

Nonprofit Strategy

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Principal

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Academic

- Ph.D., The Ohio State University
 - College of Business
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- Organization Development, Leadership, Organization Effectiveness
- Published Researcher

Professional

- CEO, 18 years, Two National Nonprofits
- ΑΣΦ Educational Foundation, 1981-1990
- LeaderShape, Inc., 1992-2001
- CFRE (Certified Fund Raising Executive), 1986-2004

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- Strategy, Leadership, Teamwork

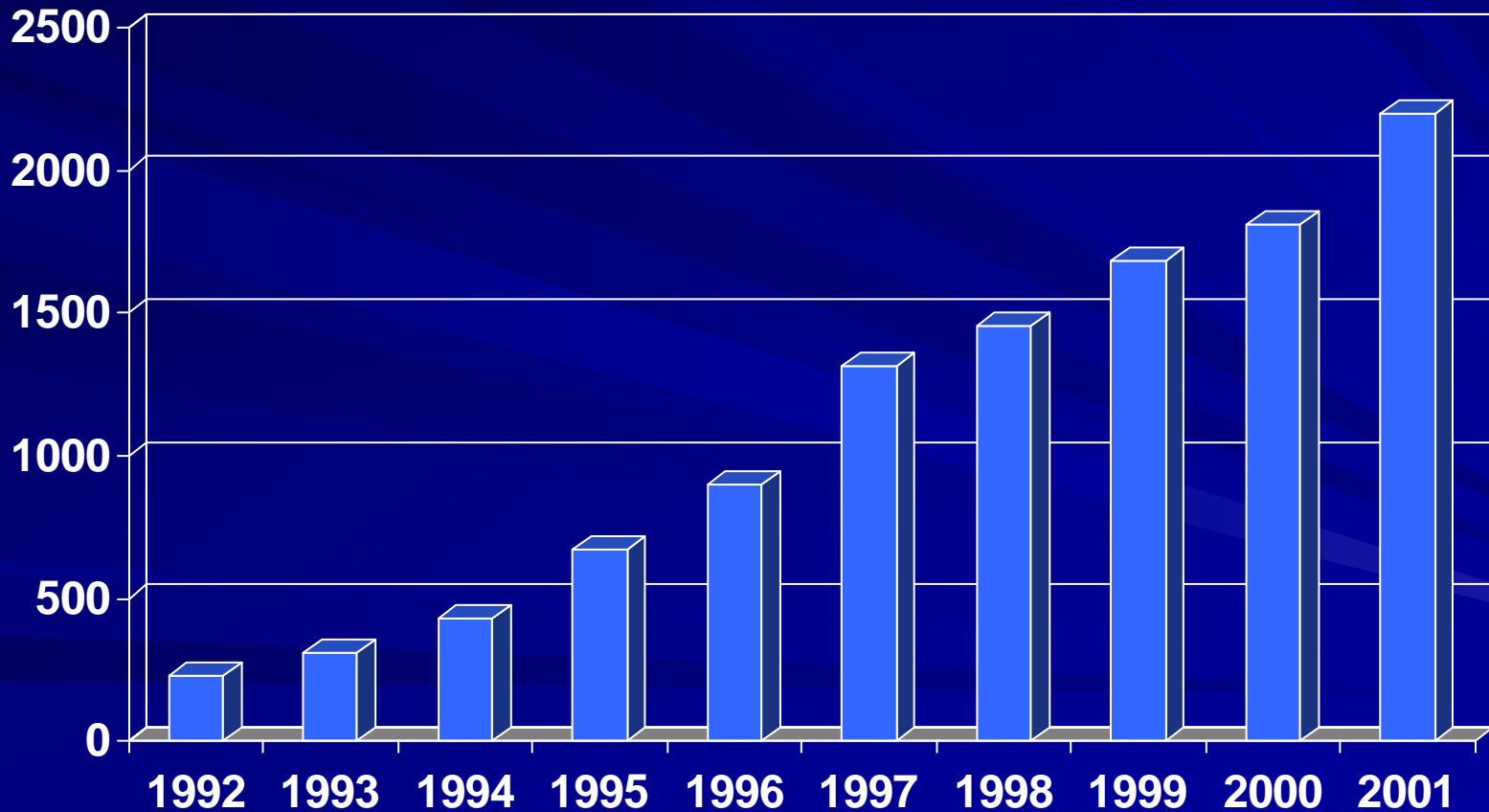
*Robert H. Smith School of Business, University of Maryland

