

How to do Strategic Planning

A Guide for Small and Diaspora NGOs

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INTRAC



PEER LEARNING PROGRAMME

Introduction

Strategic planning is hard to do well. It is elusive. It seems that many NGOs do not have strategic plans and are not really sure what they are. Others that do have them, may have lengthy, jargon-filled documents that gather dust on office shelves. They are rarely the living documents that help give meaningful direction to decisions.

The aim of this guide is to demystify this term strategic planning; to highlight principles for how to do it well and to identify some useful tools to use. The aim is to make strategic planning become more meaningful, alive and achievable. Obviously such a short booklet cannot answer every question. Strategy may mean different things to different people. But this booklet does highlight key components and essential approaches for small and diaspora NGOs. The booklet is not mere theory. It emerges from more than 20 years practical experiences of doing strategic planning with NGOs.

'I want to think about how to make my strategic plan come alive, not just for myself, but so that it can be empowering for my organisations' stakeholders' (PLP member)

1. Why is strategic planning needed?

Of course an NGO can have a clear strategy without having a strategic plan. A strategic plan is merely a document that puts on paper the long-term chosen direction. While a clear direction may exist anyway, writing it down enables it to be better understood by partners, by donors and even by staff and trustees. This is especially important if people in the organisation leave or new ones join.

In addition the process of consulting and agreeing what is put on paper can be extremely valuable. It offers the opportunity to:

- Reflect back on what has made an impact in the past – learning from experience;
- Look up from the day-to-day issues and try and see the big picture for the future;
- Listen to and build better relationships with a wide variety of stakeholders;
- Build teamwork and expertise amongst staff;
- Bring coherence to different projects and parts of the organisation, ensuring they are pulling together; and
- Prioritise where to focus energies and resources in the future to maximise its potential for achieving its mission.

But strategic planning is not the answer to all ills, as the experience below illustrates:

When strategic planning is not the answer

A few years ago I was facilitating a strategic planning process for a national NGO umbrella body. It turned out that that the Executive Director was mis-managing funds favouring the Gender Officer with whom he was having an affair. The strategic planning workshop disintegrated into chaos when we introduced the topic 'where are we now?' The board subsequently undertook a forensic audit and fired the Director. Working on strategy was premature, when the issues were more fundamental.

Furthermore, strategic planning is often difficult for NGOs to do because:

- They face a bottomless pit of need. There is considerable pressure to respond. How can an NGO refuse to help and say 'no' to meeting needs?
- Development is a complex process where sectors are inextricably interconnected. If you are a health NGO, there are good reasons to also work in education (as this is key to better health); there are good reasons to work on income security (as this affects health); there are good reasons to work on...
- They need to secure funding from outside donors to pay salaries. It can be risky to prioritise, if the donors decide they want to fund different things.
- Strategic planning requires predicting the future – something impossible to do perfectly, especially in turbulent global environments. People have different ideas about what will happen and what will make a difference.
- They often feel too busy to stop and think. There may also be strong vested interests and comfort levels in remaining in the *status quo*.

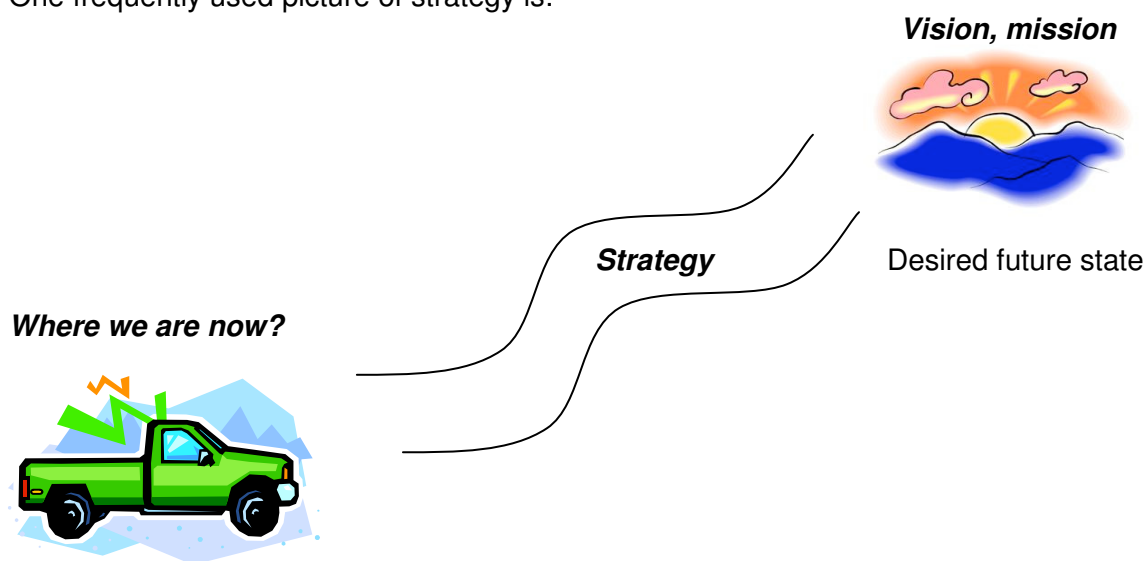
2. What is strategy?

