

Strategy Development Workbook

Sheehan Framework for Nonprofit Strategy Development, Strategy Implementation, Organization Transformation

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Organization transformation requires strategy—strategy development and implementation. I believe that it is possible for organizations to regularly “transform”—to make discontinuous leaps in performance. However, the conditions must be right or transformation efforts should not even be initiated. The organization is better off staying in a “holding pattern” until the timing is right, rather than adopting a new “strategic plan” just because the calendar says it is time to do so.

I have decided to stop using the term “strategic planning.” This is because, despite the good efforts of many people, organizations (for profit and non-profit) continue to put far too much emphasis on the analytical function of “planning” and way too little emphasis on the creative process of developing “strategy.” I am not the first to say this, as many others (e.g., Henry Mintzberg) have been saying it for years. Yet, the problem persists. So, as one small step in what I see as the right direction, I now prefer to talk about “strategy development” and “strategy implementation” instead of “strategic planning.” Following are the general processes that I recommend for the development and implementation of nonprofit strategy. More explanation will be needed to understand exactly what is involved in each phase, but this will serve to begin a conversation.

1. Readiness Assessment & Process Design. During this phase, I always recommend that an organization undertake a Board Assessment process, unless it has already done so in the prior twelve months. I use assessment tools available from BoardSource or McKinsey & Co. All too often, organizations get mid-way into strategy development when they realize they don’t have “the right people around the table” to be developing or implementing the strategy. This is also the phase where the entire process is designed to fit the exact circumstances and needs of the organization.

2. Mission Clarification. This phase involves answering a few key questions (below). The Board needs to come to agreement on the answers to the questions.

A. One way to think about a mission is that it is a stated intention “to make a difference for a person, place, or thing.” Specify both the “difference” you intend to make and “for what persons, places, and/or things.” Answering this question can help sharpen a mission statement.

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B. Explain how you determine whether your organization is or is not accomplishing the mission. List the results, outcomes, and specific evidence you look at to make this determination. Answering this question helps keep the organization aligned for performance.

C. Explain the current state of the condition of the “persons, places, and/or things” for whom/which you want to make a difference. Then, explain their/its condition in an ideal world. The difference between the current reality and the ideal is the organization’s “mission gap” – the gap you are committed to closing.

3. Vision. With the “mission gap” in mind, the organization comes to agreement on what it (the organization) would be like in an ideal world (not a science-fiction world, but ideally). If you could have it any way you wanted it, what would your organization be like – in every way?

4. Establish Five-Year Strategic Stretch Goals. With the vision and mission gap in mind, the organization sets at least three five-year, outcome-based “stretch goals” which, if accomplished, would give the organization a quantum leap toward its vision. These goals are: Specific, Measurable, Almost impossible, Relevant, Timely.

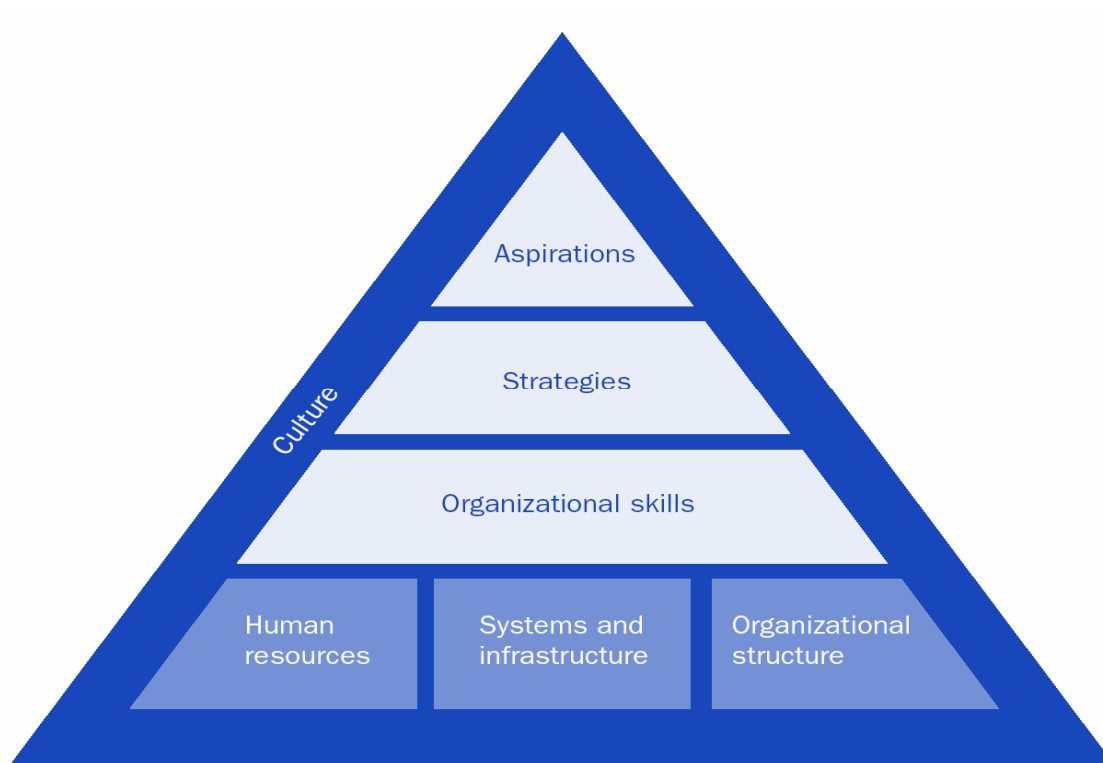
5. Organization Assessment. With the context of the mission gap, vision, and stretch goals now established, the organization assesses its current situation. In addition to the traditional SWOT (Strengths, Weaknesses, Opportunities, Threats) and environmental analysis, I also recommend that organizations use the McKinsey & Co. “Capacity Assessment Grid” that they developed for Venture Philanthropy Partners (<http://www.vppartners.org/learning/reports/capacity/capacity.html>). The seven aspects of their organization performance model is captured in the “pyramid” diagram at the end of this document.

