

Originally Processed With FOIA(s):

S

FOIA Number:

S

FOIA MARKER

**This is not a textual record. This is used as an
administrative marker by the George Bush Presidential
Library Staff.**

Record Group/Collection:	Donated Historical Materials
Collection/Office of Origin:	Frieden, Lex, Collection
Series:	Printed Materials
Subseries:	Manuals

OA/ID Number:	52105
Folder ID Number:	52105-003

Folder Title:
"Strategic Planning: Expanding Your Management Foundation" [1995]

Stack:

Row:

Section:

Shelf:

Position:

**EXPANDING
YOUR
MANAGEMENT
FOUNDATION**

STRATEGIC PLANNING

BY

**RON HOUSE
LAUREL RICHARDS
VIKKI RENNICK
DARRELL JONES
CYNTHIA DRESDEN
QUENTIN SMITH**

ilru

**READINGS
FROM
MANAGEMENT
LITERATURE**

**EXPANDING YOUR MANAGEMENT
FOUNDATION:**

READINGS IN MANAGEMENT LITERATURE

STRATEGIC PLANNING

by
RON HOUSE
LAUREL RICHARDS
VIKKI RENNICK
DARRELL JONES
CYNTHIA DRESDEN
QUENTIN SMITH

a publication of the
ILRU Research & Training Center on Independent Living at TIRR

©1995 by
ILRU Program
2323 S. Shepherd, Suite 1000
Houston, TX 77019
(713) 520-0232, 520-5136 (TTY)

ILRU PUBLICATION TEAM: Dawn Heinsohn and Rose Shepard.

Substantial support for development of this publication was provided by the National Institute on Disability and Rehabilitation Research and Rehabilitation Services Administration, U.S. Department of Education. The content is the responsibility of ILRU, and no official endorsement of the Department of Education should be inferred.

FOREWORD

This is the second installation in our series, *Expanding Your Management Foundation: Readings in Management Literature*. It addresses one of the most fundamental challenges we have heard mentioned by directors of centers large and small, rural and urban: how best to work with the board and staff in creating and implementing a vision for the work of a center for independent living.

Many executive directors and middle managers are encountering these and other management issues without having had direct training in management techniques. In the management literature, articles have been written which address many innovative strategies surfacing at this time relevant to management in general and management of nonprofit corporations in particular. With this series, we hope to be not merely responsive to the needs we have heard expressed by center personnel, but also to direct readers to resources of which they may yet be unaware.

We hope that this set of readings will assist with the strategic planning you and your board may wish to embark upon--it can be crucial to how well your center runs overall and how productive and fluid a relationship you develop with your board.

This series would not be possible without the helpful collaboration of our colleagues Ron House, Vikki Rennick, Darrell Jones, and Cynthia Dresden. We were also pleased to become acquainted with the outstanding publishers and editors of the management journals who graciously gave permission to include their articles in this volume. Each article is reprinted exactly as it appeared in the pages of these journals of origination.

In the *Expanding Your Management Foundation: Readings in Management Literature* series, four subjects will be covered. In addition to financial management (the first *Readings*) and strategic planning (the present *Readings*), future subjects include supervision and hiring. We welcome any suggestions you may have for improving this set of readings, developing new topics, or improving the series in general.

Laurel Richards & Quentin Smith
Series Editors
March 1995

OVERVIEW TO STRATEGIC PLANNING READINGS

Nineteen articles were selected for inclusion in this set of readings in strategic planning. They include:

PART ONE: INTRODUCTION TO STRATEGIC PLANNING

- *Are You Ready for Strategic Planning?*--a guide to knowing when strategic planning is appropriate for an organization;
- *Strategic Planning*--strategies for an effective planning process and components of a sound strategic plan;
- *Planning for Success: Strategic Planning in Nonprofits*--a series of three articles focusing on key considerations in developing a sound plan:

Creating a Firm Foundation

Where are You, and Where Do You Think You're Going

Putting Your Plan into Action

- *Planning by a Nonprofit Should Be Very Businesslike*--an outline for successful strategic planning with accompanying checklist and references;
- *Planning--Benefits and Problems: Results of a Study*--the similarities as well as the varieties of problems in planning show the value of communications and networking among nonprofits;
- *An Overview of Strategic Planning for Human Service Organizations*--an in-depth discussion of the need for careful evaluation of the capabilities of and demands on a nonprofit in structuring an appropriate strategic plan;

PART TWO: APPLICATIONS OF STRATEGIC PLANNING

- *Here's the Plan: A Philanthropic Organization Orchestrates Well-Defined Goals*--an example of a focused strategic planning process with a hired, experienced facilitator;
- *Strategic Lessons*--one organization's experience of a difficult but positive, ongoing planning process;
- *Planning for Action*--practical ways to establish and maintain momentum in the strategic planning process;
- *Private Sector Cooperation: The Challenge of the 1990s*--cooperative strategies involving both private and public corporations that can be beneficial and cost-effective--a necessity in today's competitive marketplace;

PART THREE: RELATIONSHIP OF STRATEGIC PLANNING TO OPERATIONAL ISSUES

- *Creativity in Nonprofit Organizations: Preparing for the Future*--basic methods and steps for cultivating creativity in an organization;
- *The Mission Statement: Framework for the Hospital's Strategic Plan*--developing a mission statement that can be the driving force toward creating a successful organization;
- *Board Self-Assessment: The First Step to Effective Planning*--developing a focused strategic plan by evaluating the organization's competence and abilities and by identifying performance standards;
- *Six PR Trends That Will Shape Your Future*--how to launch public relations efforts that can enhance a nonprofit's ability to raise funds, recruit and keep volunteers, and even provide services;
- *The Aging of America: Implications for Nonprofit Planning*--a long-term strategic plan should not overlook the growing number of older Americans available to fill both structural and service needs;
- *Keepers of the Springs: Why Ethics Make Good Sense for Nonprofits*--maintaining cohesiveness within the public sector at-large demands that individual strategic plans address ethical concerns; and
- *Values for Ethical Choices: Rate Yourself*--identifying and prioritizing values in order to address ethical obligations within a strategic plan.

Strategic planning can have a positive impact on the health of a nonprofit, but not every organization is ready for it. To determine when strategic planning is appropriate, it must be first understood. Four factors make it a unique planning approach:

- 1) it is concerned with adapting to a changing external environment;
- 2) it is future-oriented, i.e., it anticipates rather than reacts;
- 3) it is comprehensive, requiring a thorough review of internal and external conditions; and
- 4) it is a consensus-building process which seeks agreement among divergent needs.

Strategic planning is not appropriate for short-term problem solving; should not be undertaken by a small, unrepresentative group; and should not be undertaken without adequate resources. If an organization is stable and strong, in need of growth and change, has adequate time and money to face a planning process, and is sufficiently committed, strategic planning can be a success.

Reprinted with permission of The Society for Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

Are You Ready for Strategic Planning?

by

D. Kerry Laycock

from

Nonprofit World

Vol. 8, No. 5

September/October

1990

Are You Ready for Strategic Planning?

Like any good tool, strategic planning can be misused. Don't rush into it until you have explored the questions raised here.

By
D. Kerry Laycock



D. Kerry Laycock is a consultant in training and organizational development (317 Maple, Ypsilanti, Michigan 48198, 313-483-1639). He is presently involved in several strategic planning projects for Michigan arts organizations under a grant from the Michigan Association of Community Arts Agencies. Other services provided to nonprofits include survey research design and analysis, volunteer management development, personnel planning, and board development.

NONPROFIT WORLD, VOL. 8, NO. 5. Published by The Society For Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

Nonprofit leaders are increasingly turning to strategic planning to adapt to the rapidly changing world. For the most part, this trend has had a positive impact on the health of nonprofits. But in the rush to get involved in planning, many organizations fail to consider how appropriate it is for them.

More and more often, we hear of nonprofit organizations which should never have undertaken strategic planning. The results were frustration, unmet expectations, a waste of precious volunteer and staff time, and, in at least one case, a strong resistance to any future attempts at organizational improvement.

Skeptics view these disasters as proof that strategic planning is less valuable than its proponents suggest. But such criticism is unfair. Failure does not result from weaknesses in strategic planning but from the organization's failure to diagnose its own needs and to prepare itself for the process.

Don't let this happen to your organization. Before you begin strategic planning, you must understand what it entails and whether it suits your needs.

WHAT IS STRATEGIC PLANNING?

The first step is to understand the essential characteristics of strategic planning. Four factors distinguish it from other planning models and organizational improvement strategies.

First, strategic planning is fundamen-

tally concerned with adapting to a changing external environment. This external orientation focuses on recognizing and responding to forces for change outside the organization.

Second, it is future oriented. If current issues are addressed during planning, it is only because they represent a barrier to future plans. Strategic planning is anticipatory rather than reactionary. Planners are more concerned with future problems than the problems of today.

Third, strategic planning is comprehensive. It requires a thorough review of internal and external conditions. It demands an enormous commitment of time and energy and a willingness to struggle with difficult issues and diverse perspectives.

Finally, strategic planning is a consensus building process. It brings divergent needs to the surface and seeks agreement on fulfilling those needs. It offers a way to reconcile many different interests and to map out a direction that serves those interests.

WHEN NOT TO USE STRATEGIC PLANNING

The most common misapplication of strategic planning is to view it as short-term problem solving. The key phrase here is *short-term*, because strategic planning is, in many ways, a problem solving process. But it is aimed at preventing future problems rather than fixing current ones.

When the organization has serious problems, it should specifically address those problems before beginning a strategic planning effort. Keeping the doors open another day is not a strategic issue but a problem that must be solved at once. After the crisis has passed, the or-

ganization may undertake a long-term plan to help assure its future.

Planning that is narrowly focused around one or two issues will not fulfill any of the characteristics described under "What Is Strategic Planning?" above. Such planning is seldom related to adapting to a changing environment. In fact, it is generally an attempt to react to an environment that has already changed. The concerns are immediate and not future-oriented. And they are neither comprehensive nor consensus building. Clearly, then, such a narrowly focused planning effort is not strategic planning at all.

Another common misapplication of strategic planning occurs when the process is undertaken by a small, often unrep-

resentative, group within the organization without others' support. For example, a planning team composed solely of staff, without board representation, or a small faction of board members who want to change the organization, would likely fail to carry out their plan. Perhaps the most extreme—but not uncommon—example arises when planning is given over to a consultant, with little involvement by anyone in the organization.

At best, these people are misguided but sincere in wanting to help the organization. At worst, they seek to politicize the organization, creating conflict and compromise rather than unity and consensus.

By failing to strive for inclusion, planning efforts such as these cannot be comprehensive. They will fail to develop commitment and will usually not be carried out.

Finally, strategic planning is sometimes undertaken without making the necessary commitment of resources. Planning requires an enormous amount of time and—depending on how much research is needed and whether an outside consultant is used—money. Unless those resources are committed up-front, the planning process may become an unexpected drain on the organization, particularly in terms of human resources. Burnout and frustration can lead to a hastily completed plan or, worse yet, failure to complete the plan at all.

IS YOUR ORGANIZATION READY?

Before you consider undertaking the strategic planning process, be sure your organization is ready. Ask yourself the following key questions.

Is Your House in Order?

Successful planning requires organizational stability. Immediate problems require immediate response. Are you facing a crisis that requires instant attention, or are you preparing for the future? Is your present operation strong enough

In the rush to get involved in planning, many organizations fail to consider how appropriate it is for them.

to allow for the stress it will endure as resources are directed to planning? Will programs continue to function? Will other obligations be met?

If your organization is presently destabilized, you must first correct this situation. Only then will you be ready to undertake strategic planning to ensure future viability.

Is the Need for Change Recognized?

Strategic planning is designed to help organizations adapt to a changing environment. Adaptation implies change. Is the need for change widely recognized within your organization? If this recognition is lacking, you need to "unfreeze" the organization by teaching people about the need for change before you begin the strategic planning process.

Do You Have the Resources to Do Planning?

As mentioned earlier, strategic planning takes time and sometimes money. You need to assess when your organization is most capable of undertaking planning. What other resource demands does the organization face? It would not be reasonable to develop a strategic plan during a capital campaign, for instance,

ONCE YOU'RE READY, THEN WHAT?

Once you've determined that you're ready for strategic planning, how should you proceed? Look for steps to a successful strategic plan, coming up in *Non-profit World*.

or during periods of peak demand for services. Perhaps now is as good a time as any. If not, initiate the planning process during a period that will allow you to devote the most attention to the planning process.

Espy, Siri N., *Handbook of Strategic Planning for Nonprofit Organizations*.

Fox, Harold, "Planning: The Key to Nonprofit Success," *Nonprofit World*, January-February 1984.

Kotler, Philip and Alan R. Andreasen, *Strategic Marketing for Nonprofit Organizations*.

Newman, Harvey, William O'Reilly, and Alfons Van Wijk, *Self-Evaluation and Planning for Human Service Organizations*.

Steiner, George, *Strategic Planning: What Every Manager Must Know*.

Steeple, Douglas W., *Successful Strategic Planning: Case Studies*.

Stone, Susan C., *Strategic Planning for Independent Schools*.

Strategic Planning Workbook for Nonprofit Organizations, Management Support Services, Amherst H. Wilder Foundation.

Weber, William, Bart Laws, and Suzanne Weber, "Real World Planning: Fresh Approaches to Old Problems," *Nonprofit World*, March-April 1987.

York, Reginald O., *Human Service Planning: Concepts, Tools & Methods*.

These publications are available through The Society For Nonprofit Organizations' Resource Center. Members of the Society receive discount prices on Resource Center books. For more information, contact the Society's Resource Center at 6314 Odana Road, Suite 1, Madison, Wisconsin 53719 (608-274-9777).

More and more often, we hear of nonprofit organizations which should never have undertaken strategic planning.

Is There Enough Commitment?

Commitment is essential, especially at the top of the organization. Commitment begins with an understanding of the process and a recognition of its value. Does everyone agree on the process and know what is expected of each of them? Is there clear agreement on planning objectives? Is there someone to lead the process?

If commitment is lacking, develop a plan-to-plan process designed to educate people about the value of planning. Clarify the process and individual roles, and develop clear agreements.

Muehrcke, Jill, ed., *Management and Planning, Leadership Series*.

Failure does not result from weaknesses in strategic planning but from the organization's failure to diagnose its own needs.

READINESS = SUCCESS

Every nonprofit can benefit from strategic planning. But, first, the organization must be prepared to undertake this complex, exhaustive, and time-consuming process. By answering the questions presented here and taking steps to ready yourself, you can assure success with your strategic planning process. ■

Selected References

Anthony, William P., "Effective Strategic Planning in Nonprofit Organizations," *Nonprofit World*, July-August 1984.

Barry, Bryan W., *Strategic Planning Workbook for Nonprofit Organizations*.

Below, Patrick J., George L. Morrissey, and Betty L. Acomb, *The Executive Guide to Strategic Planning*.

Bryson, John M., *Strategic Planning for Public and Nonprofit Organizations*.

Cathcart, Jim and Tony Alessandra, "Build the Organization You Would Like to Have," *Nonprofit World*, March-April 1984.

Espy, Siri N., "Planning for Success: Strategic Planning in Nonprofits," three-part series, *Nonprofit World*, September-October 1988 through January-February 1989.

Strategic Planning Checklist

1. Is your organization preparing for the future, or are you attempting to resolve a crisis?
2. Is your organization's current operation strong enough to allow for the stress it will endure as resources are directed to planning?
3. Will your programs continue to function and will other obligations be met if you undertake a strategic planning process?
4. Is the need for change recognized in your organization?
5. Is your organization forward looking?
6. Do you have the resources to do planning?
7. Is there sufficient commitment to the strategic planning process?
8. Does everyone agree on the process and know what is expected of each of them?
9. Is there clear agreement on planning objectives?
10. Is there someone to lead the process?

Some of the stumbling blocks to consider in strategic planning include:

- 1) an executive's fears about loss of power that may arise from the switch to inclusion of board members, committees, management, and staff in the decision-making process;
- 2) resistance by board members and officers to subject their own agendas to a broader vision; and
- 3) the myriad of issues often revealed by strategic planning can make the task seem overwhelming.

This article offers a number of suggestions for dealing with these kinds of difficulties. To begin strategic planning, it is wise to select a lead sector and individual from within the organization. Next, gather information from other organizations that have successfully completed the process and form a management plan. Retreats are a good way to gather information from all the key players in the organization at once.

Components of a sound strategic plan are included in this article, along with tips on needs assessments, budgeting, and retreat follow-up activities.

Reprinted with permission from **Association Management**, American Society of Association Executives, 1575 Eye Street, Northwest, Washington, DC 20005.

Strategic Planning

by
Gerald Edgley

from
*Association
Management*
March 1990

STRATEGIC PLANNING

MANAGEMENT IN TRADE AND PROFESSIONAL associations is increasingly making use of techniques long employed by the profit-making sector. One such technique is strategic planning. Although board members and staff managers may have been exposed to strategic planning, many may still have questions about how to initiate the process.

Strategic planning defines a vision of where an association wants to be in the future and uses that vision to guide daily decision making. The process integrates decision making and the actions of the organization with the aid of a strategic plan. The strategic plan functions as a compass pointing toward members' needs and draws human energy and capital together to achieve the association's mission.

Not a road map showing a well-defined route, a strategic plan must be flexible to traverse the association's changing environment.

Precursors to planning

Environmental uncertainties often drive associations to begin strategic planning. Some of the issues that associations face might include

*Master
the
basics
before
you
start.*

- increased competition for dues among associations serving similar needs,
- formation of "boutique" associations to fill market niches once served by large "umbrella" associations,
- members' increased demands for services without understanding the associated costs,
- cost consciousness among employers who no longer reimburse membership fees, and
- the prospect of losing members and revenues.

Stumbling blocks

Many associations have difficulty addressing fundamental issues through strategic planning for a number of reasons. First, strategic planning increases communication. Many executives, in profit and nonprofit organizations alike, derive their power base from controlling access to information and knowing more than the next person. Strategic planning may thus run counter to personal objectives.

Some upper-level managers need to feel they can control the organization's development. Because upper management and board members

By GERALD EDGLEY

Reprinted with permission from *Association Management*, copyright 1990, American Society of Association Executives, Washington, D.C.

participate in the strategic planning process, as do committee and staff members who implement resulting strategies and programs, some executives see their power base eroding. Their unease is heightened by a perceived lack of control over operational and administrative challenges that need to be considered part of the plan.

Equally strong inhibiting forces are the officers' and board's visions for the association. While embodying a clear sense of where the volunteers would like to take the organization, these well-intentioned ideas remain unfocused without a strategic plan and in some cases are counterproductive to guiding the association.

Another factor that limits interest is the intensity, complexity, and sheer number of decisions and issues association managers face daily. This feeling of being overwhelmed may be exacerbated as the planning process identifies new issues, further straining already limited resources.

These political and resource issues require close attention from an association when it starts a strategic planning program. Nor do they evaporate once a program is in place; they are continuously revisited based on the daily stress on the association and its management.

Getting started

To initiate strategic planning without a crisis, one first needs to determine which organizational level should take the lead—the top, to ensure the whole association is included; the department level; or the committee level. It matters not whether the association has thousands of employees or two; the same process applies.

Locating a champion may help indicate which level should initiate the process. As defined in the best-seller *In Search of Excellence*, a champion is someone who believes in an idea and acts as a mentor and coach. The champion should be a respected staff or volunteer leader, such as the chief staff executive or a board member. Members who have been exposed to strategic planning in

other organizations are prime candidates, as are those who are generally forward-looking.

Making a management plan

Another initial step is to identify other associations involved in strategic planning and determine which of their tactics may or may not work. Valuable information can be obtained by asking the following questions:

- If they had to do it over again, what would they do differently from a management and content perspective?
- How much time elapsed from beginning the process to implementation of the strategic plan?
- What circumstances encouraged

Keep the process and the products simple.

them to implement strategic planning?

- How did the association address forces impeding the process?
- What benefits have accrued to the different stakeholders?

Such information may be incorporated into a management plan underpinning the strategic planning program. The management plan should

- identify the individuals to be involved and their responsibilities,
- list the major steps for developing the strategic planning program and set dates for each,
- describe the purposes of strategic planning,
- spell out the purposes of products and services identified during the process and their intended audiences, and
- list the resources needed, human and capital, to develop the program.

Once the management plan is approved, the planning process can begin. But be prepared to change the program as you learn what works.

Holding a retreat

One common and usually successful approach for gathering the information

needed to develop a strategic plan is to conduct a retreat. A retreat is important because of the group process and planning perspectives it affords. Through group process and shared experiences, participants gain a common understanding of the association's accomplishments, as well as team strengths and functions—essential elements in developing, implementing, and managing the strategic program.

A retreat should be close enough to home to address emergencies easily but far enough away to overrule temptations to run to the office. An accessible conference center or hotel with comfortable and well laid-out facilities, good food, and recreational offerings is the ideal retreat site.

Participants. There is no stock answer to who should attend the retreat. In many large associations the officers convene to develop the strategic plan and then provide a draft to the board. In small associations, key staff members often participate in the retreat along with board members.

Facilitators. Increasingly, trained professionals facilitate strategic planning retreats. Besides knowing how to run a meeting effectively, a facilitator must also be neutral and well versed in decision analysis and conflict management in order to help the group develop consensus.

The facilitator carries responsibilities before, during, and after the retreat. These include

- interviewing all participants before the retreat to determine the objectives, agenda, and issues;
- developing a tentative array of facilitative approaches and deciding at what stages to employ them;
- assisting the group in setting ground rules at the retreat;
- helping the group gain consensus;
- managing after-retreat activities leading to the final plan.

Length. The length of retreats and number of times a group meets vary. An association developing a strategic plan for the first time usually holds a series of retreat meetings. The first retreat meeting normally lasts two days.

The essentials

Necessary components of the strategic plan include

- Assumptions forming the basis of the plan.
- Identification of internal strengths and weaknesses.
- Identification of external opportunities and threats. This situational analysis embodies a factual view of the association's internal and external environment and forms the foundation for the strategic plan.
- A draft mission statement that describes the type of organization the association is, who its members are, the geographic area it serves, the needs it meets, why it addresses these needs, and what it does to meet them.
- Draft goals usually consisting of no more than six broad, open-ended statements of what the association will do to address members' needs and why.
- Draft strategies stating what the association must do during its planning period to address the identified strengths, weaknesses, opportunities, and threats.
- A list of priority programs and activities to implement the strategies.

After the retreat

Sometimes the information derived from the situational analysis is supplemented by a marketing study, commonly referred to as a needs assessment. These studies are more effective in aiding the planning process if focused on specific products and services subject to action plans. A bridge between the strategic plan and annual budget, action plans describe a program or activity, its estimated budget, and time frame. They usually are framed by a member of the strategic planning group and the staff person or committee chair responsible for implementation. To ensure that management and the budget are not overwhelmed, only a limited number of strategies and associated programs and activities should be developed the first year of strategic planning.

A one-day retreat normally follows three months after the first retreat. Key

topics include action plans and finalization of the mission, goals, strategies, and programs to implement and monitor the program. The last two items are as important as the strategic plan itself and should be finalized in concert with the plan. Implementation includes linking the items listed in an action plan to the annual budget.

To ensure the strategic plan and asso-

ciated activities are implemented effectively, establish communication and monitoring programs.

A communication program informs the staff, members, and other stakeholders in the plan's mission, goals, and strategies. An array of media should be used including the newsletter or magazine, a special letter to members, staff and member briefings, posters, and

copies of the strategic plan.

Such an integrated approach reinforces, over the course of the planning process, the importance of what the association wants to accomplish and how. For example, a special letter to members and staff may announce the strategic planning process and transmit the plan. As the plan is implemented, status reports may be made to staff and at committee meetings. Members of the planning committee or subcommittee should also prepare a status report six months after implementation and at year-end. All such efforts help to link daily decision making to the association's future.

Rubrics for success

The planning process takes time to mature. Major changes will most likely occur the first three years as the association weighs the effects of the process.

The following rules will help guide the process:

- Keep both the process and the products simple.
- Ensure the strategic plan meets members' needs.
- Find and keep a champion.
- Involve those who will implement the plan.
- Don't spread the association's resources too thinly.
- Thoroughly communicate the results of the planning process to members and employees.
- Tailor actions to the culture of the association.
- Be willing to change the program and products as the strategic planning process matures.
- Most importantly, listen, be open-minded, and apply what you hear to the planning process.

A strategic planning program allows an organization to chart a course for the future, rather than allowing day-to-day demands to dominate the organization's future direction.

AAI

Gerald Edgley is manager, strategic planning development, at the Edison Electric Institute, Washington, D.C.

This is the first of three articles which focus on eight key considerations in developing a strategic plan: planning to plan, looking for information, charting organizational identity and direction, involving staff in the planning process, developing a marketing plan, looking at new services and old, pulling the plan together, and implementing the plan.

Part 1: Creating a Firm Foundation

Planning provides a framework to move beyond an immediate crisis and is of three types: strategic, tactical, and operational. Strategy addresses basic goals, ideas, and concepts that will guide the organization through a multi-year time period. Tactics are the specific means for achieving strategy and provide a road map to guide the organization from its present position to achievement of its strategic goals. The operational plan is the day-to-day execution of the strategy and tactics.

The first key consideration, "planning to plan," means understanding why you want a strategic plan, knowing which areas to address and what the planning priorities are, developing an organizational structure for the planning endeavor, and preparing to provide the staff with training and information on the upcoming process. "Looking for information" involves collecting data from sources both internal and external to the organization.

Reprinted with permission of The Society for Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

**Planning for
Success:
Strategic
Planning in
Nonprofits**

**Creating a Firm
Foundation**

by
Siri N. Espy

from
Nonprofit World
Vol. 6, No. 5
September/October
1988

Planning for Success: Strategic Planning in Nonprofits

Part 1: Creating a Firm Foundation

Turn your hopes and dreams into concrete plans, and watch them become reality.

By Siri N. Espy

Siri N. Espy is the author of Handbook of Strategic Planning for Nonprofit Organizations (available to members of The Society For Nonprofit Organizations for \$29.75, plus \$2 shipping, and to non-members for \$35, plus \$2 shipping, from the Society's Resource Center, 6314 Odana Road, Suite 1, Madison, Wisconsin 53719). Ms. Espy is a management consultant who has worked in health care planning and administration. She presents workshops at national conferences, conducts management training for several colleges and universities, and currently has administrative responsibility for the "Building Better Boards" program at the Community College of Allegheny County. She may be reached at 5 Frances Drive, McKees Rocks, Pennsylvania 15136.

NONPROFIT WORLD, VOL. 6, NO. 5. Published by The Society For Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

There are basically three types of organizations—those that take an active role in planning for and shaping the future, those that watch the present pass by, and those that are just now figuring out what happened in the past. All organizations, whether for-profit or nonprofit, face the task of dealing with an uncertain future. While keeping up with day-to-day operational realities is a full-time job, we must also be constantly changing to fit into an evolving world as well as influencing that world to our benefit.

What Is Strategic Planning?

Strategic planning can be thought of as the development of a set of goals, hopes, and dreams for the future, accompanied by a set of actions to help achieve those goals. While many organizations have annual plans, goals, and objectives, they often find it overwhelming to think more distantly into the future. And even as they develop plans to present to funders, creditors, or other publics, many nonprofits lose track of the "big picture" as they muddle along in everyday reality. Yet having a clear idea of its ultimate destination will help any organization plan for the short and long term more effectively.

Many nonprofits are accustomed to survival in a chronic crisis. Uncertain funding, small staffs, and declining donor bases can add to the perception that there is little to do except keep one's head above water, one day at a time. But the changing environment will halt for no one, and there is a real need to make plans to deal with anticipated problems

and develop strategies for favorable outcomes where possible.

Planning has been compared to driving a car blindfolded, following directions from a passenger looking out the back window. Planning is at best an imperfect process, more art than science. However, a strategic framework will aid in allocating scarce resources and in making decisions.

Planning can be thought of on three levels: strategic, tactical, and operational. The *strategy* is shown in the basic goals, ideas, and concepts that will guide the organization, usually over a multi-year time frame. In a larger organization, this type of planning is generally carried out by top managers, who set the overall direction. The organization's *tactics* are the specific means for achieving that strategy and provide a road map to guide the organization from its present position to achievement of its strategic goals. Middle management might be charged with this responsibility when several layers are in place. The *operational* level of planning is the day-to-day execution of the strategy and tactics. This level of planning encompasses the organization's progress toward the goals set at higher levels of management and is generally carried out by those closest to the nuts and bolts of the organization.

Even an organization which develops some excellent ideas for the future needs to back up those ideas with a series of specific, concrete tactics and operational plans for their achievement. In fact, it is here that many organizations falter, their lofty plans becoming nothing more than attractive shelf ornaments.

In this series of articles, we will focus on eight key considerations in developing a strategic plan: planning to plan, looking

for information, charting organizational identity and direction, involving staff in the planning process, developing a marketing plan, looking at new services and old, pulling the plan together, and implementing the plan.

look vastly different in a large umbrella organization than it will in a small non-profit staffed primarily by volunteers. In either case, however, the planning committee must include key staff as well as those at other levels who will be responsi-

Make it clear that planning is a priority and is not to take a back seat to crisis management.

Make it clear that planning is a priority and is not to take a back seat to crisis management.

Planning to Plan

The first step in the planning process is to realize that developing a strategic plan itself requires careful planning. Although creating a plan for planning may sound like a compulsive's dream, it is an essential step.

First, you need a clear idea of *why* you are thinking of undertaking a strategic

plan. The board of directors should also be involved; gaining their support early in the process will help to avoid nasty surprises as the plan unfolds.

You may find that your organization's needs and structure call for a series of task forces as well, to study specific issues such as financial planning, new services planning, and development. Especially if the organization is large or contains specialized departments, this type of structure makes sense. Putting small groups of

Planning has been compared to driving a car blindfolded, following directions from a passenger looking out the back window.

plan just now. Is fundraising your primary concern? Do you need to update your services or face new competitors? Or do you just need to develop sound plans to retain your present favorable position?

Knowing what areas to address and what your planning priorities are will focus the process. Obviously, no organization can make detailed plans for every aspect of its future, nor should you attempt to do so. However, a careful prioritization of issues will allow you to focus on the most pressing needs.

Begin to think about basic strategy issues. You may already have goals in mind based on your day-to-day life within the organization. If so, try to put them in writing. For instance: "We need to expand our volunteer base by 25 percent over the next two years," or, "Our priority is to find creative ways to stimulate individual donors so that monies received exceed this year's level by 10 percent." Articulating your preliminary thoughts on goals and strategies will help you focus your early planning efforts.

