

## SIMPLE STEPS TO EFFECTIVE ORGANIZATIONAL PLANNING ©2003

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Nonprofit arts and cultural organizations provide a wide range of services and programs to their defined communities, which generally include artists, other cultural organizations and/or the general public. They usually do this with limited staff and resources. The strength and viability of the relationship between the organization and its defined community is a crucial factor in the success of a nonprofit organization, and in attracting funding both from the community and from outside sources - government, foundation and corporate support.

One of the duties of the board of directors is to ensure that the nonprofit organization serves its community as specified by the mission and bylaws of the organization. Thus, the organization (board and staff working together) has a role to periodically review what the organization does in relationship to its mission and the community it serves. How are we serving the community? How well is it being done? How can it be done better? A major way to insure public trust in the organization is through regular evaluation and planning.

These days, there is increasing pressure on nonprofit organizations to plan. Consistently, outside funding resources request a copy of the strategic plan. If an organization doesn't have one, the funder often suggests that one be developed. A planning document indicates that the organization is paying attention to its community's needs; has set goals and figured out ways of meeting these goals. Many organizations hire an outside consultant to help them write a plan. But the plan has little value if the board and staff are not fully engaged in the planning process, or don't know how to use the plan effectively. The finished plan often ends up on a shelf and ignored.

Planning is a process. It takes time. When done correctly, it provides a product - an outline of organizational goals with a blueprint to determine how to achieve these goals. The process of planning itself is a key to its success. The process needs to involve key stakeholders, including the board and staff; it needs prioritization and consensus on goals; it needs strategies developed to meet these goals, and it needs regular review and monitoring to determine how the plan is working. Planning should be an ongoing and regular process and the agenda of each board meeting should include some aspect of the plan.

In the nonprofit arts world, planning is recognized as important, but there is no widespread, clear idea of what the different types of planning are, and how to use planning for best effectiveness. For years, long range planning was the focus, but what did this mean? One organization would consider a 5-year plan long range;

for another, it was 10 years: long range planning was viewed in light of a prescribed period of time. By the mid-80's, five years was considered the maximum number one could plan for, because it was clear that change was a constant reality and needed to be addressed. Strategic planning came out of this recognition. As for the operating plan - it was understood more as the sum of reports on programs and finances developed in committee and monitored at regular board meetings throughout the year, than a product of active planning. Below are descriptions with distinctions about the various types of planning.

A LONG RANGE PLAN projects future programs and finances based on existing/past programs and proven experience. For example, an organization has done a 6-week series of concerts in a local church for ten years. From a review of past series, one can estimate the number of people who would attend future concerts, how much the series will cost, financial support, etc. Variables can be added, such as a new marketing plan, a longer series, or the addition of an opera without changing the basic premise; there will be audiences, income and expenses for these events. Using long range planning, one can extrapolate reasonable projections from past experience. Long range planning assumes things will carry on as they have in the past.

A STRATEGIC PLAN responds to an organization's exterior environment. It recognizes change, uncertainty, new opportunities, etc. For example, a new organization plans to hold a similar concert series in a church on the other side of town. This change could have serious impact: how will the first organization respond to the possibility of decreased funding and increased competition for their concert series? Through strategic planning, they can recognize and explore the challenges; perhaps develop a joint concert series sponsorship with the new organization, or decide to refocus their mission on opera, etc. "Strategic planning is a systematic process through which an organization agrees on - and builds commitment among key stakeholders to - priorities which are essential to its mission and responsive to the operating environment."<sup>1</sup>

The OPERATING PLAN (also referred to as a work or action plan) is usually part of either the long range or strategic plan. It is the actual blueprint to achieve the goals and objectives outlined in the planning process and in the planning document. Because the operating plan is integral, it often gets put on the shelf with the strategic or long range plan and ignored. For this reason, it's good to develop the operating plan as a separate product of the planning process, and use it to monitor and evaluate how the plan is working.

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<sup>1</sup>Strategic Planning - FAQ#02, *What is Strategic Planning?*

Change is reality in the world of nonprofit arts organizations and strategic planning best addresses how to deal with potential change. The following are seven basic steps of strategic planning along with suggestions about how to build an operating plan that will effectively monitor the strategic plan.

1. Get organized; plan to plan. Ask if this is the appropriate time to develop a strategic plan. Who will it involve, board and staff only (internal assessment and process), or the wider community of present and potential stakeholders? If a decision is made to involve the wider community in the process, at which points in the process will they be involved? What information will they need to be useful to the process? And how will they be kept informed and committed? Will a consultant or facilitator be necessary to assist with some or all of the process? Who will keep the planning on track (a board committee is suggested), and what are the best ways to make the strategic plan most useful? (hint: use the operating plan to monitor at each board meeting.) What is the process? When these questions are addressed, it's important to reach agreement to move ahead.