6. Strategy Development. Strategy, itself, is largely misunderstood by organizations. More explanation will be needed to understand exactly what I mean by the various terms included in this, but I have provided below my current working definition of Nonprofit Strategy:

Nonprofit strategy is a coherent set of general ideas which explain how the organization is going to pursue its vision and carry out its mission during the years ahead. The strategy explains how the key functional areas of revenue generation, staffing (paid and unpaid, i.e., volunteers), and mission impact will operate and interrelate. The strategy is generated by the organization’s commitment to accomplish its mission and attain its vision.

7. Strategy Implementation. Annual implementation of the strategy is driven by setting annual outcome-based SMART (Specific, Measurable, Almost impossible, Relevant, Timely) goals that relate directly to the five-year goals and follow the strategy. Again, I find the VPP Performance model helpful here as the organization develops its capacity and—importantly—aligns the different aspects of its operation with the strategy.

McKinsey & Company/Venture Philanthropy Partners Performance Approach



Establishing the Strategy Development Process

Should your organization implement a Board Assessment process prior to taking on a new strategy development-organization transformation process? Why or why not?

Once you decide to start your strategy development process, make a list of all of the constituencies/stakeholders of your organization who should somehow be involved in the process. Think about how you may want to involve them.

Of the stakeholders on the above list, who are the people you should consider having appointed to your Strategy Development Group?

Your Organization's 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.

Your Organization's 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.”

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?”

Describe it in detail.

“Far too often, the range of possibilities (for the future) is assessed to be the size of the present with a few extras added. The future’s realm of possibilities is always bigger than you can imagine.”

-Rolf Jensen, The Dream Society

Stretch Goals

1. You use stretch goals, they don't use you. They do not exist to dominate you and stress you out. They exist to give you something to shoot for, to have fun trying to see if you can make it.
2. Fully achieving a stretch goal is not the main focus of your attention. You are interested in being creative, progress, and learning.
3. You need to create a "safe-fail" situation with a stretch goal. You can't treat failure as an issue. You have to play.
4. You have to set your own boundaries on resources you will use to achieve the goal—including the amount of time you spend on it. Make this all part of the "game." Otherwise, you stress out and/or turn your 70 hour weeks into 90 hour weeks.
5. Since the prospects of failing at the stretch goal are high and failure at some goals can have real life implications—when you set a stretch goal, ask yourself "Am I willing to live with the worst probable outcome?" If not, don't set it that high.

Strategic Stretch Goals

State the Stretch Goal in a very specific and measurable way (i.e., it needs to be quantifiable and have an end date). Make sure you have stretched the goal so much that any practical person would say it only has a 1% chance of being accomplished.

Explain how the accomplishment of the Stretch Goal would provide a quantum leap toward a greater future for your organization and your community.

“The reasonable (person) adapts himself to the world. The unreasonable one persists in trying to adapt the world to (her/)himself. Therefore, all progress depends on the unreasonable (person).”

-George Bernard Shaw

Organization Assessment

SWOT Analysis

Survey or interview questions for stakeholders could include:

1. What are the three most important suggestions you have for XYZ Organization of Central Metropolis to improve its operations and achieve more success in the future?
2. What are the key strengths of XYZ Organization of Central Metropolis?
3. What are the key weaknesses of XYZ Organization of Central Metropolis?
4. What are opportunities which XYZ Organization of Central Metropolis might take advantage of in the future?
5. What are challenges which XYZ Organization of Central Metropolis needs to be mindful of in the future?
6. What are the most important issues which XYZ Organization of Central Metropolis needs to address in order to be most successful in the future?