The next step is to develop an organizational structure for your planning endeavor. Naturally, such a structure will

people to work on well-delineated issues can make the large task of planning more manageable. Each group should be asked to focus on a well-defined issue, examine it thoroughly, and develop a set of recommendations. Periodic reviews of the work of all groups should prevent overlap or straying from the original assignment. While serendipity and creativity should be encouraged, the original assignment should not be neglected in the process.

Deciding whom to involve and in what capacity can be like treading in a political minefield. Some staffers will want to be involved every step of the way, while others will want no part of the effort. Knowledge of your cast of characters and organizational structure will be valuable tools. Whatever your scenario, you will need to set clear deadlines and expect concrete, reportable results. Developing creative ideas can be an enjoyable process, but groups need encouragement to follow through with the hard work of reality as well.

You should also prepare to provide the staff with some training and information on the potentially overwhelming and unfamiliar process of strategic planning.

Looking for Information

Once you have made a preliminary determination of your organization's key issues and devised a plan of attack, the next step is the search for information. You should collect two types of data—internal and external.

Internal information is that which is specific to the organization and its operations. Such data might include the number and demographic profile of clients served, a geographic map of the primary service area, past financial records, and information on referral patterns. If such information is not collected routinely in your organization, this is the time to begin doing so. Such data will prove essential for ongoing planning and evaluation purposes.

External data can be a great deal more difficult to collect and to trust than internal data. Information external to the organization, such as population trends and consumer profiles, can be costly to gather, and most organizations with limited budgets are forced to rely on outside sources and published data. It is often difficult to determine how the information was collected and what assumptions the collectors made. However, a trip to the library, contact with relevant government organizations, or perusal of professional publications will provide a starting point for knowing what is happening "out there."

Deciding what trends to track both within and outside your organization will help ensure that your good ideas and hunches are backed by facts. Be careful that your "gut feelings" don't turn out to be gas pains when put to the test of time.

In Conclusion

We have now looked at two of the eight key planning issues enumerated at the beginning of this article. Our next article will examine three more of these key areas. As we shall see, following the two steps described here will provide a firm foundation for making strategic plans and putting those plans into action. ■

NEXT TIME

Continuing in the same direction may spell disaster in a changing world. A strategic plan will help you make needed changes in your mission and services.

This is the second of three articles which focus on eight key considerations in developing a strategic plan: planning to plan, looking for information, charting organizational identity and direction, involving staff in the planning process, developing a marketing plan, looking at new services and old, pulling the plan together, and implementing the plan.

Part 2: Where Are You, and Where Do You Think You're Going?

The third key consideration for strategic planning is "charting organizational identity and direction." Every organization has unique features that distinguish it from all others, and answering certain basic questions are crucial in identifying and tapping into these characteristics. The nonprofit should ask itself, "What business are we in?" "What business do we want to be in?" "What will happen if we stay in exactly the same business?"

Staff involvement and ownership of the plan's development can mean the difference between success and failure. Therefore, the fourth key consideration, "involving staff in the planning process," is particularly important. "Developing a marketing plan," the next key consideration, must be part of the operation of all services rather than the specialized function of a select few.

Reprinted with permission of The Society for Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

Planning for Success: Strategic Planning in Nonprofits

Where Are You, and Where Do You Think You're Going?

by
Siri N. Espy

from
Nonprofit World
Vol. 6, No. 6
November/December
1988

PART 2:

Where Are You, And Where Do You Think You're Going?

Continuing in the same direction may spell disaster in a changing world. A strategic plan will help you make needed changes in your mission and services.

There are many steps in any journey, and the road to a meaningful and effective strategic plan is no exception. In the first article in this series, we discussed the first two of eight key concepts for developing a strategic plan—creating a plan for planning and finding information to provide a picture of the organization and the environment in which it operates. If you have done a thorough job on those two steps, you can address the tricky business of determining where you are and where you're going.

Siri N. Espy is the author of Handbook of Strategic Planning for Nonprofit Organizations (available to members of The Society For Nonprofit Organizations for \$29.75, plus \$2 shipping, and to non-members for \$35, plus \$2 shipping, from the Society's Resource Center, 6314 Odana Road, Suite 1, Madison, Wisconsin 53719). Ms. Espy is a management consultant who has worked in health care planning and administration. She presents workshops at national conferences, conducts management training for several colleges and universities, and currently has administrative responsibility for the "Building Better Boards" program at the Community College of Allegheny County. She may be reached at 5 Frances Drive, McKees Rocks, Pennsylvania 15136.

NONPROFIT WORLD, VOL. 6, NO. 6. Published by The Society For Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

Charting Your Organization's Identity and Direction

Every organization has unique features which distinguish it from all others. Clearly, no two mental health centers,

For example, a community college might state that it is in the business of "providing a two-year post-secondary education"; while accurate, such a definition is limiting. What if, instead, it defined its business as "providing educational services to adults"? Such a definition would encompass the non-credit courses, semi-

Social service agencies have had to shift services to deal with emerging problems such as teen pregnancy, latchkey children, and AIDS.

hospitals, arts organizations, or museums are exactly alike. Each will differ in terms of mission, specialty, staff, funding, and general personality. Identifying and tapping into these individual characteristics are important parts of planning. The organization must be able to answer three fundamental questions:

What Business Are We In?

While this may seem a simple question with an obvious answer, most nonprofits perform several services and may serve several populations. How these services are defined will make quite a difference.

nars, and training contracts from which many such colleges generate a significant portion of their business.

Many organizations taking stock of their present activities find that they have drifted afield of their original mission and are now in a differently defined business. It may be necessary to enumerate all the activities carried out by the organization to obtain a comprehensive picture of the business(es) in which it is engaged.

What Business Do We Want to Be In?

Many organizations have hopes and dreams of what the future will hold. Tak-

ing an imaginary trip through time and envisioning what your organization might look like in five years can help you focus on future possibilities and the feasi-

the difference between success and failure as the plan is developed and implemented. An important rule of thumb is to involve in the planning process all those

People in search of a pleasurable Sunday afternoon might seek the services of a zoo, museum, library, or planetarium—different nonprofits all competing at that moment for patrons.

bility of branching out. There may be opportunities for expanding or even changing your organization's mission in order to serve your clientele more effectively or expand into new areas of service whose time has come.

What Will Happen If We Stay in Exactly the Same Business?

Continuing in the same direction can spell disaster in a changing world, and an

with direct responsibility for implementing the plan. Being open to input will not only yield good ideas and wisdom, but it will also reduce the possibility of discontented staffers sabotaging your carefully laid plans.

Planning implies change, and most people feel threatened by change. A planning effort can trigger a scurrying for turf just as easily as it can bring the

The planner should be on the lookout for sabotage, reluctance, and negative attitudes toward the planning process.

effective plan will address needed changes in mission and definition of activities. Many hospitals, for example, have expanded into the daycare business to attract and retain qualified nurses. Others have opened outpatient surgery clinics to keep abreast of changes in technology and reimbursement. Social service agencies have had to shift services to deal with the increase in elderly Americans and emerging problems such as teen pregnancy, latchkey children, and AIDS.

Even a successful organization which decides that its primary goal is to remain in the same business must work to maintain its favorable position in a changing environment. Doing your homework in terms of changes in the environment and your organization's position in that environment should help you examine the consequences of standing still.

Looking At People Issues

Most nonprofits are people-dominated, "high-touch" organizations which would list their staffs among their greatest resources. These people should be at the heart of the plan's development. The way they relate to the process can spell

staff together for the good of the organization. The planner should be on the lookout for sabotage, reluctance, and negative attitudes toward the planning process. Recognizing the threat of change and helping staff to see it as exciting and dynamic rather than destructive to a beloved status quo are important planning skills.

Focus on Marketing

One essential ingredient in any strategic plan is the development of a sound marketing plan. Looking at marketing in the broad sense of finding consumer needs and filling them is smart strategy in itself. Organizations must move toward a marketing orientation in the realization that no idea is a good idea unless it fills the wants and needs of those the organization serves. In addition, marketing should be thought of as part of the operation of every service rather than a specialized function to be carried out by a select few. A customer-centered orientation is good business and should be made a part of any strategy for success.

Data on whom the organization already serves, and how it serves them, will

provide a starting point for a market analysis. Nonprofit marketing differs from corporate marketing in some significant ways; for instance, alcoholism treatment programs would not team up with breweries to promote more drinking and therefore a bigger market for the services of each. But knowing whom you are targeting and how they might be reached will be a vital part of your marketing strategy.

A careful identification of present and potential markets is an important part of planning. Efforts must be targeted; it is easy to say, "We serve everybody," but in truth certain programs and services may be specifically aimed at certain types of clients or customers. In addition, new markets can be found for existing services. Much as the manufacturers of baby shampoo began targeting athletes and frequent shampooers when the birthrate declined, your organization may determine that there are types of consumers not currently being served who might be targeted for future efforts.

Another important marketing step is to analyze the competition. Although in an ideal world all nonprofits would work in tandem to best serve those in need of their unique resources, in fact nonprofits face competition not only from similar organizations but dissimilar ones as well. People in search of a pleasurable Sunday afternoon might seek the services of a zoo, museum, library, or planetarium—different nonprofits all competing at that moment for patrons. Knowing who is in the running for donor dollars, consumers, grants, and public acceptance can help you develop a plan for bringing in your share of the resources and carving out a niche distinct from the competition.

The Eight Steps

We have now looked at five of the eight key elements in strategic planning: planning to plan, looking for information, charting an organizational identity and direction, involving the staff, and developing a marketing plan. The last three important steps—evaluating new and existing services, pulling the plan together, and implementing the plan—will be addressed in the next issue. ■

NEXT TIME

Peter Drucker said, "Even good ideas must sooner or later degenerate into work." Now that you've had the fun of developing new ideas, how do you carry them out? Our next article will explain how to put your strategic plan into action.

This is the third of three articles which focus on eight key considerations in developing a strategic plan: planning to plan, looking for information, charting organizational identity and direction, involving staff in the planning process, developing a marketing plan, looking at new services and old, pulling the plan together, and implementing the plan.

Part 3: Putting Your Plan Into Action

The sixth key consideration in strategic planning is "looking at new services and old." Even successful organizations need to include periodic assessments in the planning effort. When planning to expand services, you should focus on the organization's current strengths and how they can be enhanced through product development, market development, market penetration, or diversification. New services should be analyzed for benefits, drawbacks, and impact on the organization's resources.

The next key element is "pulling the plan together," or creating a unified whole from all of the pieces each person or sector is working on. This may be done on retreat or in a series of long meetings. The plan is envisioned based on what the future might hold and how pieces of the puzzle best fit together.

The eighth, final, and perhaps most difficult step in the strategic plan is "implementing the plan." It is important to provide specific operational details on how the plan is to be implemented, when, and by whom. Keeping in mind these key concepts, conducting regular reviews of progress, and a lot of hard work will ensure that implementation is successful.

Reprinted with permission of The Society for Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

**Planning for
Success:
Strategic
Planning in
Nonprofits**

**Putting Your
Plan Into Action**

by
Siri N. Espy

from
Nonprofit World
Vol. 7, No. 1
January/February
1989

PART 3:

PUTTING YOUR PLAN INTO ACTION

Now that you've turned your dreams into a strategic plan, it's time to make that plan a reality. Here are the final steps in the strategic planning process.

Strategic planning may be compared to making a deposit in a retirement fund: While you may be tempted to spend all your resources on projects that will yield immediate gratification, you must devote time and energy to planning for the future. In the

past two articles in this series, we have examined the need for a thorough plan for planning, information needs in planning, organizational identity and direction, people issues, and marketing as an essential ingredient in strategy. These areas are important to keep in mind as you finalize and implement your plans.

strengths. There are a number of ways to build on your present portfolio of services and markets. One way is through *product development*, finding new "products" for existing clientele. For example, an organization with a successful program for retarded children could decide to offer additional services for retarded

Siri N. Espy is the author of Handbook of Strategic Planning for Nonprofit Organizations (available to members of The Society For Nonprofit Organizations for \$29.75, plus \$3.50 shipping, and to non-members for \$35, plus \$3.50 shipping, from the Society's Resource Center, 6314 Odana Road, Suite 1, Madison, Wisconsin 53719). Ms. Espy is a management consultant who has worked in health care planning and administration. She presents workshops at national conferences, conducts management training for several colleges and universities, and currently has administrative responsibility for the "Building Better Boards" program at the Community College of Allegheny County. She may be reached at 5 Frances Drive, McKees Rocks, Pennsylvania 15136.

In the words of Peter Drucker, "Even good ideas must sooner or later degenerate into work."

Evaluating New Services and Old

All services, regardless of their success, require periodic assessment as part of the planning effort. Look for possible improvements you might make, along with changes dictated by shifting demographics or social realities. Consider what the service looked like five years ago or might look like five years in the future.

When planning to expand your services, focus on your organization's current

children, taking advantage of its strength with that market or set of consumers. Alternatively, it could choose a *market development* strategy, concentrating on the success of its program and offering a similar service to a new market, such as emotionally disturbed children or retarded adults.

Another strategy is *market penetration*: you may decide simply to serve more of the same type of consumers with the same type of service. Market penetration may be an excellent approach for an organization whose success has been in doing the common thing uncommonly well.

Finally, for the more adventurous, there is the strategy of *diversification* into new areas of service and new markets, such as the unrelated for-profit businesses some nonprofits are adding in the process of corporate restructuring.

New services are exciting, but they can also be time-consuming and disruptive, much like any new arrival in the family. If you are contemplating a move in a new

programs, and so on. These criteria will make it easier to tell a good idea from a bad one according to your organization's needs.

You should also perform a *pro-con analysis*, systematically exploring the drawbacks as well as the benefits of a new idea before you commit yourself to it. Listing the reasons not to proceed and finding ways to cope with these obstacles

is clearly an art of envisioning what the future might hold and how pieces of the puzzle best fit together.

Contingency plans need to be developed in areas where future uncertainties make goal-setting difficult. Upcoming changes in legislation, funding, or the competitive picture may necessitate alternative plans. Although a good plan is never cast in concrete, it is a good idea to keep likely changes in mind as you make your plans.

Finally, it is time to present your plan to your staff, board of directors, funders, and other interested publics. This presentation calls for a "zippy," short version of the plan, outlining the major strategies. This version can be an effective PR tool as well, as your organization brags about the bright future it has forged for itself.

You should also create a more detailed, operationalized version of the plan for use by those within the organization. This plan will serve as a guide to decision making and as a tracking mechanism as the plan is implemented.

C. Northcote Parkinson tells us, "Perfection in planning is a symptom of decay."

direction, be sure to check out the anticipated market first. You may need to develop a set of criteria for evaluating new ideas; these criteria might include public image requirements, specified revenue potentials, compatibility with existing

can help you avoid committing resources to a losing proposition.

It is also important to realize that a new service, no matter how strategically beneficial, can be a drain on resources. You need to plan for that drain and be sure that it can be absorbed without threatening the security of the organization.

Pulling It All Together

For many organizations, the work of strategic planning represents the collective efforts of many people. Pulling this work together into a meaningful whole and developing a unified strategy can be an awesome task. You may find it useful to hold a retreat or a series of long meetings to hammer out approaches. At this time you can look at possibilities raised during the planning process, subject these ideas to a final scrutiny, and determine whether they are in fact workable.

The adoption of some elements of the proposed plan may preclude or postpone the implementation of others. For example, your organization may have decided that publishing educational literature and developing a speakers' bureau both fit into your goal of becoming more visible and a leader in the field. At this stage, it is helpful to look at how these goals fit the requirements of existing programs and see if they are compatible with one another. Some projects will need a pilot-test or phase-in period, and others may need to be placed into the more distant future or made contingent on the success of other parts of the plan. Here, planning

Living With the Plan

The most difficult part of any planning effort is the implementation phase. It is often easy, fun, and exciting to develop new ideas and think about how they might be carried out. However, in the words of Peter Drucker, "Even good ideas must sooner or later degenerate into work," and it is here that many organizations' planning efforts fall apart.

No strategic plan is complete without specific, operational details on how the plan is to be implemented, when, and by whom. It is good policy to schedule regular reviews of the plan, asking the following questions:

- "Did we do what we said we would do during the last planning period?"
- "Does it still make sense to carry out the part of the plan which comes next?"
- "Are there new elements which should figure into our plans at this point?"

Regular meetings on at least a quarterly schedule are needed to answer these questions.

An important final lesson is taught by C. Northcote Parkinson, who tells us, "Perfection in planning is a symptom of decay." No organization can hope to "get it right"; at best, planning is the art of speculating about favorable future moves and making a series of "go/no go" decisions during the implementation phase.

Planning is never finished. An effective organization will recognize that a perpetual cycle of planning, implementation, and evaluation is the soundest possible strategy for the future. ■

All organizations engage in some kind of planning, even if they do it badly--such as hastily throwing together a budget for a board meeting. Solid planning is no longer a luxury for nonprofits but a necessity because of increasing complexity and competition for funding.

This article outlines one general approach to comprehensive (or strategic) planning which includes the following:

- 1) forming a planning group of 10-20 key members of the organization that actively engaged in all phases of the process;
- 2) updating and clarifying the organization's mission statement in writing;
- 3) reviewing the strengths, weaknesses, opportunities, and threats of the organization;
- 4) identifying a limited number of attainable strategic projects; and
- 5) assessing, following up, and modifying the plan on a regular basis.

Contains a helpful planning checklist and references.

Reprinted with permission of The Society for Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

Planning by a Nonprofit Should Be Very Businesslike

by
Richard S. Nelson

from
Nonprofit World
Vol. 8, No. 6
November/December
1990

Planning By a Nonprofit Should Be Very Businesslike

A businesslike strategic plan is crucial to every nonprofit organization today. Here are steps to a successful plan.

By Richard S. Nelson

With economic and demographic trends putting unprecedented pressures on nonprofit organizations, effective planning has become critical. Yet most nonprofits are poor planners. Their CEOs (or executive directors) will admit to the problem, and most offer the same excuses: "We don't have the time. We don't have the money. Our funding is too unpredictable." Many also argue that their organizations lack the middle-management talent to support sophisticated planning.

This very reasoning strongly supports the case for a formal planning effort. If prepared properly, such a plan will ultimately create more time for managers and improve financial performance. In addition, planning is a superb vehicle for training and motivating those who participate in the process.

All organizations engage in some kind of planning, even if they do it badly. Hastily throwing together a budget for a board meeting is a common stab at it. But

the functions and environments of most nonprofits continue to grow increasingly complex. Competition for funding is keener every year. Attracting volunteers is becoming tougher. Solid planning is no more a luxury for a nonprofit organization than it is for a for-profit business. A well-crafted plan is a signal of management competence and one of the best avenues to increased financial support.

The remedy for poor planning is neither complex nor mysterious. It does require a serious commitment by the CEO and the board of directors. Before beginning, a fundamental understanding of the process is essential. There should be no delusions that the so-called "quick fix" will suffice.

The exercise demands a cooperative investment of time and labor by a team of key managers and staff. It can be stimulating—even fun. Among participants, the process can foster an "institutional view," a perspective that contributes enormously to management effectiveness.

The final plan should serve as the primary guide for managing and operating your organization. Indeed, a thorough planning effort is likely to become the most beneficial and long-lasting management initiative your organization ever undertakes.

Richard S. Nelson is associate professor of administrative science at the University of Pittsburgh-Bradford (300 Campus Drive, Bradford, Pennsylvania 16701, 814-362-7500). He has taught finance and management at the graduate and undergraduate levels for 13 years. He also provides management consulting services to a variety of nonprofit organizations.

NONPROFIT WORLD, VOL. 8, NO. 6. Published by The Society For Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

The Comprehensive Approach to Planning

What follows is a generalized description of a process often termed "strategic"

or "comprehensive" planning. This is one model. There are others, but most contain the same critical ingredients. Some variation of this approach has been employed with regular success by businesses and nonprofits alike. (The definitive exposition of the entire process of formal planning, with an obvious business slant, is contained in George Steiner's *Strategic Planning: What Every Manager Must Know*. Also see D. Kerry Laycock's "Are You Ready for Strategic

you understand the planning approach prior to launching the effort. What you gain from the process itself will be as important as the plan you produce.

Participation by the Board

Nonprofits create a strategic plan in much the same way as well-run businesses do—with one important dif-

or smaller units, often an effective way to accomplish interim tasks.

The CEO invariably plays a central role in the planning group's work. This role can easily become too dominant, which is another argument for using outside consultants to help facilitate.

As with any collaborative management exercise, an informal tone produces the best results. The important initial meetings of the group, if at all possible, should be scheduled "off-site," away from the phone calls and daily distractions of the office.

All organizations engage in some kind of planning, even if they do it badly.

Planning?" for an overview of what you need to do before you undertake any strategic planning process. See "Selected References" on page 27 for details).

A written strategic plan begins with an organizational vision or mission and concludes with a series of projects or action steps. Once agreed upon, these projects are described with detailed budgets, precise schedules, and assigned responsibilities.

Obviously, formal planning will identify certain actions that your organization would have undertaken anyway. Other actions will be scheduled as an exclusive outgrowth of the process. The purpose of the whole exercise is to identify necessary actions, place some kind of relative priority on them, and, ultimately, to carry them out systematically. Comprehensive planning draws a clear, inevitable connection between your current actions and your strategic mission.

Most nonprofits find it easier to develop their first formal strategic plan if they hire experienced outside consultants. While those who run growing nonprofits often possess the attributes of the successful entrepreneur, they frequently lack the skills and techniques of the good general manager. CEOs may be talented and energetic, but they often approach a strategic plan as yet another project to get out of the way. There is a common tendency to fail to recognize the distinct stages of the process. Good consultants bring valuable experience and a measure of objectivity to the initial attempt at formal planning.

However, good management consulting is expensive and not that easy to find. Strategic planning consulting requires numerous visits over a period of weeks or months. Depending on the size of the organization and the caliber of the consulting help, the cost can range from several thousands to tens of thousands of dollars.

Whether you use outside help or move ahead on your own, it is crucial that

ference. Unlike businesses, nonprofits usually have an active board of directors to which the CEO is regularly accountable. As with managers and staff, board members can receive a valuable education and gain an increased commitment to the organization by participating in the strategic planning process. Board members from the business community can

CEOs may be talented and energetic, but they often approach a strategic plan as yet another project to get out of the way.

bring useful managerial insight to the effort. Be sure to take advantage of this unique asset.

Step 1: Form a Planning Group

At the outset, identify a working collection of key members of the organization as a planning group. You probably have some kind of "management team" already in place to use as the group's core. Your group should contain as many managers, key professional staff members, and department supervisors as possible. Your board's executive committee also offers excellent prospects for your planning group.

There is no magic number, but your planning group should probably not include more than 20 people. Meetings should actively engage all participants, and large groups are unwieldy. Conversely, assembling fewer than 10 may make it difficult to form subcommittees

page 36). Rather than beginning to plan by focusing on financial results, as corporate managers are inclined to do, nonprofits normally have a good sense of their primary purpose. Such a focus on mission is essential to a good strategic plan.

The first task for the planning group, then, is to reach a consensus on the organization's mission. To help group members with this step, provide them

WHO USES PLANNING?

How many nonprofit organizations actually use formal planning? What problems and benefits have they found with the planning process? Look for the results of a survey on planning, coming up in *Nonprofit World*.

with basic information about your organization, including original mission and services. For an overview on how to reach a consensus, see "Making the Best Decision" on page 28.

After reaching this consensus, group members should then declare the mission in a written statement. It should be brief (limited to one paragraph, if possible), clear, and specific. Avoid pleasant sounding generalities. Everyone is striving for "excellence" these days. Don't aim to "benefit the community." Language so vague can't offer any direction.

On the other hand, asserting that a primary goal of your organization is to provide "effective alternative education for adolescents in a two-county region" can serve as part of a legitimate strategic focus. Even this statement, however, requires careful reflection. Does your planning group agree on what "effective" means? Can you measure it? (You should be able to do so). Is your objective distinguishable from those of other providers? Once you and your board agree on a clearly stated mission, consensus on action and budgets will be more easily achieved.

Step 3: Assess Your Current Status

Next, make a careful review of the current situation, both inside and outside your organization. This exercise is often termed a "situation audit," "situation analysis," or "SWOT analysis." SWOT stands for "strengths," "weaknesses," "opportunities," and "threats"—the four factors you want to identify in relation to your organization. (See "Checklist for Strategic Planning" on page 27).

First, look inward. What are your organization's strengths and weaknesses? Assemble some basic historical data about your organization for the planning group to study, but don't overwhelm the group with too many pages of narrative and numbers. A brief financial review is useful. Be sure to share budgetary or other forecasts with the group.

Some organizations must confront significant internal problems that may keep new actions from being successful. An immediate financial crisis, severe morale problems, or profound breakdowns in communications are typical issues in this category. Such problems must be openly addressed and incorporated into the process. (In some cases, these problems may be so severe that the strategic planning process will have to be delayed. See Laycock's "Are You Ready for Strategic Planning?" in "Selected References").

You should also look outward, identifying opportunities and threats in the external environment. Review the regula-

tory, competitive, and economic factors which influence your organization. State and national associations are good sources of information, providing relevant statistics and highlighting industry conditions. Also explore future trends and emerging developments in your field. For example, a hospital might include an analysis of health insurance developments.

A look at the competitive environment is just as appropriate for a non-profit organization as it is for a for-profit business. It is quite likely that there are other nonprofits providing similar services. Who makes up the primary competition? How do they stack up against your organization? What are the critical factors determining success in this environment? Keep in mind that the strategic plan emerges from an examination of external opportunities—and threats—in relation to the strengths and weaknesses of your organization.

At this time, you may wish to conduct a preliminary examination of a broad range of strategic projects. The purpose is to generate a list of existing or potential

tions can successfully accomplish more than a handful of major new endeavors.

Also, be sure to categorize each functional project into a specific operational area. For example, you might position a project to recruit new staff or to provide professional development under "human resource management." Under "finance," you could schedule a project to improve the timeliness and accuracy of budgets. Under "marketing," you could place a project to produce promotional literature about your organization.

It is vital that your written description of each plan be clear and precise. Under each functional area, briefly describe individual actions. Carefully explain the purpose of each action and the likely consequences of failure to carry it out. Note actions that hinge on other projects.

For each action, include a schedule, with a start date and a target for conclusion, and a budget, estimating both operational and capital expenditures. Someone should be assigned primary responsibility for completing each action.

The entire plan should pass through one or more draft phases, during which

Don't aim to "benefit the community." Language so vague can't offer any direction.

organizational initiatives. A YMCA might consider day care for the first time. A drug and alcohol treatment center might consider new or expanded residential facilities. A hospital could contemplate a unique coronary care program. Your first attempt to consider an array of actions should be relatively uninhibited and imaginative. Later, in Step 4, you will refine this list to a manageable number of projects.

Step 4: Identify Strategic Projects

Now it is time to identify strategic actions or projects. At this stage, larger organizations may establish more general, long-range objectives and policies before creating specific programs. Whatever your organization's size, the final outcome of your formal planning effort should be a series of functional plans. Take care to ensure that the number of initiatives is limited. Very few organiza-

planning group members should offer appropriate revisions. Once printed, be sure that the final plan is prominently distributed.

Step 5: Monitor and Follow Up

A strategic plan requires regular review and modification as conditions change. It is not a static document. Some have the mistaken notion that because their organizations operate in an environment of uncertainty and flux, planning is not practical. To the contrary, a good plan will include actions that enable your organization to react more effectively to changing circumstances.

A master schedule is an effective way to oversee the plan. Board meetings offer an opportunity to review its progress. The periodic assessment of the current plan should move the CEO into the next planning cycle. Subsequent attempts at planning will be decidedly easier and less time-consuming than the first attempt.

The Goal: A Successful Mission

Every organization, whether a for-profit or a nonprofit, should regularly assemble its key personnel. These key people should conscientiously reflect on the mission of the organization and create an operating agenda which reflects that mission. Organizations that do so are engaging in strategic planning. They are also greatly increasing the likelihood that they will accomplish their mission. It's just that simple. ■

Selected References

Anthony, William P., "Effective Strategic Planning in Nonprofit Organizations," *Nonprofit World*, July–August 1984.

Barry, Bryan W., *Strategic Planning Workbook for Nonprofit Organizations*.

Below, Patrick J., George L. Morrissey, and Betty L. Acomb, *The Executive Guide to Strategic Planning*.

Bryson, John M., *Strategic Planning for Public and Nonprofit Organizations*.

Cathcart, Jim and Tony Alessandra, "Build the Organization You Would Like to Have," *Nonprofit World*, March–April 1984.

Espy, Siri N., "Planning for Success: Strategic Planning in Nonprofits," three-part series,

Nonprofit World, September–October 1988 through January–February 1989.

Espy, Siri N., *Handbook of Strategic Planning for Nonprofit Organizations*.

Fox, Harold, "Planning: The Key to Nonprofit Success," *Nonprofit World*, January–February 1984.

Kotler, Philip and Alan R. Andreasen, *Strategic Marketing for Nonprofit Organizations*.

Laycock, D. Kerry, "Are You Ready for Strategic Planning?," *Nonprofit World*, September–October 1990.

Muehrcke, Jill, ed., *Management and Planning, Leadership Series*.

Newman, Harvey, William O'Reilly, and Alfons Van Wijk, *Self-Evaluation and Planning for Human Service Organizations*.

Steiner, George, *Strategic Planning: What Every Manager Must Know*.

Steeple, Douglas W., *Successful Strategic Planning: Case Studies*.

Stone, Susan C., *Strategic Planning for Independent Schools*.

Strategic Planning Workbook for Nonprofit Organizations, Management Support Services, Amherst H. Wilder Foundation.

Weber, William, Bart Laws, and Suzanne Weber, "Real World Planning: Fresh Ap-

A thorough planning effort is likely to become your most beneficial management initiative.

proaches to Old Problems," *Nonprofit World*, March–April 1987.

York, Reginald O., *Human Service Planning: Concepts, Tools & Methods*.

These publications are available through The Society For Nonprofit Organizations' Resource Center. Members of the Society receive discount prices on Resource Center books. For more information, contact the Society's Resource Center at 6314 Odana Road, Suite 1, Madison, Wisconsin 53719 (608-274-9777).

Checklist for Strategic Planning

1. What is the mission of your organization?
2. Conduct a situation analysis or SWOT analysis.
 - A. Internal strengths
 - Strength:
 - Strength:
 - Strength:
 - B. Internal weaknesses
 - Weakness:
 - Weakness:
 - Weakness:
 - C. External opportunities
 - Opportunity:
 - Opportunity:
 - Opportunity:
 - D. External threats
 - Threat:
 - Threat:
 - Threat:
3. Identify critical issues for the future. Refer to the SWOT analysis above.
 - A. What are the issues? Phrase each as a question about which your organization can take some sort of action.
 - Issue a:
 - Issue b:
 - Issue c:
 - Issue d:
- B. For each issue in 3A, answer: What makes it an issue? What are the consequences of not addressing this issue?
 - Issue a:
 - Issue b:
 - Issue c:
 - Issue d:
4. Taking into consideration the history, current position, and future trends of your organization, state your vision of the field you represent for the next two to five years.
5. Develop a strategy for your organization by noting what actions must be taken within the next 12 months to begin implementing a strategic plan and who will be responsible for the actions. Consider services, facility, funding, and staffing.
 - A. Action:
Person responsible:
 - B. Action:
Person responsible:
 - C. Action:
Person responsible:
6. What impact does your strategic planning have on the management style practiced within your organization?
7. What resources (people, facilities, funds, etc.) are needed to support your strategic planning and your strategic management? What impact will this have on your organization's budget?

