scope of activities. One research area, environment, was dropped entirely, because it was not perceived to be central to the mission of empowering women.

The previous mission statement was:

*The International Center for Research on Women (ICRW) is a private, nonprofit organization dedicated to promoting economic and social development with women's full participation.*

The current mission statement reads:

*ICRW is a private, nonprofit organization dedicated to improving the lives of women in poverty, advancing women's equality and human rights, and contributing to broader economic and social well-being.*

*We accomplish this, in partnership with others, through research, capacity-building, and advocacy on issues affecting women's economic, health, and social status in low- and middle-income countries.*

### **Promoted Internal Values Clarification**

Organizations frequently used their strategic planning process to articulate core values and principles. Along with the deliberations regarding vision and mission, the values discussion stirs deep passions. The Institute for Local Self Government's (ILSG) strategic plan includes the statement:

*ILSG's work, in implementing its mission, shall be guided by its strong commitment to its core values and principles that include integrity, objectivity, creativity, thoroughness, relevancy, diversity, nonpartisanship, and serving the public interest.*

### **Case Examples:**

- TechRocks, a merger of two organizations, was mindful that its strategic planning process should model how it wanted its internal culture to operate. As it melded together staffs from two organizations, while undergoing a steep rise in growth, TechRocks senior management placed a premium on building trust. Its consultants were specialists in organizational development. The first retreat brought staff, many of whom had never met each other, to the headquarters for a team-building session. One of the products of the session was the formation of a committee to work on drafting a vision/mission statement; the drafting process took place through a lengthy series of emails and online conference calls. TechRocks's goal was to be inclusive and transparent, characteristics senior management felt were critical to building a new team.

### *Clarified Organizational Structure*

Organizations used the strategic planning process to review, affirm, and occasionally restructure their board and staff operations.

#### **Case Examples:**

- Sanchez Art Center had a complex governance structure that reflected its grassroots beginnings and its democratic emphasis. The 30 artists who rented studio space constituted the broad governing board while a smaller group of people served on the executive board (referred to as the e-board). Each of the artists was expected, every four years, to serve on the e-board. Even though the Center had bylaws, the roles and responsibilities of these respective (and overlapping) groups were unclear. From the outset of the strategic planning, this presented problems: Who would attend the retreat? Which group, the executive board or the 30 studio members, would have final authority to approve the plan? The strategic planning process succeeded in clarifying that the e-board would consult the broader membership but is the body responsible for policy setting and oversight.
- The Institute for Local Self Government used the strategic planning process to clarify the structure between itself and its “parent” organization: the Institute was formed by the California League of Cities to serve as its research arm. The relationship has long been close, with the League contributing vital funds to support the Institute’s small staff. The League’s chief executive is on the Institute’s board, and many of the Institute’s board members are also members of the League. High on the strategic planning agenda was whether or not the Institute should become a legally independent organization.

Based on interviews with board and staff, the strategic planning consultants heard competing concerns about whether the institute could have sufficient independence to state views that might differ from those of some of the League’s members. The consultants scheduled discussion about the organizations’ relationship to occur after participants deliberated board roles and responsibilities and brainstormed the Institute’s mission. Participants quickly upended the agenda to tackle the issue sooner. In less than a half hour, board members affirmed that the Institute would continue as an arm of the League. They concluded that the relationship was mutually beneficial. The perceived “hot button,” that research results might not be agreeable to all members simply proved not to be a big concern. One member, noting the diversity of the League’s membership, said, “I think you can have disagreements, and we will. Would there be some complaints? Yes. Can we tolerate that? I suspect so.” Early agreement on this issue set the stage for a highly successful retreat that ended in a day and a half instead of the scheduled two.

### ***Determined Capacity to Fulfill Goal***

Strategic planning provided an opportunity to assess organization capacities, systems, and staff and determined preparedness to fulfill newly crafted goals and objectives. It was not unusual for the process to lead to the creation of new staff positions and the modification or phasing out of old ones as the organization identified where and how it needed to focus its energies.

#### **Case Examples:**

- The National Center for Youth Law added two new full-time staff positions, a communications director and an additional development officer, and phased out an existing, part-time editorial position. These staffing decisions reflect the organization's commitment to becoming more proactive and strategic in two areas, as well as a newfound appreciation for the interrelationship between effective communications and fundraising.
- The National Council for Science and the Environment's budget has tripled since it began its strategic planning in 1999. Its planning process helped define the requirements for upgrading the organization's computers. The plan also identified the need for the Council to change its financial management software to ensure that it is more appropriate for an organization of its size and continuing growth.
- Sanchez Art Center's plan explains that it will hire a full-time program director for its artistic program and increase to three-quarters time its present half-time administrative assistant, as well as specifying various specialists whose aid will be sought for fundraising, financial management, and public relations. Specific tasks are described for each of the specialists, and for each task the plan includes a timeline.