From the 300,000 books on strategic planning available from Amazon or the 275 million Google hits, there is no single agreed definition of strategic planning. Some common words that people associate with strategy are highlighted in the text box on the right. While there is no one right answer, most people would agree that strategy is the prioritised methods for achieving the mission of the organisation. It gives long-term coherence and direction to the actions and decisions of the organisation. It is like the keel underneath a boat. It is this keel that keeps the boat sailing in a certain direction and not merely pushed sideways by the winds and external environment.

Systematic	Priority	Analysis
Framework	Reflection	
Plan	Direction	Expansion
Goals	Measurement	
Risk Management	Emergent	

Some useful models

One frequently used picture of strategy is:

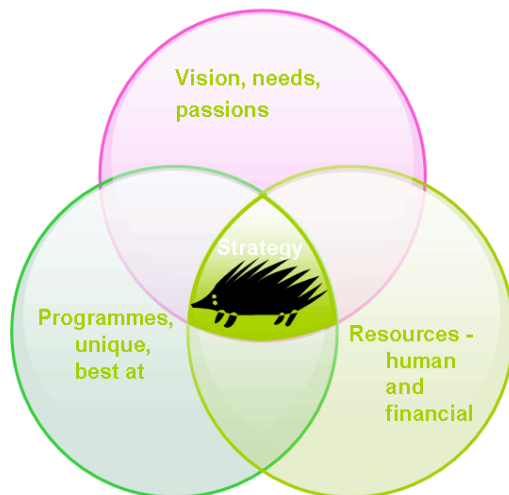


Strategy is the path that takes us from where we are now to where we want to be.

Another useful model is called the 'hedgehog concept', initially developed by Jim Collins' work in the commercial sector. Like a hedgehog that has one very effective strategy when threatened (rolling up in a ball), strategy should be based on identifying what your organisation does better than anyone else, rather than trying to do everything well. He identifies three sets of questions to ask which can help identify this strategic focus:

1. What are we most deeply passionate about? What is the vision?
2. What are the unique strengths of our organisation? What can we do best compared to others? What is our 'calling'?
3. What drives our resources (human and financial)?

The vision should be about the people who the organisation serves. It should not just be about addressing negative needs but developing positive potential. In addition, the resource question should not be simply financial. It is also about what people have energy for. NGOs must avoid being donor driven or strategically delinquent by slavishly following whatever they can get money for.



It is important to draw a tighter focus as you ask these questions, working down from a broad vision to looking at what you can do best and also find resources for. It requires relentless discipline to say 'no thank you' to opportunities that fail the hedgehog test – that take you away from the middle of three circles. It is all too easy to find yourself doing things that are useful, but not what you are called to do.

There are many, many different models of strategy. We can easily overcomplicate things or think strategy is something new. I remember one long training session I was leading on strategy. At the end a participant put up their hand. They said: '*we have a simple proverb that says all that you have been saying*'. Strategy is not new. The wisdom of elders has a lot to say about what we call strategy. Like the monkey in the proverb, organisations without a clear strategy easily get overstretched and ineffective. Or like the dog, we find it more comfortable to remain as we are, rather than respond proactively to challenging changes in the external environment. Ultimately strategy is about making considered choices for the future.

The wisdom of elders

Here delicious things, there delicious things, the monkey goes for them all and falls flat on its back.