This checklist was prepared by Vicky Weier, administrator, Colonial View Apartments, and Marti Sopher, director, Colonial Club Senior Center, Madison, Wisconsin.

This article summarizes the results of a study of nonprofits as to whether or not they do planning, as well as the problems and benefits for those who do. The author points out that sharing this kind of information shows nonprofits the kinds of experiences other organizations are having with planning and that they are not alone in the difficulties they face. Recognition of the value of planning is growing among nonprofits and hopefully, organizations can learn from each other. Specific benefits of planning include:

- 1) forcing the organization to think beyond day-to-day issues;
- 2) showing whether or not all of the people involved have the same vision of the organization;
- 3) helping to anticipate situations that may occur and preparing the organization to respond; and
- 4) demonstrating to potential funding sources that the organization is thoughtful enough to look ahead.

Includes references.

Reprinted with permission of The Society for Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

Planning--Benefits and Problems:

Results of a Study

by

Homer Dalbey

from

Nonprofit World,

Vol. 9, No. 1

January/February

1991

Planning—Benefits Results

How many nonprofits use formal planning?
What problems and benefits have they found with
the planning process? A survey provides insights.



Homer Dalbey is a faculty member of the Department of Management and Marketing, School of Business, San Francisco State University (1600 Holloway Avenue, San Francisco, California 94132). Ten years ago, Dr. Dalbey developed a graduate course in marketing for nonprofit groups and continues to teach that course today.

From 1968 to 1970 he was a marketing economist for Bank of America in the San Francisco headquarters. Before he joined the Bank, Dr. Dalbey was a research associate at Marketing Science Institute in Philadelphia. He is co-author of *Advertising Measurement and Decision Making*, a book describing a research study carried out at the Institute and published in 1968 by Allyn and Bacon. He received his undergraduate education at Indiana University and did graduate work at the University of Illinois and Northwestern University.

NONPROFIT WORLD, VOL. 9, NO. 1. Published by The Society For Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

By Homer Dalbey

Recent articles in *Nonprofit World* have explored the questions "Are you ready for strategic planning?" and "What are the steps to a formal plan?"¹ When we look at all the difficulties of planning, it may be surprising that as many nonprofit groups engage in planning as they do.

To learn how widely nonprofits have adopted planning, we conducted a survey among a sample of nonprofit groups in California. A questionnaire was mailed to a random sample of 300 nonprofit groups.²

The basic question asked in the survey was whether the group was using some type of formal planning. For this study, formal planning was defined as any procedure that resulted in a written document stating (1) goals (or objectives) for the organization, (2) priorities among these goals, and (3) dates by which the goals were to be accomplished.³

Of the 300 groups surveyed, 67 organizations responded. Of these, 37—or slightly more than half—said they had a formal planning procedure. The remaining respondents did not use planning, although several said they were considering it or that they presently were developing a plan.

A Diverse Sample

The groups that did use planning⁴ categorized their emphasis as (1) performing arts and culture; (2) environmental quality and protection; (3) physi-

cal or mental health; (4) human services (consumer protection, housing, youth activities, etc.); (5) social action or advocacy; and (6) an "other" category that included religion, historic preservation, etc. The majority of the responses (70.3 percent) came from three categories: physical or mental health, human services, and performing arts and culture.

The sample of organizations was diverse not only with respect to type of activity but also budget size, which ranged from under \$100,000 to over \$10 million. The majority (73 percent) had budgets of \$500,000 or less, while 18.9 percent had budgets of \$1 million to \$10 million, and 8.1 had budgets that exceeded \$10 million.

How Do Nonprofits Use Planning?

Most of the groups that used planning said that it was a well-established function. More than half said they had been doing planning for three years or more. For 13 percent, however, the current year was their first experience with the planning process. Plans typically covered a one-year period; those that extended for more than a year usually were revised annually.

Planning was clearly a senior staff function. Usually it was handled by a board of directors, a president, an executive director, or a long-range planning committee. One group even had a vice president of communications and plan-

and Problems of a Study

quently as planning functions included the following: deciding how to price the organization's services; scheduling events; arranging social activities for staff and volunteers; planning physical facilities for the organization; selling tickets or merchandise; and determining how to replace capital equipment, such as vehicles.

Follow-Up

Almost half the organizations said they made a point of comparing their operations against statements in their plan "very closely" to determine how well they were carrying out the plan. Only one organization said it did not track operations against its plan, while the remainder viewed their monitoring as "somewhat close" or "only partial." When asked why the organization did not track its progress as closely as it might, the responses reflected a lack of time and the pressure of other activities, the difficulty of getting volunteers to do that kind of follow-up work, and a changing board membership that limited the amount of continuity an organization could achieve.

Several quotes from respondents illustrate the problems they encountered. One said, "The staff is too busy with day-to-day business to plan ahead or carry out activities other than immediate tasks." Another commented, "The volunteers

ning who handled the planning responsibility. These individuals or groups frequently were assisted by other committees or staff members as needed.

Almost half the groups made their plan available to anyone who wanted to see it, including corporations or foundations from whom they were seeking support. The others were more restrictive, limiting the plan to board members or senior management people. Some groups also supplied the plan to middle level managers, or to members or donors.

The majority of plans assigned priorities among the organization's goals or objectives. They also allocated resources (money and people) to specific activities and specified dates by which an activity was to be completed. In addition, the plans stated the results that were expected from the activity and indicated how results would be measured.

Major Parts of the Plan

What items did nonprofits include in their plans? First, virtually every plan dis-

cussed how resources should be allocated. Most of the plans also focused on the group's services, with emphasis on whether additional services could or should be offered.

An equally important item in plan-

Planning "is very useful for fundraising, but difficult to carry out in practice because we don't have enough staff."

ning was how to publicize the group's services to potential users. Other elements that a majority of respondents incorporated into their plans were board and staff development, membership development, and fundraising. In this case, fundraising included annual giving programs for individual donors, specific fundraising events, and efforts to obtain support from corporations, foundations, and government.

Areas that were mentioned less fre-

used to develop the plan are not the volunteers at the time of review, and sometimes the folder with details of the plan is lost, or some points aren't understood." A third said that "intervening crises" prevented the group from doing the follow-up and evaluation that should be carried out.

The Value of the Plan

When asked about the plan's value to the organization, two-thirds considered it "extremely useful." Nearly all the remaining one-third said it was "somewhat useful," and only one organization believed its plan was "not very useful."

In explaining the value of their plan, the organizations offered a range of responses. Many saw planning as "keeping our organization on track" and "giving us direction." One group said planning "in-

To realize that carrying out a plan is a considerable effort for any organization, for-profit or nonprofit, may be encouraging in itself.

creases our program credibility and cost effectiveness and enables funders to see what they are purchasing." Another organization noted the importance of the discipline provided by planning: "It makes us focus, and decisions can be made more rationally rather than operating by whim." In the same vein, one organization said its plan "establishes expectations, names responsible parties, and establishes a deadline." An administrator for one organization said the plan "determines my job description, my assignments."

Other comments were less supportive of the value of planning. One organization explained, "We have an overall vision for the year, but because we are responding to changing political developments, we often take big detours." Another said, "Planning influences direction in the smallest way. Money, staff, leadership, and unforeseen events have a greater influence." One other respondent acknowledged the problems of implementing a plan, saying "it is very useful for fundraising, but difficult to carry out in practice because we don't have enough staff."

Time Well Spent

By reporting the planning attitudes and practices of these nonprofit organizations, there is no intent to make a judgment about how a group *should* carry out its planning. Individual circumstances will determine that. The purpose of this article is simply to share information and to show nonprofits the kind of experience that others are having with planning. The result may be that some groups will realize they are not alone in the difficulties they face with planning. To realize that developing and carrying out a plan is a considerable effort for any organization, for-profit or nonprofit, may be encouraging in itself. That knowledge may help an organization convince itself that, despite the obstacles, a plan really

is no surprise that such planning leads to effective operations.

Yet the actual job of formulating and implementing a plan is difficult, regardless of the benefits. Planning takes time and attention away from more immediate issues, such as finding resources to serve the organization's clients. For some groups, those immediate issues may take precedence, because dealing with today's

This survey may help nonprofits realize they are not alone in the difficulties they face with planning.

crises can be satisfying in a more tangible way than experiencing the more distant benefits of planning. Calling attention to these practical problems is not intended to deny the underlying value of planning but only to acknowledge the hurdles involved.

One nonprofit manager commented to the author that when he first asked his department heads to write annual plans, the results were very superficial statements. However, each successive year's plans have gotten better, he said. The department heads have realized that the manager considers planning an important part of their job, and as a result their plans have become more detailed and more realistic. One of the criteria this manager uses to evaluate a plan is whether it provides a basis for allocating resources—money, people, and facilities. If the plan doesn't affect decisions concerning resources, he believes the plan is simply "window dressing."

Lovelock and Weinberg believe it is the rare nonprofit plan that actually influences resource allocation and managerial decision-making.⁵ However, they suggest that recognition of the value of planning is growing. The typical stages through which planning moves, in their

of planning include the following:

- It forces the organization to think beyond day-to-day issues and to focus on where the organization is heading.
- It shows whether all the people involved have the same vision of the organization's future. If not, it provides a starting point for resolving differences.
- It helps anticipate situations that may occur and enables the organization to

decide how to respond.

- It demonstrates to potential funding sources that the organization is thoughtful enough to look ahead and thus increases the chances for receiving funding.

In short, planning gives the organization more control over its own future by helping it anticipate events rather than simply react to them. As this study has shown, many nonprofit organizations are discovering that this benefit outweighs the costs. ■

Footnotes

*1D. Kerry Laycock, "Are You Ready for Strategic Planning?", *Nonprofit World*, September–October 1990, and Richard S. Nelson, "Planning By a Nonprofit Should Be Very Businesslike," *Nonprofit World*, November–December 1990.

*2These groups were selected from the "Registry of Charitable Trusts" maintained by the state of California. This registry was the most comprehensive listing of California nonprofit groups available. Although data are limited to California nonprofits, it seems reasonable to assume that planning approaches used in California can be generalized to organizations in other states.

*3For a thorough description of planning as it applies to nonprofit groups, see Philip Kotler and Alan R. Andreasen, *Strategic Marketing for Nonprofit Organizations* (Englewood Cliffs, N.J., Prentice-Hall, Inc., 1987), 3rd ed., Ch. 5, "The Strategic Marketing Planning Process."

*4All the remaining data discussed in this article are based on the 37 groups that said they had a formal planning procedure.

*5Christopher H. Lovelock and Charles B. Weinberg, *Public and Nonprofit Marketing* (Redwood City, Calif., Scientific Press, 1989), 2nd ed., p. 103.

*Starred publications are available from The Society For Nonprofit Organizations' Resource Center. Members of the Society receive discounts on all orders. For more information, contact the Society's Resource Center at 6314 Odana Road, Suite 1, Madison, Wisconsin 53719 (608-274-9777).

"The staff is too busy with day-to-day business to plan ahead or carry out activities other than immediate tasks."

can be a valuable device.

The reasons most often given by these nonprofits for using planning were the ones that might be expected—providing direction and discipline and helping make decisions rationally rather than by whim. These comments reflect the kind of orderly thinking that corresponds with logical rather than impulsive behavior. It

view, is from "no plans, to budgets, to formal plans of increasing rigor."

A summary of the ways in which planning can aid nonprofits may help managers convince themselves or their board or staff that their time will be well spent in going through the steps of putting together a plan, even if the experience is initially uncomfortable. Specific benefits

This article is a comprehensive explanation of strategic planning that begins with the definition of strategic planning as "the process of analyzing an organization's external environment and internal capabilities to determine its most appropriate long-term, intermediate, and short-term objectives; and then establishing and implementing relevant methods to accomplish those objectives."

This definition is demonstrated by using clear definitions and examples of goals, objectives, strategies, and tactics.

The difference between simple planning and strategic planning is explained, and a chart is presented that gives a step-by-step method human services organizations might use to develop an effective strategic plan.

The components of the plan are then described in depth using a narrative, charts, and examples.

Includes references.

Reprinted with permission from *The Journal of Rehabilitation Administration*, Inc., P.O. Box 19891, San Diego, CA 92159.

An Overview of Strategic Planning for Human Service Organizations

by

Ronald B. House

D. Lynn Hoffman

and

Daniel J. Rowley

from

*The Journal of
Rehabilitation
Administration*

November 1989

[Revised, Ronald B.
House, August 1993]

**An Overview of Strategic Planning
for Human Service Organizations (revised 8/93)**
by Ronald B. House, D. Lynn Hoffman and Daniel J. Rowley

Most business organizations in today's world understand the importance of developing a strategic planning process in order to more effectively assure their survival. To date, most human service organizations have not recognized the importance of strategic planning and have not developed adequate processes for coping with escalating, and often, devastating changes in their environment. Consequently, many such organizations face growing uncertainty as the attempt to discover effective survival techniques. This paper presents a model that could be applied by human service organizations and that might help them better assure their survivability in the face of disruptive change.

All organizations, including human service organizations, have become increasingly aware of the potential of catastrophic upheaval from increasing changes in their environments. As a result, they have begun to more fully appreciate the need to plan strategically for their future in order to help assure their survival. For human service organizations, changes in the economy, funding sources, national and state government priorities, consumer needs, and the composition of the work force demand that they more accurately anticipate the impact of such environmental changes on their organizations and plan to alleviate their deleterious effects. Like more traditional businesses, human service organizations are becoming more and more aware of the benefits of strategic planning to help them successfully cope with the challenges of a rapidly changing society.

The Strategic Management Process

Defining Strategic Planning

Strategic planning anticipates the organization's future external environment and future internal capabilities, and meshes these ingredients into realistic objectives, goals, and resource expectations. Several definitions of strategic planning exist and contain common basic themes. For example, Thompson and Strickland (1987) argue that strategic planning is the process managers use to establish the long-term direction of the organization, set specific objectives, develop strategies to achieve these objectives taking into account all the relevant internal and external circumstances, and then execute chosen action plans. Alfred Chandler (1962) suggests that strategic planning is the creation of long-term goals and objectives within an enterprise, the adoption of specific activities to achieve those objectives, and the allocation of resources that are

needed to carry out these plans. Finally, William Glueck (1980) states that strategic planning is the development of a unified, comprehensive, and integrated plan that organizational managers use to help ensure that the basic objectives of the enterprise will be accomplished.

The authors of this paper have developed a simplified definition of strategic planning that incorporates the essence of these basic ideas.

Strategic planning is the process of analyzing an organization's external environment and internal capabilities to determine its most appropriate long-term, intermediate, and short-term objectives; and then establishing and implementing relevant methods to accomplish those objectives.

Organizational objectives are critical elements of the strategic planning process. As used in this paper, long-term goals are those that will be accomplished in a time frame longer than five years in the future; intermediate goals are those to be accomplished in from one to five years; and short-term goals are those that will be accomplished during the coming year. Further goals are usually broken down into operational objectives (subparts) that managers operationalize through the development of strategies and tactics. These strategies and tactics include a description of resource allocation requirements needed for achieving the overall goals. Once strategic plans are established, organizational managers then assign these operational goals and their related strategies and tactics to specific individuals or groups. These are given, along with specific time assignments and resources needed to accomplish the goals.

Other Definitions

In order to help the reader better understand the precise terminology used here, the following definitions, which are commonly associated with the practice to strategic planning, are used in this paper.

Goals: The overall statements of what an organization hopes to achieve.

Objectives: Sub-sets, or specific items that describe the step-by-step activities in accomplishing objectives.

Strategies: The over and central methods used by an organization to achieve its goals and objectives.

Tactics: Sub-sets, or specific tasks, that describe the step-by-step procedures used to accomplish identified strategies.

Table I

Examples of Goals, Objectives, Strategies, and Tactics

Example of a financial goal:

Long-term Goal 1: to achieve and maintain financial stability by obtaining the equivalent of three months of operating expenses in the surplus operating fund.

Objective 1: To set up a data system in order to review cash flow monthly

Objective 2: To increase marketable services this year

Objective 3: To raise dollars of donations for x years

Strategies for objective 3: Engage in fund raising

Tactics for this strategy:

- *Develop a list of fund-raising activities

- *Prioritize the above list

- *Do one idea the first year, two in the second

- *Implement first idea this year. For example, have a major fund raising campaign, selling donated and decorated Christmas trees to coincide with major community Christmas event.

Assignment objective 1: accounting manager this year

Assignment objective 2: marketing manager this year

Assignment objective 3: public relations committee this year

In practice, some confusion exists about the difference between the terms "planning" and "strategic planning." Simple planning is the extrapolation of an organization's current activities into the future without much concern for its future environment. Strategic planning, on the other hand, is more directly concerned with future reality and the changes that can occur in an organization's environment as well as in its own internal capabilities. The crucial difference is that strategic planning matches the organization's growing distinctive competencies with the anticipated opportunities in its environment (while trying to minimize or eliminate its organizational weaknesses and environmental threats). Simple planning is concerned more with construing the future based only on presently known capabilities and conditions.

A health care organization that presently has an excellent reputation for providing quality geriatric services can provide an illustration of strategic planning. Based on the recognition of several emerging opportunities within the organization's service area, it begins to make plans to capture future growth by providing additional geriatric services to an increasing number of elderly in adjacent retirement communities. It further plans to open two new facilities in these areas within 10 years.

An example of simple planning might be a rehabilitation facility that finds itself dependent on a single government agency for a large portion of its funding, while not believing it important to maintain a cash reserve - instead believing that the funding source will continue to fund the facility in the future as it has in the past. This organizational weakness in the facility can be potentially compounded if something unexpected occurs and the funding agency pays late or, for some other reason, decreases its support. "Examples of the terms "goals," "objectives," "strategies," and "tactics" are shown in Table 1.

A Model of Strategic Planning

To adequately deal with the ever-increasing rate of change, all organizations must continually monitor both their external environments and their internal capabilities, and plan to take optimal advantage of their viable external opportunities if they are to survive.

Presentation - the board and the staff	Board approval	Assignment of a planning committee	Completion of the following analyses: Environment Human Services Organization Competitors
Draft or rewrite mission of statement	Objective development: long-term, intermediate, and current	Development of goals for each objective	Development strategies for each goal
Draft of complete strategic plan	Board approval	Board and staff implementation	Assignment of objectives and goals
Assignment of resources	Regular progress review	Update of the plans as needed or annually	Return to beginning if needed

Figure 1. The Process of Strategic Planning

The above examples point to the need for active and continuous strategic planning. Figure I presents a step-by-step method that human services organizations might use to develop an effective strategic plan. It further suggests that each step in the process must be flexible so that when the environment or organization changes, it can adapt effectively to those changes. If, as in the examples above, another organization starts a major funding-raising drive in the community, the human service organization needs to rethink its strategy for a fund-raising campaign.

While Figure 1 shows us one viable application method, the process itself is not based on a rigid formula. An organization may move back and forth between the various steps depending on the reality of its internal and external situation. For example, a change in organizational capabilities and their fit with changing external opportunities may require management to rethink its mission. On the other hand, an organization that has grown large and in variety of directions may need to refer to its original mission and historic roots in order to get back to doing what it does best. However, the final plans should, as Glueck (1980) has noted, be comprehensive and unified. They should encompass all the analyses that are relevant and should tie together all the organization's activities.

Strategic plans define how the organization will achieve its goals. These plans provide details about what resources will be allocated, who is responsible, time lines that must be followed, and what outcomes can be expected by what times. With a basic plan in mind, managers can then begin the process of defining operational details to make the plan work. They also can begin to develop tactics for implementation. However, the real commitment to proceed comes with the allocation of dollars.

It is critical that the process continually focuses attention on the objectives and strategies of the organization. By regularly reviewing the strategic plans, managers and employees will be reminded of what the organization is doing now and what it intends to do in the future. The result should be that everyone works together and in the same direction. This reduces (but may not eliminate) sub-units maximizing their goals while not optimizing the organization's goals.

The Purpose Of Strategic Planning

Survival

All Fortune 500 businesses and most mid-sized business firms do strategic planning because they have come to appreciate its relationship to their survivability. Most of these businesses would not begin significant new ventures without doing extensive strategic planning to be sure they are entering these new activities at an appropriate time and are not straining their resources. Further, according to Athos and Pascale (1981) the single most important factor for many Japanese companies' success is their comprehensive, detailed strategic planning.

Conversely, most small business do not do strategic planning. The consequence is that many such businesses do not survive the death of the owner or founder (Danco, 1988), while others never meet the expectations of their owners, employees, or customers. Some human service organizations do engage in operational planning, but very few engage in strategic planning.

The consequences of not planning strategically are well documented. One notable example is the Curtis empire, which was worth \$192.8 million in 1960 and owned extensive timber areas, distribution companies, a partial interest in Bantam Books, and several magazines such as *The Saturday Evening Post* (Christenson et al., 1973). The board of directors failed to resolve the company's major internal conflicts and was unable to determine which profitable subsidiaries to retain, primarily because they had never developed a comprehensive strategic plan that would have served as an important guide in determining what course of action to take. As a result of escalating financial difficulties, they found themselves and the company in an accelerating downward spiral. It ended with the sale of their most profitable subsidiaries and the retention of the most unprofitable segment, *The Saturday Evening Post*.

Other organizations that have failed to adequately determine their true mission and consumer base ended up in similar misfortune. Another historical example of this phenomenon is that of the railroad companies who believed themselves to be in the railroad business rather than the transportation industry. As transportation technologies changed and consumers became more interested in automobile and airline travel, the railroad companies suddenly discovered themselves to be no longer needed.

These same problems that result from a lack of strategic planning affect organizations other than those in the traditional business sector. More human service organizations will fail in the 1990s than in previous decades because they are neglecting to plan for the major changes in funding sources, funding priorities, community needs, competitors, and organizational aspects that all have become a painful part of present-day reality. Most of these organizations will fail simply because they failed to plan. Others will fail because the organization will not provide the services their clients need. Others will fail because they will not adequately satisfy their funding agencies. Others will neglect financial planning and will not survive a funding shortage. Still others will fail because of conflict among board members or conflict between the board and the top management staff of the facilities.

Advantages

These examples again demonstrate the important purpose and advantages of strategic planning. First, it forces the organization to analyze its capabilities as well as its external environment for economic and social changes that constitute potential opportunities and threats. The strategic plan that results from these analyses provides a central direction to the organization. It clarifies what the organization is now and what it can be in the future with its current and proposed mix of products and services.

Strategic plans also help give the organization the tools it needs to make better operational decisions. These decisions can be made more precisely and can be based on how their outcomes fit the overall mission and goals of the organization, thus providing a check that helps assure that current operational activities mesh effectively into the longer-term strategic plan. This also helps assure that decisions will not be made haphazardly when various crises occur.

Decisions about new services and products can be made in terms of their compatibility with the organization's mission and existing mix of products and services. Many large, medium-sized, and small organizations have fallen into the trap of becoming involved with a "new opportunity," only to find later that they have dissipated their money and energies into products and services that drain the commitment needed for their central purpose. As a result, the 1980s have seen many large organizations divest unrelated businesses to "get back to the basics." Human service organizations are not immune to these same temptations and can find themselves providing a range of services that tax the organization and staff and lower the quality of their "basic services." These temptations will increase as various funding sources suggest "new opportunities." However, these often prove to have limited financial rewards and involve significant restrictions that hamper future flexibility.

The continuous process of strategic planning has the added advantage of keeping employees and important stakeholders continually focused on the company's mission and goals. The process of strategic planning increases the organization's probability of surviving the rapidly changing environment. This is true because it matches the organization's special competencies and resources with opportunities in the environment, while avoiding potential threats. It discovers both the external threats and internal weaknesses, analyzes them, and deals with them appropriately.

While organizational managers should not change strategic plans without sufficient reason, neither should they allow those plans to become inflexible and unchangeable. As the environment or the organization changes, the plans themselves must be continuously updated.

The Roles of Quality Employee Relations

The strategic planning process forces the organization to review its reputation for quality. The community suppliers, vendors, and consumers know that the organization provides certain services and products, and does so at a certain level. As they continue doing business with that organization, they begin to associate everything about that organization with that level of quality. For example, a

rehabilitation organization providing vocational services to developmentally disabled adults becomes known to the parents, community, and users for providing certain services at a certain level of quality.

The strategic plan must be concerned with internal employee relations too. Employees experience satisfaction (or the lack of it) from the organization's central activity, from their involvement in organizational decision-making, and from the organization's reputation. If planners include employees in the formulation, implementation, and governance of the strategic plan, those employees are more likely to be motivated to carry it out successfully (Higgins & Vincze, 1989; Kerr, 1985).

Disadvantages

Yet, strategic planning is not a panacea. There are some distinct disadvantages to making a major commitment to engage in such a process. First, it is obviously time-consuming for both the board of directors and facility staff. While good strategic planning prevents crises management, it nonetheless requires major commitments of time that many are not willing to make. Another disadvantage is the tendency to rigidify the strategic plans and use them as an absolute control with staff or board members. Still another common problem is that many organizations tend to define their mission statement too narrowly (as the railroads did) or too broadly (as some conglomerates have done), losing the true perspective on their actual capabilities. A central key in achieving effective strategic planning is to develop and maintain a reasonable balance between the actual capabilities and resources of the organization and the external threats and opportunities that will either match well with those capabilities or set up the organization for disaster.

The Process of Strategic Planning

Application to Human Service Organizations

As suggested in Figure 1., the process of strategic planning consists of the following steps:

1. presentation to the board and staff;
2. board approval;
3. designation of a strategic planning committee;
4. analyses of the human service organization's environment, field, competitors (if any), and internal strengths and weaknesses;
5. goal development;
6. development of objectives and strategies;
7. assignment to relevant individuals or groups;
8. progress review;
9. presentation of a draft;
10. board approval of the final document; and
11. regular updates.

The process begins with presentations to the board and staff about the need for strategic planning and a proposed procedure. The board should then formally authorize the strategic planning process. The assignment of a planning committee and its chair is absolutely critical because such a formal body must be given the necessary power to effectively oversee the process, monitor the audits, initiate meetings of the planning committee, disseminate drafts of documents, and monitor the staff's progress. It has been the authors' experience that the process flounders if someone (or some specific group) is not given this responsibility as the major part of his or her job. This is especially true the first time organizations institute a strategic planning process.

Analyses Stages

Before an organization can develop goals, it must understand the environment in which it operates and candidly appraise its own internal strengths and weaknesses. To achieve this necessary understanding, strategic planners perform analyses on the environment, changes within the human service organization field (industry), and the organization's competitors. They also develop lists that identify the organization's strengths and weaknesses. The environmental analysis examines national economic facts, state and local aspects, funding agencies, and funding sources. The analysis of the particular human service organization's field provides data on the number of organizations in the field, the maturity of the field, and its relative prospects. The competitor situation-analysis determines if the organization has current or potential "competitors" and their relative strengths, weaknesses, strategies, and possible activities within the competitive environment. This particular analysis is new to the human service field because human service organizations in the past had the mistaken belief that they did not have competitors. In addition, the analysis determines possible threats from any sector of the environment that may affect the organization's effectiveness or survivability and any opportunities that may be present to provide needed products and services and, thus, a competitive advantage to the organization.

Goal Development

After completing of the analyses and writing an appropriate mission statement, the planning committee can develop its long-term, intermediate, and short-term objectives and related goals. They then can categorize the objectives and goals that best describe the organization's specific current and future situations. These categories usually include objectives related to clients, community, funding, traditional programs, new programs or services, and staff. Strategic planners prioritize by time the objectives within each category into three subcategories: short-term, intermediate, and long-term objectives. They also develop goals, strategies, and tactics for implementing each objective and assign them to a group and/or an individual with bench marks denoting progress and time lines for input to other

operating groups or to the planning group. Each objective and goal is met, reassessed, or reassigned as the planning process continues. If the environment or internal situation changes, the planning committee updates the plans.

Assigning of the chair and determining the composition of the planning committee allow the actual planning phase of the process to begin. The organization must decide whether the board, staff, or a joint group does the planning. This decision will determine most of the other process decisions such as who does which parts of the analyses. Three different models are possible, depending on where the expertise or motivation for strategic planning resides.

Staff Model If the staff members have the necessary talent, motivation, and commitment for the strategic planning process, they may be given general responsibility for doing the major analyses and objectives. The disadvantage is that the board may eventually disagree with the staff over the major objectives and may not allocate the needed dollars. The staff, also, may fail to reach consensus. This approach is ineffective when the staff lacks motivation, talent, enthusiasm, consensus, or objectivity about its own strengths and weaknesses.

Board Model In the board-driven model, the major impetus comes from the board. Members develop the need for planning, outline the process, make assignments, do the analyses, and develop the objectives and goals. The staff may be used to help operationalize the goals. This model works best only if the talent, motivation, and objectivity lie with the board. Because it does not foster staff motivation to implement the board-derived goals, it should be used carefully.

Board and Staff Model In the joint board and staff model, the board and staff work together on most aspects of the process. One or the other may start the process and do the analyses that the other cannot do for some reason. A good division is for staff members to do the initial draft of weaknesses and strengths (since they should have most first-hand knowledge of the internal realities of the organizations), and the board, the initial draft of threats and opportunities (since they have most first-hand knowledge of the external realities of the organization).

Once this initial work is completed, a planning committee, constituted of both board and staff members, reviews the analyses and develops the objectives and goals. Both are involved in prioritizing and categorizing goals, and in the assignment of the various parts for implementation to units within the organization. Generally, the board takes responsibility for the longer-range issues, and the staff begins the planning process needed to operationalize the goals by developing strategies and tactics for implementation. After implementation, they review the plans together and update them when the environment changes.

Flexibility however, must be built into the application of this proposed model. For example, a particular organization may start the process and discover that it needs to clarify its mission statement because it has moved into different services or products. Other organizations have completed their plans and discovered new threats or opportunities and have had to redo the process. for example, in 1959, as a result of what the company had believed to be extensive strategic planning, Honda decided to market their 250cc and 305cc but not the 50cc motorcycles in the U.S. The near disaster of the original strategic plan and the surprising market interest in the 50cc motorcycles dictated the need to reexamine market analyses and assumptions and to develop a new strategic plan (Hill & Jones, 1989).