Data Collection

Collecting internal organizational information and external environmental data

Strategy Development Prep

Prior to gathering a group together to develop strategy, you will have completed the following activities (depending on exactly how you decide to structure your process).

1. You have assessed your readiness and determined that you have a “guiding coalition” with a “sense of urgency” for leading major change.
2. You have conducted a board assessment (or determined you don’t need to).
3. You have designed a strategy development process and your Board has approved it. As a part of the process, you have decided how to involve stakeholders.
4. Your Board has appointed a Strategy Development Group
5. You have distributed an Organization Assessment tool to key stakeholders, along with a SWOT analysis questionnaire.
6. External environmental data that you think would be important for the SDG to have has been collected.
7. You have conducted your first meeting of the Strategy Development Group. At that meeting the SDG:
 - *Came to consensus on a vision for your organization’s future
 - *Set up to three - five stretch goals for the next five years
 - *Reviewed internal organizational information, assessment results, stakeholder SWOT results, and external environmental data
8. Following the first SDG meeting, you have surveyed the SDG on the following:
 - A. Given our vision and commitment to achieve the stretch goals, what are the key strengths of XYZ Organization of Central Metropolis?
 - B. Given our vision and commitment to achieve the stretch goals, what are the key weaknesses of XYZ Organization of Central Metropolis?
 - C. Given our vision and commitment to achieve the stretch goals, what are opportunities which XYZ Organization of Central Metropolis might take advantage of in the future?
 - D. Given our vision and commitment to achieve the stretch goals, what are challenges which XYZ Organization of Central Metropolis needs to be mindful of in the future?

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9. You have sent the summarized results of SDG survey back to them
10. At your second meeting of the Strategy Development Group, the group:
 - *Select the top five Strengths, Weaknesses, Opportunities, Threats
 - *Consider changes to Vision and Stretch Goals
 - *And now, at that same meeting, you are FINALLY ready to talk STRATEGY

Strategy Development

Nonprofit strategy is a coherent set of general ideas which explain how the organization is going to pursue its vision and carry out its mission during the years ahead. The strategy explains how the key functional areas of revenue generation, staffing (paid and unpaid, i.e., volunteers), and mission impact will operate and interrelate. The strategy is generated by the organization's commitment to accomplish its mission and attain its vision. (Sheehan, 2005)

Address the following questions with the Mission, Mission Gap, Stretch Goals, Organization Assessment, SWOT, and all other data collected in mind.

1. How will you conduct your staffing operations (both paid and unpaid staff):

2. How will you generate gross and net revenue?

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3. How will you make a “difference” in the “people, places, or things” that are the focus of your mission?

4. How will these three operational areas interrelate? How will they have a positive cyclical affect upon one another?

5. What “strategy levers” can you utilize to accelerate your positive cycle of success? (See the SWOT Strengths and Opportunities for idea starters.)

6. What “strategy derailers” should you pay attention to? (See SWOT Weaknesses and Threats for idea starters.)

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Rob Sheehan has more than twenty-five years of executive management experience, including eighteen years as the CEO of two different national nonprofits. His Ph.D. research focused on organizational excellence and he is a published researcher on organization effectiveness. His background and experiences have included serving as CEO of LeaderShape, Inc. from 1992-2001 and CEO of the Alpha Sigma Phi Educational Foundation from 1981-90. As Principal of Sheehan Consulting, Rob provides consulting services in strategy development & implementation, leadership & teamwork development, board development, succession planning, and executive coaching for businesses, nonprofits, and government entities.

Rob also serves as an Executive Education Senior Fellow at the Robert H. Smith School of Business at the University of Maryland-College Park. In this capacity he serves on the Faculty of Management & Organization, with global responsibilities (College Park, Beijing, Tianjin, Shanghai, Zurich, Tunis) within the Executive MBA and degree programs and for custom-designed executive education programs.

Rob's clients, through consulting and executive education work, have included NeighborWorks America, Nextel, National Conference of State Legislators, Council of Independent Colleges, Academy of Optometry, Maryland Motor Vehicle Administration, Goldseker Foundation, McCormick & Company, National Cancer Institute, Public Education Network, Maryland Association of Nonprofit Organizations, Black & Decker, National Urban Fellows, and more.

He received his Master's degree and Ph.D. from The Ohio State University. While at Ohio State, he directed *The Excellence in Philanthropy* research project, which became the basis for his dissertation "Mission Accomplishment as Philanthropic Organization Effectiveness." His B.A. is from Westminster College, PA.

Rob is an active member of ARNOVA (Association for Research on Nonprofit Organizations and Voluntary Action) and the Academy of Management. He is a regular presenter of academic papers at conferences, and has been published in leading nonprofit research journals—including *Nonprofit Management & Leadership* and *Nonprofit and Voluntary Sector Quarterly*. Rob is also an active member of the Association of Fundraising Professionals and attained the association's CFRE (Certified Fund Raising Executive) designation in 1986.

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