A dog sitting on a warm veranda does not move despite hearing a roaring lion - and ends up dead.

3. What is strategic planning?

Strategic planning is the process of making these choices and documenting them. An effective strategic plan makes choices based on:

- Knowing who you are
- Knowing what brings change
- Predicting how the environment is likely to change
- Rigorous and honest self-appraisal

A. Knowing who you are

A good strategic planning process connects to the identity and mission of the organisation. It obviously helps to be clear about questions like: Why do you exist? What is the unique contribution you bring to the world? What would be lost if you did not exist? Who are you? Answers might have been clear at the start, but over time this can become fuzzy or obscured. Programmes may not have gone as planned. Different people may be on board. A good strategy process often involves ‘cleaning the mirror’, so we are clearer about who we are.

B. Knowing what brings change

A good strategy process is based on knowledge of what brings change to beneficiaries or to policy environment. The project system in which we operate encourages us to focus on activities and deadlines, rather than on what actually brings change. Many NGOs are finding it useful to explore their underlying ‘theory of change’. In any strategy process it is helpful to engage with the existing assumptions about what actually brings change and why. This can help focus on strategies that really make a difference.

C. Predicting how the environment is likely to change

An essential element of strategic planning is predicting the future and thinking through how this will affect the work. It involves listening out for the roaring lions (the threats) as well as identifying potential new opportunities, sometimes using tools like PESTLE (described later in the text). This is clearly not an exact science, but such future thinking is vital. The most famous ice-hockey player of all time, Wayne Gretsky said the secret of his success was that: ‘I skate to where I think the puck will be’. This is what we need to be doing as NGOs. Not skating to where things are today, but predicting where they might be in the future and proactively moving in that direction.

‘I skate to where I think the puck will be.’

D. Rigorous and honest self-appraisal

To plan well, you have to know where you are starting from. An honest and open discussion about existing strengths and weaknesses is an important element of strategy. Brutal facts may need confronting. Self-delusion does not help anyone.

4. Making hard choices

Strategic planning is about making hard choices. You clearly cannot skate or run in two directions at once. Yet so many efforts at strategic planning fail to prioritise and cut down. NGOs might add one or two new programmes to address future issues, but they do not let anything go. What results is simply a shopping list. It is not an effective strategic plan. As the Dilbert cartoon below shows, the essence of good strategic planning is deciding what you are NOT going to do.



A strategic plan should not be a 'shopping list' of things we want, but documenting choices that the organisation want to make. The strategic plan is a 'big picture', directional document which should last 3-5 years. It should be complemented by an operational plan which focuses on shorter term goals, most frequently over 12 months detailing who should do what, by when and how much will it cost.

The environment changing much too fast to assume we will know what is going to happen in five years time and what will be appropriate. Strategy is emergent and the plan will need to be revisited. So any strategic plan has to be flexible, if it is to be useful. It is something that you have to take seriously at the time, but hold lightly in the future.

More important, however, than the document itself, is whether the strategic plan is actually put into practice. Good intentions are not nearly enough. So a strategic plan is only useful in so far as it affects actions.

5. How to do strategic planning

Every organisation is different. It is therefore arrogant and unrealistic to say, this is 'how to' do strategic planning in every situation. There is no set process or template. I have been involved in strategic planning processes that have lasted between three hours to others that have taken more than 12 months. I have seen strategic plans from one page to more than 100 pages. But despite the situational differences there are important 'how to' principles to follow and adapt to the specific context.