Table 2

Parts of the Strategic Plan

History of the Human Service Organization	Organizational Analysis
Mission Statement	Description of the organization's services and products
Environmental Analysis	Internal strengths
National factors	Internal weaknesses
State and local	External opportunities
Analysis of each funding or revenue source	Major concerns
Analysis of the Human Service	Distinctive competencies
Organization's Field	Relative position vis-a-vis rivals
Description	
Strategic considerations	
Stage of maturity	
Driving forces	
Pertinent price or cost factors	
Key success factors	
Prospects for this particular fields	
Attractive features	
Unattractive features	
Conclusion	
Competitor Analysis	
	Objectives
	Long-term
	Intermediate
	Short-term
	Above with strategies, assignments

The Parts of the Strategic Plan

The planning process results in a written strategic plan consisting of the parts described in Table 2. A brief history of the organization reminds it of its roots and is reviewed whenever the organization strays too far from its original purpose. It should be explained up to the present and end with a description of the organization's current products, services, and consumers.

Mission Statements

Organizations, whether private or non-profit, reflect the values of the owners, founders, or top-level staff. These values may be unwritten but nevertheless affect the organization in tangible ways. Organizations formally state their values in the mission statement and then use the statement to help them instill in members organization attitudes or an "organizational culture." For example, Howard Head used his value of quality to insure quality and customer service as the hallmark at Head Ski Company, Inc. (Christensen et al., 1973).

The mission statement reflects these values and is the organization's first commitment to what it believes. As such, it should be written so that it can be communicated to both insiders and outsiders. To be complete, the mission statement should contain three descriptions: the human service organization's general group of customers, its services (or products), and what outcomes it expects. For example:

The mission of H. Rehabilitation Center is to provide vocational and employment services to developmentally disabled adults in order to maximize their vocational abilities and interests in the least restrictive environment as possible. HRC hopes to provide an environment in which our consumers can choose a range of vocational areas in order for them to maximize the vocational areas in order for them to maximize the vocational lifestyle they desire.

Environmental Analyses

The environmental analyses consist of all the analyses or surveys of the organization's environment that include national, state, and local forces. In addition, it should include marketing research surveys of some or all of the following groups: existing consumers, potential consumers, parents, members of the board, staff, community, and other groups (possibly vendors or suppliers).

National Analysis Overview The planning process examines all those national factors that could affect the organization, such as the decrease in federal spending, the movement of American manufacturing overseas and to the South, the movement from national economies to world economies, the decentralization of American organizations, the movement of women into the work force, and the inclusion of more right's conscious workers. An analysis of each of these is included below and can be placed in a human service organization's strategic plan. They also can be used to stimulate thought about how each change will directly affect it.

Loss of American Manufacturing Naisbett (1984) in his book *Megatrends* discusses the loss of American manufacturing from the northern industrial states to

the South and overseas due to lower wage rates and proximity to natural resources. The work force now is employed less in manufacturing jobs and more in service and high technology.

The effect of rehabilitation agencies will be to make it more difficult to place clients into manufacturing facilities due to a decrease of jobs in this area, even to the point that someday it will become more difficult to obtain contracts for workshops from manufacturing companies. Health care and mental health institutions need to anticipate the different needs of a service and high technology society.

World Economy As the economies of the world become more intermingled, the net effect will be increasing economic interdependence (Naisbett, 1984; Drucker, 1986). In addition, the changes in one economy will produce repercussions in the related economies.

Decentralization Many American companies are reorganizing into smaller entrepreneurial units in order to become more competitive, efficient, and responsive to local markets (Naisbett, 1984). Human service organizations will be able to deal directly with local subsidiaries of large corporations to provide products and services.

Movement of Women Into the Work Force The last decade has seen the percentage of women in the work force rise from approximately 32 percent in 1970 to approximately 52 percent in 1980 (French, 1986). This change presents significant opportunities and threats to human service organizations in anticipating the products and services desired by two-career families, single-parent families, and working parents.

Reduced Federal Spending With the advent of Reagan-Bush economics, the government has slowly moved from Keynesian economic techniques to supply-side and monetary theory techniques. These economic changes will create comprehensive and possibly catastrophic effects on human service organizations' fiscal stability if strategic planners do not anticipate them in the strategic plan. Federal funding has remained at current levels or decreased for most social programs.

More Rights-Conscious Workers Previous generations were very loyal to the organizations for which they worked and were willing to work long hours for the good of the organization. Today's workers are willing to work hard from 8 a.m. to 5 p.m. but want increased leisure time for their lifestyle. They are less loyal and are more willing to challenge the organization and their supervisors if they perceive a violation of their perceived rights. All organizations, including human service organizations, have to find new ways to manage, motivate, and retain these workers. One possibility is for the organization to implement participative management or Japanese management techniques (Naisbett, 1984).

State and Local Economic Factors The deficit specter haunts not only the federal government, but also many state and local governments. The 82,000 state and local government budgets slid from having approximately an \$8 billion surplus to a record \$14.4 billion deficit in 1988. Some states have increased taxes (New York increased property taxes by 160 percent) while others are considering slashing aid to

cities and other state-funded services (Clark & Malabre, 1989).

The effect on human service organizations is very clear; they can expect decreasing state and local funding. As a consequence, they need to improve their marketing and public relations activities to increase community donations. The danger, however, is that the public will become frustrated with an increase in solicitations from different groups.

Competitive Situation Analysis

Until now, human service organizations have not perceived themselves as being "in competition" with other organizations or with each other. However just as business acquired the concept of strategic planning from the military and adapted it to their particular needs, human service organizations must change their philosophical attitude and do the same. The reality is that human service organizations compete with each other, other non-profit organizations, and private business.

Human service organizations compete with each other over decreasing governmental funds, community support, and clients. The decrease in federal, state, and local funds will push human service organizations to compete with many other non-profit organizations for scarce federal and state dollars. At the local level, they will compete with each other and other non-profits for money as state and local money is decreasing nationwide as cities struggle with increasing debt (Clark & Malabre, 1989). Local communities will attempt to eliminate duplication of services and force all fund recipients through hearings and extensive approval processes. In order to survive, human service organizations will have to determine which other organizations are capable of serving their clients. They will need to "market" themselves to achieve better public recognition and acceptance than their competitors when competing for community funds and donations.

Competition will increase between human service organizations and for-profit private businesses. More private organizations will attempt to acquire the most lucrative products and services from human service organizations. In addition, some human service organizations are attempting to move away from their reliance on governmental funding and are selling profitable products and services that compete with private businesses. This latter trend will increase private business's claims of "unfair competition from non-profits" (Gomes & Ownes, 1988). In addition, a few human service organizations are using their non-profit structure to own for-profit subsidiaries in order to compete.

The Five Forces Model

Michael Porter (1980) developed a "Five Forces Model" to allow organizations to analyze their competitive situation. The model requires the strategic analyst to examine (1) the strength of the rivalry between organizations. (2) the competitive forces of new potential entry. (3) the competitive force of substitute products. (4) the economic power of suppliers, and (5) the economic power of customers.

The authors of this article have adapted the first part of Porter's model to fit the human service field and suggest the following as a procedure for analyzing what Porter calls the "strength of the rivalry in a particular field." The three parts are: rivalry within the human service field over funds, rivalry over the products and services provided to the consuming public.

Rivalry Over the Human Service Field Rivalry between human service organizations over governmental funds will become more intense. With the cutback in federal, state, and local funding, these organizations will have to compete with each other over funds. This competition will become more intense in the next five to ten years.

Rivalry Regarding Services to Human Service Clients the human service organizations that provide the only service for a group of human service clients in their community are free from this competition unless a competitor moves into the field. However, more competition between human service organizations will occur when some seek to expand and provide more services to existing clients or new services to new clients. This will be more likely to occur in urban areas. For example, some hospitals are adding vocational services to their occupational therapy programs and are competing with sheltered workshops. Private profit groups are doing vocational evaluations for insurance companies and competing with sheltered workshops. Health care organizations always face the possibility that services will be provided by a smaller for-profit firm with lower overhead. Mental health organizations have always been in "competition" with private counselors who generally have lower overhead and attempt to solicit better paying clientele, thus, leaving the community facility with higher overhead and lower cash flow.

Rivalry Over Products and Services Provided to the Consuming Public This rivalry affects only those human service organizations, such as sheltered workshops, that sell products to the consuming public. They compete with many large and small businesses providing the same products and, thus, need to analyze the competitive situation for each product or service.

Threat of Potential Entry The ease with which a rival can enter a field and compete increases the potential competition. In general, the ease of entry increases with decreasing start-up costs for buildings, staff, or marketing; lower break-even costs for new ventures and low customer loyalty (Porter, 1980; Harrigan, 1985). An example is the ease with which private individuals can enter the field of vocational assessment and compete with hospitals and rehabilitation facilities.

Threat From Substitute Products or Services Competition increases with the ability of the clients or customers to switch to substitute products or services (Thompson & Strickland 1987).

Health care institutions and mental health organizations are, for the most part, not susceptible. Rehabilitation facilities, however, are vulnerable because substitute products and services are often available. This threat increases if they are not successful in providing their business clients with lower costs, better service, or better quality than other organizations.

Economic Power of Suppliers Again, mental health facilities are not susceptible, while health-care institutions and rehabilitation facilities can be vulnerable. The latter are increasingly vulnerable if there are only a few large suppliers, the suppliers are generally unconcerned about the human service organizations, or if the supplier can integrate forward and sell the product or service themselves (Thompson & Strickland, 1987).

Strategies and Expected Moves of Key Competitors

With the above information, the analyst should be able to make educated guesses about the strategies of their key competitors. For example, a health care institution could predict that its major competitor will expand and provide a service that will compete directly with its service because the competitor has more capacity than it currently uses. A sheltered workshop could anticipate price competition from a competing small business that has invested a large amount of capital and needs to start showing a profit.

With an educated guess about the strategy of each key competitor, the analyst should predict what the competitor will do. One way to accomplish this is to analyze the situation objectively from the competitor's viewpoint. For example, if a human-service organization is retailing flowers in a community and competing against a "mom-and-pop" operation that has a large capital investment and a bank impatient for results, the analyst can expect price competition, advertising competition, and several calls to local politicians.

Organization Situation Analysis

After the human service organization has analyzed its field and competitors, the next step in strategic analysis is to examine the organization's strengths, weaknesses, opportunities, and threats (SWOT). This crucial step moves the strategic planning process from mere planning (how to do something) to strategic planning; positioning the organization in its particular environment to pursue reasonable opportunities, capitalize on its strengths, face its weaknesses, and minimize its threats. For example, a rehabilitation organization that has no financial reserves (a weakness) and, a slow paying state funding agency (an eventual or perpetual threat) cannot pursue a risky opportunity.

Overview of the Strengths and Weaknesses Audit The strengths audit should result in a list of all the organization's "distinctive competencies" that are either its "unique" abilities that make it better than its competitors (Hill & Jones, 1989) or those capabilities that will help meet its goals (Higgins & Vincze, 1989). The weaknesses audit examines all the weaknesses that will affect the organization's ability to meet its goals and objectives. An initial approach is to audit each functional area: finance, human resources, policies, funding, clients, community support, marketing, manufacturing (for sheltered workshops), and programs. Examples of these audits are provided for the financial, human resource, manufacturing, and community relations areas.

The audit of the organization's financial situation reveals whether or not the organization has the ability to expand services, areas, staff, or clients. A weak financial base reduces the ability to pursue opportunities and remove weaknesses. A human service organization has a decided weakness if it does not have at least three months of working capital in reserve because any unexpected delay from any funding source will throw it into bankruptcy. In addition, each funding source should be analyzed and rated for amount of funding, percentage of the total revenues it provides, special restrictions of the funds, and likelihood that the funds will increase, decrease, or stabilize.

The quality of human resources is often the difference between an organization's success or failure. Considerable weight should be given to employees who have special training, experience, abilities, or interests, or are hard to replace.

Organizations need to analyze the strengths and weaknesses of their manufacturing activities. These are measured in terms of cost effectiveness, use of production techniques such as linear programming, current manufacturing methods, work flow, waste or spoilage, machine set-up time, and worker motivation.

For a human service organization, successful "marketing" means that it has achieved a high level of community recognition, acceptance (a visible community service), and community funds relative to competitors. Marketing research can provide useful information about the public's acceptance, recognition, and use of the human service organization's products and services.

Opportunities The search for opportunities comes from the environmental analysis. Opportunities could include new services to existing clients, the same services to new clients, new services to new clients. The latter is generally more risky because it usually requires capital.

Threats include any potential activity in the organization's environment that can threaten its survival. Examples include changes in governmental regulations, community needs, governmental or local funding, community employment, the economy, or loss of major industries in the community. Top-level staff members can monitor the environment by attending conferences and remaining current in their fields.

The Completed Strategic Plan

Armed with the above analyses, the Planning Committee can develop the goals, objectives, and strategies of the organization. Goals should be written for at least the

following areas: consumers, staff, board, finance, client programs, and community (an example of a financial goal with its related objectives and strategies is given in Table 2.). With objectives and goals developed in each needed area, and appropriate strategies and tactics in place, the human service organization will be better equipped to survive and manage through the 1990s.

References

- Athos, A.G. & Pascale, R.J. (1981). *The art of Japanese management*. New York: Warren.
- Chandler, A. (1962). *Strategy and structure: Chapters in the history of the American enterprise*. Cambridge, Mass: MIT Press.
- Clark, L.H. & Malabre, A.L. (1989, February 21). States increase taxes and curtail services as revenues dwindle. *Wall Street Journal*, p.1.
- Christenson, C.R., Andrews, K.R., & Bower, J.L. (1973). *Business policy: Test and cases*. Homewood, Illinois: Irwin, Inc.
- Danco, L. (1988). *Beyond survival*. Cleveland, Ohio: Preston Publishing Co., Inc.
- Drucker, P.F. (1986). *The frontiers of management*. New York: Truman Talley Books.
- French, W.L. (1986). *Human resource management*. Boston, Mass. Houghton Mifflin.
- Glueck, W. (1980). *Business policy and strategic management*. New York: McGraw-Hill.
- Gomes, G.M. & Owens, J.M. (1988). Commercial non profits and untaxed entrepreneurship. *Journal of Small Business Management*, 262. 8-16.
- Harrigan, K.R. (1985). *Strategic flexibility: A management guide for changing times*. Lexington, Mass: Lexington Books.
- Higgins, J.M. & Vincze, J.W. (1989). *Strategic management: text and cases*. New York: The Dryden Press.
- Hill, C.W.L. & Jones, G.R. (1989). *Strategic management: An integrated approach*. Boston, Mass: Houghton Mifflin.
- Kerr, J.L. (1985). Diversification strategies and managerial rewards: An empirical study. *Academy of Management Journal*. 28(3).155-179.
- Naisbett, J. (1984). *Megatrends*. New York: Warner Books.
- Porter, M. (1980). *Competitive strategy: Techniques for analyzing industries and competitors*. New York: Free Press.
- Thompson, A.A. & Strickland, A.J. III (1987). *Strategic management: Concepts and cases* (4th ed.). Plano, Texas: Business Publications, Inc.

A strategic plan can reduce or eliminate arguments, indecisions, and reconsiderations of previously resolved matters at board meetings by providing a common understanding for where an organization is to focus its energy.

One approach to developing a plan is to hire a facilitator. An experienced facilitator, although sometimes costly, can provide a fresh perspective on much-discussed issues and help gather information and establish a format and time for the planning process. A committee of volunteer leaders should be assigned to work with the facilitator, making sure that each individual knows up front what is expected.

The author concludes by emphasizing that it is important to remember that a strategic plan belongs to the whole organization and will only work if everyone involved buys into it.

Contains a helpful timetable for implementing a planning process and a table of tips for strategic planning.

Reprinted with permission from **Association Management**, American Society of Association Executives, 1575 Eye Street, Northwest, Washington, DC 20005.

Here's the Plan:

A Philanthropic Organization Orchestrates Well-defined Goals

by

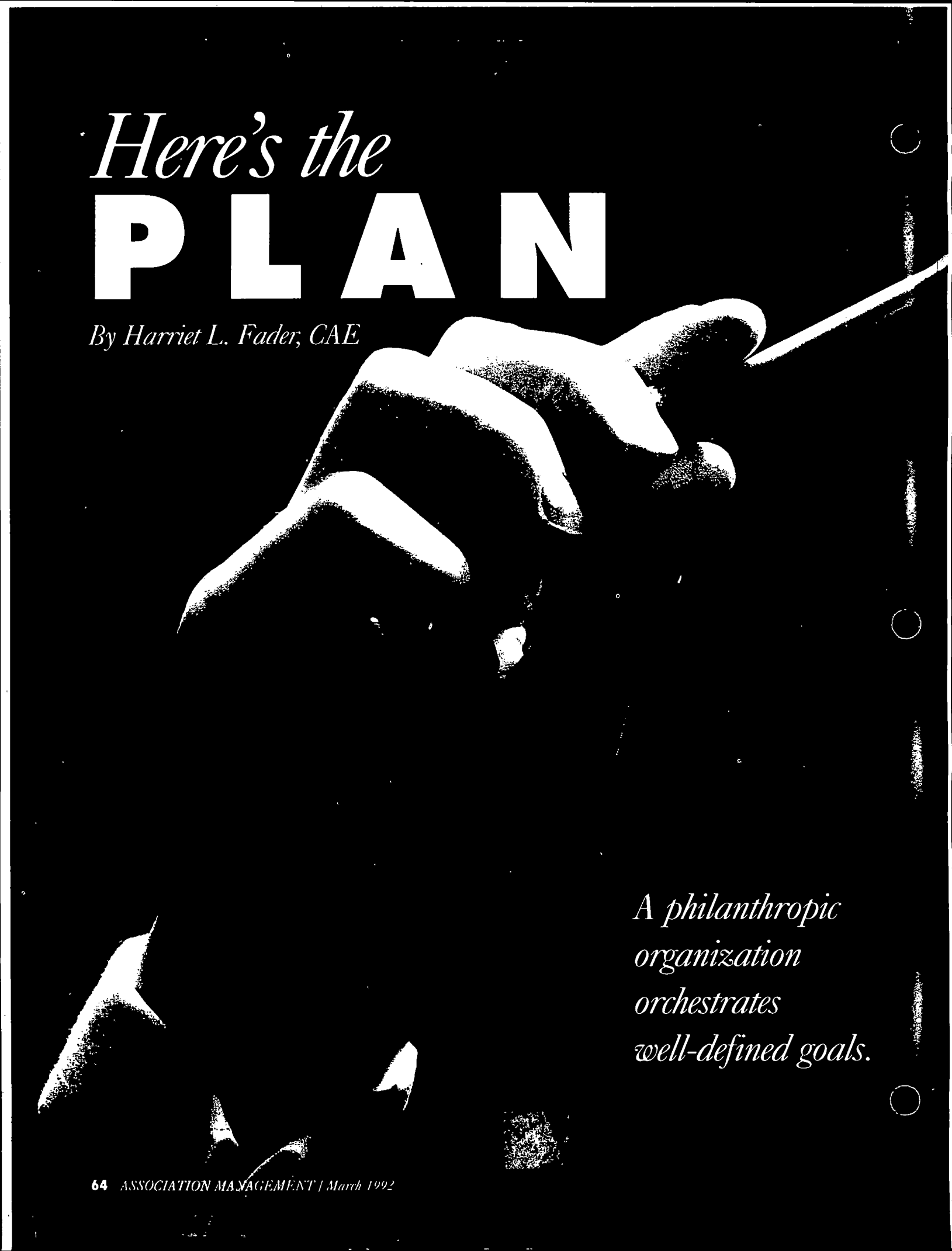
Harriet L. Fader

from

Association

Management

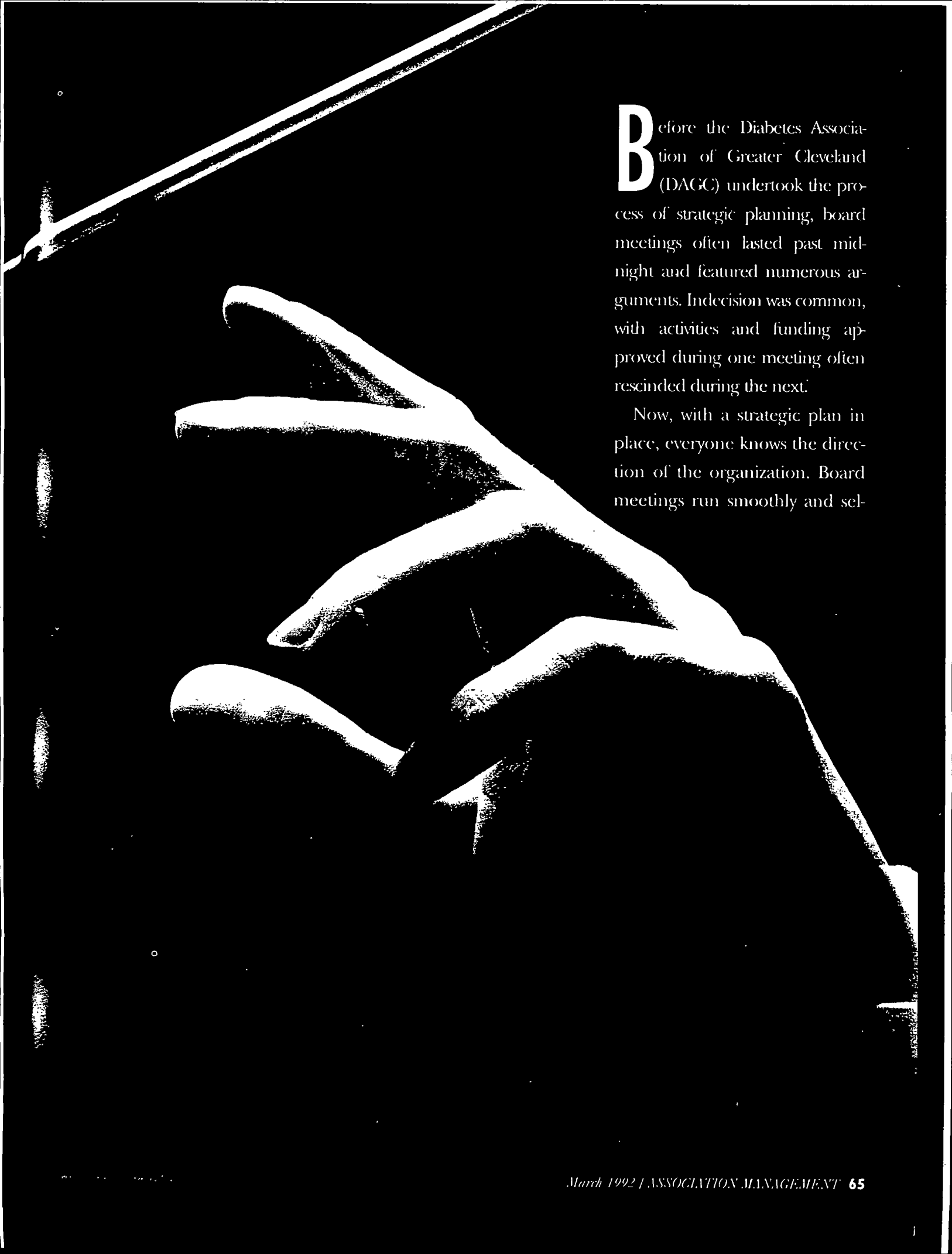
March 1992



Here's the **PLAN**

By Harriet L. Fader, CAE

*A philanthropic
organization
orchestrates
well-defined goals.*



Before the Diabetes Association of Greater Cleveland (DAGC) undertook the process of strategic planning, board meetings often lasted past midnight and featured numerous arguments. Indecision was common, with activities and funding approved during one meeting often rescinded during the next.

Now, with a strategic plan in place, everyone knows the direction of the organization. Board meetings run smoothly and sel-

dom last more than two hours. When faced with a decision, the first question every board and staff member asks is, "Does this fit into our plan?"

To begin the strategic planning process, either the executive director or the elected president (ideally both) must be visionary. They must be willing to put effort and energy into educating, informing, and motivating volunteers to get the job done. Everyone involved must understand that although an association is not a business, it must operate in a businesslike fashion to succeed.

Fits all sizes

Strategic planning is inherent to running an efficient, effective organization. "We're too small and don't have the resources," or conversely, "We are so large, it will be too cumbersome a task" are not valid reasons for avoiding strategic planning. No matter what your size, you need a plan to

- give volunteers—especially new board members—a better perspective of what your organization is all about;
- provide staff members with a clear picture of their responsibilities;
- define and measure your performance and the performance of your staff; and
- drive your organization in a methodical and businesslike fashion, rather than relying on the emotional drive of your volunteers.

Strategic planning is difficult in the nonprofit sector, especially in philanthropies where board members typically have diverse backgrounds. At DAGC, for example, the 45 board members run the gamut from physicians to traditional homemakers, from allied health professionals to business executives.

Dealing with this diversity poses challenges. For example, a traditional homemaker not familiar with business operations may find the jargon and possibly the whole concept of strategic planning to be foreign. Likewise, a physician in private practice probably does not deal with strategic planning and profit centers. Executives and entrepreneurs may be so immersed in planning their own business lives that they find it difficult to do

the same thing outside their careers.

Yet members of charitable boards share a strong emotional attachment or commitment to the organization they serve. A physician wants to help his or her patients; a parent has an unrelenting desire to help a child with diabetes. As a consequence of this strong emotional tie, board members of a philanthropic organization often think in terms of doing good deeds and allocating funds to areas near and dear to their own hearts. The very ideals that cement commitment to an organization can actually make it more difficult to examine the organization in an objective, businesslike fashion.

Because each volunteer leader has a personal agenda, it may also be difficult for the board to focus on one or two ideas. Through strategic planning, however, volunteer leaders come to realize that their organization cannot do everything to help everyone, but they are able to identify the priority activities.

Consultant adds credibility

At DAGC, we engaged the services of a consultant to oversee the planning process. An experienced facilitator from outside lends credibility to the planning process and offers a fresh perspective on much-discussed issues. Depending upon your needs—and your budget—a facilitator can gather demographic statistics and census numbers, provide directives on what information or survey tools are needed from volunteers and members, and help you establish a format and time line for the planning process.

Look for a facilitator who fully understands your organization's work. DAGC always looks for a consultant who understands diabetes and how physicians and allied health personnel respond to one another and to their own work environments. We find that type of individual is more likely to understand the emotional aspect of why people volunteer their time and money to support our cause.

Although we paid for the services of our facilitator, other charitable and philanthropic organizations might obtain assistance from people who will volunteer

their professional expertise or reduce their fees. Your professional network might include a consultant willing to perform pro bono or reduced-fee work, or your board members may have strategic planners within their own organizations who are willing to act as facilitators. You also might consider enlisting the help of graduate-level business students.

When selecting a facilitator, do not hesitate to interview, request proposals, and check references. This person will handle the most important project of your organization, so it behooves you to ensure that staff and volunteer leaders are not only comfortable with, but also have confidence in your choice.

Information and insights

Provide the facilitator with detailed information about your organization (its origins, activities, and budgets) and about your environment (the city you're located in, national issues you deal with, and so forth). Also offer some insight into your volunteer leaders—how long they've served in the organization, what offices they've held, what their professions are—so that the facilitator has a good understanding of the people he or she will be working with. The more information you provide, the better equipped the facilitator will be to build trust among individuals and direct the group once the process gets under way.

Our facilitator met one-on-one with past presidents to get an overall sense of the organization. Next, he met with staff members to review each one's responsibilities and views of the organization. This way, the facilitator and the staff became familiar with one another and comfortable with the whole process.

Staff's input is essential. In addition to the executive director, two staff members participated in DAGC's strategic planning exercises. The committee was composed of 12 volunteer leaders, all members of the board of directors. In most cases, the person tapped to serve on the strategic planning committee already served on an association committee specific to an area: education, research, fund-raising, and so forth.

Clear-cut expectations

Let committee members know upfront what is expected of them. They should be well-aware that they are the present and future leaders of the organization and that this is the most important committee responsibility they can have. They should also realize that they are making a time commitment that goes above and beyond what they've given to the organization before.

In our case, we made it clear that committee members would have to give several full days of their time to fulfilling their strategic planning duties; for members in private practice or in hospital settings, that often meant taking a day of personal leave. We also asked committee members to attend all the planning meetings, not only for the sake of continuity but also out of respect for one another's time. That was asking a lot from our volunteers, but we found that all those who made the commitment followed through.

For several reasons, DAGC decided to compress its strategic planning process into a nine-month schedule (four meetings held 2 1/2 months apart). The small size of our organization—five full-time staff members and an annual budget of \$800,000—lent itself to this rapid-fire implementation. What's more, DAGC's officers serve two-year terms, and we wanted those present at the start of the process to still be in office when it was completed. Finally, we had undertaken planning efforts before with discouraging results; we believed that if we achieved this quickly, we wouldn't lose momentum as an organization.

Getting ready

Before the first meeting, staff gathered detailed information relevant to goal setting, planning, and bylaws, and distributed it to committee members so that they would arrive informed and ready to start. In DAGC's case, this information included a history of the organization, an assessment of its strengths and weaknesses, demographic studies, environmental scans of the com-

The Diabetes Association of Greater Cleveland didn't want its strategic planning process to become a long, drawn-out, and possibly discouraging activity. Once DAGC's board of directors had approved the concept and selected a facilitator, the association developed and stuck to a nine-month timetable to sustain momentum.

First meeting. The 12 members of the strategic planning committee, supplied in advance with background information and statistics, arrived at the initial meeting prepared to formulate an association mission and develop goals to support that mission.

This was the most important part: Participants discussed and sometimes argued about the directions the organization should take. Although nearly half of the full-day session was spent laboring over words and philosophies, we emerged with a clear mission statement and a list of goals.

Second meeting. During this half-day session, the strategic planning committee broke down into smaller groups, each assigned a particular goal and charged with developing objectives to achieve that goal. We then came together and as a group reviewed all the goals and objectives, assigned priority rankings, and decided which ones were viable given our resources.

Every existing program came under scrutiny: Was it appropriate to the goals and the mission statement? Should it be continued? Should we

community we serve, census statistics, and results of member surveys.

Each planning session was unique (see sidebar, "The DAGC Timetable"). The first session provided an opportunity for everyone to air philosophical differences, become familiar with the history of the organization, and obtain some perspective on future directions.

add new programs? How many can we add? Do we need more staff? Where will the resources for new programs come from? After this session, with its trade-offs and compromises, committee members began to understand the complete organizational picture.

Third meeting. During this half-day session, committee members reviewed and approved the operational plan step-by-step to ensure that they all agreed with and supported it.