### ***Fostered Leadership Development***

Leadership development, especially at the top level, can be a side effect of the planning process. Executive directors are well known to suffer from feeling isolated, a byproduct of their reluctance to share concerns with subordinates and their hesitance to discuss them with peers in what is often a small professional community. Few nonprofits have the resources to retain coaches or management consultants. It is not surprising, therefore, that strategic planning consultants, hired to inspire reflection, get drafted into playing this role. They are in the unique position of understanding the dynamics of the organization while at the same time being outsiders.

An executive director reported that the experience of having consultants act as sounding boards and advisers was one of the most valuable, albeit unexpected, outcomes of the entire strategic planning experience. This takes on added importance when, as is frequently the case, a director is new to his or her position, and the planning process serves to consolidate and clarify his or her leadership role and style.

**Case Example:**

- At The International Center for Research on Women, the strategic planning consultant had previously been engaged by the executive director to assist with organizational development and was therefore already knowledgeable about the organizational context and trusted by the leadership. Although the Center's executive director took primary responsibility for the strategic planning initiative, both the consultant and the board chair became valued "thinking partners" in the process.

***Increased Communication between Board and Staff***

The processes for developing the new strategic plan were often highly participatory, involving both board and staff, and provided a unique opportunity for them to have a dialogue about the organization's purpose and share understandings of roles and responsibilities.

**Case Example:**

- For Food and Nutrition Services, the largest organization in this study, one of its challenges was its inability to reconcile the growing distance between the organization's actual work and its image of itself, especially as communicated by its name. Staff had discussed for years the need to change the name of the organization but could not convince the board of the importance of such a change. Through a highly participatory strategic planning process involving all levels of the organization in sustained dialogue and collaborative work, board members became actively engaged in developing a new name for the organization, Community Bridges, which was approved by all of the groups involved.

***Functioned as a Tool for Organizational Accountability***

Strategic plans, through the articulation of the mission statement, goals, and objectives, allowed for board members and staff to judge whether or not the organization was on course. Some of the planning efforts strived to produce "measurable outcomes" so that assessments could be made about performance.

**Case Examples:**

- The Institute for Local Self Government's board had chosen its planning consultants, in part, because of the consultants' emphasis on measurable impacts. The Institute's plan states that it has three "core businesses," terminology chosen to convey a new and private sector image for this public sector organization. Each of the business lines has a set of projects and indicators associated with them to aid with assessing performance. For example, in its business line of "public confidence," the Institute identifies a project area of public integrity/ethics that includes generating a video on ethics, producing a newsletter plus other publications, organizing conferences, updating its Web site to add information on matters such as conflict of interest laws, and forming partnerships with others interested in public sector ethical issues. Its strategic plan includes the following indicators:

- Comparative (before and after) annual percentages of expressions of public confidence in communities that use the Institute materials;
- Annual percentage of California communities that adopt and actively promote an ethics policy; and
- Annual percentage of public officials and staff who report the Institute has increased their awareness of the importance of ethical considerations in agency decision making.

The consultants provided a set of recommendations to the Institute asserting that its new plan is “powerful because it focuses the organization on specific goals and measurable indicators,” and they warned “reverting to a focus on process should be avoided.” They recommended that board and staff seek out training so that they develop competencies in focusing on impacts and accountability and that they prepare for improving “data management, evaluation, and promising practices.” Recommendations were also provided to increase the effectiveness of board members’ and the executive director’s time. The consultants, for example, advised that 80 percent of the board’s meeting time be spent on such matters as reviewing progress toward achieving goals and assessing financial capacities to ensure successful plan implementation. The Institute’s new board agenda already includes percentages of time that are to be allocated for discussion of each business item.

### ***Provided External Legitimacy and Support***

Whether through interviews, surveys, or expert conferences, strategic planning projects routinely included one or more activities that sought input from parties outside of the organization. The information could affirm an organization’s mission and its role, challenge them, or suggest new avenues for exploration. Although not an explicit aspect of the information gathering, the process of the exchange itself occasionally led to new relationships.

The cases reviewed offer several examples of expanded networks, mended relationships, and newfound support resulting from the strategic planning exercise. Prominent among them is the experience of the National Center for Youth Law.

#### **Case Example:**

- When the National Center for Youth Law convened an experts’ conference to solicit input from a group of nationally recognized figures in areas relating to child welfare and poverty, they got more than a fresh perspective on their mission. The relationships that developed during the conference are enduring. One of them has resulted in a new addition to the board. Other outside experts are reportedly excited about the direction they have helped to shape and continue to offer various forms of support.

### *Served as a Communications Tool*

Strategic plans were an important external and internal communications tool, either “as is” or in a modified form suitable for broader distribution.