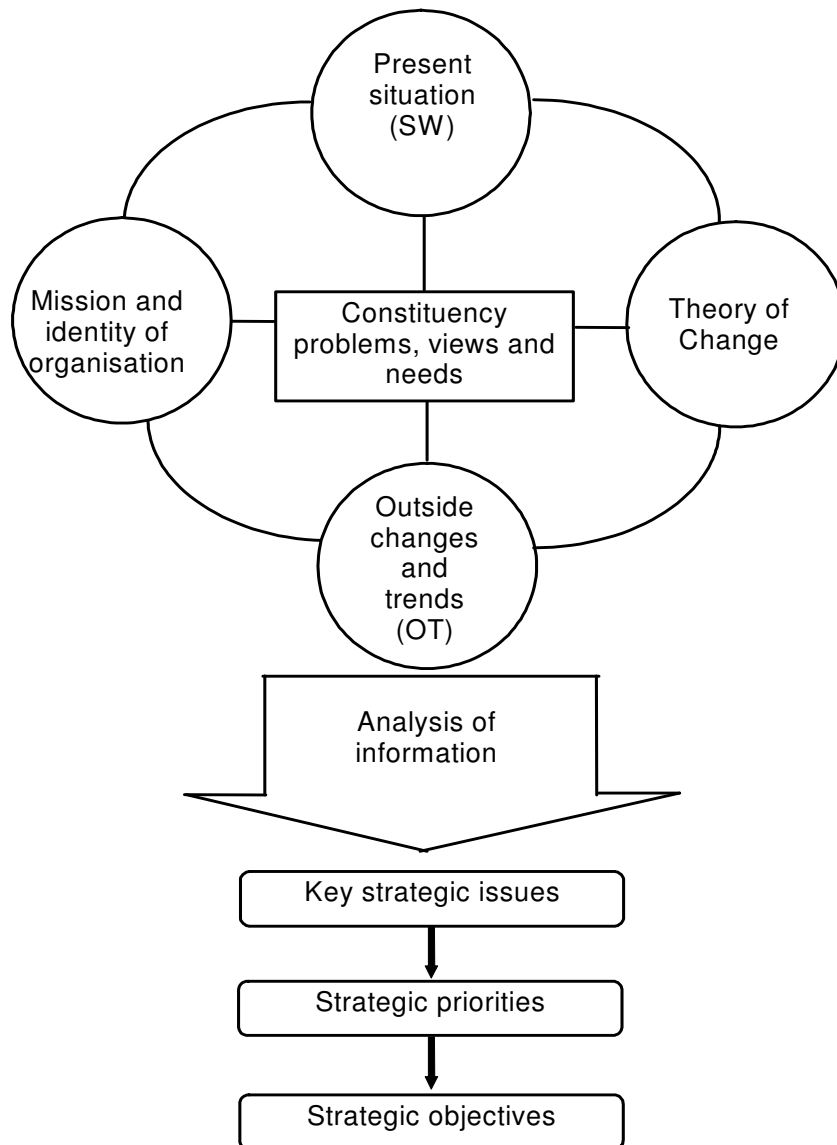
In every strategic planning process there are:

- Important ingredients to consider in the process;
- Key stakeholders worth listening to;
- Common dilemmas to address
- Useful tools for making decisions

This section explores each of these in turn, concluding with five principles of good practice in any strategic planning.

Key ingredients

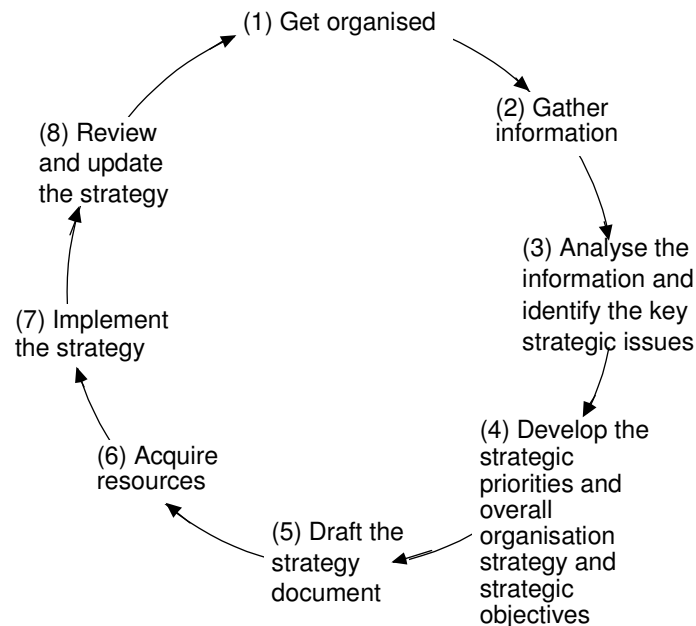
One way of seeing some of the core ingredients in any strategy development process is¹:



The mission, identity, theory of change, strengths, weaknesses and opportunities and threats are mixed together to identify the key strategic issues facing the organisation over the next few years. From this analysis strategic priorities and objectives can be made. Clearly a critical factor in any such process is whose voice gets heard and who makes the analysis and final decisions.