Presentation to executive committee. The strategic planning committee presented each goal and objective to the executive committee, supplying the necessary background information. This gave committee members the opportunity to recognize what they had achieved and contributed to the organizational process. Following some fine-tuning of the detailed implementation plan, the strategic plan went to the board of directors for final approval.

We scheduled the meetings approximately 2 1/2 months apart so staff and committee members had time to compile information and prepare between sessions. DAGC completed the entire process in less than one year.

DAGC reviews and revises its plan every two years, shortly after its newly elected president takes office; for continuity, the immediate past president continues to serve on the strategic planning committee as the plan's monitor.

Members of the committee really got to know one another and began to work as a unit. It took a great deal of time—most of the day—to develop a clear, easily understood, easy-to-remember mission statement. It reads: The purpose of the Diabetes Association of Greater Cleveland is to improve the quality of life of people with diabetes and their families

The DAGC Timetable

by providing education and information, by supporting research, and by encouraging emotional well-being.

With that completed, we were over the major hurdle. We moved on to formulate 10 organizational goals related to education, emotional support, referral services, research, a camp for children with diabetes, health and social issues, fund-raising, and cost-effectiveness.

Joint ownership

It's important to remember that a strategic plan belongs to the total organization, not only to the staff or the executive committee. A plan only works if everyone involved buys in. Consequently, each member of DAGC's strategic planning committee went back to the people working in each program area and asked them to look at the mission statement, goals, and objectives.

When they met the second time, the committee members came prepared to look at each program's viability in view of the community's needs and DAGC's available resources. This review wasn't just a willy-nilly, "Well, we'll do this this year, and we'll do something else next year." Rather, these leaders said, "Now we have a five-year plan, and this is what we hope to accomplish this year." Recommendations included the introduction of new programs as well as the reformulation and elimination of others.

It is really difficult for people to accept change, especially when everything a charitable or philanthropic organization does is considered important. Reviewing data within the context of an overall mission helps volunteers make the tough decisions in a businesslike manner, yet retain the support of their constituents. As part of the strategic planning process, DAGC developed ways to measure how effectively we're fulfilling our mission. For instance, we track every phone call to determine the number of inquiries for medical information, referral information, dietary information, and so forth. We conduct program evaluations, administer tests before and after seminars to determine effectiveness of instruction, and track contributions

Several suggestions proved useful as the Diabetes Association of Greater Cleveland (DAGC) began its strategic planning process.

- **Learn all you can about strategic planning.** Attend workshops and seminars, and read everything you can find. Talk to colleagues who have developed long-range plans to find out what went well and what they would do differently.

- **Select the committee carefully.** When you feel comfortable with what needs to be done, sit down with your top elected leaders and determine the composition of the strategic planning committee. DAGC drew its 12-member committee from the board of directors and included past, present, and future leaders. The latter group is critical to the long-term success of a strategic plan; once the plan is developed, the future leaders carry it out.

- **Get expert assistance.** Select a facilitator to lead your organization through the strategic planning process and to help review and revise the plan periodically. DAGC initially relied on its elected president to facilitate planning, but the time commitment—in addition to his other responsibilities—proved too great.

and memberships. We also develop a profile of the people who support DAGC financially.

Decisions, not debates

If you operate without a strategic plan, confusion may arise every time your organization wants to provide a new program or service or take advantage of an opportunity. Your board will have to debate the merits of a program and review the organization's financial ability to provide it. Without a mission, without goals, without objectives, you and your

An outside expert has the advantage of being able to keep the group on course and serve as an impartial mediator when conflict or controversy arises. Also, using an outside facilitator allows you and your staff to freely participate in the planning effort and not worry about the dynamics of the session.

- **Control costs by using in-house resources.** DAGC took on the majority of the clerical work generated by the planning process and relied on staff members and volunteers to identify and track down relevant information. The person who handled legislative affairs also gathered specific demographic data; a board member who also served on the city council was tapped for numbers related to the community at large.

- **Determine the outcome you want.** Before beginning the planning process, talk with your facilitator about the type of final document you expect. Do you simply want to establish a mission, goals, and objectives? Would you like those goals and objectives ranked by priority and weighed against available resources? Do you also want an operational plan that states when and how these goals and objectives will be met?

elected leaders cannot make those decisions efficiently or appropriately. Board meetings will become long and tedious, with much superfluous discussion and debate; people will leave feeling distressed or discouraged by wasted time.

A strategic plan is a framework for eliminating cumbersome or outdated programs and trying new ones. A strategic plan keeps your organization fresh, growing, and moving forward. AM

Harriet L. Fader, CAE, is executive director of the Diabetes Association of Greater Cleveland.

One organization describes its experience in strategic planning--how costly it was, what a challenge it was to look at the future, the balancing act involved in assembling an appropriate committee, and how difficult it was to let go of certain existing activities.

In spite of the challenges, the author states that her agency's experience has been positive. She cites improved management; the creation of guidelines for new products and services, committees, and liaisons; increased realism about strategic alliances that are needed; a greater understanding of the agency by those who served on the committee; and improved ability to be proactive as well as reactive.

In sum, the author concludes that the continual planning process affords opportunities to re-examine the future, refine the plan, and recommit to an effort worth doing.

Reprinted with permission from **Association Management**, American Society of Association Executives, 1575 Eye Street, Northwest, Washington, DC 20005.

Strategic Lessons

by

Lisa K. Olson

from

*Association
Management*

June 1992



What does
hindsight
reveal about
the long-range
planning
process?

By Lisa K. Olson

STRATEGIC LESSONS

Strategic planning is now a recognized management tool in associations. At the American College of Cardiology, Bethesda, Maryland, our six-year effort is as much learning—about our industry, our organization, and the planning process itself—as planning. Now three years into implementation, we have both highs and lows on which to reflect. The ideas that follow aren't the pros and cons of the strategic planning process, but what we can see in hindsight.

It costs

Strategic planning does not come cheaply—not when it's done right. In 1985 as we initiated our process, the college committed significant dollars to hire a management consultant. He brought a proven, logical planning process and started us down a planning road that met our unique needs. In hindsight, the expenditure was well worth the effort, because it gave us a framework: a plan for the plan.

It was costly. Besides the con-

sultant's fee, we spent an average of \$16,000–\$20,000 per year to hold three or four committee meetings. And because the planning process is data-driven, we had to set aside funds to survey our membership and other relevant audiences. That expense recurs: This past fiscal year we spent approximately \$10,000 to update external intelligence and reassess members' changing needs and expectations for the organization.

Beyond dollar resources, the time committed has been considerable. While the college commits only about one fourth of a staffer's time as liaison, member involvement has been enormous. The committee of 14 has met an average of four times a year for at least a full-day session. While this may not sound exorbitant, there is the opportunity cost of having the organization's best and brightest involved in planning as opposed to doing. Yet there is consensus that the time is well spent and that a commitment to planning necessitates a committee that meets regularly.

Limit the scope

The crystal ball gets foggy beyond two years. While the committee intended the long-term plan to approach a 10-year horizon, it became clear early in our process that planning beyond four or five years is very difficult. In fact, we consider ourselves astute to push the planning horizon out by two or three years because of the tremendous changes in technology, government, and society that are shaking the health care industry.

The association's Futures Conference attempted to explore and visualize what the health care field would look like in 10 years. While the conference was intellectually stimulating, integrating the information into the planning process has proven challenging. For example, the future of cardiovascular imaging technology is likely to be noninvasive; but what our members need now is information about current invasive technology. We concluded that shorter planning horizons—about three years—are more useful and appropriate.

We have not, however, given up exploring a long-term future view. In fact,

A staff-driven process is like leading the horse to water.

we find that if our future view is blurred, we explore more broadly, since we may be looking for many manifestations of a trend. We're prepared to respond to almost any situation.

The committee is key

Perhaps it is obvious that the committee selected to guide the organization's strategic planning process is an important group of individuals. Yet it's tempting to use this committee to honor those who are in, or have been in, leadership roles. The college avoided this temptation and developed a charge that required the involvement of leaders as well as mainstream members.

Like other associations, we find that leadership is not representative of the general membership. In our case, physicians in academia are much more likely to have the time to pursue leadership positions than physicians primarily involved in patient care. Therefore, we purposely sought private practitioners (who represent 80 percent of the membership) to be on the committee. We included members representing various segments of the organization. For example, while the membership is primarily adult cardiologists, we have on the committee at least one pediatric cardiologist, one cardiac surgeon, and a member currently in a training program (truly the future of the organization).

For the college's planning process, this conscious effort not to make the committee homogeneous has proven valuable and stimulated dialogue. As just one example, the private practitioners on the committee are more sensitive to government intervention in care delivery than are the academicians, who tend to be sheltered from this issue. Had we not heard the outcry from the members in the trenches, we certainly would have

overlooked, or at least downplayed, the importance of the college taking a stronger advocacy role.

Even with the unique makeup of the committee, member survey data and external scans of the environment are constant reminders that 14 individuals cannot speak for the whole membership. Over time, we've developed a healthy sensitivity and acknowledged that we must solicit and listen to input from the membership.

Member-driven is better

A staff-driven process is like leading the horse to water. Unless the members know it is their plan and their process, they will neither participate in nor abide by it. This was our posture from the beginning. However, we learned it's not easy to get members to take ownership in their plan or be enthusiastic about planning.

Sometimes planning involves housekeeping activities that have very little appeal to highly motivated professionals. In these situations, staff has learned the importance of preparing concise agenda materials that get right to the decision to be made. Staff presents a situation clearly and outlines possible courses of action. This minimizes the time that members have to spend wading through administrative issues, lets them use their time and expertise on bigger issues, and still keeps them in the driver's seat.

This is not to say staff members should always take the backseat. Just the opposite. Through our planning process, we are learning how well staff and members can work together. The staff members, for example, are considerably better equipped to identify organizational issues. Similarly, we find that as our staff becomes increasingly specialized (e.g., health policy experts, marketing and communication experts, statisticians, meeting planners, and so forth), the members come to rely on and expect their expert input. The healthy respect afforded competent staff enhances a member-driven process.

The committee solution

Think before throwing a committee

at it. Since the strategic planning committee began implementing our plan, we've created eight new committees. While a sound rationale can be made for each, creating a new committee is often too simple a solution; it has the same feeling of satisfaction as moving a problem from your in-box to someone else's.

The lesson we are still learning is that there are often other innovative or creative means to address gaps or concerns. For example, we are making better use of ad hoc task forces and subcommittees to tackle a problem, propose a solution, and then disband unless otherwise needed. In addition, the onslaught of new committees taught the leadership something about the allocation of resources needed to staff these efforts. In fact, the good news was that the increasing number of committees prompted the leadership to set guidelines for establishing new committees. Now all new committees must come to the board with a well-defined charge, first-year operating budget, and full-time equivalent staff requirement.

Can we do less?

For the college, the planning process was synonymous with doing more, not less. Particularly in the early stages of implementation, members and staff had trouble with the notion of cutting existing activities. Our mind-set was to grow, not consolidate. Success was when we initiated a new committee or activity; but we are learning this is not so. As the process moves forward and activity evaluation becomes more rigorous, the committee has opted to drop and consolidate activities. There is an emerging understanding that astute resource allocation means funding activities high on the priority list, and not funding those low on this list or those that are no longer in step with the strategic plan.

The spin-off effect

Our experience with strategic planning has been positive. Many of the pluses, however, are the fringe benefits of practicing good management. For example, we have tightened our operational planning and begun to see how

strategic and operational planning can work together. To link the strategic plan to committee activities, for instance, each of 57 committees must submit a yearly program of work identifying the specific goals and objectives each proposed activity will address. This process has focused dollars, staff, and volunteer member time on activities that directly impact our strategic plan.

Here are a few other pluses:

- We created guidelines for new products and services, committees, and liaisons. We've found we need to control the temptation to stray from the plan. So now, to propose and approve a new product, service, or liaison, we require a clear indication that the activity will have a direct impact on one or several goals.
- The external scanning process has helped sensitize us to other players in our field. As we studied the industry, we reacquainted ourselves with other associations, coalitions, and even new for-profit licensing partners. Now we are more realistic about those issues we can tackle alone and those that necessitate strong strategic alliances. We are also careful in selecting and maintaining the alliances that have the greatest ability to impact the plan.
- The strategic planning process is such that those who serve on the committee (including staff) are forced to understand more about the organization than they would otherwise expect (or want) to know. In this regard, the committee has provided excellent training for future leaders and facilitated interdepartmental staff communication.
- We think our environmental scan processes are fairly good, but we realize issues will sneak up on us: We need to be reactive as well as proactive. For example, in technology assessment, the college has two committees. One proactively selects diagnoses and therapies and develops comprehensive guidelines. The second is activated on an ad hoc basis by requests to assist in assessing a new or emerging technology. Both work.

Strategic planning is done because it's worth doing. The process, from monitoring the environment to crafting

the mission statement, and from implementation of objectives to evaluation of efforts, must be a labor of love. The vision espoused in the mission statement is not pie in the sky and not taken lightly. A well-designed planning process forces an organization to focus and refocus on its mission rather than wallow in the goodness of its cause.

Our mission was written with great care and is held up as a realistic pursuit. The continual planning process affords opportunities to reexamine the future, refine the plan, and recommit to an effort worth doing. We have learned that recommitment of effort also makes the planning process worth doing. AM

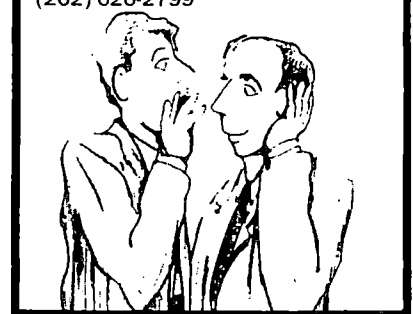
Lisa K. Olson is associate executive vice president of the American College of Cardiology, Bethesda, Maryland. For more information on related topics or ASAE's Finance and Administration Section, call Wayne Miller, (202) 626-2781.

Washington D.C.'s Best Kept Secret is Out

Now the Professional Association Meeting Planner can relax, because we're perfectionists. At the American Society of Association Executives Conference and Telemarketing Center we take care of all the details. We've been doing it for years. A reception for 150 people, a meeting of your Board, a Membership Phone-a-Thon—you don't have to worry.

We take care of all the details.

The American Society of Association Executives
Conference and Telemarketing Center
1575 Eye Street, N.W.
Washington, D.C. 20005
(202) 626-2799



Planning for Action

by

Nancy R. Daly

from

Association

Management

August 1991

To avoid having your plan languish--forgotten in a drawer or on a shelf--design the strategic action to be taken as well as the desired outcome.

Instead of defining what a plan is or how to do it, this article addresses:

- 1) how to make the written plan practical and action-oriented;
- 2) how to package and communicate the plan so that everyone understands the focus, direction, priorities, constraints, and underlying theme; and
- 3) how to assign responsibilities and use tools to ensure progress and results.

With commitment, focus, preparation, and constant monitoring, you can get your plan off the shelf.

Includes a quick-reference table of what to include in an effective strategic plan.

Reprinted with permission from **Association Management**, American Society of Association Executives, 1575 Eye Street, Northwest, Washington, DC 20005.

Planning FOR ACTION

Strategic plans that are practical and measurable do the job.

How many times have you and your staff developed an annual or longer-term business plan that involved hours of thought-provoking discussions, numerous written drafts, and a polished presentation to leaders—and then watched it languish, forgotten in your drawer or on a shelf?

The planning process exists to continually help your association pursue desired results. While planning, you design the desired outcome as well as a strategic action. As in all planning approaches, you incorporate the classic components of a strategic plan: external forces in your operating environment, internal strengths and weaknesses in your association, priority goals and urgent issues, a focused mission statement, major objectives, supporting action plans, and a budget.

This article is not about the classic components. Instead, it explains

- how to make the written plan practical for implementation while you are in the development stages—your plan should be action oriented, not an esoteric documentary;

- how to package and communicate your written plan so that everyone understands the focus, direction, priorities, constraints, and underlying theme during the period for which the plan was developed; and

- how to assign responsibility and use tools to ensure continuous progress and results.

Developing the plan

Once your association has completed the thought-provoking exercise of identifying external and internal threats and opportunities, priority goals, and an operating mission statement, you can take these further steps to ensure your strategic plan can readily be implemented:

1. Assign responsibility for each external opportunity and threat you've identified to relevant staff or committees so that opportunities are maximized and threats are minimized or overcome. The department or committee receiving

each assignment should incorporate these factors into its objectives and strategies during the planning period.

An *external force* is usually related to political, technological, economic, social, or competitive factors that are beyond your direct control.

For example, a hypothetical external force for the Building Owners and Managers Association International (BOMA), Washington, D.C., might read as follows: "The U.S. economy will be vulnerable; budgets will be tighter; resources will have to be maximized more effectively." The impact of this external force may be that "members' decisions will *not* be based on loyalty but on economics."

Assignment of responsibility might read like this:

- Membership department: Assume flat growth rates. Increase creative retention efforts.
- Marketing department: Sell cost-benefit relationship of products and services. Use buzz word and concept of *return on investment*. Identify tangible benefits.

BY NANCY R. DALY

- Research department: Develop how-to manuals for efficient resource management.

2. Assign responsibility for internal strengths and weaknesses so that the former are maximized and the latter are minimized or overcome. This is the same process as above. An *internal force* is specific to your organization, and it is something over which you have direct control. Internal strengths and weaknesses may involve staff, volunteers, structure, products, and services.

For example, internal strengths and weaknesses and appropriate responsibility may include

- *Strength:* Desktop publishing capability and utilization. *Responsibility:* Communication department increases usage and trains staff in other departments.

- *Strength:* Improved cross-selling results and opportunities. *Responsibility:* Marketing department increases multiple product promotions, staff sales training, tracking, and analysis.

- *Weakness:* The proprietary research data base has not been used to its full extent. *Responsibility:* Research department explores feasibility and demand for customized research, electronic linkage to data base, and other delivery systems.

3. As staff develop their first drafts of objectives and strategies, they should answer these questions in writing to enhance the practicality and measurability of each strategy:

- Why do I want to implement this strategy? What external or internal force is addressed, or how will it help achieve the mission?

- When will this strategy be implemented?

- What resources (such as labor, printing, postage, contractors) are required to implement or maintain this strategy? Resources are defined in words at this stage, not in numbers.

For example, within a finance department, you might find the following answers:

Major objective: To improve financial operating effectiveness and controls.

Strategy: To complete a feasibility study of an effective purchase order system

and implement appropriate systems and procedures.

Why? To improve internal controls over expenses within budgetary guidelines.

When? First quarter 1991.

What resources are required? Staff time for analysis, development, training, and implementation; software for supporting system controls, processing, and re-

*Resources must be
focused effectively if
the plan is going to be
successfully implemented.*

ports; forms and supplies for ongoing use.

4. At this point, a review of all the objectives and strategies is completed at a senior staff meeting. Depending upon the answers to the questions above, strategies are maintained, dropped, revised, or deferred.

At BOMA International, strategies were prioritized relative to their impact in successfully fulfilling the next year's operating mission. Based on this priority ranking, resources were applied to the most critical strategies. For example, one priority strategy for BOMA in the finance division is to develop a peer referral service. The service is a priority because it supports a critical part of BOMA's mission—to fulfill members' information needs.

5. Now the number-crunching begins. Staff must translate the resource requirements for proposed strategies into financial projections. Starting from zero, staff review their strategies for the planning period. After identifying categories of resources—such as postage, printing, contractors, and travel—they should assign each strategy to the appropriate category of resources.

For example, a marketing department would review all the projects for the upcoming year that require external printing expenditures. Under the category *printing*, the department lists all

proposed printing projects and projected dollar amounts. Previous years' actual performance should be considered only from a historical perspective. Never merely apply a percentage increase.

Additionally, develop association-wide assumptions and distribute them to allow departments to incorporate consistent underlying factors. Such assumptions include membership growth rate; inflation rate; travel, hotel, and meal costs per trip; postage rate increases; new sources of revenue or expense; and so forth.

6. The budget data entry is completed, reviewed by the senior staff, and revised until an acceptable bottom line for strategies results.

The bottom line is mandated by the board of directors and must be followed by staff. If you are the facilitator of the planning process, be prepared for the highs and lows of participants' feedback. The lows are the "interruption," time, and effort required in effective planning. The highs are the rewards of creative brainstorming, clearer focus, and achievement of results.

The facilitator should begin discussions by taking a moment to step back and remind everyone how the planning process fits together and why you are doing it: to gain focus and direction for the next period of operation.

Communicating the plan

Before presenting your plan, it is critical that you solicit input from your board of directors. If these leaders feel they have been a part of the planning process, they are more likely to make sure the plan is approved and implemented.

Methods for soliciting board input and increasing support and commitment to the plan include

- sharing the external and internal forces you identify with your officers, suggesting an operating mission statement, and *jointly* finalizing these critical factors.

- sharing the agreed-upon association-wide assumptions with officers and the

finance committee; and

- presenting a final working draft of the plan and the budget to officers and the finance committee and then finalizing the plan and the desired bottom line together.

When the final plan is ready for presentation, mail the package at least two or three weeks in advance of your board of directors meeting. This way, board members will have sufficient time to read and digest the document (see sidebar, "What to Include," for a list of plan elements).

When preparing for your presentation, it may be helpful to have a strategy meeting with senior staff. Appoint someone to act as devil's advocate at the meeting. Identify areas that may be vulnerable to questioning and debate. Then prepare to defend them. Come to the presentation prepared with further details, graphs, and handouts that may be needed to sell a particular strategy.

In your presentation, emphasize the focus and direction of the organization's mission statement. It is critical that everyone acknowledge this mission so that resources can be focused and expectations met. If you perceive that leaders do not agree wholeheartedly with the operating mission, return to the beginning of the presentation and highlight key factors in the external and internal environments that require a commitment to this particular direction. Resources must be focused effectively if the plan is going to be successfully implemented.

Implementing it all

The final stage in turning your strategic plan into a results-oriented management tool is taking the approved plan to the project level. At BOMA International, each approved strategy is assigned to a senior staff person who is responsible for its implementation.

Depending upon the nature of the strategy and the project-management ability of the senior staff, you may have to use different tools to get results.

One such tool is the inclusion of planned strategies in personal perfor-

mance goals for the fiscal year. Performance reviews and merit raises can be based on implementation of the assigned strategies. These goals should be delegated all the way down staff lines to ensure that everyone is focused and committed to achieving the strategies. BOMA distributes parts of the written plan to all staff so that every person understands the overall mission and other departments' objectives and strategies.

Another useful tool is a task schedule for specific projects. A project leader is

assigned to develop the schedule with participation from other affected participants. Close monitoring and follow-up are required. Never assume a task has been completed. Verbal and written confirmations of each task's status are key to success. The schedule should break the project down into very detailed tasks and should include distribution dates and sign-off dates for required materials. Project meetings can be held on an as-needed basis.

Periodic financial reports and reviews of overall strategies are additional tools for monitoring results. Senior staff can justify significant variances and project year-end performance periodically, using the most recent information to update projections.

Focusing on your mission

The most significant factor in achieving the results specified in your strategic plan is commitment to the mission statement. If a new idea arises at any time, ask how it will fit with your operating mission.

At BOMA International, for example, ideas for new revenue-producing publications were generated. But because the operating mission clearly identified the fiscal year as being one of restructuring, retrenching, and focusing on performing fewer activities with higher quality, this strategy was deferred. On the other hand, plans must be flexible enough to take advantage of opportunities and react to market conditions. Continual adjustments are part of an effective management process. Just keep in mind that these adjustments should be made to achieve the mission. By avoiding adjustments that don't help you achieve your mission, you'll keep focused and head off confusion.

It's not out of the question to change a mission mid-year because of dramatic changes in the environment. But if you do, it is critical to conduct a thorough analysis of all strategic and financial implications and then fully communicate the change and reasoning to all staff and leaders.

(Continued on page 107)

What to Include

An effective strategic plan should include the following components:

- attractive cover sheet that enhances the professional image of the document;
- executive summary that introduces the key theme for the planning period;
- table of contents;
- mission statement;
- external forces (opportunities and threats), thereby providing important background to the reader about the environment in which you operate;
- internal forces (strengths and weaknesses);
- association-wide assumptions, or critical factors that set the stage for financial calculations;
- one-page consolidated financial budget;
- one-page cash-flow projection;
- departmental plans and budgets, including assumptions made and major objectives and strategies;
- organization chart at beginning of planning period and at end of planning period;
- head-count analysis, total payroll, benefits, and taxes compared to previous years;
- capital budget; and
- summarized contingency plan (should key assumptions or external or internal factors shift significantly).

Action plan

(Continued from page 62)

The planning process is evolutionary. Your association may currently be performing with a minimal level of planning, or you may be very sophisticated. You may find that only partial or summarized components need to be presented this year, with more depth being appropriate the following year. Expect that your staff and volunteers will evolve into more sophisticated planners with each planning period undertaken.

Getting your plan off the shelf and into action requires commitment, focus, preparation, and constant monitoring of results. With these elements and a practical plan, you can improve your achievement ratio no matter what evolutionary stage your association has reached. AM

Nancy R. Daly is chief financial officer at Building Owners and Managers Association International, Washington, D.C.

As shrinking governmental dollars and ballooning service expectations create stressful challenges for nonprofits, some organizations are exploring ways to create cost-effective relationships with other organizations to enhance the stability of both.

Some organizations may need to reach beyond consolidation or cost sharing and look to the commercial sector for creative partnerships. The author provides a discussion of this approach:

- 1) entering into bold co-ventures with commercial organizations;
- 2) finding specialized staff and consultant resources in the private marketplace;
- 3) building consortia of not-for-profit organizations seeking to develop intensive training programs for their staff; and
- 4) sharing and bartering management resources and systems.

Reprinted with permission of **Fund Raising Management**, 224 Seventh Street, Garden City, NJ 11530.

Private Sector Cooperation:

The Challenge of the 1990s

by

Richard G. Ensman

from

*Fund Raising
Management*

June 1991

Private sector cooperation: the challenge of the 1990s

Throughout the last decade, the problems of small not-for-profit organizations became more visible, if not more pronounced, than ever before.

Shortages of experienced staff, shrinking governmental dollars and ballooning service expectations all characterized the struggles small not-for-profits experienced in the last 10 years. Underlying these problems is a large and growing gap between the programmatic and fund-raising capabilities of "small" and "large" not-for-profit organizations in the United States.

To be sure, we stereotype the differences between "small" and "large" not-for-profit organizations. Contrary to the prevailing stereotype, many "small" organizations are able to strategically plan their futures, and possess the resources needed to carry out their plans in an efficient and effective manner. And many "large" not-for-profits are falling victim to the funding malaise that traditionally afflicts grass roots not-for-profits in hard times.

But make no mistake: The not-for-profit world is splitting into two camps, each representing a fundamentally different style of organization. The "large" not-for-profit, which we'll call "Model A," is frequently characterized by highly efficient program services; staff longevity; adequate endowment, third-party and annual fund revenue; and an ability to use technology to advance its mission. The "small" not-for-profit, which we'll call "Model B," is frequently characterized by highly personal, grass roots service; competent, enthusiastic staff "on their way up"; hand-to-mouth budgeting and fund raising; and an increasing inability to compete for scarce resources, staff, volunteers and clients.

For many reasons—inadequate size, lack of popularity of causes, poor planning or overly limited missions—"Model B" organizations will continue to struggle in the 1990s and beyond. The decade ahead will pose significant challenges to many of

these organizations, challenges which may fundamentally alter the way they do business at the same time that they insure their survival.

Some not-for-profit organizations, in their quest for stability and quality, might tinker with organizational structure, or attempt to establish creative, cost-effective relationships with other organizations in the hope of enhancing the stability of both.

Subcontracting and sale of services, joint governance, the creation of not-for-profit holding companies and interagency management and support services consortia are all examples of creative, interagency relationships. All these examples attempt to isolate and, to some degree, consolidate support functions, while leaving program service in the hands of those best equipped to deliver it efficiently.

Contracting and sharing of support services, however, will not be the answer for many not-for-profits. As an example, consider two small not-for-profits with similar missions. Each has a budget, say, of \$200,000, of which 15% is devoted to management and fund raising. Even with full consolidation of management—a far-reaching and rather unlikely prospect—the organizations would only achieve an aggregate savings of \$30,000. Partial consolidation, a more realistic option, would net likely savings of \$5,000 to \$15,000. Either way, the savings represent only a modest portion of the aggregate budget of the two organizations—a magnitude of savings that would probably not affect the overall economic health of the services the organizations provide.

Some organizations, then, will have to reach beyond consolidation or cost sharing to meet the challenges of the 1990s. These organizations must explore far more managerial and fund-raising alternatives than their counterparts of the 1980s. They must be willing to take significant organizational risks, in the hope and expectation that the ultimate benefits to clients and consumers will outweigh the very real possibility of a decline in service quality.

These daring not-for-profits might look to the commercial sector, not for contributions, but for creative partnerships:

* Some might enter into bold co-ventures with commercial organizations. While not entirely a novel idea, commercial co-venturing is still frowned upon from both ethical and practical standpoints. Yet, co-venturing may well be the key to survival among some small not-for-profits. Product promotions, joint real estate programs, exploitation of surplus space and staff expertise and the use of private venture capital for not-for-profit program expansion all need to be explored by organizations that find themselves facing long-term financial decline.

* Some not-for-profits might look to the private marketplace for specialized staff and consultant resources. These organizations might tantalize technical experts and consultants with a ready-made market for highly specialized professional and technical services. Today, few fund-raising consultants, computer programmers or program analysts are interested in spending time and resources on the typical small not-for-profit; the prospective financial return is minimal or even nonexistent. But small not-for-profits willing to establish consortia of organizations, pool their purchasing power and sacrifice the uniqueness of their administrative or fund-raising systems, might well entice computer specialists, researchers, attorneys, consultants and other specialized professionals to offer assistance and management on a cost-effective "group" basis.

* As still another alternative, consortia of not-for-profit organizations might seek to develop intensive training programs—perhaps even programs leading to some form of administrative certification programs—for their staff. We're not speaking here of daylong workshops, professional education courses or continuing education certificates, but programs which provide in-depth instruction in the theory and practice of not-for-profit management in the small organization. A single not-for-profit today cannot motivate training organizations to offer such specialized programs; a consortia of organizations could, however, engage training firms, colleges and other educational institutions to develop high-quality training and certification programs in response to their unique needs. Once small not-for-profits

Richard G. Ensman Jr. is a development professional in Rochester, New York.

work together to ensure demand, the private marketplace will almost certainly attempt to fill it.