- Faculty of Management & Organization
- Director, Executive MBA Program
- Custom Executive Education Programs

AΣΦ Educational Foundation Endowment



LeaderShape, Inc. Annual Institute Participants



Overview—Strategy

- Strategy is **not strategic planning**.
- Most organizations have plenty of plans, but far fewer have a **true strategy**.
- A true strategy articulates the **dynamic levers** which will **catapult** an organization toward its desired future.
- Strategy is **different for non-profits** than for-profits.
- Nonprofits can follow a **specialized process** to assist them in developing strategy.

Sheehan Strategy Framework

- Readiness Assessment & Process Design
- Mission Clarification
- Vision
- Five-Year Strategic Stretch Goals
- Organization Assessment
- Strategy Development
- Strategy Implementation

Readiness Assessment

- How well prepared is your Board to lead and implement transformational change?
- Do you have the “right people on the bus?”
- Have you conducted a Board Assessment in the past two years?

Board Assessment

- Use as a “mirror” to reflect upon your operations
- Compare scoring to “ideals”
- Compare items to one another--internally

Strategy Development Process

- Involve constituencies & select a Strategy Development Group
- SDG has responsibility for:
 - Mission Analysis
 - Vision
 - Five-Year Strategic Stretch Goals
 - Organization Assessment
 - Strategy Development

Mission

In your own words, please write what you say is the mission of your organization. One way to think of a “mission” is that it is a stated intention to make a “difference” in a person, place, or thing.” Make sure to specify the “person, place, or thing” and the “difference” the organization intends to make.

Mission Statements

Typical

“To provide services to the Homeless in Ford County.”

Instead of:

“To provide services to the Homeless in Ford County which enhance their economic self-sufficiency.”

Mission

- SPECIFY—What is the difference your organization intends to make?
- SPECIFY—For what “persons, places, or things” does the organization intend to make a difference?

“Mission Gap”

- Describe the current condition of the “persons, places, or things” for whom/which the organization intends to make a difference.
- What would their condition be like, ideally?

Mission Accomplishment

“Explain how you determine whether your organization is or is not accomplishing the mission. Please list any results, outcomes, and specific evidence you look at to make this determination?”

Reliable Measures

A “reliable measure” collects evidence which could be confirmed by an objective observer.

Reliable Impact Measures

A “reliable impact measure” is a reliable measure which represents an impact—difference made—on the condition of a person, place, or thing outside the organization.

Mission Accomplishment Measures

Reliable impact measures which relate directly to the accomplishment of an organization mission can be called “Mission Accomplishment Measures”

Ford County Homeless Services

Mission

To end homelessness in Ford County

Mission Accomplishment Measure

Number of homeless people in Ford County,
as reported by county officials.

Thompson Academy

Mission

To prepare young people for excellence in post-secondary education

Mission Accomplishment Measures

Percentage of graduates enrolled in college after graduation

Satisfaction of preparation survey scores of graduates two years following graduation

Franklin County Children's Services

Mission

Elimination of maltreatment of children

Mission Accomplishment Measure

Number of reported and substantiated cases
of child maltreatment

Mothers Against Drunk Driving

Mission

To stop drunk driving and to support victims of this violent crime

Mission Accomplishment Measure

Number of deaths from drunk driving crashes

A Positive Future

“ . . . We haven't seen fear used in a single successful transformation effort as a sustaining force. What we've sometimes found is fear used as a surprise element. It's the 'hit them upside the head with a board' approach to getting their attention. But then you've got to move quickly to convert it into something positive or you get all of the drawbacks of fear.”

-John Kotter, *Leader to Leader*, Winter 2003



Vision

With your current environment in mind – including your “mission gap” – think about how you could make “quantum leap” progress on your “mission gap” if your organization existed in an “ideal state.” Answer the question:

“If you could have it any way you wanted it, what would your organization be like?”