¹ Both models adapted from Bruce Britton

A typical strategy development process might look like this:



Who needs to be involved?

Strategic planning provides an excellent opportunity to gather the views and wishes of the NGO's beneficiaries, staff, managers, donors, other NGOs and other stakeholders of the organisation. Indeed, acknowledging the views of different stakeholders during the process of strategy development, even if they are not accommodated, can lend some legitimacy to such an exercise. A participatory approach to strategy development can also have significant 'spin-offs' such as team building, improved organisational communication, and can even signal a commitment to changing the organisational culture. Participation creates a sense of ownership in the process of strategy development and ownership encourages commitment. Commitment to the strategy makes its achievement more likely.

Any strategy development process should involve the partners (or beneficiaries or clients) of the NGO in some way. All too often their voices are excluded when deciding what the NGO should focus on and how it should work. If this is the case, then development remains a top-down donor-driven initiative, where 'we know best what you need' prevails. The critical question is how to involve partners/beneficiaries in a meaningful, but cost effective way? Obviously it is impossible to say what would work in every situation, but it is essential to ensure that this voice is clearly heard.

There is also the question of the role of the board in developing strategy, vis a vis management, vis a vis staff. It is important for ownership and governance that the board should be involved from the outset, but the degree of involvement will depend on the situation. In the end the board have to approve the strategy, but this does not mean they have to develop it themselves. There is a risk that a board, which is too distant from the realities on the ground, will develop something unrealistic and out of touch. Field staff probably have the best view of what would work, but may be too intimately involved to think outside of the box. In the end, taking hard strategic choices is a

leadership decision. It takes leadership to say 'no' to things and create boundaries. How much this leadership is practiced by staff throughout the organisation will depend on the particular NGO.

It may also be worth considering how other external stakeholders can give their ideas, whether it be government, donors, key informants, or other NGOs. Clearly it is important in any strategic planning process to think through clearly who needs to be involved, when and how.

Common dilemmas to address

Each organisation will have their own strategic issues, but Mike Hudson² highlights five common dilemmas:

Five key strategic choices

1. Do we give a little help for many or more intensive support for few?
2. Do we treat the symptoms or try to get to the cause?
3. Do we provide services or campaign for change?
4. Do we focus or do we diversify our services?
5. Do we hold virtuously to our beliefs or are we tempted by new resources?

While these dilemmas may not always be so 'either/or' as they appear, simultaneously trying to do both poses considerable management challenges.

Useful tools for strategic planning

Just as there are any number of processes that can be used for having a strategy meeting/workshop (see Appendix 2 for one example), there are also a myriad of tools which can be used in strategic planning. Here we just highlight some of the ones we have found most effective over the years.

At the initial stages two and three - gathering and analysing information - it may be worth using tools like:

- Stakeholder analysis
- SWOT
- PESTLE

To help prioritise and decide on strategic direction at stage four, these other tools may be useful:

- Two simple questions
- Portfolio analysis
- Prioritisation exercise

² Hudson, M, *Managing Without Profit*, 1995:147

Stakeholder analysis

There are many variants on the simple stakeholder analysis. In its most basic form it involves identifying all those groups who have a stake or an interest in your work. These can be drawn as circles of different sizes (illustrating power to influence the NGO) and placed closer or further away from the NGO (illustrating the extent of or frequency of contact). A stakeholder analysis can be useful in deciding who should be involved in the strategy development process.

SWOT analysis

The single most familiar tool for developing strategy is the SWOT analysis (the letters represent Strengths, Weaknesses, Opportunities, and Threats). The purpose of the SWOT analysis is to assess the organisation and its external environment and identify the forces that are likely to help and hinder its ability to achieve its mission. In conducting a SWOT analysis, the NGO needs to consider all aspects of its internal functioning – the organisation’s ‘programme’ (what it does) and its ‘process’ (how it goes about doing it).

PESTLE

In seeking to gather and interpret information about changes in the wider environment, PESTLE is a commonly used tool. It highlights the importance of identifying trends and anticipating changes in a variety of environments:

- Political,
- Economic,
- Social
- Technological,
- Legal
- Environmental

A clear understanding of the environment could influence an organisation’s vision as well as whether and how to alter their strategy. It can help an organisation (re)position itself in a dynamic context.