* Finally, small not-for-profits must be willing to share and barter management resources and systems. A not-for-profit organization developing a computerized accounting system, a series of high-quality fund-raising appeal letters, a personnel policy handbook, a supervisory appraisal system or any one of a hundred other resources could easily spend several thousand dollars at a clip. Yet, an organization that develops resources like these develops assets—assets that can, and should, be shared with other not-for-profits. This sharing might take the form of fee-based contracting or interorganizational bartering. Once the sharing process begins, staff and volunteers of participating organizations will gain greater access to specialized, tested management systems that can help ensure organizational quality and stability—at a low price.

In years gone by, most small not-for-profits looked *within* themselves to find the solutions to the problems they face. Most will continue to do so in the 1990s.

Many forward-looking not-for-profits, however, must begin to look *outside* of themselves in the 1990s—either to the commercial marketplace or to an interorganizational marketplace of their own creation—to gain access to the people, technology and systems they need to ensure program stability and growth in the years ahead.

This is a visionary direction, fraught with potential problems. These few short paragraphs seem to do little justice to ideas with such broad implications, and the brevity of their presentation might even cause the casual reader to dismiss them out of hand.

But whatever the ultimate merits of these partnerships, the prospective role of the private marketplace in the not-for-profit arena has not been seriously explored in years gone by. The prospective benefits which small not-for-profits might gain through further research and grass roots demonstration projects of effective partnerships far outweigh the risks of doing nothing at all.

These brief paragraphs do not suggest that commercial partnerships will serve as a panacea for the problems small not-for-profits will face in the 1990s. They do suggest, however, that partnerships of this sort represent an untraveled road, and that the future of many small not-for-profits might lie down that road. And these paragraphs suggest that, as they prepare for the years ahead, the leaders of many small not-for-profits would be wise to give that road more than a passing glance. ♦

We welcome new ideas from our readers. Write to us c/o this magazine, 224 Seventh Street., Garden City, NY 11530.

Evidence strongly suggests that the success of a nonprofit organization will be determined by its ability to become more creative in both the search for support and in the application of such support.

The author believes that creative planning needs to rely increasingly more on predictions or intuition than on analytic approaches, given today's high rate of change.

Before predictions can be used effectively in planning, the organization needs a creative climate. The process of creativity involves five steps: preparation, concentration, incubation, illumination, and verification.

This process can lead to several types of creativity which can then be enhanced through such methods as brainstorming, attribute listing, morphology, and lateral thinking. Creativity must then be directed towards measurable goals.

Reprinted with permission of The Society for Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

Creativity in Nonprofit Organizations:

Preparing for the Future

by

A.T. Hollingsworth

from

Nonprofit World

Vol. 7, No. 3

May/June 1989

Creativity in Nonprofit Organizations: Preparing for the Future

Are you truly committed to creativity or just paying lip service? Daring to apply these principles may mark a turning point for your organization.

By A. T. Hollingsworth

Fundraising consultant Jerry Huntzinger, in a recent speech to the Direct Marketing Association, noted a decline in donations to nonprofit organizations. This decline will continue, he stated, unless nonprofits take such steps as making mailings to potential donors more personal and *creative*. He further stated that the key to producing

good donor returns is the use of *creative* ideas in the production of all materials.

The importance of creativity is also underlined by the results of a recent survey. Arthur D. Little found that 92 percent of the chief executive officers in the study considered *innovation* critical to the success of their organizations.

It is obvious from these and similar findings that the success of nonprofit organizations will be determined by their ability to become more creative both in the search for support and in the applica-

set of steps: first, an analysis of present resources to determine the organization's capabilities; second, a forecast of potential opportunities; and third, the determination of a set of goals and strategies. This process relies heavily on the organization's ability to forecast events.

For forecasts to be valid, however, they must be based on past events which will remain stable in the future. Given today's high rate of change, it is virtually impossible for most nonprofits to make reliable forecasts. Therefore, they must

A. Thomas Hollingsworth is professor of management in the Graduate School of Business Administration and associate director of faculty research in the Business Research Institute at St. John's University, Utopia and Grand Central Parkways, Jamaica, New York 11439. His previous positions include dean of the School of Business Administration at Monmouth College in West Long Branch, New Jersey, and chairman of the Management Department at The University of North Carolina at Asheville. He earned his M.B.A. and Ph.D. degrees from Michigan State University. He has taught at Southern Illinois University, Florida Atlantic University, The University of South Carolina, and the University of Petroleum and Minerals in Saudi Arabia.

Dr. Hollingsworth has published and presented more than 60 articles, cases, and papers. He has also co-authored four books in the management area and is currently completing a book entitled The Major Myths of Management: A Unique Approach to Managing Modern Organizations. He has been a consultant to numerous nonprofit organizations in the area of creative planning and has presented a number of seminars concerned with leadership and its effects on creativity.

Predictions, unlike forecasts, are based on visceral feelings, commonly termed intuition.

tion of such support. The purpose of this article is to offer guidelines to enhance the creative environment within nonprofits.

The Creative Planning Environment: Predictions Rather Than Forecasts

The traditional planning process for an organization is typically described as a

learn to *predict* rather than *forecast* future events.

Predictions, unlike forecasts, are based on visceral feelings, commonly termed intuition. Executives often stifle such "hunches," which lack so-called scientific validity and make many executives uncomfortable. Although they give lip service to creativity, these executives rarely encourage it; they are more likely to adopt an operating strategy of simply "muddling through."

Such a strategy allows executives to act as though they were enhancing creativity

NONPROFIT WORLD, VOL. 7, NO. 3. Published by The Society For Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

without being bothered by the discomforts associated with innovation and change. However, this strategy is not in the best interests of the organization. The true function of organizational leadership is to tap the collective creativity of an organization and direct it toward the accomplishment of the organization's goals.

A Creative Climate

Before predictions can be used effectively in planning, the organization needs a creative climate. In order to establish such a climate, the executive must ensure that the organization has the following attributes:

- **trust**, so that people can try and fail without fear.
- an effective system of internal and external **communications**, so that everyone involved with the organization is fully aware of needs and goals.
- a **variety** of personality types within the organization.
- a willingness to **accept change**.
- a process to insure the survival and ultimately the **rewarding** of potentially useful ideas.
- a **merit system** based, at least in part, on the generation and implementation of innovative ideas.

Most important of all, executives must insure that creativity is both welcomed and enhanced at their level.

Executives should assess, on a regular basis, the level of creativity within their organizations. The criteria that measure creativity within an organization are:

- the ability to generate a large number of **new ideas**.
- the **flexibility** to try new approaches.
- **originality**.
- **independence** from the judgment of others in the organization.
- a welcoming by the organization of **deviance** from standard practices.

If nothing new is happening within your organization, look to yourself to see what type of climate you are creating. Establishing a creative climate takes time and effort, but it is well worthwhile. Once such a climate is in place, you will be able to tap the collective creativity of everyone in your organization, thus propelling the organization toward its goals.

The Creative Process: Five Vital Steps

Creativity is seeing analogies where no one else has seen them. It is a means to

test our hidden assumptions and thereby open our organizations to needed changes.

The process of creativity consists of five steps:

- **Preparation.** First, thoroughly investigate the problem at hand to insure that you understand all its facets.
- **Concentration.** Second, focus all the organizational energies on solving the problem.
- **Incubation.** Next, take a break, relax, and allow your subconscious mind to work on the problem.
- **Illumination.** This is the "Eureka!" sensation—that wonderful feeling you get when your mind informs you it has solved your problem.
- **Verification.** Finally, test the solution or idea you have uncovered.

zations. (For a more complete listing, refer to the references at the end of this article).

• The most often cited method of creativity is **brainstorming**. Brainstorming is a two-phase operation. First, a group is presented with a problem, and each individual is asked to provide possible solutions. All judgment is suspended in this phase. In the second, evaluative phase, possible solutions are tested by the group for feasibility.

• **Attribute listing** assumes that most "new" ideas are simply combinations of old elements. When you use this process, you give your current project new characteristics previously applied to something else. For instance, you might expand your client base by combining resources with other organizations. Joint

If nothing new is happening within your organization, look to yourself to see what type of climate you are creating.

Types of Creativity

The creative process can lead to several types of creativity:

- **Innovation**, or an original approach to a problem—seeing the obvious before anyone else does.
- **Synthesis**, or the combining of ideas from various sources into a new whole. Nonprofit organizations have used synthesis to expand their areas of service, for instance.
- **Extension**—expanding an idea to another application. For example, fast food restaurants inspired nonprofits to create drive-through services, such as drive-through book drops for libraries.
- **Duplication**, or the copying of good ideas from others—for instance, the use of auctions, phone-a-thons, house tours, and other successful fundraising techniques.

programs may open a number of options. Or you might think of new ways to utilize your board.

• **Morphology** is similar to attribute listing. It is a means of identifying all variables in a relationship and combining them in new ways. You might use this technique, for instance, to discover new approaches to past donors, such as sending them birthday cards or newsletters about your organization.

• Another creative technique is **lateral thinking**, as contrasted with vertical thinking. Vertical thinking, the common process for problem solving, digs deeply and directly into a problem. Lateral thinking, on the other hand, approaches problems from different directions. It takes nothing for granted and looks beyond appearances. It forces us to break problems into their components and solve parts of the problem.

For example, lateral thinking might lead you to approach donors for in-kind donations rather than direct monetary gifts. Or it might inspire you to barter, rather than buy, some of the goods and services you need.

Gary Hill (*Nonprofit World*, 1988) gives a number of examples of using lateral thinking to meet client needs (having bakery delivery trucks pick up and deliver clients and materials, for example, or bringing clients home from the hospi-

Creativity Techniques

Once a creative climate has been established, a number of methods may be used to increase creativity within an organization. The following methods are especially applicable to nonprofit organi-

Most "new" ideas are simply combinations of old elements.

tal in a donated limo). Hill's article is an excellent place to start on your organization's quest for creativity. As he says, "The idea is to remove the blinders of 'practicality' and 'inevitability' which can jeopardize—even kill—our programs and services."

(brainstorming, attribute listing, morphology, and lateral thinking) will be a big help here.

Another good way to activate creativity is to use your senses to think about your organization. What do people hear, see, feel, smell, and taste relative to your

A great many people think they are thinking when in fact they are simply rearranging their prejudices.

Applications of Creativity

In order for creativity to be effective, it must be directed. Thus, you must specify your organization's goals in measurable terms. This is not always easy. As Alfred E. Neuman from *Mad Magazine* says, "Most people don't know what they want, but they're pretty sure that they don't have it." Only when you know where you want to go can you explore innovative methods of getting there.

Once your objectives are established, encourage people to think about creative ways of accomplishing them. Again, this may not be an easy task. As William James said, a great many people think they are thinking when in fact they are simply rearranging their prejudices. The creativity techniques described earlier

organization? How can you insure that these senses are a plus for your organization?

Where to Begin?

Your first step should be to let everyone in your organization know that you are instituting a more creative environment, specifically directed at eliciting their innovative ideas. Make a formal announcement, followed by a number of brainstorming sessions.

The objective of the brainstorming sessions will be to determine what is needed within your organization to make it more creative. The best sources of information for these sessions are the people involved with your organization, including advisory boards and boards of directors. Include them all, because they are the ones who will ultimately have to use the new system.

Be sure your ego or preconceptions don't blind you to the merit of any of the brainstorming group's ideas. Examine their suggestions with an open mind, using those you can. Explain to the brainstorming group your reasons for not using their other suggestions; group members may well come up with creative ways—ways you haven't considered—to implement those ideas.

Nonprofits, more than ever before, need to foster creativity to insure their future. Andrall Pearson in the *Harvard Business Review* provides an appropriate summary for achieving creativity: establish a creative environment; structure your organization to enhance and not impede creativity; develop a set of goals to focus your creativity; know where to look for good ideas and how to use them after they are found; and, once the ideas are developed, focus your organization's resources on implementing them.

Everyone will benefit from such an approach: your organization, your clients, and, most important, our society. ■

Selected References

"Common Sense, Experience Are Not Enough: It's Time to Get Creative," *Marketing News*, January 18, 1988, p. 7.

*Conroy, Charles P., "The Cutting Edge: Creativity and Expansion in Nonprofit Organizations," *Nonprofit World*, September–October 1987, pp. 24–27.

Coopey, John, "The Case for Creativity in Complex Organizations," *Personnel Management*, March 1987, pp. 30–33.

Freeman, David H., "Cultivating Is Creativity," *Infosystems*, July 1987, pp. 24–27.

Greenwald, Ruth, "Companies Need to Establish Climate That Fosters Innovation," *Industrial Engineering*, April 1985, pp. 10–12.

*Hill, Gary, "Use Your Community Resources," *Nonprofit World*, March–April 1988, pp. 30–31.

Hollingsworth, A. T. and A. L. Moses, "Creativity in the Planning Process: A Message for Lawyers," *Law Office Economics and Management*, Winter 1984, pp. 439–447.

Isaak, Thomas S., "Intuition: An Ignored Dimension of Management," *Academy of Management Review*, October 1978, pp. 917–922.

*Kuhn, Robert L., *Handbook for Creative and Innovative Managers*, New York: McGraw Hill, Inc., 1988.

Pearson, Andrall E., "Tough-Minded Ways to Get Innovative," *Harvard Business Review*, May–June 1988, pp. 99–106.

*Rawlinson, J. Geoffrey, *Creative Thinking and Brainstorming*, New York: John Wiley & Sons, 1981.

Summers, Irwin and David E. White, "Creativity Techniques: Toward Improvement of the Decision Process," *Academy of Management Review*, April 1976, pp. 99–107.

*Timpe, A. Dale (editor), *Creativity*, New York: KEND Publishing, 1987.

Werner, Tom, "Outlook for Non-Profits," *Target Marketing*, January 1988, pp. 16–17.

*These publications are available through The Society For Nonprofit Organizations' Resource Center, 6314 Odana Road, Suite 1, Madison, Wisconsin 53719 (608-274-9777). Please contact the Society for price information.

COMING UP

Well handled, brainstorming sessions are the best way to generate the greatest number and diversity of creative ideas in the shortest time. Watch for guidelines to effective brainstorming, coming soon in *Nonprofit World*.

A mission statement provides a guiding light as a board makes tough decisions and plans for the future. In fact, the strategic plan should be an activation of the mission.

A mission statement explains why an organization exists (its distinctive characteristics), and what the board's responsibilities are to ensure that it will continue.

The mission statement can be used to create a shared vision between the board and CEO through three steps:

1) using the mission statement as a framework for board educational briefings;

2) reassessing and, if appropriate, updating the mission statement; and

3) during the planning and board approval process, evaluating each project for its conformance to the mission statement.

Includes sample worksheets for completing these three steps.

Reprinted from **Trustee**, American Hospital Publishing, Inc., 737 North Michigan Ave., Suite 700, Chicago, IL 60611-2615.

The Mission Statement:

Framework for the Hospital's Strategic Plan

by
L. Rita Fritz

from
Trustee
Vol. 42, No. 7
July 1989

The mission statement: Framework for the hospital's strategic plan

The hospital's mission statement can be used to create a shared vision between the CEO and the board

by L. Rita Fritz

ONE OF THE MOST POWERFUL and underused tools for creating a shared vision between a hospital's board of trustees and the CEO is the hospital's mission statement. This mission statement provides a guiding light as the board makes tough decisions and plans for the hospital's future. By tying each project and commitment to a statement in the mission, the board has a reference point, or a framework, for its decisions. This link between the mission, the strategic plan, and individual projects will also emphasize why each decision is important and how it contributes to the present and the future of a hospital.

Bill Haug, executive director of the Motion Picture and Television Fund, Los Angeles, agrees with this approach. The fund's mission is to take care of the health care needs of those who have had a career in the entertainment industry. These needs include acute care as well as skilled, intermediate, residential, home, and ambulatory care. "Our common denominator for all board decisions is to look at the basic reason we exist, our mission. Our mission statement is the foundation for all decisions made in the strategic plan. In fact, our strategic plan is the activation of the mission."

What is the mission statement?

The mission statement explains why a hospital exists and what the board's re-

Worksheet 1. Reviewing the mission statement

This worksheet is designed to be used by the hospital board and CEO for reviewing and, if necessary, updating your current mission statement.

A Which of the following components are or should be a part of your mission statement?	B Write the exact words from your mission statement that support the structure, service, and values listed in the left column.	C Could this item be made simpler or clearer to make it a more practical working tool? If so, how?
---	---	---

Which of the structures below do you need to support the mission?

☐ 1. Financial viability		
☐ 2. Cost-competitive care		
☐ 3. Clinical quality		
☐ 4. Alternative delivery systems		

Which of the groups below must you serve and support to fully activate your mission?

☐ 5. Patients		
☐ 6. Employees		
☐ 7. Physicians		
☐ 8. Families		
☐ 9. Community		
☐ 10. Third-party payers, contractors, and vendors		

What specific values and commitments are a part of your mission?

☐ 11. Indigent care		
☐ 12. Medical education/research		
☐ 13. Other (be specific)		

Copyright 1989 Corporate Systems & Images. This form may be duplicated for internal use by individual hospitals only.

sponsibilities are to ensure that it will continue. It can be a simple statement or a series of statements. For example, Stamford (CT) Hospital uses a simple paragraph with seven principles that guide board decisions as well as the daily operations of the hospital.

Winnie Hageman, an authority on board and top management strategies, points out that being specific about what a hospital is, and even what it is not, is one of the major problems for a board as it reviews and possibly rewrites its mission statement. She states that "too many mission statements are 'motherhood and apple pie'" and thus fail to outline the distinctive characteristics of the hospital.

Different missions for different types of hospitals. Community hospitals, university medical centers, religious, public, rural, and urban hospitals may have significantly different missions. For example, Stanford (CA) University Hospital, a major teaching hospital, has a focused mission for not only patient care but also for research and medical education. It states that "The mission of Stanford University Hospital is to deliver patient centered, scientifically advanced care as the primary teaching and research hospital for a distinguished university medical school. It aspires to leadership in this and the next generation in both the art and the science of health care."

Sr. Monica Heeran, CEO of Health and Hospital Service, a Catholic multi-hospital system based in Bellevue, WA, notes that religious hospitals frequently include as part of their mission care to the indigent and references to patient access. When asked if these conflict with the need to maintain a healthy bottom line, she says that, "We find taking good care of all our patients is a good business strategy. In fact, we have found at Sacred Heart Hospital in Eugene, OR, that the full activation of our mission for access to care and care for the indigent actually saved us money. We established a prenatal clinic because we had women arriving in the emergency department without prenatal care. We found that the clinic reduced our stays in the intensive care nursery and brought additional grants and donations. Before I would accept that we can't meet our mission because we can't afford it, I would want to see creativity both from top management and from the board."

Ed Fechtel, administrator of St. Mary's Hospital, Athens, GA, points out that, "Catholic hospitals, as well as other not-for-profit hospitals, confront a gray

Worksheet 2. Planning board educational briefings

This worksheet is designed to help you plan board educational briefing sessions that relate the mission of the hospital to current projects and activities and to industry trends that affect specific components of the mission.

A
What current projects, general commitments, and activities support the specific mission items on the left?

B
What industry trends (local, state, and national) affect each of these mission items on the left?

C
What is the best method for addressing each of these items? What materials should we use?

Structures

☐ 1. Financial viability			
☐ 2. Cost-competitive care			
☐ 3. Clinical quality			
☐ 4. Alternative delivery systems			

Groups served and supported

☐ 5. Patients			
☐ 6. Employees			
☐ 7. Physicians			
☐ 8. Families			
☐ 9. Community			
☐ 10. Third-party payers, contractors, and vendors			

Values and commitments

☐ 11. Indigent care			
☐ 12. Medical education/ research			
☐ 13. Other (be specific)			

Copyright 1989 Corporate Systems & Images. This form may be duplicated for internal use by individual hospitals only.

area regarding where service to the poor ends and bad debt begins. Charity care is also more than what the accountants identify in the financial statements as a line item. The issue for a board is—How long can the hospital's mission include charity care and other services at no cost or less than cost in the face of declining reimbursement? During the 1970s and 1980s, we were encouraged to expand our services, particularly to the poor and the elderly; however, with current reimbursement trends, our ability to continue the same level of charity care is in jeopardy. Boards and CEOs must increasingly struggle with these issues as they endeavor to fulfill the hospital's mission."

Public hospitals, such as Sarasota (FL) Memorial Hospital, which is required by law to be open to all aspects of public scrutiny, can actually turn this aspect of their mission into a powerful tool. Through the press, annual reports, and

neighborhood meetings, Sarasota Memorial continues to tell the public that the hospital is "accountable to the community and its people, to whom this hospital has historically belonged."

One CEO, who recently took over a hospital, has confided that he is using the hospital's mission to "get the organization back under control. In the past decade, many CEOs and boards believed that they had to become more entrepreneurial and diverse. We had not-for-profits becoming partially for profit. Many CEOs and boards have lost the core vision of why the hospital exists. They need to get their strategic plan in line with the mission or make the very serious decision to change or modify the mission."

Three steps to creating a shared vision. Using the mission statement to create a shared vision between the board and CEO requires taking three im-

(continued on page 25)

Strategic Plan *continued*

portant steps.

- Step 1: Reassess and, if appropriate, update the hospital's mission statement.
- Step 2: Use the mission statement as a framework for board educational briefings.
- Step 3: During the planning and board approval process, evaluate each project for its conformance to the mission statement. Each management update provided to the governing board should also include a reference to the hospital's mission statement.

Step 1. In today's tough health care environment, it is dangerous to focus only on the bottom line. Such a near-sighted focus may lead to short-term successes and long-term messes. One CEO has stated, "Our board now sees the mission as only making the bottom line. They have lost sight of the multiple factors that are crucial for long-term success."

There is no perfect or model mission statement. To be most effective, how-

The mission statement should be understandable and meaningful to both the frontline employee and the chairman of the board

ever, the statement should be written in clear, direct language so that it is understandable and meaningful to both the frontline employee and the chairman of the board. Worksheet 1 can be used to evaluate the effectiveness of a current mission statement.

Step 2. "Once the mission statement has been reviewed and revised, the

board and the CEO should plan educational briefings. These briefings should be based on each item in the mission statement and should be used to build a common language," according to Bob Sloan, CEO of Anaheim (CA) Memorial Hospital.

Before designing educational briefings, both the board and CEO need to analyze each item in the mission statement by asking the following questions: Why is this item important to the hospital's future? What are we currently doing to support this item? What are the industry trends that are affecting this item? Worksheet 2 is designed to help in planning board educational briefings.

Step 3. The board must understand how each proposed new project supports the hospital's mission statement. One CEO has stated that he always uses "the beginning of each year to frame everything within the mission of the hospital and to create a common language and agreement, not only on the importance of a project but on how the project supports the mission. This is good not only for the board but also for [his] job security."

Haug, of the Motion Picture and Television Fund, reports that his board uses the mission to respond to outside requests for new programs. As an example, he mentions the public pressure to start an AIDS program. He notes that the fund's basic mission has always had a geriatric focus and that it now has waiting lists for all services and programs. There is, however, great emotional appeal, particularly in the film industry, to become involved in AIDS care. Thus, the mission is now being used by the board to make decisions about the level of involvement with AIDS.

Fechtel notes that a key component of St. Mary's mission is to "use our resources to benefit the community. This focus has helped us as we have planned, approved, and built such programs as a regional home health system and a nonemergency transport system." Worksheet 3 is designed to serve as a practical support for integrating new projects and activities with specific items in the mission.

Now, more than ever, a shared vision and a common language between the governing board and the CEO are crucial. The mission statement provides a powerful and clear focus for that vision as well as a framework for designing the strategic plan. ■

L. Rita Fritz is president, Corporate Systems & Images, South Bend, IN.

Worksheet 3. Evaluating projects

This worksheet is designed to be used as a worksheet for the board and CEO to demonstrate how each proposed project or new activity supports a particular component of the mission.

	A Which component of the mission will this project support? How will it support it?	B How, specifically, can we link this proposed new activity with a specific component of the mission?
Structures		
☐ 1. Financial viability		
☐ 2. Cost-competitive care		
☐ 3. Clinical quality		
☐ 4. Alternative delivery systems		
Groups served and supported		
☐ 5. Patients		
☐ 6. Employees		
☐ 7. Physicians		
☐ 8. Families		
☐ 9. Community		
☐ 10. Third-party payers, contractors, and vendors		
Values and commitments		
☐ 11. Indigent care		
☐ 12. Medical education/research		
☐ 13. Other (be specific)		

Copyright 1989 Corporate Systems & Images. This form may be duplicated for internal use by individual hospitals only.

Before beginning the planning process, it is crucial that the board first perform an evaluation to identify where it currently stands. There are three things to evaluate: the organization as a whole, the chief executive officer, and the board itself. Within these are two areas of performance: what is done (task evaluation) and how it is done (function evaluation). According to the author, many boards establish excellent work plans but have difficulty evaluating their competence in task completion.

Task evaluation simply needs to answer two questions: 1) did we complete the task as planned and if not, where are we? and 2) what impact did the results have on our organization? Once answered, the board can move on to "where do we have to go now?"

Evaluating function (how the board gets things done) may address such issues as intra-board communication, teamwork, or decision making. Finally, the group develops performance standards for each function.

This article also contains a detailed sample of the evaluation standards developed for one nonprofit organization.

Reprinted with permission of The Society for Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

Board Self-Assessment:

The First Step to Effective Planning

by
Mark Michaels

from
Nonprofit World
Vol. 7, No. 4
July/August
1989

Board Self-Assessment: The First Step to Effective Planning

Are your board and organization living up to their ideals? The evaluation method described here will give you concrete answers you can use to make new plans.

By Mark Michaels

When people work together and develop a sense of group belonging, they tend to stress actions which help them stay together. Likewise, they avoid actions which, at least on the surface, tend toward conflict and division.

This dynamic plays itself out in the board room through many unspoken rules. One such rule is, "Don't criticize people. It will only hurt them." As a result, many boards resist evaluation systems, perceiving board assessment as a process of criticizing their peers.

But criticizing peers is not the purpose of board evaluation. Rather, evaluation is

part of the primary planning function of the board—one step in a crucial evaluation-planning cycle. Evaluation identifies where the board is, while plan-

done); and function (how it is done). Let's look at both these types of planning and see how we can use them to improve performance.

The evaluation-planning cycle is not flat. It is a true spiral, moving the nonprofit upward on the scale of organizational effectiveness.

ning helps the board decide where it wants to go and how to get there. This evaluation-planning cycle is not flat. It is a true spiral, moving the nonprofit upward on the scale of organizational effectiveness.

WHAT DO BOARDS EVALUATE?

Nonprofit boards are responsible for performing three types of evaluations. They must evaluate the organization as a whole: Is it effective in achieving its mission? They must evaluate the chief executive officer, a task closely linked with the organizational evaluation. And they must evaluate themselves, to insure that they are properly performing their tasks as the ultimate leaders of the organization.

The key to any successful evaluation is the existence of measurable standards. There are two areas of performance for which standards can be set—task (what is

TASK PLANNING: WHAT DO WE WANT TO ACCOMPLISH?

Of the two types of planning, task is the more concrete. For boards, task planning relates to strategic planning and management by objectives (MBO). It is a simple process of formulating objectives for the organization.

Begin With a Work Plan

Most boards practice task planning. At the beginning of the year, they meet to decide what they want to accomplish as a group in the next 12 months. Examples of such tasks might be:

- Develop a new mission statement.
- Raise \$150,000 in private contributions.
- Develop a sustaining funds system.
- Improve our organization's public image.
- Evaluate the CEO.

Mark Michaels is president of People Technologies (200 Lincoln Square, P.O. Box 4007, Urbana, Illinois 61801, 217-328-0032), a management consulting firm specializing in personnel management, organization development, and training services to service industries, local governments, nonprofits, and professional associations. His work as a practitioner and consultant has ranged from strategic planning to team building, compensation studies to personnel policy development. An active speaker and author, he is also an adjunct faculty member in the Masters of Management and Organizational Behavior Program at the Illinois Benedictine College in Lisle, Illinois, where he teaches the course Board/Agency Relations in Nonprofit Organizations.

NONPROFIT WORLD, VOL. 7, NO. 4. Published by The Society For Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

The task plan lists what is to be done, who is to accomplish each task, and the date it is to be completed. The completion date is an important, but often overlooked, part of this plan. It underscores the necessity for follow-up.

agers often did anything necessary to accomplish their objectives. As a result, their subordinates and peers would burn out, quarrel, compete, and exhibit other behaviors with long-term detrimental effects on the organization.

tion, teamwork, or decision-making methods. You may also wish to evaluate such functions as fund development, organizational evaluation, or staff-board relations.

To develop the list of functions, ask board members, "What functions must a board perform to be effective in accomplishing its purpose?" Have them independently write down answers to this question. After 10 minutes or so, have the group share what they have written, with a recorder keeping track of ideas on large newsprint.

As the sharing occurs, encourage members to add new ideas. Then, through group discussion and consensus, combine the list and reduce it to about 10 basic functions for evaluation.

Boards forget to evaluate in the hope of avoiding finger pointing and conflict.

The Importance of Evaluation

Many boards establish excellent work plans but stumble over evaluating their competence in task completion. Such boards meet annually to develop new lists of tasks, forgetting that they should first review the results of last year's plan.

Boards forget this evaluation in the hope of avoiding finger pointing and conflict. In truth, this failure destroys effective planning. The lack of evaluation leaves out half the planning formula.

Task evaluation does not require blame-saying. It merely requires answers to two simple questions:

- Did we complete the task as planned? If not, where are we?
- What impact did the results have on our organization?

With answers in hand, the board has the information it needs to establish next year's work plan. This new plan, of course, answers the question, "Where do we have to go now?"

Thus we see how the cycle works—planning, evaluation, and back to planning. Both parts of the evaluation-planning sequence are essential. While task planning clarifies the board's objectives, task evaluation measures the board's effectiveness.

Task Approach Useful, But Not Enough

One benefit of the task approach is a reduction in conflict. Task evaluation is simple: Either a task is completed or not. The answer is available in black and white. While people may offer excuses about why things weren't done, the answer itself is absolute.

When the concept of management by objectives was in its heyday, some management gurus claimed that such a task evaluation was all that was needed. What mattered was what got done, not how it got done.

Now we know that such reliance on task evaluation was naive. In management evaluation, it turned out that man-

Boards can be just as guilty of such behavior. When total emphasis is placed on outcomes, more aggressive members can overlook others' needs. The organization quickly loses valuable knowledge and support from alienated members.

Therefore, evaluating *what* the board has done is only the first phase. It is just as critical for the board to evaluate its functioning as a group—*how* it gets things done. Although this process is more complicated, you can obtain measurable, useful results through the following steps. Again, we will examine both planning and evaluation—equally important parts of the cycle.

FUNCTION PLANNING: HOW WILL WE ACCOMPLISH OUR OBJECTIVES?

Planning how a group wishes to function requires a relaxed, supportive atmosphere. It is best to perform such planning in a retreat setting. You may want to conduct the planning session as part of your annual planning retreat after the board develops its task plan.