#### **Case Examples:**

- Greenspace Cambria Land Trust wanted to use its strategic plan to inform and recruit prospective donors and board members. At the same time, however, both staff and board felt it would be inappropriate to share the plan in all its detail with outsiders. A solution was found in the creation of an executive summary written with these audiences in mind, which now serves as a key “marketing” piece for the organization.
- At the National Council for Science and the Environment, the strategic plan became the basis for a fundraising/marketing communications document, which was professionally laid out and typeset, with 5,000 copies produced on an initial printing and 3,000 printed in a second run.

### *Improved Understanding of How to Work with Consultants*

In *Succeeding with Consultants: Self-Assessment for the Changing Nonprofit* (Kibbe and Setterberg, 1992), three myths are “exploded.” They are (1) a consultant will do the work for you, (2) the consultant can do it alone, and (3) change will come quickly. The organizations in this sample varied from groups with no experience working with a consultant to those with middling levels of experience. Notably, nearly all of the board and staff interviewees reported that they were satisfied with their consultants. As the project evolved, the groups recognized the above myths. Others, such as that the project would not require much staff time and the process, being linear, would be straightforward, were also refuted.

Groups reported that they learned it was critical to pay attention to the initial phases of finding a consultant and developing the scope of work. They also recognized the need for greater focus on the set of competencies required to fulfill a task. Problems arose when the consultant did not engage in effective diagnostics; performed a mix of planning and organizational development tasks that blurred roles; did not have the skills the task required; had a rigid planning model; was expected to fulfill tasks in a more expeditious manner than realistically feasible; or assigned the organization the consulting firm’s junior staff, contrary to agreement, to conduct the work.

Likewise, organizations that failed to do thoughtful preparatory work reflecting on their needs, hired consultants without assessing the kinds of competencies that would be required, asked consultants to take on tasks beyond planning without examining the implications, or did not set aside sufficient time or give adequate attention to the task invariably found some aspects of the project unsuccessful. Smart advance work, well illustrated by Sanchez Art Center, which made it clear from the start that its strategic plan would also include an

artistic plan and a fundraising plan, found its relationship with the consultants satisfying and highly productive. The Institute for Local Self Government's executive, though daunted by the amount of time that was devoted to the planning, said, "I really appreciated the consultants pushing us to focus and keep on schedule." For the consultants, who emphasized accountability, it was a way of modeling their principles.

The findings from the interviews and observations of these grantees, supplemented by the discussions with the thought leaders and review of the literature, led to the identification of ten factors that contribute to strategic planning (see Exhibit 2-4).

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**Exhibit 2-4**  
**Successful Strategic**  
**Planning:**  
**Ten Contributing**  
**Factors**

1. A champion, typically a board member or the executive director, who shepherds the process
2. Effective pre-planning to assess the organization's needs and readiness for planning and to make sure that there are shared understandings among the key participants (board, staff, consultants)
3. Skilled consultants who have (a) strong diagnostic skills, particularly an ability to distinguish whether or not strategic planning is the appropriate action for the organization; (b) excellent communication skills, both verbal and written; (c) good facilitation skills so that they can successfully balance process and product needs; and (d) sensitivity to an organization's culture and how that will affect the planning
4. High trust between the executive director and the designated board lead
5. An organizational culture that supports staff to (a) think strategically, (b) engage in consensus decision making, and (c) commit the requisite time for a successful outcome
6. A process that includes steps for specifying and clarifying the vision and mission, engages a broad set of stakeholders, articulates goals and objectives, defines strategies, identifies desired outcomes, includes an operating plan, and has a realistic budget
7. Sufficient resources to retain a consultant and cover the basic costs of retreats.
8. A timeline that allows for flexibility but has a specific set of benchmarks to demarcate progress and ultimately the completion of the task
9. A transitional step, at the completion of the strategic plan, for board and staff to "practice" using the new plan
10. Internalization of planning as part of an organization's ongoing operations rather than mounting it in response to sudden external or internal pressures



**The gem cannot be polished without friction, nor man perfected without trials.**

Chinese Proverb

### 3 | Recommendations

Strategic planning is clearly an important contributor to increasing organizational effectiveness. Its benefits go well beyond the tangible product of the written plan. This study's findings show that a comparatively modest level of support from the Packard Foundation can be instrumental in an organization examining its niche, its values, its capacities, and what difference it wants to make in society. The process provides essential connection and reconnection with stakeholders, introduces people to the expertise that is offered by consultants, and provides a chance to grow acquainted with such tools as market analysis. In a nutshell, it raises an organization's level of professionalism.

The following recommendations are offered in the spirit of furthering the Packard Foundation's goal of strengthening the nonprofit sector.

