



# Essential Guide to Strategic Planning



Compass Partnership

Written and Supported by:

Compass Partnership

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## Introduction

This essential guide aims to give you an overview of strategic planning in voluntary organisations. It is designed as a series of check lists of issues that Chief Executives, managers and trustees need to think about when embarking on the development of a new strategic plan.

Part 1 covers the essential concepts that underpin effective strategic planning.

Part 2 highlights the critical topics that need to be considered when designing and implementing a strategic planning process.

The guide is aimed particularly at organisations with more than one employee. Although some of the theory and practice is applicable to smaller organisations, a less sophisticated approach to planning is more appropriate in these organisations.

All organisations have to climb a 'learning curve' in strategic planning. Getting the concepts embedded into everyone's heads takes considerable effort when an organisation is embarking on planning for the first time or when it has not renewed its strategic plan in the last five years. Fortunately, once the concepts are understood and the organisation has established processes for planning, considerably less effort is required to maintain the planning process.

So, if the task of establishing or renewing a strategic planning process seems a bit daunting, remember, many organisations have climbed the learning curve and discovered that strategic planning is one of the most powerful management tools in the Chief Executives and Trustees tool kit.

## Part I: Essential Concepts

### What is strategy?

- Strategies are broad categories of action through which human and financial resources will be deployed to achieve agreed objectives.
- Strategies need to be rooted in the organisation's mission and to take account of its policies and values.
- Strategies need to be dynamic, responding to changes in external circumstances and not fixed in concrete.
- Strategies exist at different levels:
  - overall strategy for whole organisation;
  - divisional strategy for groups of services (in larger organisations);
  - service, campaign and fund-raising strategies for individual parts of the organisation.
- This guide is about overall strategy.

### What is a strategic plan?

- A strategic plan is a statement of how the organisation is going to achieve its mission and objectives.
- Strategic plans usually contain the following elements:
  - the organisation's mission;
  - objectives which the organisation aims to achieve;
  - strategies for achieving the objectives;
  - specific targets to be attained within agreed timescales;
  - a procedure for reviewing progress and modifying plans.
- The benefits of strategic planning are that it:
  - clarifies the organisation's purpose;
  - sets direction and objectives;
  - helps to identify and address key issues;
  - develops commitment to the organisation's objectives;
  - motivates staff and volunteers;
  - helps with the allocation of resources.

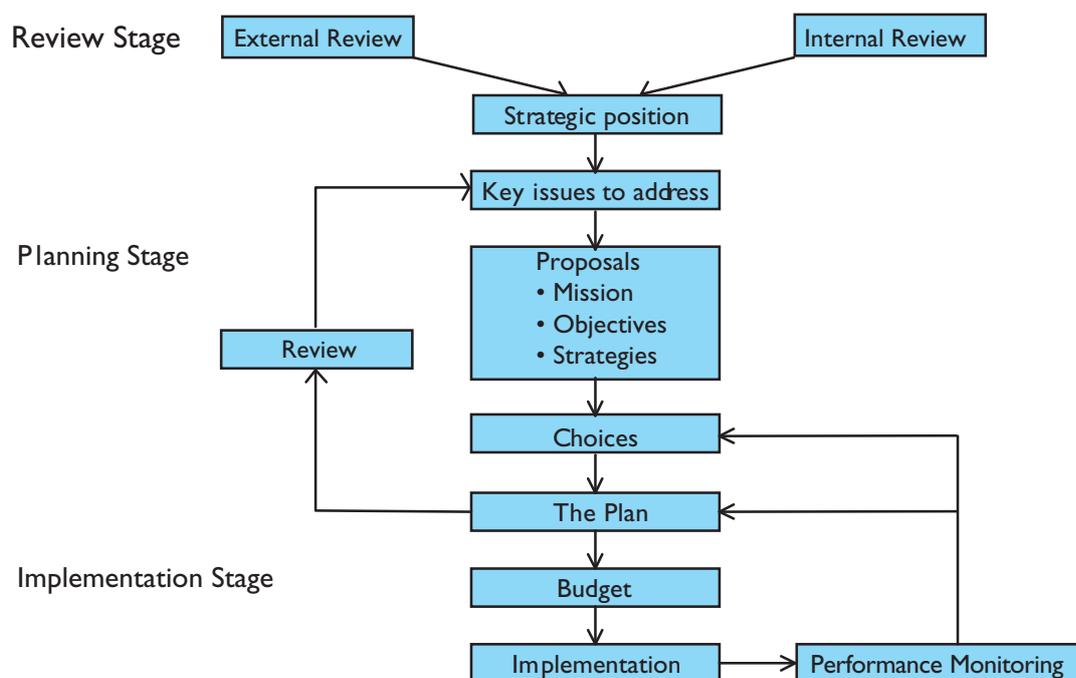
## Who is responsible for strategy?