If this is the first time you have held a function planning session, have an outside facilitator conduct it. You will thus reduce the power role of the chair or note taker, allowing all board members to participate equally. After two or three evaluation-planning cycles, the board will have enough experience to take over the process, and an outside facilitator will no longer be necessary.

Draw Up a List of Functions

The first step is to put together a list of functions which your board wishes to evaluate. If you want to work on group process problems, you might address such areas as intra-board communica-

Set Standards for Group Performance

The real discussion will come during the next step, in which the group develops performance standards for each function. The standards describe, in behavioral detail, what such terms as "excellent," "meets standards," and "poor" mean to your board. The goal is to develop a consensus on these values.

Develop standards for each function separately. Repeat the following steps for each function:

- For the function under consideration, have each member independently develop three lists: a list identifying behaviors shown by groups who are outstanding examples of achievement for this function; a similar list representing poorly functioning boards; and a third list representing boards which just meet the standards.
- Once the individual lists are made, have the recordkeeper transfer them to newsprint or some other shared document.
- Discuss the lists and reduce duplications.
- Hand out sheets of paper with three columns, titled "Excellent," "Meets Standards," and "Poor." Or, for a more complex evaluation, use five columns, as shown in Figure 1. Have the members individually place the behaviors listed on the newsprint into what they feel is the appropriate column on the sheet in front of them.
- Review each behavior until the group agrees on its proper placement on the worksheet. During this discussion, you will probably need to revise the description to reach a unified understanding of what that behavior really means, especially when there are great differences in people's perceptions of appropriate placement. If agreement cannot be reached, drop the behavior from the list.
- Edit the results into an evaluation form.

Figure 1: FUNCTION STANDARDS
Board Performance Criteria

Dimension	Poor	Below Standards	Meets Standards	Good	Exceptional
Work in harmony with the CEO	CEO takes individual directions. Board meddles in personal matters. Board members solve problems with patrons instead of sending to CEO. Board members show favoritism and collusion.	Very little discussion of problems and solutions.		Board members are good at public relations.	Members make CEO aware that board will back him/her up. Board members work together to achieve goal.
Assure the financial success of the organization	Hold meetings infrequently. Ignore modern technology. Lets one member dominate. Members stay home for meetings. Decisions are swayed by special interest groups. Local demographics are ignored. Don't pay capital credits. Schedule annual meeting in Hawaii.	Chairperson does not lead meetings. Board lets manager make decision. Meeting time is too short. Members do not attend seminars.		Budget information is disseminated before the meeting. Salary and benefits are kept comparable. Keeps current with financial trends. Makes sure borrowing ability is not overtaxed. Are realistic with rates.	Prepares a budget, reviews it and reports at monthly meeting. Reviews financial policies and knows cash flow position. Understands financial reports. Defines membership needs. Develops long-range plan and projects capital needs. Keeps up with legal requirements. Hires excellent auditor.
Enhance CEO relations with clients through delegation of authority	Poor attendance at board meetings. Directors involved in day-to-day operations with clients and not backing up the CEO. Letting the CEO do his/her own thing.		Giving the CEO breathing room.	Put out newsletter with monthly billings. Have group meetings and discussions.	Furnish quality equipment. Have interesting and informative annual meetings. Keep policies current. Communicate tactfully with public.
Hire and evaluate the CEO		Bad public relations through disruption of the organization.	Consider character and organizational experience of applicants. Use evaluation checklist.	No prior commitment by an individual board member. Considering appropriate fields of education. Conducting good interviews. Remaining objective by disregarding personal likes and dislikes.	Reviews position job description. Evaluates management style in relation to organizational objectives. Reviews evaluation with CEO. Establishes goals. Keeps the board informed. Provides salaries commensurate with responsibilities. Continued training in selection and evaluation of CEO.
Set board policy as it relates to all areas of operations	Ignores present policies. No consultation between board and CEO on policies or adopts policy based only on CEO recommendation.	Sets policy without legal advice.		Committee develops policies for board consideration.	Board reviews policies regularly and when problem occurs. Determines if policies are in best interest of organization.

Figure 1 shows a sample of evaluation standards developed for one nonprofit board. Note that some levels include no behavioral descriptions, indicating the difficulty of working with five levels and of identifying behaviors which meet standards.

The standards development process can take some time. To reduce the load, perform the process once with the entire board, and then break the board into smaller groups, assigning one or more functions to each group.

The discussions which occur during this planning session are, by themselves,

Hold an Evaluation Meeting

After establishing standards, a logical question begging for follow-up is, "Now that we know what we want, how are we doing?" And many boards find moving immediately from standards development to evaluation to planning an effective way to capitalize on the energy developed in the standards planning session.

On the other hand, the standards development session is long and can be quite emotional. The message of what is wanted is made clear. It may be wise to step back for a few months and let indi-

have a scale for decision-making. A description under "Poor" may be "Decisions are made by a small group prior to the board meetings." A description under "Meets Standards" may be "Decisions are made by a democratic majority after a complete discussion by board members." Suppose that five board members chose "Meets Standards" and two chose "Poor" when evaluating the board. It is then logical to ask: "Why do some of us feel that decisions are made by a small group?"

The results of such discussions may end in a consensus on the ratings. For instance, the group may realize that some people feel left out of the decision-making and that, therefore, decisions really are made by a small group. Or the two individuals who chose "Poor" in their evaluations may recognize that, while they are dissatisfied with the decision process in general (leading to their poor rating), the group is meeting its agreed-to standards.

But consensus on the rating is not important. What is important is that, from the information derived in the discussion, a plan evolves to improve the decision-making process of the group. It is the planning process—not the critique—that is vital to the evaluation-planning cycle.

The final step in the evaluation meeting is to develop an action plan for improving functional performance. The plan will read much like the task plan, listing what is to be done by whom and by when. This plan can be monitored throughout the year and reviewed as part of next year's evaluation.

When total emphasis is placed on outcomes, more aggressive board members can overlook others' needs.

very instructive to board members. Without establishing a critical atmosphere, members begin to understand the different value systems at work on the board. For instance, in one session it was discovered that among seven board members there were four different understandings of the board's role in financial management. Bringing such differences into the open establishes a better

understanding of group norms and expectations—and improved operations in the future.

When you decide it is time for evaluation, the next step is to hold another group meeting. To assure that you focus on results, have the meeting conducted by an objective facilitator skilled in con-

duct management. That person will help keep the spotlight on evaluation and planning as opposed to criticism. Again, as the board matures, it can take over this role, making an outside facilitator unnecessary.

At the meeting, use the form which you created at the standards-development session, and ask board members to rate the organization in light of that form. Let them remain anonymous for this exercise. Then have a facilitator compile results and report the average and extreme evaluations.

You will find that these results will generate extensive discussion and some disagreement. For instance, suppose you

Bringing differences into the open establishes a better understanding of group norms and expectations.

understanding of group norms and expectations—and improved operations in the future.

The first time function standards are developed, they should be group standards. This way, the process does not threaten individual members. However, as the board becomes more sophisticated, it can include individual member evaluation as well.

The function standards developed in the retreat are a statement of how the board would like to operate. Those behaviors shown under "Meets Standards" define what is acceptable for group interaction. "Excellent" defines the ideal to which the group strives.

THE STARTING POINT

Evaluations by boards are pivotal to the success of nonprofit organizations. Without evaluations, power evolves toward staff—a situation which may or may not work in the organization's interest. Without evaluation, an organization quickly loses sight of its mission—a situation which inevitably spells disaster.

The evaluation process described here is a generic method. It has been applied to employee evaluations, CEO evaluations, program evaluations, and board self-assessments. The process combines both task (MBO) and functional (function standards) evaluation to bring about the best balance of what gets done and how it gets done.

The critical ingredient is the system's recognition and use of measurable standards. These standards really represent the organization's planning. They answer the question, "Where do we want to go?" The evaluation gives the board its starting point. ■

Astute managers of today's nonprofit organizations recognize the importance of strategically influencing opinions--of donors, potential donors, government leaders, and other targeted audiences.

Nonprofit executives who previously thought they could not afford public relations activities are finding that a successful PR program can create an environment in which fundraising efforts, volunteer recruitment, and service programs themselves can be enhanced tremendously.

The author identifies six trends in America to consider when planning a public relations program in the '90s: cutbacks, increased competition and the need for positioning, issue-oriented PR, strategic PR planning, targeted communications, and financial accountability and the media.

Includes references.

Reprinted with permission of The Society for Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

Six PR Trends That Will Shape Your Future

by

Thomas A. Harrison

from

Nonprofit World

Vol. 9, No. 2

March/April

1991

Six PR Trends That Will Shape Your Future

It's a new era in public relations. Take advantage of these important trends as you plan your organization's PR program.

By Thomas A. Harrison

Are you ever frustrated that, despite your quality programs and excellent services, your organization continues to be one of the best kept secrets in your field? Would your fundraising efforts and volunteer recruitment be enhanced if more people knew your organization and really understood the impact of your work?

If so, you are among the majority of nonprofit organizations, who traditionally have operated with a volunteer public relations program or have hoped their good services would "speak for themselves." It wasn't long ago that some nonprofits thought that public relations meant sending out a press release or getting an occasional mention in the society pages about a fundraising dinner. Fortunately, those days are over.

Astute managers of today's nonprofit organizations recognize the importance of strategically influencing opinions—of donors, potential donors, government leaders, and other target audiences. With an increase in competition and sophistication among nonprofits, competition for donor dollars has grown significantly, and people are far more likely to contribute to an organization they've heard of than one whose work is unknown to them.

In response, nonprofit executives who previously thought they couldn't afford PR are turning to aggressive public relations programs as a vital aspect of their

organization's future. They are moving toward a more disciplined, strategic, and marketing-driven approach. What they are finding is that a successful PR program can create an environment in which fundraising efforts, volunteer recruitment, and programs themselves can be enhanced tremendously.

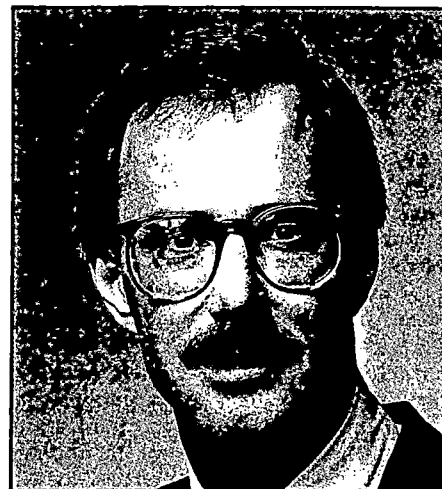
What does this mean to you?

Decade of Compassion

From all the signs we've seen, the 1990s are shaping up to be the "decade of compassion." At last count, Americans gave an annual \$114 billion to charities—up 10.4 percent over the previous year. Volunteerism is at an all-time high. One in five Americans are volunteering their time. And, believe it or not, men are outgiving women in volunteer hours.

Nonprofits are noticing that corporate America is responding to concerns of the marketplace in a new way. Such companies as Burger King, Coca-Cola, and Coors are spending millions of dollars a year on literacy and education programs. McDonald's now has a well-established network of homes for terminally ill children and their families while they undergo treatment at hospitals across the country. Even Star Kist Tuna has begun marketing its products as "dolphin safe."

This reawakening of concern for humanity, the environment, and the quality



Thomas A. Harrison is a senior vice president, member of the executive committee, and head of the Public Relations Division of the Russ Reid Company (2 North Lake Avenue, Pasadena, California 91101), the largest advertising and marketing firm in the nation specializing exclusively in nonprofit clients. Prior to joining the Russ Reid Company, he spent 10 years with the international public relations firm of Daniel J. Edelman, Inc., where he was executive vice president.

NONPROFIT WORLD, VOL. 9, NO. 2. Published by The Society For Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

of life is a reflection of something much larger happening in America. This new decade of compassion is good news for nonprofits—good news, that is, if nonprofit leaders grasp the trends ahead and begin acting on them now.

Following are six trends to consider when planning a public relations program in the '90s.

1. *Cutbacks*

One of the most obvious trends is a continued cutback in government funding, along with increased competition for private dollars. For nonprofits dependent to any significant extent on government funding, the '80s were hard. From 1982 to 1988, nonprofits experienced a

by mail. And if you flip through the channels on Sunday night, you'll come across back-to-back fundraising specials. Not just telethons anymore but compelling documentary-style productions by nonprofit organizations.

With all those appeals, all those great causes, which organizations are most likely to win support? Obviously, those organizations that are most visible—and, perhaps more important, those that are strongly *positioned* as effective, as leaders, as making a tangible, measurable difference.

Visibility has always been important, but in the '90s it will be imperative to do more than just be visible. Nonprofits will actually need to shape the way the public and key audiences—whether they be government agencies, business leaders, or foundations—think about the organi-

At the heart of the new public relations is management by objectives and *not* the old school's "PR by press release."

\$30 billion decrease in federal funding. As we begin the '90s, the picture, unfortunately, is not much brighter in this area.

In response to the federal deficit, President Bush has signed a budget package eliminating a staggering \$492 billion in federal spending over the next five years—much of it in health and social programs. With the threat of a recession on the horizon, individuals, businesses, and nonprofit organizations alike will naturally become more concerned with their spending.

It is during times like these that corporate America has found public relations, rather than an expendable luxury, a cost-effective necessity. Likewise, for nonprofits, an investment in a public relations program keeps the organization and cause in the forefront of the public's mind in order to win the guarded dollars of individuals and businesses affected by the recession.

2. *Increased Competition and the Need for Positioning*

What all this points to is a shift in strategy for nonprofits with a history of relying on government funding, and that in turn means increased competition for the fundraising dollar. Increasingly, nonprofits are raising this money through sophisticated mass media techniques—direct mail and television.

If you are on the "right" lists, you probably receive several appeals a week

and the cause or issue it represents.

The most effective way to achieve public awareness is through a well-structured PR program that places your organization in the public eye. The more different PR techniques you use, the better. These methods might include TV, radio, newspaper, and magazine interviews; news conferences; letters to the editor; and opinion pieces on vital issues. They should also encompass special events and speaking engagements that help position your organization's leaders as experts in their field.

3. *Issue-Oriented PR*

The most important PR development for nonprofits today is the concept of issue-oriented public relations. This new trend can revolutionize the awareness, public image, and fundraising potential of an organization.

Research conducted by Russ Reid Company indicates that the public—including donors—responds overwhelmingly to problems covered by news media. Positioning an organization as an authority on an issue, and as an important part of the solution to the problem, can build tremendous credibility for the organization. Such positioning also persuades donors to contribute, because they feel they are making a real difference.

People care about people and about issues that affect people, not necessarily

about organizations. The same holds true for the media. How often do you see *Time*, *Newsweek*, or even your local daily newspaper profile a nonprofit doing really good work? Instead, they will do a piece on a problem—an oil spill, the prison crisis, traffic congestion, homelessness—and quote the CEOs of nonprofits as experts working to help solve the problem at hand.

You can gain the same visibility by talking about problems that your organization is working to solve. By discussing current issues, you have an opportunity to (1) be noticed, (2) communicate your point of view on problems that people care about, and (3) position your organization as a vital part of the solution and therefore worthy of support.

The key is to focus on one or two issues that are hot. Or create news with unusual special events or research or opinion surveys that will provide a platform for getting your organization's point of view across. Either way, through an issue-oriented approach to public relations, you can create an environment in which audiences will be more inclined to respond to appeals, volunteer their time, attend your events, and support your cause.

4. *Strategic PR Planning*

Effective positioning doesn't happen by accident. And it shouldn't happen casually. Careful attention to strategic planning is essential.

At the heart of this type of public relations is management by objectives and *not* the old school's "PR by press release." Every nonprofit must take the time to create an annual strategic PR plan designed to state the organization's goals and specify how those goals will be achieved. At the same time, the plan must be flexible enough to allow for new creative ideas or unanticipated opportunities within the established organizational objectives.

The following steps are crucial for an effective strategic PR plan:

- **Perform a Situation Analysis.** Examine your overall organizational and marketing goals. Survey important audiences to determine their awareness of your organization compared to other nonprofits in your field.
- **Define Your PR Objectives.** Decide what you need to accomplish to meet your organization's overall goals.
- **Identify Target Audiences.** Who, specifically, do you intend to reach?
- **Specify Key Messages.** What do you want those target audiences to know about you?
- **Target Media.** Determine how you will reach your audiences, both in terms of

publicity and paid media, if appropriate.

- **Pinpoint Strategies.** Detail the best approaches to achieve your objectives.
- **Select Tactics or Program Elements.** Specify activities designed to meet your objectives.
- **Choose Staff.** Decide what skills and people will be required to implement the plan.
- **Prepare a Budget.** List estimated costs for every item in the plan.
- **Create a Timetable.** Decide when specific activities will occur.
- **Measure Results.** Evaluate the outcome to see if objectives were met.

Following these steps will lead you to a specific, effective PR plan. It will also ensure that everyone in your organization is working toward the same goals with maximum efficiency.

5. Targeted Communications

The fifth trend is toward more highly targeted communications. This means that activities are targeted to specific audiences with specific messages. For instance, sophisticated direct mail programs segment donor files into different groups based on a variety of criteria and then design appeals accordingly.

Nonprofits will need to adopt some of these sophisticated practices by segmenting audience groups, perhaps by age, sex, income, geography, or opinion. PR objectives and key messages should then

- move them through a greater understanding of the issue, the organization, and its objectives
- dovetail with development activities so that fundraising appeals are included in communications at appropriate times.

6. Financial Accountability and the Media

The final trend considered here is the least pleasant—but one which must not be ignored. First Jim and Tammy Bakker hit the evening news, followed by a string

must be spent on the programs for which they are designated. All transactions must be justifiable to donors.

At the same time, management should be prepared to answer questions about budgets and fundraising practices. And that can sometimes be difficult. The biggest problem, simply stated, is that few nonprofit executives are prepared to communicate their messages to the news media, whether those messages include a clear explanation of fundraising costs or a discussion of the allocation of resources.

Thus, special training sessions are needed to prepare management spokes-

Instead of dodging public scrutiny, let's consider it an invitation to greater accountability and integrity.

of other TV evangelists. Then United Way of Los Angeles's alleged financial irregularities made headlines. Covenant House's Bruce Ritter fell from grace, and there was public outcry against the Red Cross's use of San Francisco earthquake funds. This series of scandals has brought all nonprofits under scrutiny.

Some refer to this scrutiny as "charity bashing." In some cases, it is. But in most cases, increased scrutiny is simply the price nonprofit organizations must pay for the higher visibility they enjoy.

Instead of dodging public scrutiny, let's consider it an invitation to greater ac-

countability and integrity. From a practical point of view, such a stance mandates that all nonprofit organizations will need to pay even closer attention to ethics and to any areas of potential vulnerability, with particular attention to finances.

Obviously, expenses should reflect accepted standards for program/administration/fundraising ratios. Financial accounts should be squeaky clean. Dollars

An Opportunity to Prosper

people to face the media effectively, especially in controversial situations. Communications specialists can instruct managers in special on-camera techniques. There is little value in talking to reporters if it's only to answer their questions. The objective should be to communicate a specific image or message about the organization. And it's vital that the message be defined beforehand.

Media training can help spokespeople refine key messages, select appropriate examples and anecdotes, and learn to feel comfortable in interview situations. Media training can equip the executive to deal with touchy or negative subjects as well as to deliver the organization's message effectively and persuasively.

The 1990s will be filled with opportunities for nonprofits to prosper—to take the lead and shape the way Americans respond to the issues of our time. Public relations has emerged as an effective tool to help accomplish these goals. It is time that all nonprofit organizations rise to meet the challenging trends already appearing in the nonprofit marketplace. ■

People care about people and about issues that affect people, not necessarily about organizations.

be defined for each. And communications programs should be aimed at cultivating greater awareness and support for the organization over time.

In order to truly cultivate support from these very different groups, communications programs must be designed to:

- meet audiences at their point of interest or need

countability and integrity. From a practical point of view, such a stance mandates that all nonprofit organizations will need to pay even closer attention to ethics and to any areas of potential vulnerability, with particular attention to finances.

Obviously, expenses should reflect accepted standards for program/administration/fundraising ratios. Financial accounts should be squeaky clean. Dollars

Selected References

- Deran, Elisabeth, *Low-cost Marketing Strategies: Field-Tested Techniques for Tight Budgets*.
Foote, Cameron S., *The Fourth Medium*.
Goldman, Jordan, *Public Relations in the Marketing Mix*.
Lant, Jeffrey, *Cash Copy*.
McGowan, Andrew, "PSAs—Free But Not Easy," *Nonprofit World*, May-June 1990.
Maddalena, Lucille A., *A Communications*

- Manual for Nonprofit Organizations*.
Muehrcke, Jill, ed., *Public Relations and Communications, Leadership Series*.
Ott, Christine M., "Nonprofit Communications on a Shoestring: Thriving in the Midst of Crisis," *Nonprofit World*, March-April 1990.
Rouner, Donna, and Carl Camden, "Communicate Your Message With Community Resources," *Nonprofit World*, January-February 1990.

- Seita, Trudy R., *Communications: A Positive Message from You*.
These publications are available through the Society For Nonprofit Organizations Resource Center. Members of the Society receive discount prices on Resource Center books. For more information, contact the Society's Resources Center at 6314 Odana Road, Suite 1, Madison, Wisconsin 53719 (608-274-9777).

Experts predict that by the year 2030, one of every three Americans will be at least 55 years old, and one of every five will be at least 65. The fastest growing segment of the population is currently the over-85 group.

The author points out that even nonprofits that do not specifically target older persons will be affected by these changing demographics. Because people generally do not consider themselves elderly until age 75, organizations are cautioned to use care in presenting services for "old" people.

The author discusses implications for nonprofit planning imposed by these changing demographics:

1) Longevity as a result of medical advances creates a healthier, more active group of people who are looking for more energetic activities in which to be involved;

2) Families caring for aging parents at home need unprecedented support services;

3) Physical accessibility of programs, buildings, and materials is also a growing consideration for service providers; and

4) The aging pool of workers provides many older, semi-retired people as desirable employees.

Includes references.

Reprinted with permission of The Society for Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

The Aging of America:

Implications for Nonprofit Planning

by

Siri N. Espy

from

Nonprofit World

Vol. 10, No. 2

March/April

1992

THE AGING OF AMERICA: Implications for Nonprofit Planning

Even if your organization doesn't serve elderly people directly, the "aging of America" will have profound effects on your work.

By Siri N. Espy

The population of America is undergoing startling demographic change, carrying a number of new challenges for nonprofits. Mortality rates have decreased sharply as birth rates have fallen, causing the overall population structure to shift. America's culture is changing, too, as the baby-boom generation moves from middle age to become "the young old" of tomorrow. Experts predict that by the year 2030, one of every three Americans will be at least 55, and one of every five will be at least 65. When one counts the number of people who have survived to age 65, throughout the history of life on earth, two-thirds of them are alive today. In addition, the fastest-growing segment of the population is currently the over-85 group.

Nonprofits looking ahead to the future must consider these realities when charting their course. In order to respond to tomorrow's needs, nonprofits must look at the role the older citizen

will play. The mission of an increasing number of nonprofit organizations includes a mandate to work with this group. But even nonprofits which do not specifically target the elderly will find that an increasing percentage of their client group includes senior citizens.

Many nonprofits, regardless of their target populations, will be affected by these changing demographics. Museums, for example, may need more and different seating among exhibits. Child care centers may look toward the elderly as sources of intergenerational nurtu-

and reaching into a growing group of centenarians. Those within this broad age range can have greatly differing needs and can encompass different stages of the life-cycle. They vary on many characteristics, such as gender, education, income, and health status. Talking about "the elderly" can be as dangerous and meaningless as assuming that the needs of all women or all members of an ethnic or religious group are the same.

One problem many organizations encounter is that older people may resent being labeled as such. Research

Experts predict that by the year 2030, one of every three Americans will be at least 55, and one of every five will be at least 65.

Siri N. Espy is the author of Handbook of Strategic Planning for Nonprofit Organizations (see "References"). Ms. Espy holds the position of senior planner at Shadyside Hospital, 5230 Centre Avenue, Pittsburgh, Pennsylvania 15232 (412-622-2003), and is a consultant to nonprofit organizations, specializing in planning and marketing. She has taught courses and seminars at national conferences as well as several colleges and universities. Her book on nonprofit marketing is scheduled to be published soon.

NONPROFIT WORLD, VOL. 10, NO. 2. Published by The Society For Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

rance. Recreation and physical fitness organizations may need to add special classes for those over 65. In times of demographic change, there are a number of factors the nonprofit organization will need to track in order to plan for the future.

STEREOTYPING AND ATTITUDES TOWARD THE ELDERLY

People considered "older" can easily span 50 years or more, starting at age 50

has discovered that people do not consider themselves elderly until age 75 or older, and that many seniors perceive themselves to be 10 to 15 years younger than their chronological age. Traditional services and programming for the older adult may fail to recognize and deal with this fact. If so, the organization may lose many potential patrons, who avoid activities they perceive as being for "old people."

Younger people may also tend to stereotype the elderly, assuming senility or taking a patronizing attitude. Service-oriented nonprofit organizations will do well to work with their staffs to ensure

that older people are treated with sensitivity and respect.

THE CHANGING NATURE OF OLDER CITIZENS

Medical technology and societal attitudes have produced significant changes in senior citizens' needs. People are living longer and, in many cases, in better health. Instead of institutionalization, older people may be seeking aerobics classes. Opportunities for travel and romance may offer more appeal than the knitting circle at the senior center.

Today's older people tend to cluster at the two ends of the economic spectrum. Some struggle along on a fixed income inadequate to meet their needs,

called upon to take on another role—that of child care provider for grandchildren or other relatives. Thus, some

Recognizing that the needs of older people can be unique is also an important factor in a nonprofit's future suc-

When one counts the number of people who have survived to age 65, throughout the history of life on earth, two-thirds of them are alive today.

senior programs see a need to provide babysitting services in their centers.

Due to increased longevity, older people may be taking care of their own parents as well. An "elderly" person of 60

cess. Just as children are not simply miniature adults, older people have specific concerns, such as maintaining independence and autonomy, which may not be shared by their younger counterparts. Nonprofits wishing to serve older people will be sensitive to these concerns.

Instead of institutionalization, older people may be seeking aerobics classes.

while others have more disposable income and fewer financial obligations than ever before. They are also better educated, with a greater need for cultural, educational, and recreational activities.

In addition, many people who once became sick and died now survive but remain chronically ill. This situation creates a whole new set of problems and needs for service.

EFFECTS ON FAMILY STRUCTURE

The changes in the population will have profound influences on the family as well. Many baby boomers find themselves members of the "sandwich generation," caring for aging parents and young children at the same time. In addition, economic pressures dictate that in most families both adults must hold jobs outside the home. No longer can we assume that there is a daughter or daughter-in-law at home to care for elderly relatives.

Squeezed financially and emotionally, these sandwich-generation members have a tremendous need for support services. Forward-looking organizations are moving to provide adult day care, in-home services, and respite care. Some employers are providing support services at the workplace in order to decrease absenteeism and turnover.

With the advent of the two-income family, older people are increasingly

may be caring for an 80-year-old parent and a 100-year-old grandparent, while called upon to take in a divorced child and babysit for a grandchild!

"USER-FRIENDLINESS" OF PROGRAMS AND FACILITIES

Nonprofits which recognize the trend toward aging will realize that the needs of older constituents must be satisfied. Some organizations may find that their existing programs and facilities do not serve these individuals well and that modifications are needed. Seemingly simple factors such as the location of the office, the height of chairs, print size

THE OLDER PERSON WITHIN THE ORGANIZATION

Along with other demographic changes, the human resource pool is shifting. Thus, the nonprofit organization may find that older, semiretired people are desirable employees. They bring maturity, life experience, and an "old-fashioned" work ethic to the workplace. In addition, studies have shown that they are actually absent less than younger workers.

Older people play an increasingly important part in the volunteer arena, too, as the increase in two-income families erodes the traditional volunteer pool. The representation of older people on a nonprofit's board can add demographic diversity which is beneficial to the organization. Along with a richness of experience, the older board

An "elderly" person of 60 may be caring for an 80-year-old parent and a 100-year-old grandparent, while called upon to take in a divorced child and babysit for a grandchild!

on signs, and handrails in rest rooms can make a big difference in how usable the organization's facilities are for the older person.

member or other volunteer may be seeking an opportunity to make a contribution, and have time as well as considerable skills with which to do so.

FACTOR AGING INTO YOUR PLANS

As your organization prepares for the future, you will need to factor these demographic changes into your plans. A good start is to study the actual and projected numbers of elderly citizens in your service area. These numbers will vary greatly from region to region.

Simply looking at the number of people over 65 may not be enough. A further breakdown into age groups will tell you whether the people in need of service will be the "young old" or people of advanced age—a distinction which will make a great deal of practical difference.

By keeping in touch with community nonprofit leaders, you can determine which needs remain unmet in your region. Another excellent way to gather information is to go to the source: Ask older people themselves. Conduct surveys or focus groups to determine their needs and perceptions about the role your organization might play in their lives (see "Selected References" for how

Community's Needs?", *Nonprofit World*, March-April 1989.

Espy, Siri N., "Planning for Success: Strategic Planning in Nonprofits," three-part series, *Nonprofit World*, September-October 1988 through January-February 1989.

Espy, Siri N., *Handbook of Strategic Planning for Nonprofit Organizations*.

Fink, Arlene and Jacqueline Kosecoff, *How to Conduct Surveys*.

Frey, James H., *Survey Research by Telephone*.

Krueger, Richard A., *Focus Groups: A Practical Guide for Applied Research*.

Muehrcke, Jill, ed., *Management and Planning, Leadership Series*.

Weber, William, Bart Laws, and Suzanne Weber, "Real World Planning: Fresh Approaches to Old Problems," *Nonprofit World*, March-April 1987.

These publications are available through The Society For Nonprofit Organizations' Resource Center. See the Society's *Resource Center Catalog* or contact the Society at 6314 Odana Road, Madison, Wisconsin 53719 (800-424-7367).

**Research has
discovered that
people do not
consider them-
selves elderly
until age 75 or
older.**

to use surveys and focus groups). Adult children can also provide useful insights into the needs of their elderly parents.

If you do not offer specialized services for the older adult, you may well find that it is time to do so. There is a real need in many communities for services such as personal care homes, adult day care, information and referral lines, and support groups for caregivers. Such demands will increase as the population continues to age, and it will be up to nonprofits to fill the gap. ■

References

Anthony, William P., "Effective Strategic Planning in Nonprofit Organizations," *Nonprofit World*, July-August 1984.

Bryson, John, *Strategic Planning for Public and Nonprofit Organizations*.