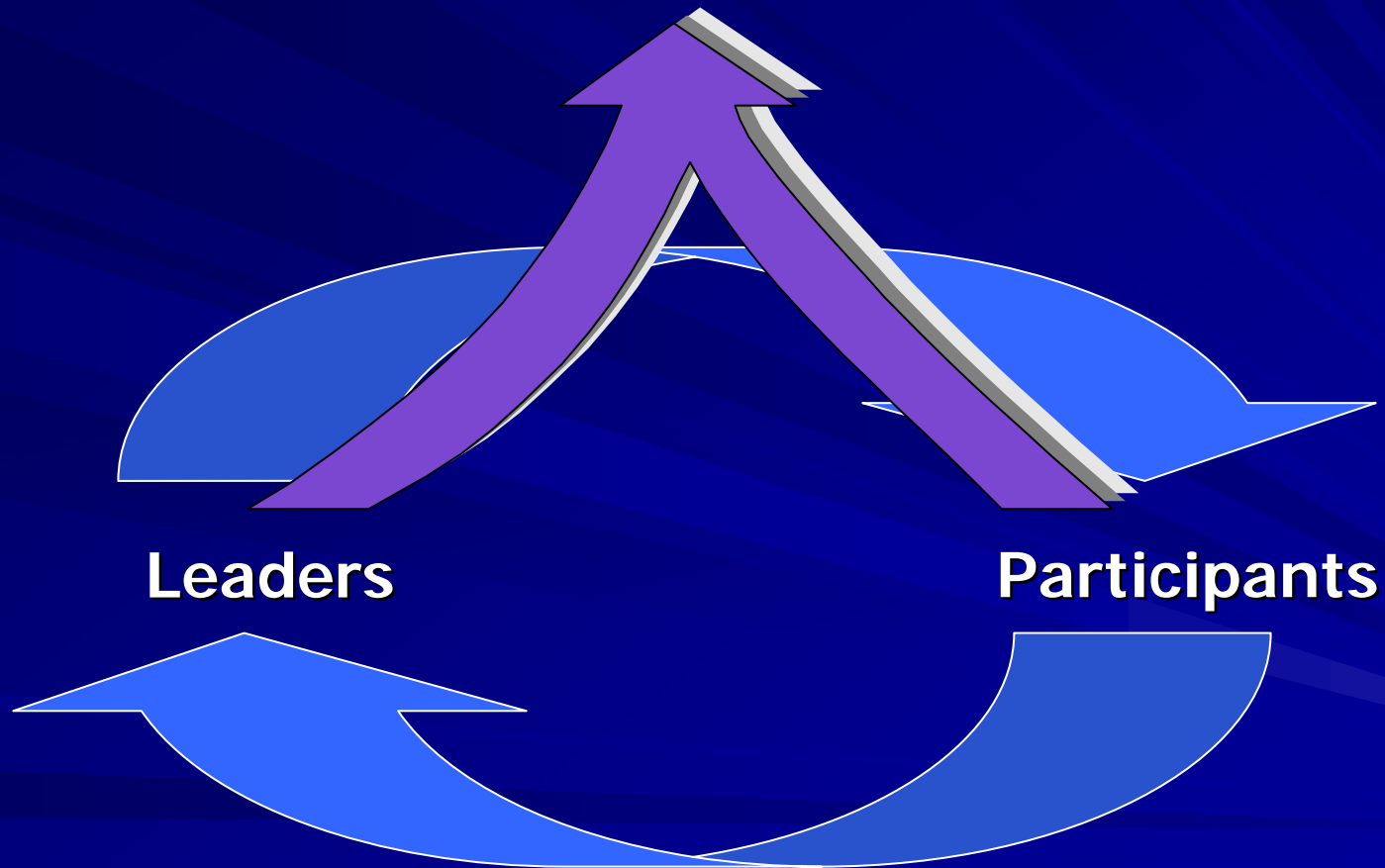
Positional Leadership

Leadership by “lamination”

vs.

Leadership as a catalyst

Transformational Leadership Model



Vision to Action: Goals

- Direct attention to relevant activities
- Affect intensity of effort
- Affect persistence
- Strategic Stretch Goals: Outcome-Based & SMART

Outcome vs. Activity Goals

- “To mail 11,000 personalized fund-raising letters to our organization’s previous donors by May 1, 2005.”

Outcome vs. Activity Goals

- “To receive \$300,000 in contributions from our organization’s previous donors by July 15, 2005.”