Two simple questions

Much of strategic planning can be boiled down to two simple questions:

1. Who do you exist to serve?
2. If they knew what you could offer, what would they ask you to do (so that their lives would be changed in the long term)? ‘Help us...’

Getting NGOs to answer these questions through listening to stakeholders and then prioritising themselves is the essence of much effective strategising.

Portfolio analysis

Some NGOs have used portfolio analysis to analyse and classify their different programmes into four broad categories:

Portfolio analysis matrix	
(1) Stars Strong projects or activities with real potential for growth: dynamic, popular and creative. Stars may become 'foundation stones' or become short-lived 'shooting stars'.	(2) Question marks New or innovative projects but not yet proven. They might become stars and move into Square 1. Alternatively, they may fail and move into Square 4; they need to be monitored closely.
(3) Foundation stones Reliable, safe projects or activities that provide the NGO with a degree of financial security and/or credibility; they provide a solid base. They may start by being popular with funders but may become less attractive later as they are not seen as innovative.	(4) Dead ducks Take up management and financial resources and provide little or no added value for the effort required. Often organisations have problems dealing with such activities because they may be closely bound up with the organisation's earlier history.

In strategic planning it may be worth thinking:

1. How well balanced is the portfolio (between, for example, creative but risky projects and stable projects)?
2. How might each service or project move between boxes over the next year or so?
3. How could your 'question marks' be turned into 'stars'? Would it be worth the investment of time, effort and other resources?
4. What should happen to the activities in Square 4 (e.g. invest in them, hand them over, float them off, close them down)?
5. What are your NGO's current plans for developing new areas of activity? Any NGO should be thinking about the future as well as the present.

Prioritisation Exercise

In strategic planning the following exercise can be helpful in bringing to light implicit priorities.

1. Write the names of all your programmes on a flipchart or whiteboard
2. Put out three buckets (or boxes or just identify three piles) on a table. Label them A, B, and C.
3. Ask the question, '*If revenue were to drop by 50%, which programmes would we stop doing first?*' Have each person write down the programmes on small pieces of paper or post-it notes and put them in the bucket/box C.
4. Next ask, '*If revenue dropped by 75% and we had to move onto the next round, what would we stop doing?*' Have each person write down the programmes on small pieces of paper or post-it notes and put them in the bucket/box B.
5. Last ask, '*What would we never stop doing?*' Have each person write down their response and put them in the bucket/box A.
6. When everyone has finished, take out the pieces of paper from each bucket and discuss the results:
 - What is it clear that you should stop doing?
 - What is it clear you should never stop doing?

Core principles for effective strategic planning

Whichever methods you use for strategic planning and whichever process you follow, experience suggests a number of core principles needed for an effective process:

Ensure leadership driving

Nothing will happen if the NGO's leadership are not driving the process. Acquiescence to a suggestion from outside is not enough. Leaders have to be fully one board as strategic planning usually involves organisational change. This can be a profoundly sensitive process, as an organisation's past strategies are often a reflection of what the leadership thinks is best. To bring authentic strategic change may require leaders to change their views; their priorities and even themselves.

Get staff ownership

Any organisational change, including strategic planning, is a human process of change. It can be emotional and painful. Some people will see themselves as winning; others losing. Staff need to be encouraged to look to the interests of the whole organisation, not just their particular departments. In the end, it is the staff who will ensure the new strategy is implemented (or not). They have to believe in its value, if they are to go through the pain of change.

Listen and learn

(particularly to beneficiaries)

Strategic planning is about listening and learning. It is essential to learn from past experience – basing future decisions on the findings of past evaluations. Evaluations and strategic planning should always be inter-linked. It is also particularly vital to take the opportunity to listen to beneficiaries. It is also about learning from others' experience. There is often no need to reinvent wheels, as other NGOs may have already learnt a lot about what works. For many faith-based organisations, they may also leave space for reflection and spiritual discernment about the way ahead.