Espy, Siri N., "Are You in Step With Your

Ethical lapses in the nonprofit world are out of character with the noble spirit of this sector and can result in an erosion of public trust. Mutually agreed upon ethical standards and precepts can prevent episodes of unethical action.

The author presents seven reasons why ethical behavior should be a priority:

- 1) recent emergence of nonprofits as a sector;
- 2) a nonprofit sector composed of institutions that enunciate, transmit, and defend ethical values;
- 3) nonprofits established for reasons other than profit;
- 4) public trust of nonprofits and perceptions of superior quality and services which grow out of the quality of service goals;
- 5) a nonprofit sector held together by intertwining relationships which unethical behavior can sever;
- 6) complex facets of nonprofits which defy legal enforcement and instead require a cohesive culture bound by uniform patterns of conduct; and
- 7) people with diverse ethical norms thrown together in the nonprofit sector, placing great demands on the ability to consolidate all ethical postures.

Includes references.

Reprinted with permission of The Society for Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

Keepers of the Springs:

Why Ethics Make Good Sense for Nonprofits

by

David E. Mason

from

Nonprofit World

Vol. 10, No. 2

March/April

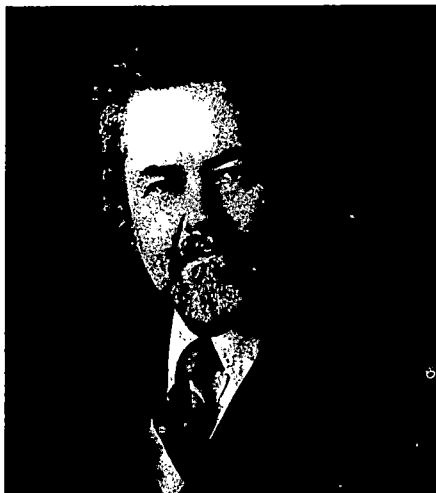
1992

Keepers of the Springs:

Why Ethics Make Good Sense for Nonprofits

It's imperative that nonprofit leaders focus their attention on ethical issues. Here are seven reasons why.

*Part 1 of a Series
on Ethics in the
Nonprofit Sector*



By David E. Mason

Ethical lapses in the nonprofit world are like divorces between marriage counselors and bankruptcy by investment advisors. They are incongruous, out of character with the noble spirit of our sector, and attract trust-eroding media attention.

Our nonprofit organizations are some of the major springs of our society. We who lead these organizations are the

*David E. Mason is a management consultant specializing in nonprofit organizations. He is the author of 10 books, the most recent of which, *Voluntary Nonprofit Enterprise Management*, is widely used as a text in colleges and universities. He may be reached at 3352 Ocean Drive, Corpus Christi, Texas 78411.*

NONPROFIT WORLD, VOL. 10, NO. 2. Published by The Society For Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

keepers of the springs. We must build on our highest and best aspirations, or we will find that our foundation has eroded. If the press does not grind us into dust, the regulators will skin us, salt our hides, and nail them to the wall.

There is the coin's other side. As *Nonprofit World* editor Jill Muehrcke wrote, "Today's new emphasis on social and ethical values holds exciting possibilities for nonprofit organizations. The world is looking to us for inspiration. It's up to us to set the pace."

experiences, and general knowledge as ours.

Certainly, discrete groups within our sector have long been sufficiently cohesive and professionalized to develop standards for their own respective fields. Curators, social workers, foundation executives, college presidents, Girl Scout leaders, and so forth have long had their own codes of conduct.

In addition, major ethical issues are endemic to specific fields within our sector. Headline issues such as abortion,

The widely publicized Aramony affair might have been avoided had there been unambiguous ethical standards.

The widely publicized Aramony affair might have been avoided had there been unambiguous, mutually agreed-upon ethical standards. Both the practices of the United Way president and the manner in which local chapters allowed the issue to become a media event could have been prevented had ethical precepts been clearly defined.

Consider seven reasons ethical behavior should be a priority of special concern to those who lead or influence our nonprofit organizations.

1. Recent Emergence as a Sector

Our collection of organizations has only recently emerged as a sector, and we still have a lot to learn about our commonalities. There are few fields as unexplored regarding shared values,

euthanasia, and biotechnology are in our ballpark. There is nothing new about our competency in dealing with ethical dilemmas.

So, what is new about nonprofit ethics? Sectorial issues—ethical issues that we have in common or that transcend the sector—are new. Only recently have our commonalities become sufficiently evident that nonprofit health, education, recreation, welfare, religious, cultural, and other types of nonprofits are recognized as being part of a sector with its own identity. This circumstance focuses on the need for more universally accepted ethical standards across organizational boundaries.

This clustering of organizations also makes us a target, focusing attention on us like the Republican Guard in the Kuwaiti desert. We are increasingly easier to hit than dispersed and isolated increments.

2. Sector Composition

Institutions that enunciate, transmit, and defend ethical values fall within the boundaries of our sector. Educational, religious, and advocacy organizations constitute a majority of our membership and have shaped the form of the sector itself. The society expects a high ethical standard of our organizations and, as Elizabeth Boris of the Council on Foundations points out, expects our professionals and volunteers "to be role models of moral responsibility."²

Organizations that preach and teach ethics are part of our extended family. Because they are part of the family, all

Robert L. Payton summed it up when he said, "It is the transformation of moral sentiment and imagination into collective action that has shaped the core of the philanthropic tradition....It is within the philanthropic tradition that the moral agenda of society is put forward."³

4. A Foundation of Trust

Turn now from idealism to pragmatism. The sharpest arrow in our marketing quiver is the public's trust and its

"Those who presume to serve the public good assume a public trust."

the cousins are being asked if they practice what the family preaches. When one member of the family slips and falls in the mud, and the dirty laundry is waved in the public's face, someone is bound to suggest the whole family needs to wash.

Guard against the notion that since our sector is populated by so many "do gooders," we do not need to focus on exactly what "good" is.

3. Culture of Idealism

Beyond the presence of our ethical drumbeaters and flagwavers is the reality that all our organizations were established for (usually idealistic) reasons other than profit. Our culture is distinctively moral and idealistic. Employees, volunteers, and contributors are drawn to our organizations because of this culture. The sector has developed a distinctive social character around these ideals.

High ethical standards and the idealism of our cultures are congruent.⁴ Not only does this idealistic character lay a weighty burden on the shoulders of sector leaders, but it also means that ethical breaches attract public attention. We care about right and wrong and about what happens to our society.

As a recent statement from Independent Sector reminds us, "... the public expects the highest values and ethics to be practiced habitually in the institutions of the charitable, nonprofit sector. Because these institutions, fundamentally, are dedicated to enhancing basic human values, expectations of them are particularly high. Those who presume to serve the public good assume a public trust."⁵

perception of superior quality and services growing out of the quality of our goals. An article in *Forbes* magazine noted the "halo effect" from which nonprofit organizations benefit and added: "Because of the purity and nobility of their goals, most people expect them to provide superior quality and services."⁶

Voluntary participation is an essential tool in most of our organizations. Many nonprofits seek and receive public support. Trust is essential if they are to continue generating this participation. Ethical behavior builds trust. Without trust, participation will weaken. Cynicism will erode confidence. Contributors will cut off our funds. The solidity of our constituencies will dissolve. People who give their time and allegiance will lose their incentive. Governments may withdraw our special legal privileges.

Another reinforcing factor is suggested by Burton Weisbrod in referring to

nonprofits also suffers; the value of nonprofit status as a signal that an organization deserves contributions of money or time is debased. Nonprofits that do not act opportunistically, as well as those that do, will find it increasingly difficult to obtain resources and will tend to be driven out of the market."⁷

When the nonprofit mantle is donned to disguise scams, and those scams succeed, we all suffer in the undercutting of the foundation of trust we have nurtured so well. The foundation can also be undermined by the intrusion of businesses in disguise, which, in full compliance with present laws, assume a nonprofit posture with the intention of enriching themselves.

All of this is to say that good ethics are pragmatically good for our sector and its organizations which rest on a foundation of trust. The thing about foundations is that, regardless of the size or quality of the structures built upon them, the edifices can never be stronger than their underpinnings.

5. Weak Direct Exchange

Most nonprofit organizations lack the direct exchange of tangible benefits that characterize the relationship of a business with its customers. Business transactions give tit for tat, and both parties may get what they want out of the exchange despite the ethics of the other. In cases where this is not true, a system of laws has developed to protect the parties. Lacking this direct exchange, for the most part, our sector is held together by intertwining relationships which unethical behavior can sever.

Whenever businesspeople gather, the conversation inevitably comes around to the headaches of government regula-

"Whenever any nonprofit is found to have abused its trusted position, the reputation of trustworthy nonprofits also suffers...."

the public's perception that "nonprofit status, particularly tax deductible status, is seen as a mark of quality—as indication that the organization is trustworthy."⁸ He proceeds to warn against deterioration in the foundation that affects the entire sector: "Whenever any nonprofit is found to have abused its trusted position, the reputation of trustworthy

tions. A regulation can make or break a business. The regulation of business enterprises is so ubiquitous that some business leaders think that ethical codes are redundant, since virtually any transaction is already regulated.

Nonprofits often take their freedom from regulation by government agencies for granted. Add the lack of market

regulation because of typically weak direct exchange, and you can appreciate the need for ethical self-discipline. If our sector does not focus energy on dealing with issues that are ethical and presently unenforceable, we may find ourselves drowning in a sea of regulations drawn up by those who specialize in filling legal vacuums.

6. An Ambiguous Stew

Nonprofit organizations tend to have complex multiple motives and purposes as they serve multiple constituencies. The interfacing of these complex facets defies the ability of legal enforcement and requires acceptance of undergirding principles. Self-interest mandates consistently ethical behavior.

If we can take the strides in ethics that we have taken in management, the dawn of the next century will reveal the nonprofit sector in magnificent shape.

Nonprofit managers are responsible for directing the work of an inordinate number of professionals and idealists, many of whom have loyalties beyond the employing organization. Nonprofits lack profit-and-loss and the market test with which to monitor their difficult-to-measure objectives. While a business may launch a variety of products to serve their purpose, nonprofits tend to accumulate a variety of purposes. We have

learned that behavior in such a milieu cannot be governed as easily "by the book" as by the cultivation of a cohesive

culture bound by culturally approved patterns of conduct.

Ours is neither a clear consommé nor a potpourri with mixed but distinct components. Our complexity, multiple purposes, and diverse constituencies drop

You might say that this juxtaposition of competitors is no different from a trade association made up of competing

Among our bedfellows are those with profoundly different ideas as to what constitutes right and wrong.

businesses. But there is a difference. Every trade or professional association is composed of competitors, but they are all competing (more or less) for the same goal. In our sector, the goals, objectives, and values of the competing organizations are themselves in competition!

A more serious problem is the presence of competing values in the sector. Among our bedfellows are those with profoundly different ideas as to what constitutes right and wrong.

Finally

Our sector has a special challenge in putting our various competing objectives in abeyance while we identify the concerns we share and address the ethical issues we have in common. I vote that between now and the sunset of the 20th century we emphasize ethics as much as we emphasized more intentional management in the past two decades. If we can take the strides in ethics that we have taken in management, the dawn of the next century will reveal the nonprofit sector in magnificent shape. ■

7. Proximity of Adversaries

The sector includes people at the far limits on many scales—the wealthiest and the most impoverished, the highly educated and the illiterate. It includes the most uncompromising idealists and advocates of the most extreme positions of their subcultures. People with diverse ethical norms are thrown together within the sector, placing great demands on our ability to consolidate all ethical postures.

Consider the consensus problems were we to form a truly microcosmic ethics committee for the sector. In one group might be the principal donor of a major foundation, a gay rights activist, and the sister representing the American interests of Mother Teresa. Another group might include an anti-war activist and a representative of the Navy League. All are concerned about the welfare of nonprofits as a whole.

Share Your Ideas on Ethics

In future articles, we will describe values that can form the basis of an ethical policy and provide a checklist to help you rank your own values. If you can suggest additional reasons why ethical concerns are of special importance in the nonprofit sector, or have other ideas on ethical issues in the sector, please share them by writing: Editor, *Nonprofit World*, 6314 Odana Road, Suite 1, Madison, Wisconsin 53719.

Footnotes

¹ Muehrcke, Jill, "New Age of Ethics: Nonprofits Must Lead the Way," *Nonprofit World*, January-February 1991, p. 2.

² Boris, Elizabeth T. and Theresa J. Odendahl, "Ethical Issues in Fund Raising and Philanthropy," in *Critical Issues in American Philanthropy*, Jon Van Til and Associates, San Francisco, Jossey-Bass Publishers, 1990, p. 190.

³ Mason, David E., *Voluntary Nonprofit Enterprise Management*, New York and London, Plenum Press, 1984.

⁴ Independent Sector, "Obedience to the Unenforceable: Ethics and the Nation's Voluntary and Philanthropic Community," draft statement, Washington, D.C., 1990.

⁵ Payton, Robert L., *Philanthropy*, New York, Macmillan Publishing Co., 1988, p. 119.

⁶ *The Chronicle of Philanthropy*, November 27, 1990, p. 34.

⁷ Weisbrod, Burton, *The Nonprofit Economy*, Cambridge, Massachusetts, Harvard University Press, 1988, p. 22.

⁸ *Ibid.*, p. 34.

Before nonprofits can effectively address ethics, they must get serious about understanding and identifying their value systems.

Nonprofits generally agree on 10 core values: accountability, caring, citizenship, excellence, fairness, honesty, integrity, loyalty, promise-keeping, and respect. The Josephson Institute adds two more to this list: fidelity and safeguarding the public trust.

The author adds seven additional items which he believes are highly valued by nonprofit organizations: altruism, compliance to group norms, democracy, frugality, pluralism, stewardship, and voluntarism.

He defines all of these values and provides a checklist on which each nonprofit can rank its own values both on personal priorities and organizational priorities. At the end is a place to list any other value you feel is important but which is not on the list.

Includes references.

Reprinted with permission of The Society for Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

Values for Ethical Choices:

Rate Yourself

by

David E. Mason

from

Nonprofit World

Vol. 10, No. 3

May/June

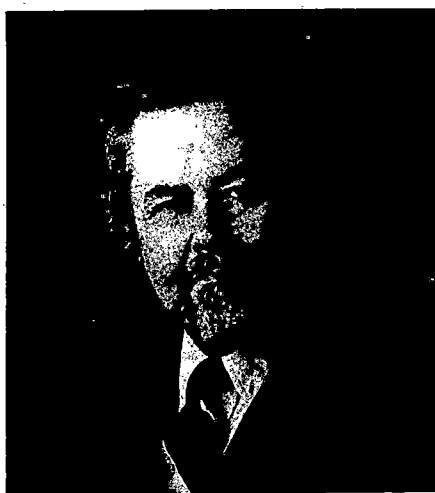
1992

Values for Ethical Choices:

Rate Yourself

If your organization does not have an ethical policy, it's time to create one. Use this value checklist to identify your own most essential values.

Part 2 of a Series on Ethics in the Nonprofit Sector



By David E. Mason

Why do you rob banks?" someone asked Willie Sutton.

"That's where the money is," the convict replied.

Sutton's value system obviously ranked efficiency and career advancement higher than honesty and good citizenship.

The NAACP and the Ku Klux Klan are both nonprofit organizations. They both consider values important, but their values differ. The German Red

Cross of 1939 and the American Red Cross of the same era both placed a high priority on obeying the law, but they disagreed on other values. Both the National Forest Farmers' Association and Greenpeace place a high value on the health of trees, but their other values clash.

An organization's values are those core beliefs and principles it esteems and ranks high. As such, they become a hierarchy of relative worth which serves as a basis for attitudes and a criterion

ship, excellence, fairness, honesty, integrity, loyalty, promise-keeping, and respect.' The Josephson Institute, which pioneered the study of nonprofit-sector ethics, endorses those 10 values and enlarges the list by adding *fidelity* and *safeguarding the public trust*.²

From my own lists,³ I endorse all of the above and add seven I feel are highly valued by nonprofit organizations: *altruism, compliance to group norms, democracy, frugality, pluralism, stewardship, and voluntarism*.

The NAACP and the Ku Klux Klan are both nonprofit organizations.

They both consider values important, but their values differ.

for decision making. Before nonprofit leaders can effectively address ethics, they must get serious about understanding and identifying their value systems.

CORE VALUES

The first article in our series suggested that our sector has become a special target for the media and the public, who are increasingly demanding that we live up to the highest ethical standards. If this trend signals the warning shots of a growing threat, then we must look to our defenses. We must dig our front lines, stake out a secondary defense, and choose the bastions we will defend to the death. In other words, we must focus on our values.

Our sector generally agrees on 10 core values: *accountability, caring, citizen-*

In its report, "Obedience to the Unenforceable," Independent Sector's 30-member Ethics Panel presented a list of values and ethical behaviors. Here are excerpts from their list, with core values italicized:

"*Accountability* to the public is a fundamental responsibility of public benefit organizations."

"Commitment beyond self (*altruism*) is at the core of a civil society."

"Openness and *honesty* in reporting, fund raising and relationships with all constituencies are essential behaviors for organizations which seek and use public or private funds and which purport to serve public purposes."

"Obedience of the laws (*citizenship*) including those governing tax-exempt philanthropic and voluntary organizations is a fundamental responsibility of stewardship."

David E. Mason is a management consultant specializing in nonprofit organizations. He is the author of 10 books, the most recent of which, *Voluntary Nonprofit Enterprise Management* (Plenum Press, 1984), is widely used as a text in colleges and universities. He may be reached at 3352 Ocean Drive, Corpus Christi, Texas 78411.

NONPROFIT WORLD, VOL. 10, NO. 3. Published by The Society For Nonprofit Organizations, 6314 Odana Road, Suite 1, Madison, WI 53719.

"Tolerance, diversity and social justice (*pluralism*) reflect the independent sector's rich heritage and the essential protection afforded it."

"Commitment to the public good requires those who presume to serve the public good to assume a *public trust*."

"*Respect* for the worth and dignity of individuals is a special leadership responsibility of philanthropic and voluntary organizations."

"Prudent application of resources (*stewardship*) is a concomitant of public trust."

In addition to its specific tailoring of values appropriate to the sector, this report defined the ethical motivation of "commitment beyond the law, to obedience to the unenforceable" as the higher obligation of nonprofit leaders.

Checklist

In the following checklist, all the above values have been consolidated into a list of core values. Following each value is a definition and a space for you to add your own ranking.

Rank the values from 1 to 20 on the basis of your personal priorities and those of your organization. If possible, have others on your organization's staff and board complete the same ranking so that you can compare them.

Accountability is willingness to accept responsibility for decisions and their consequences. Ethical organizations are answerable to their stakeholders and society. They recognize they are liable to be called to account for action or lack of action. This value is especially important in the relation of an organization to its contributors and of any subordinate group to a higher group, such as employees to management, management to board, board to membership, or membership to society. **Rank: personal____, organization____.**

Altruism is an unselfish commitment to the welfare of others. Many organizations in the sector were established on the basis of increasing the welfare and alleviating the pains of other people—doing unto others as they would have others do unto them. Altruism may be a key element in an organization's mission and in its relation to members, clients, and society. **Rank: personal____, organization____.**

Caring is treating people as ends, not means to an end. It means having compassion, treating people courteously and with dignity, helping, and avoiding harm. Rousseau said, "The only moral lesson which is suited for a child—the most important lesson for every time of life—is this: 'Never hurt anybody'." This value plays a particularly significant role in relation to clients, volunteers,

members, and employees. **Rank: personal____, organization____.**

Citizenship, good citizenship, is obeying the law, participating in social consciousness and public service. Nonprofit organizations must be especially careful to obey laws and regulations, including tax laws. As Van Til has noted, "If philanthropy is a form of public service, then ethical choices in philanthropy should enhance civic life and advance the values of democracy." This is the key value in relation to the government and to society through governmental bodies. **Rank: personal____, organization____.**

Compliance to group norms means submitting to the unenforceable values of the organization. These cultural norms may either be more restrictive than the general cultural environment or counter to it. (The ultimate examples are provided by religious organizations. There is great pressure for Baptists not to drink, for Roman Catholics to oppose abortion, for Jews to support the government of Israel). Compliance to group norms is an important value in the relationship between the organization and all its members and constituents. **Rank: personal____, organization____.**

Democracy provides the society in which American nonprofits thrive—a culture in which one can choose to join or not join, remain or withdraw, or work with others to form a new association. Within this culture, many organizations choose internally democratic governance by the governed. This is a key value in all internal governance relationships. **Rank: personal____, organization____.**

Excellence is a value whereby people and organizations are concerned with the quality and quantity of their work. The outputs of many nonprofits are difficult to measure, and their work is often not seen by contributors.

From Hammurabi's code and the law of Moses to today's newspaper, fairness is a primary social value....

Excellence in management and performance is often dependent on the ethical and professional standards of the organization. The pursuit of excellence is an especially significant value to all paid personnel. **Rank: personal____, organization____.**

Fairness means treating people equally and making decisions based on notions of justice. It involves being open to admitting error, avoiding arbitrary

favoritism, and not taking advantage of others' adversities. From Hammurabi's code and the law of Moses to today's newspaper, fairness is a primary social value—a foundation of cultures, nations, communities, and any interpersonal contact. Fairness is an all-pervading value for all relationships. **Rank: personal____, organization____.**

Fidelity is a synonym for loyalty, but for our purposes, loyalty will refer to people and groups, while fidelity will refer to principles and beliefs. It means faithfulness and devotion to the organization's underlying beliefs, its founding principles, its current cause and mission, priorities, policy, and objectives. Fidelity is a value of special importance in relation to an organization's purposes and policies. **Rank: personal____, organization____.**

Frugality is economy in consuming resources and avoidance of waste. The principle is that luxury, extravagance, or excess comfort for the providers of services detracts from the amount of services provided. This value is especially important to contributors and paid staff. **Rank: personal____, organization____.**

Honesty is truthfulness rather than deception. Honest people do not cheat, steal, lie, or act deviously. Nonprofit executives should be scrupulously honest in their dealings with donors and grantmakers, beneficiaries and grantees, employees and volunteers, board members, the public, and the government. This value is essential to all relationships. **Rank: personal____, organization____.**

Integrity is the quality of being whole, integrated, principled, honorable, and upright. Individuals and organizations of integrity are courageous and act on convictions rather than on the basis of exploitation or expediency at the expense of principle. Ethical nonprofits respect the integrity of grantseekers and

grantees and maintain the integrity of their own mission. **Rank: personal____, organization____.**

Loyalty is a synonym for fidelity, but for our purposes, as noted under *fidelity* above, loyalty refers to people and organizations acting in good faith in their relationships. In an organization, loyalty means scrupulously avoiding undue influence and conflicts of interest. Every organization is dependent upon cohe-

sion and should expect loyalty from its members. Loyalty is an important double-edged value in all relationships: If loyalty is expected, it must in turn be given. **Rank: personal**____, **organization**_____.

Pluralism is a state of society in which members of diverse ethnic, racial, religious, or social groups maintain an autonomous participation in and development of their traditional culture or special interest within the confines of a common culture. To a degree, the organizations of the nonprofit sector are the institutionalization of pluralism in our American society. It is a value usually more appreciated by the sector at large than by individual organizations relating to their competitors. **Rank: personal**____, **organization**_____.

Promise-keeping means abiding by one's commitments. Ethical individuals and organizations keep promises and fulfill the spirit as well as the letter of an agreement. While this value comes into

to avoid even the appearance of impropriety, and to take whatever actions are necessary to correct or prevent inappropriate

conduct of others. This is a key value in relation to the organization's founding principles and mission and its relationship with society. **Rank: personal**____, **organization**_____.

Stewardship is the recognition that a person or an organization is obligated as a caretaker to manage its property and operations in a prudent and responsible manner with proper regard to the rights of the society, the community, and those who developed the organization in the past and who will inherit it in the future.

What did you learn from ranking these values? Did you find any discrepancies between your personal values and

Loyalty is an important double-edged value in all relationships: If loyalty is expected, it must in turn be given.

those of your organization? Certainly, the more closely your personal and organizational values match, the more committed you will be in leading your organization.

Did you find discrepancies between your organizational ranking and that of others on your staff and board? If so, you have the basis for important discussion.

You probably noticed, too, that all the values listed are positive values. But each positive value has its negative counterpart. For altruism there is self-interest, for frugality there is extravagance, for honesty there is deceit, and so on.

Unethical organizations may go along with Willie Sutton's philosophy—choosing among unethical values. The not-so-ethical groups will find themselves struggling to choose between positive and negative values—or not struggling at all.

Ethical organizations, on the other hand, will struggle with value-based decisions between competing positive values. Before they can do so in any intentional way, they must identify their own value system—their own hierarchy of values.

In ranking the values in the checklist, you have identified your own hierarchy. You have taken the important first step toward creating a formal ethical policy and leading an ethical organization. ■

Footnotes

¹Barry, Vincent, *Moral Issues in Business*, Belmont, California, Wadsworth Publishing, 1979; Tom L. Beauchamp and Norman E. Bowie, eds., *Ethical Theory and Business*, Englewood Cliffs, New Jersey, Prentice-Hall, 1979; Mary E. Guy, *Ethical Decision Making in Everyday Work Situations*, New York, Quorum Books, 1990; Robert C. Solomon and Kristine Hanson, *It's Good Business*, New York, Athenaeum Publishers, 1985.

²Josephson, Michael, "Teaching Ethical Decision Making and Principled Reasoning," *Ethics*, 1(1):27-33, 1988.

³Mason, David E., *The Compulsive Christian*, Grand Rapids, Michigan, Zondervan, 1969, and "Ethical Issues in the Nonprofit Sector" in *Towards the 21st Century*, London, London School of Economics, 1990.

⁴Fleisch, Rudolph, *The Book of Unusual Quotations*, New York, Harper and Brothers, 1957.

⁵Van Til, Jon, and Associates, *Critical Issues in American Philanthropy*, San Francisco, Jossey-Bass Publishers, 1990.

Ethical nonprofits respect the integrity of grantseekers and grantees and maintain the integrity of their own mission.

play in many situations, it is especially important in relation to contributors, volunteers, employees, and outside entities. **Rank: personal**____, **organization**_____.

Respect is recognizing others' rights, such as privacy, self-determination, and human dignity. It means being courteous, prompt, and decent, and providing people with information needed to make decisions. Respect is a value requiring special attention in relation to clients, volunteers, and any dependent groups. **Rank: personal**____, **organization**_____.

Safeguarding the public trust is an obligation to lead by example, to safeguard and advance in integrity and reputation all organizations which depend on voluntary support and public trust,

Stewardship is an essential value in relation to contributors and management's use of resources. **Rank: personal**____, **organization**_____.

Voluntarism is supporting by free and voluntary choice and action. If it were not for those who choose to join, support, and participate, voluntary nonprofit organizations would not exist. The encouragement and facilitation of voluntarism is not merely a means, but also an end. Organizations in the sector value the principle of relying on voluntary action, the exercise of will, voluntarily contributed resources, time, talents, and energy. It is the key value in relating to volunteers, contributors, and untapped voluntary resources. **Rank: personal**____, **organization**_____.

Other:_____. Add here any value you feel is important but which is not on this list. It may be an ethical value of particular interest to your organization. For example, the National Organization for Women would rank women's rights on the top of its list. A parochial school's highest priority might be professing Catholic Christianity. The rights of animals would be high on an advocacy group's hierarchy, and stewardship of the soil might rank high for the 4-H Club. **Rank: personal**____, **organization**_____.

Share Your Ideas on Ethics

In future articles, we will discuss the nonprofit leader's role in providing ethical guidelines and show how to upgrade your own ethical practices. Please share your ideas on ethical issues in the sector by writing: Editor, *Nonprofit World*, 6314 Odana Road, Suite 1, Madison, Wisconsin 53719.

ABOUT THE AUTHORS

Ron House is director of the Human Services Administration Program and the National Independent Living Project at the New York State College of Human Ecology at Cornell University. He has been teaching and coordinating training programs for human services personnel for the past 25 years. Dr. House's areas of interest and expertise are in organizational behavior of human services and organizational effectiveness.

Laurel Richards is director of training for the ILRU Research and Training Center on Independent Living at TIRR. Since joining ILRU in 1978, Richards has had responsibility for developing the curriculum for ILRU's training projects, supervising and evaluating training activities, developing ILRU's resource materials, editing the ILRU INSIGHTS newsletter, and writing articles and monographs on independent living issues.

Vikki Rennick is a private consultant specializing in nonprofit management and disability rights. She has served as the project director for the National Independent Living Management Training Project at Cornell University and as an executive director of a center for independent living. She has over ten years experience providing grant writing and consulting services to nonprofit entities.

Darrell Jones is a consultant providing management, marketing, and fund raising assistance to independent living centers and other not-for-profit organizations. She was the first chair and the founding executive director of the Association of Independent Living Centers in New York, holding the latter position for seven years. Prior to this, she was the executive director of the Rochester Center for Independent Living.

Cynthia Dresden, who joined ILRU as editor and technical writer in 1994, has been a significant contributor to materials being developed for a range of ILRU activities related to the 1992 amendments to the Rehabilitation Act, management of independent living centers, and international issues around disability and independent living. Dresden also is involved in efforts to enhance use of computer technology in addressing the information needs of independent living centers, individuals with disabilities, and other individuals and groups involved in promoting independence for people with disabilities.

Quentin Smith is director of development with ILRU and is co-director of ILRU management training programs. He has served as executive director of the Houston Center for Independent Living and has authored or co-authored numerous articles, monographs, and book chapters dealing with independent living, including *Board Roles and Responsibilities*, and *Liability Insurance Coverage for Independent Living Centers*.

ABOUT ILRU

The Independent Living Research Utilization (ILRU) Program was established in 1977 to serve as a national center for information, training, research, and technical assistance for independent living. In the mid-1980's, it began conducting management training programs for

executive directors and middle managers of independent living centers in the U.S. Since 1985, it has operated the ILRU Research and Training Center on Independent Living at TIRR, through which is conducted a comprehensive and coordinated set of research, training, and technical assistance projects focusing on leading issues facing the independent living field. In January 1994, ILRU formed a partnership with the National Council on Independent Living to operate the IL Network, a national training and technical assistance project.

ILRU has developed an extensive set of resource materials on various aspects of independent living, including a comprehensive directory of centers providing independent living services in the U.S. and Canada. For more information contact ILRU; 2323 S. Shepherd, Suite 1000; Houston, Texas 77019; (713) 520-0232 (V), 520-5136 (TTY).

ILRU is a program of TIRR, a nationally recognized, free-standing rehabilitation facility for persons with physical disabilities. TIRR is part of TIRR Systems, a not-for-profit corporation dedicated to providing a continuum of services to individuals with disabilities. Since 1959, TIRR has provided patient care, education, and research to promote the integration of people with physical and cognitive disabilities into all aspects of community living.