- Ensuring an organisation has a demanding and credible strategy is a governing body responsibility.
- Management is usually responsible for developing strategies in close consultation with the governing body.
- More than anyone else, the Chief Executive is responsible for developing and managing the process of planning.
- The governing body is responsible for reviewing performance against plans and holding management accountable for achieving the agreed objectives.

## How are strategic plans developed?

- Strategic plans are often developed in two stages:
  - i) A review of past objectives, strategy and the changing external environment. The review should summarise the organisation's strategic position - a statement of where the organisation is now and how the world around it is changing.
  - ii) The development of new strategies and plans. This should set out what the organisation intends to achieve overall and its broad strategies for achieving its objectives.

## Overview of a strategic planning process



## What information should be gathered for strategy reviews?

- The external part of the review should summarise key changes in the world around the organisation:
  - social and economic trends;
  - political and legislative changes;
  - technological developments;
  - trends in size and needs of user groups (for service delivery organisations);
  - trends in funding sources and methods;
  - strategic developments in other organisations existing for similar purposes.
- All external review data needs to focus sharply on trends as they affect your organisation.

- Internal reviews gather data on:
  - achievements of current services or campaigns;
  - facts about current services (for service delivery organisations) including trends in:
    - number of people assisted;
    - characteristics of people given assistance;
    - types of assistance given;
    - costs incurred or subsidy given to each service or campaign;
      - trends in the use of human, physical and financial resources;
      - intangible resources (e.g. reputation, contacts).
- The data from external and internal reviews should be drawn together to identify the key issues that the organisation needs to address to increase its overall effectiveness. The data should also be used to identify the key opportunities and threats the organisation faces.

### How are the key strategic issues identified?

- Strategic issues can be identified by trustees, managers or other stakeholders.
- It is often valuable to ask people to identify the three most pressing strategic issues the organisation needs to address.
- A joint trustee – management away-day can be used to get agreement of the most pressing issues.
- Avoid the danger of writing the issues in ever more general terms in order to get agreement. They must remain sharp and specific to be useful for subsequent planning.

### How should strategic plans be used?

- Strategic plans document the assumptions that have been made and the conclusions and agreements that have been reached.
- The plan should be used as:
  - a means of building consensus and commitment to future objectives and priorities;
  - a means of communicating the strategy throughout the organisation;
  - a framework for operational planning and budget setting;
  - the basis for reviewing progress.

### Planning terminology

<b>Objectives</b>	Specific, Measurable, Actionable, Realistic, time-framed statements about what your team aims to achieve.
<b>Strategy</b>	Groups of activities that demonstrate how an objective will be achieved.
<b>Activities</b>	The key things the organisation will do to achieve its objectives.
<b>Tasks</b>	The principal steps required to complete each activity, each resulting in an identifiable output.
<b>Resources</b>	The money, people, time, facilities and equipment needed.
<b>Inter-dependencies</b>	Dependent relationship between the activities planned by different parts of the organisation.
<b>Outputs</b>	The direct product of an activity, often measured in volume terms.
<b>Outcomes</b>	The benefits that activities bring (for example to service users).
<b>Performance measures</b>	Clearly-defined output or outcome indicators used to measure track the success of your activities.
<b>Targets</b>	What the organisation will have achieved by specified dates.

## Part 2: Application

### What are the pre-conditions for effective planning?

- Strong commitment from the Chair and Chief Executive.
- Reasonable stability in the Senior Management Team.
- Willingness to have open and honest discussions about the key issues the organisation faces.
- Lack of crises threatening immediate future of the organisation.

### Who should be involved at different points of the process?



### What should you think about when planning the planning process?

- Legitimising the process with Trustees, management, staff and volunteers.
- Involving all the organisation's stakeholders such as users, funders, Trustees, staff and volunteers, and gaining their commitment to future plans and priorities.
- Integrating planning with budget setting.
- Finding people to challenge conventional wisdom.

- Communicating the strategy throughout the organisation.
- Processes for recording progress and monitoring implementation.

### What are typical timescales?

- Timescales depend on previous planning experience and the complexity of consultation.
- Allow a 1-2 month period to plan the planning process, consult and gain agreement to the approach.
- Allow 2-4 months to prepare the review and consult.
- Allow 2-4 months to prepare the plan and consult.
- Planning takes more time in larger organisations and ones offering many services.

### What are the common pitfalls?

- Too much paperwork - not enough clear thinking.
- Insufficient emphasis on identifying key issues, opportunities and threats.
- Lack of integration of services and fund-raising.
- No measures of performance.
- No overall implementation timetable.
- No system to monitor progress.
- No allocation of responsibilities.
- Agreement to the plan but insufficient personal commitment to make it happen.
- Governing body and Chief Executive not taking responsibility for the process or the substance.

### What form should the final document take?

- 10-20 pages.
- Mixture of text, charts, tables and bullet points.
- Focus on communicating key messages.