Make hard choices

Strategic planning is about prioritising. It is about letting things go; about avoiding the temptation to simply add to the shopping list. There may be a need to close down programmes and perhaps have strategic funerals to celebrate elements of your work that have been good, but are no longer a priority. It may be important to mark endings. In a changing environment, prioritisation is crucial so that we can *'take change by the*

Learning from the Survivor's Fund

One small UK NGO highlighted ten key lessons for strategic planning:

1. **Learn from others:** look widely at the strategic plans of organisations of a similar size, with similar work or with a similar geographical focus.
2. **Consult widely:** first with the Board, then partners and then staff.
3. **Regularly review the plan:** ensure that during the course of the plan, regular views take place to ensure it remains relevant.
4. **Should be practical:** enough to work out an operational plan from it.
5. **Publishing and sharing the plan:** Once developed, the plan should be published and share beyond the board and donors.
6. **Process is as important and product**
7. It should be **succinct and easy to remember**
8. It should be **contextualised, including to the funding environment**
9. **Aligned:** making clear choices and priorities
10. **Ask difficult questions:** this can be particularly difficult for founder directors or those with strong vested interests.

Source: David Russell

hand and lead it where we want to go, rather than waiting for it to grab us by the throat and drag us where we don't want to go. (John Adair 2002:221)

Keep it simple

A good strategic plan is accessible and succinct. It often helps if you are able to characterise strategic choices with some sort of metaphor or image. Some NGOs have been able to characterise their strategy as being 'bridge'; others as 'yeast' helping the dough to rise... Others represent their strategy in a simple diagram or even flow chart. What is important is that this image makes sense to the NGO and to those with whom it is trying to communicate. There is obviously no one right answer about length, though for most 10-15 pages should be enough to convey the essence of the direction. While there is no universal template for a strategic planning document, some of the key elements we would expect to read in a good plan are listed overleaf.

Conclusion

Strategic planning may be difficult, but it is far from impossible. While there are many constraints that get in the way of strategic planning there are important benefits that a good process brings. Unless organisations look up and look ahead they will quickly become irrelevant and even die. Unless NGOs focus on where they can really make an impact, they will end up ineffective. Strategic planning may not be the answer to all NGO problems, but it certainly is a critical issue to address. From the myriad of models and tools we have chosen the ones we have found most useful. While every situation is unique, there are key principles of good practice, which transcend context:

- Ensure leadership driving
- Get staff ownership
- Listen and learn
- Make hard choices
- Keep it simple

Appendix 1: Template for a Strategic Plan?

While there is no template for a strategic plan as each organisation is different, these are some of the expected elements in a good strategic plan:

Executive Summary (one page only)

Background

When started & its development
Key supporters and funders
Achievements to date

Identity of organisation

Vision
Mission
Values
Summary of theory/theology of change

Strategy Process

Briefly how done and who involved
Analysis of external environment
Analysis of strengths and weaknesses

Strategic Priorities

Choices made - Prioritised core roles/programmes/approaches over next 3-5 years. Preferably described pictorially
Strategic aims - each with core areas

Implications of the strategy

Implications for current programmes – stop, improve, start
Implications for organisation – e.g. structure, staffing, capacity building
Implications for funding and resources

Appendix 2: Outline of a strategic planning workshop

Similarly there are no templates for strategic planning workshops, but the following example from a Comic Relief partner may give a flavour of what may be covered.

DAY 1	SETTING THE SCENE FOR STRATEGIC PLANNING
8.45	<p>Welcome and setting the scene Understanding strategic planning The context for our planning</p> <p>Understanding the reality of change Reviewing girls' and boys' needs and core beneficiaries Articulating clear outcomes and our beliefs about how change happens</p>
13.00	Lunch
14.00 - 17.00	<p>Drawing together our theory of change Diagrammatic/ pictorial representation of overall work</p> <p>HOVIC's vision, mission and values</p>
DAY 2	TACKLING THE STRATEGIC ISSUES FACING US
8.45	<p>Achieving and sustaining long-term change How do we strengthen girls' and boys' reintegration in family and community? How do we know when we have achieved 'success'?</p> <p>Strengthening child protection at all levels</p>
13.00	Lunch
14.00 - 17.00	<p>Improving relations with government and peer organisations</p> <p>Strengthening monitoring, learning and evaluation</p>
DAY 3	THE IMPLICATIONS OF OUR STRATEGY
8.45	<p>Drawing together discussions of strategic issues Summarising and finalising decisions</p> <p>The implications for our programmes Programme teams</p>
13.00	Lunch
14.05 - 16.00	<p>Sequencing and timeframe for our strategy</p> <p>Wrap up Reflections on the implications Personal commitments</p>