SMART Goals*

- Specific
- Measurable
- Aggressive, yet Achievable
- Relevant
- Time-bound

*Doug Smith version

A New A for SMART*

- Specific
- Measurable
- ***Almost Impossible**
- Relevant
- Time-bound

*Rob Sheehan version

Great Leaders

*Great Leaders Have a
Healthy Disregard for the
Impossible*

Impossible

“Space travel is utter bilge.”

-Sir Richard Van Der Riet Wooley, The Astronomer Royal,
1956

Impossible

“While theoretically and technically television may be feasible, commercially and financially I consider it an impossibility.”

-Lee DeForest, American Inventor (1873-1961)

Impossible

“Well informed people know it is impossible to transmit the voice over wires and that were it possible to do so, the thing would be of no practical value.”

-The Boston Post, Editorial, 1865

Impossible

“We must not be misled to our own detriment to assume that the untried machine can displace the proved and tried horse.”

-Maj. Gen. John Kerr, U.S. Army (1878-1955)

Impossible

“Rail travel at high speeds is not possible because passengers, unable to breathe, would die of asphyxia.”

-Dionysius Lardner, English Scientist (1793-1859)

Traditional Goals

“This is a forecast of the result we should be able to produce if we work hard at it.”

Stretch Goals

“This the very best result we can imagine possible (1% chance) and we have no idea how to make it happen.”

Strategic Intent

"Creating stretch, a misfit between resources and aspirations, is the single most important task senior management faces."