### How do you get a good quality document?

- Allow time to get the words right because drafting improves the quality of the thinking behind the plan.
- Expect to produce a number of drafts.
- Focus on getting a document for internal use first, and think about external communication subsequently.

## How do you move from plans to action?

- There is often an unintended hiatus when plans have been agreed. It is therefore important to set out the steps for moving from overall strategies to implementation before completing the plan.
- Focus on actions required in the next 12 months.
- Ensure integration of actions with budget planning.
- Ensure integration with individuals' personal objectives.
- Establish monitoring procedures so governing body and management can review progress regularly.

## Brook – a case study

Brook is the only national voluntary sector provider of free and confidential sexual health services and advice for young people up to the age of 25, working with over 100,000 young people each year. The organisation has a network of 17 Centres across the UK and a central body based in London.

With a previous - and poorly used – strategic plan coming to the end of its life, Brook embarked upon the development of a new strategic plan for the Brook network. After consulting with all Brook Centres, the national Chief Executive established a Steering Group comprising managers of five Centres and key staff from the central office in London.

An environmental review was undertaken, using workshops with Centre Managers and central office staff, and all Centres were consulted on the findings. A consultant was then engaged to support the next stage of the process.

Seven key strategic areas were identified by the Steering Group, with input from Centre Managers, and each of these were developed, before being pulled together into an overall draft strategy. The vision, mission and values were also revisited. An away-day was held with the Centre Managers, Centre Chairs and the Board of the Brook central office to seek further input and build commitment to the strategy across the organisation. Young people's views were also fed into the process through discussions with them at a number of Brook Centres, and discussions on the draft strategy were held with key stakeholders at both national and local level.

The plan was finally approved by the Board as the basis for the development of the organisation over the next 3-5 years.

## Should consultants be used?

- The benefits of using consultants are that they:
  - have expertise in designing the process;
  - bring an independent external perspective;
  - are a specialist resource that may only be required for a limited number of days during the planning process;
  - can gather data quickly;
  - have experience of structuring review reports and strategic plans.
- The disadvantages of using consultants are that they:
  - cost money;
  - take time to understand the organisation's culture, strategy and people.

## How should consultants be used?

- Generally, use consultants to support the process - not to write the plan.
- They can plan and facilitate key events in the process, allowing the Chair and Chief Executive to contribute to the substance of the plan.

## Further information

### Essential reading

Managing Without Profit: The Art of Managing Third Sector Organisations, Mike Hudson, Directory of Social Change (2002). Second edition.

This book has sold over 16,000 copies in the 10 years since the first edition was published. It has four chapters on how to strengthen strategic management, develop strategic plans and enhance organisation performance.

The Complete Guide to Business and Strategic Planning, Alan Lawrie, Directory of Social Change (2001). Second edition.

This book gives advice on: starting the process, gathering information, setting strategic direction, presenting a business plan and managing implementation. It is packed with advice and examples and includes 24 exercise worksheets

*Tools for Tomorrow — A Practical Guide to Strategic Planning for Voluntary Organisations*

NCVO and Centre for Charity Effectiveness, 2004, Ring bound. ISBN: 0 719916 38 0

Aimed at directors, managers and those responsible for forward planning within voluntary organisations, this publication gives an overview of different planning models. It is full of practical ideas to make planning come to life.

### Web site to visit

The Compass Partnership web site [www.compasspartnership.co.uk](http://www.compasspartnership.co.uk) has a knowledge section on strategic planning (home>knowledge>strategic planning) with further books, articles and reference material on strategic planning.



## Compass Partnership

Compass Partnership is a management consultancy specialising in the management and development of independent non-profit-seeking organisations. Founded in 1982, we have worked with over 800 not-for-profit clients and have built up a body of knowledge on management in this field and a tried and tested range of approaches to consultancy. We specialise in working in complex organisations with complex problems. Our particular area of skill and expertise is in combining rigorous intellectual analysis with an understanding of how organisations work and how to achieve change.

Our aim is always to help our clients take a major step forward.

We help organisations with:

- Mission and strategy
- Performance management
- Governance
- Structures and processes
- Change management

Further information is available on our web site [www.compasspartnership.co.uk](http://www.compasspartnership.co.uk)

Our web site includes a 'Knowledge' area that contains over 100 of the best reports, articles, presentations and references to currently available books on planning, management, capacity building, leadership, alliances and governance of nonprofit organisations from both the UK and the USA.

Call our Business Manager on 01628 478 561 for further information and to discuss how we could assist your organisation.

Prepared by Mike Hudson

Compass Partnership

Management Consultants for Voluntary Organisations

[info@compassnet.co.uk](mailto:info@compassnet.co.uk)



Third Sector Leaders

**acevo**

1 New Oxford Street

London WC1A 1NU

T: 0845 345 8481

F: 0845 345 8482

[www.acevo.org.uk](http://www.acevo.org.uk)