2. Articulate Mission and Vision. "The mission statement summarizes the what, how and why of an organization's work."<sup>2</sup> It generally includes: why the organization exists and what it seeks to accomplish (its purpose); the main method or activity through which an organization works to fulfill its purpose (its business) and its values (the principles or beliefs which guide an organization's members as they pursue its purpose.) "The vision statement presents an image in words of what success will look like."<sup>3</sup> It is important that an organization reach consensus on both the mission and vision statements.

3. Take stock (Assessing the Environment). Once clarity is achieved as to why the organization exists, what it does and what it hopes to achieve, it's time to review the history and current organizational situation, then begin to identify future possibilities and choices. This can be done solely with an internal assessment, but for strategic planning, it's most effective to involve representatives of the wider community through an external assessment. (surveys, interviews, focus groups, etc.)

Review programs and services against the mission and vision. Do a SWOT analysis: look at the internal Strengths and Weaknesses, and the external Opportunities and Threats (or Challenges) of the organization, both now and projected for the next few years. These could include a number of concerns, such as funding, changing demographics, etc. Identify and agree on key issues

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<sup>2</sup> Strategic Planning - FAQ#12, *What Does A Typical Strategic Planning Process Look Like?*

<sup>3</sup> Ibid

based on the SWOT analysis.

4. Agree on priorities. Once the mission is affirmed and critical issues are identified: the next step is to figure out goals and objectives (the general and specific results sought) and the approaches to be taken (strategies) to attain these goals. An example of a goal would be: to increase earned income. Objectives might be: increase the concert subscriptions and attract new audiences. Thus the strategies might be: market the concert series in the neighboring county and add an opera performance. The key in this step is that once goals, objectives and strategies have been determined, they must be prioritized and agreed upon as priorities. The product of this phase “...is an outline of the organization’s priorities; the general strategies, long-range goals, and specific objectives of its response to critical issues.”<sup>4</sup>

Ideally, an outside facilitator is recommended for the planning process, but particularly for steps 2, 3 and 4 described above. Using an outside facilitator allows the full group to participate, and provides an unbiased viewpoint for moderation of the discussion.

5. Write the Strategic plan. Once the mission has been articulated, the critical issues identified, and the strategies and goals agreed upon, it’s time to write the plan. “This step essentially involves putting the pieces together into one coherent document. Usually one member of the Planning Committee, the Executive Director, or even a planning consultant, will draft a final plan document and then submit it for review by all key decision makers (usually the board and management staff). The reviewers should make sure that the plan answers the key questions about priorities and directions in sufficient detail to serve as a guide for the organization’s members. The end result will be a concise description of where the organization is going, how it should get there, and why it needs to go that way...”<sup>5</sup>

6. Implement the strategic plan. This is where the operating plan comes in. The operating plan can be written by a committee or consultant, but needs full input and involvement by management. “It is the document that defines the short-term, concrete objectives leading to achievement of strategic goals and objectives, and which is easy to use and monitor.”<sup>6</sup> It should follow the organizational fiscal year and be tied to the operating budget and reporting cycles.

The operating plan and budget is the product of this step. To tie it in with specific strategic goals and objectives (as outlined in the strategic plan), a suggested format is outlined below.

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<sup>4</sup> Ibid

<sup>5</sup> Ibid

<sup>6</sup> Ibid

List each organizational goal with objectives on a separate piece of paper, which includes horizontal columns for recording. For each goal discuss and record answers to the following:

- strategies to address the goal and objectives: what to do?
- specific actions: how to do it?
- who will undertake the specific tasks?
- start when, completed by, and/or a column to record what's happened to date with each strategy. Tie in with organizational calendar.
- identify any community partners/collaborations
- projected income & expenses for each strategy; real income & expenses to date. this column can also include funding source.
- assess impact on identified audience and the organization. This measures and monitors if the strategy is working in relation to the goals and objectives.

7. Monitor and Evaluate. The operating plan addresses how the goals, objectives and strategies are implemented, monitored and evaluated. As a separate work sheet, it should be used at every board meeting. This consistently keeps the strategic plan in the eyes and mind of the board and staff. And it serves as a constant reminder that planning is an important tool for the organization.

To be responsive to a changing environment, the strategic planning process should never end; but it should be recognized that the different phases of planning can be more or less active and intense. Many nonprofits use a 3-year planning cycle. Through the evaluation process current (quarterly or annual) assessment of the ongoing validity of the decisions made during the strategic planning process are monitored.

Strategic planning offers an effective way for a nonprofit arts organization to become and remain a vital resource for its community. Clarifying the elements and process of strategic planning will encourage organizations to feel confident that they can use planning as a tool to address change, identify challenges and opportunities and build a stronger organization.

#### References:

The quotes and much of the material for this article came from the Nonprofit Genie web site and are used with permission and/or adapted from the Nonprofit Genie. Source: The Nonprofit Genie web site [www.genie.org](http://www.genie.org)  
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<<http://www.compasspoint.org>>).

All Strategic Planning FAQs on the Nonprofit Genie web site are from *Strategic Planning For Nonprofit Organizations*, Michael Allison and Jude Kay. New York, John Wiley & Sons, 1997.

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