-Gary Hamel & C.K. Prahalad

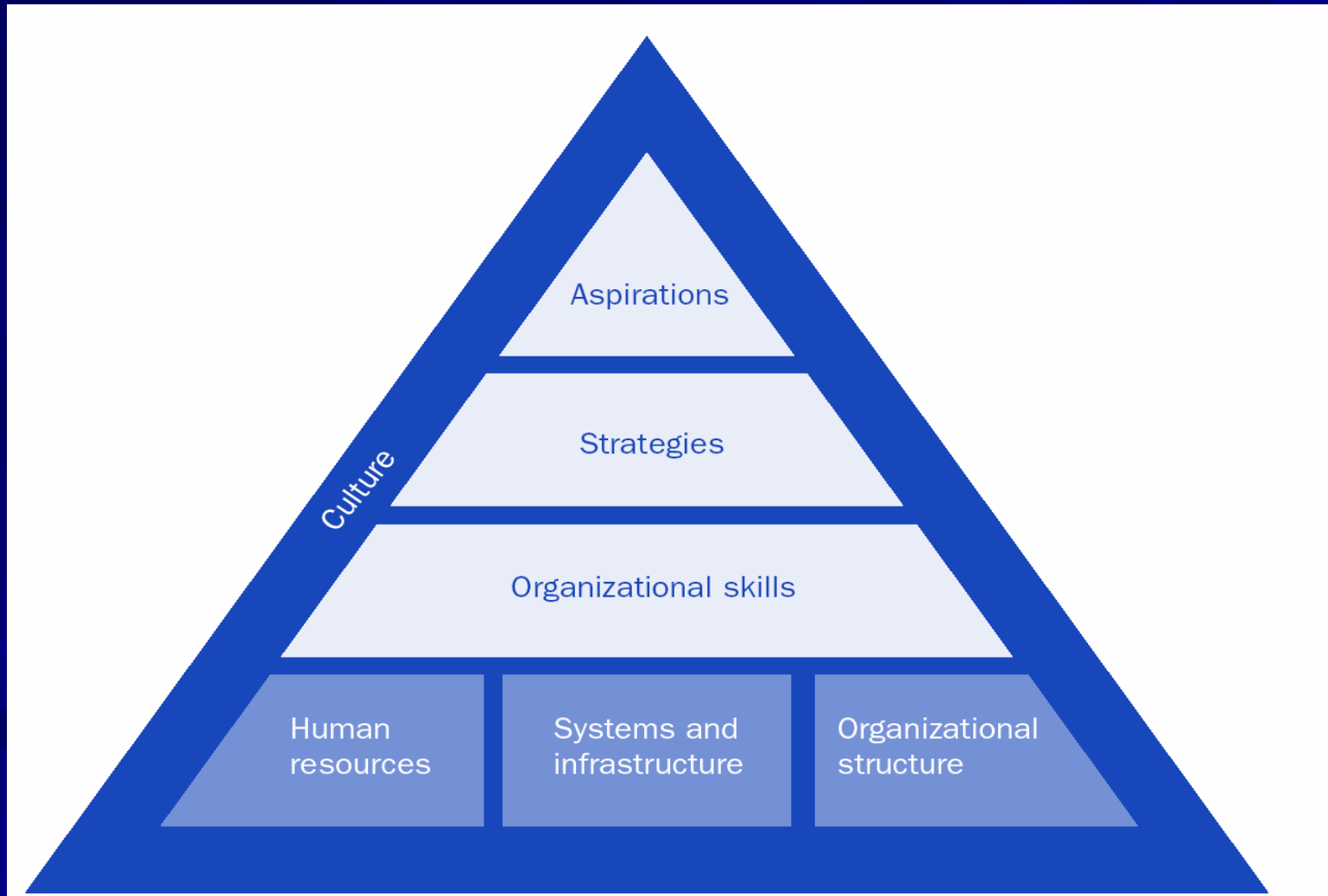
Strategy Development Prep

- ✓ Readiness Assessment & Process Design
- ✓ Mission Clarification
- ✓ Vision
- ✓ Five-Year Strategic Stretch Goals
- Organization Assessment

Venture Philanthropy Partners Capacity Framework Elements

- Aspirations
- Strategy
- Organizational Skills
- Human Resources
- Systems and Infrastructure
- Organizational Structure
- Culture

VPP Framework



Venture Philanthropy Partners Capacity Framework Elements

- Aspirations: An organization's mission, vision, and overarching goals, which collectively articulate its common sense of purpose and direction

Venture Philanthropy Partners Capacity Framework Elements

- **Strategy:** The coherent set of actions and programs aimed at fulfilling the organizations' overarching goals

Venture Philanthropy Partners Capacity Framework Elements

- **Organizational Skills:** The sum of the organization's capabilities, including such things (among others) as performance measurement, planning, resource management, and external relationship building

Venture Philanthropy Partners Capacity Framework Elements

- **Human Resources:** The collective capabilities, experiences, potential and commitment of the organization's board, management team, staff, and volunteers

Venture Philanthropy Partners Capacity Framework Elements

- **Systems and Infrastructure:** The organization's planning, decision-making, knowledge management, and administrative systems, as well as the physical and technological assets that support the organization

Venture Philanthropy Partners Capacity Framework Elements

- **Organizational Structure:** The combination of governance, organizational design, interfunctional coordination, and individual job descriptions that shapes the organization's legal and management structure

Venture Philanthropy Partners Capacity Framework Elements

- Culture: The connective tissue that binds together the organization, including shared values and practices, behavior norms, and most important, the organization's orientation towards performance