**Continue the program.** At risk of stating the obvious, the Packard Foundation should continue to fund this program. Few foundations provide this type of funding, and the Foundation's efforts have been notably effective. Grantees found the level and flexibility of the support adequate to attract requisite consulting expertise. A few noted that additional internal expenses were assumed by the organizations to pay for overnight stays at retreats and that their own time was not computed into anticipated costs. Given that operating support is so difficult for these organizations to obtain, the Packard Foundation should consider financially recognizing the organizations' time commitment.

**Develop a diagnostic tool to assist with preassessment.** Organizations in this sample had self-identified that their needs would be best addressed by strategic planning, though many neither knew its component parts or had experienced such a process. Consultants who brand themselves as strategic planners do not always invite the possibility that another type of intervention might be more timely. A diagnostic tool could assist an organization in identifying its own cultural characteristics, define the reasons for strategic planning,

and examine an organization's ability to make a sufficient time commitment. Such a tool could help an organization determine whether initial training might be needed to ready board and staff or whether a more urgent and targeted management intervention is appropriate. If the tool indicates that the organization is prepared, it could then lead the organization to best prepare to maximize the process. For example, it could help determine who is best suited to champion the effort, how to organize data for use by a consultant, and how to best structure the organization for the process. Elements of the toolkit could be supported by examples of "best practices."

**Develop a toolkit for use by grantees and for broader distribution.** The organizations could greatly increase their efficiencies and the impact of the strategic planning with several hands-on aids. Grantees need to know how to look for strategic planning consultants and how to assess their competencies. We explained that grantees did not assess crucial competencies such as facilitation, written and verbal skills, and basic research. Consultant knowledge of how nonprofit organizations are managed is another area that was not assessed. Other aids in a toolkit might include how to assemble and use RFQs or RFPs, models of consultant scopes of work, a checklist for making the partnership with the planning consultant an effective one, a list of pitfalls in the process, models of the client organization's scope of work, techniques for stakeholder assessments, what to expect from a retreat, components of an effective written product, and techniques for maximizing the plan's use.

**Increase consultant effectiveness.** The Packard Foundation has had a strong commitment to strengthening consultant capacities in the nonprofit sector. The Foundation should consider funding the development of training materials for consultants who currently do strategic planning or are considering becoming a strategic planner. Areas that call for attention include improving diagnostic skills, facilitation, and research. Training materials should also cover different models of strategic planning and introduce consultants to alternative strategic management interventions.

**Foster opportunities for connection among grantees.** As referenced, grantees were often uncertain what to expect from strategic planning. They yearned to know if their process was a sound one. They felt notably isolated, dependent upon their own instincts and their consultants' input and feedback. The Packard Foundation should consider cultivating an alumni group that would be willing to work in a quasi-mentoring role. The alumni group could receive special training to assist them in this role and, conceivably, modest compensation for their participation. Such an approach could lead to the creation of learning hubs that give grantees an opportunity to connect with their peers and promote thoughtful discussion about strategic planning.

## Appendices

### Appendix A: References

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## Appendix B: Interviewees

### Grantee Organizations

#### **East Palo Alto Community Alliance and Neighborhood Development Organization**

Robert Jones  
Belinda Rosales

**Food and Nutrition Services**

Jerry Lopez  
Sam Storey

**Global Fund for Women**

Connie Evans  
Kavita Ramdas  
Misti Sangani

**Greenspace Cambria Land Trust**

Richard Hawley  
Deborah Parker

**Institute for Local Self Government\***

Jerry Patterson  
Joanne Speers

**International Center for Research  
on Women**

Geeta Rao Gupta  
Susan Levine

**National Center for Youth Law**

Mary McCutcheon  
John O'Toole

**National Council for Science and  
the Environment**

David Blockstein  
Peter Saundry

**Native Americans in Philanthropy**

Donna Chavis  
Bird Runningwater

**Sanchez Art Center\***

Scott Butcher  
Bridget Fisher

**TechRocks\***

Amy Luckey  
Marshall Mayer  
Lisa Pool  
Mary Rafferty  
Robert Stuart

## Consultants

Joyce Bader  
John Eldred  
Maria Gitin  
Janet Greco  
Jeffrey Jones  
Kathy Lim Ko  
Anthony Love  
Jeffrey Nathanson  
David Netzel  
Joseph Peterson  
Sharon Ramirez  
Kent Raymond  
Chaud Richards  
Stephanie Wolf

## Thought Leaders

Brian Barry  
*Amherst T. Wilder Foundation*

Jeffrey Braddock  
*The Bridgespan Group*

John Bryson  
*Hubert Humphrey Institute, University of Minnesota*

Robert Burakoff  
*Initiative for Social Enterprise*

Paul Connolly  
*The Conservation Company*

Katherine Fulton  
*Global Business Network*

Paul Light  
*Brookings Institution*

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\* Signifies that the evaluator observed a strategic planning retreat and/or board planning meeting.