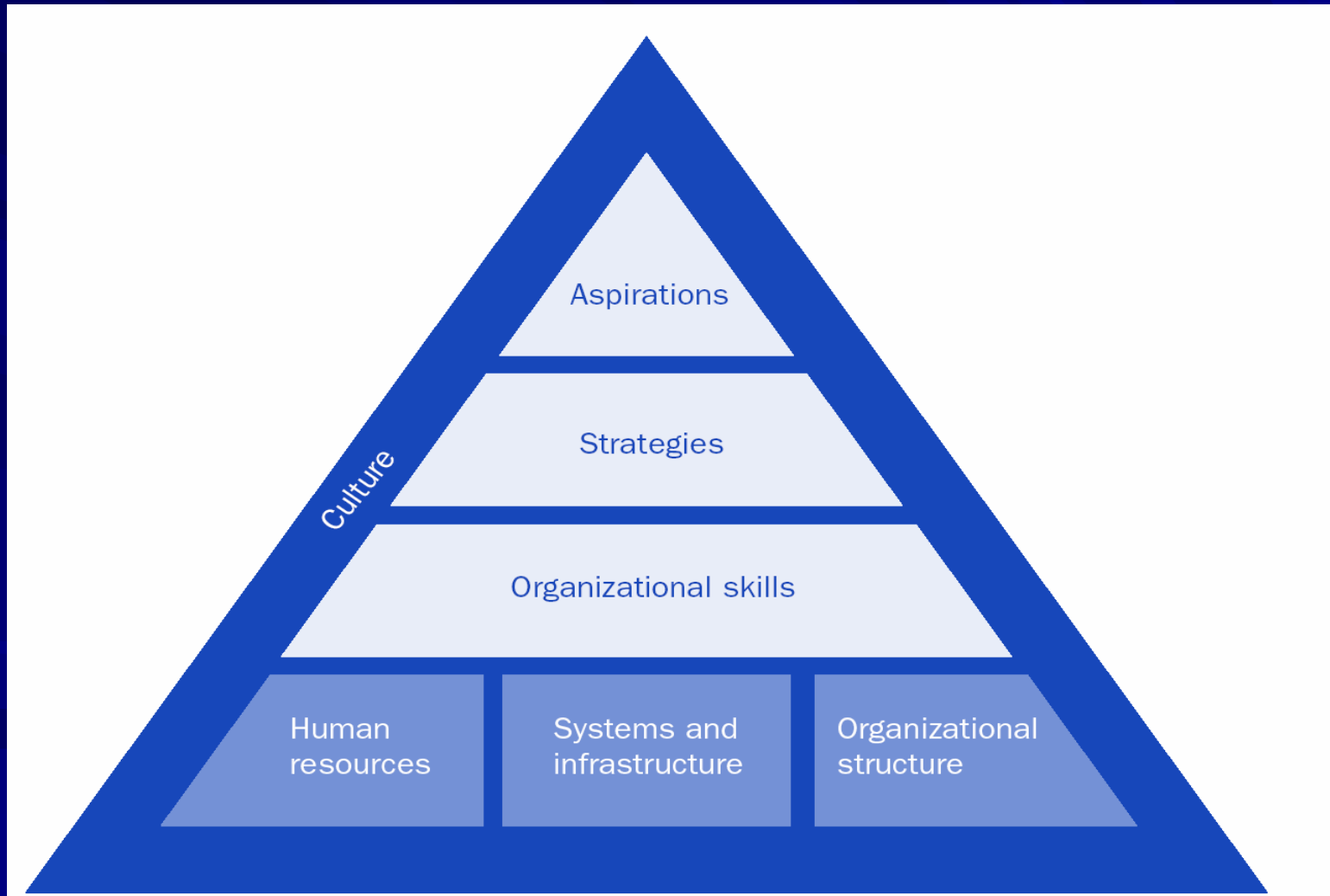
Strategy Development

- How will you conduct your staffing operations (both paid and unpaid staff)?
- How will you generate gross and net revenue?
- How will you make a “difference” in the “people, places, or things” that are the focus of your mission?
- How will these three operational areas interrelate? How will they have a positive cyclical affect upon one another?

Strategy Development

- What “strategy levers” can you utilize to accelerate your positive cycle of success? (See the SWOT Strengths and Opportunities for idea starters.)
- What “strategy derailers” should you pay attention to? (See SWOT Weaknesses and Threats for idea starters.)

VPP Framework



Educational Association Strategy

Use fund-raising firm to raise \$3 million in endowment during next five years. Maintain moderate services provided by young, program staff until endowment investment income covers deficit. Continue to run deficits, supporting services, until endowment dollars are available. Do not increase fees for service in the mean time. Increase level and quality of services as endowment funds are available—as well as upgrade staff quality.

Educational Association Strategy-B

Hire staff and mobilize volunteers to create endowment and significantly increase annual fund. Cut services and staffing to balance budget. Increase fees for service and add services back as fees, annual fund dollars, and endowment investment income is available. Continue to increase level and quality of services as revenue is available—as well as upgrade staff quality.

Youth Services Organization

Use reserves to hire highly qualified and talented CEO to generate revenue for expansion of highly regarded program services. Maintain competitive salaries for top-notch program staff. Stabilize budget and repay reserves as revenues increase. Expand services further with additional revenue. Quality of services and staff remain high throughout expansion.

Social Services Agency Strategy

Maintain staff level of good people who work here because they care for the mission—even though we can't pay much. Provide as many services and programs as possible that make a difference, with funding from fees, United Way, and government subsidies. Maintain balanced budget. Limited staff will do the best they can with an overload of cases until things get better.

For more information:

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