



# A Public Lecture by Richard J. Estes

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# Strategic Planning

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# Introduction to Strategic Planning

- Strategic Planning defined
- Requirements of Strategic Planning
- Origins of Strategic Planning in the human services
- Reasons for engaging in Strategic Planning



# Strategic Planning Defined

- **“Strategy”**
  - a carefully devised plan of action to achieve a goal, or the art of developing or carrying out such a plan
- **“Strategic”**
  - relating to involving, or typical of strategy or a strategy
- **“Planning”**
  - a method of doing something that is worked out usually in some detail before it is begun and that may be written down in some form or simply retained in memory
  - An outline, draft, map; a scheme for making, doing, or arranging something
- **“Strategic Planning”**
  - A disciplined effort to produce fundamental decisions and actions that *shape* and *guide* what an organization (or other entity) *is*, *what it does*, and *why it does it*



# Requirements of Strategic Planning

- **Broad-scale information gathering**
- **Exploration of alternatives**
- **An emphasis on future implications of present decisions**



# When Done Well, Strategic Planning:

- **Facilitates communication and participation**
- **Accommodates divergent interests and values**
- **Fosters orderly decision-making**
- **Makes possible successful implementation**



# Origins of Strategic Planning in the Human Services

- **Has a long history in industry and US Defense Department**
- **Introduced to DHEW (now DHHS) during the 1960s and 1970s as part of the Great Society Programs**
- **Complemented other goal-oriented approaches to human service development and management:**
  - **Management by Objectives (MBO)**
  - **Program Evaluation & Research Techniques (PERT)**
  - **Cost Analysis (including Fiscal Management)**



# Reasons For Engaging in Strategic Planning

- **Required by others**
  - including funding sources, members of BODs, the general public
- **The growing size of human service organizations and their increasing complexity**
  - Need for more rational planning
  - Need to engage a broader range of stakeholders in all aspects of the organizational development process
- **Rapidly changing market (and regulatory) conditions**
  - Changing client needs
  - New and emerging problems
  - Increasing environmental turbulence



# Strategic” vs. “Long Range” Planning

- SP relies more on identify and resolving issues, whole LR planning focuses more on specifying goals and objectives and translating them into current budgets and work programs
- SP emphasizes assessment of environmental SWOTs more consciously and more fully than does long range planning
- SPlanners are more likely than LR planners to summon forth an idealized “vision of success”
- SP is more action oriented than LR



# The Critical 10 Phases of Strategic Planning

**Bryson's 10-step strategy change cycle [Fig. 2.1]:**

- 1. Initial Agreement**
- 2. Identifying Organizational Mandates**
- 3. Identifying Organizational Mission/Values**
- 4. Conducting Environmental Assessments**
- 5. Identifying Strategic Issues**
- 6. Identifying Organizational Strategies**
- 7. Strategy and Plan Review and Adoption**
- 8. Description of Organizational Future**
- 9. Plan Implementation**
- 10. Strategy and Planning Process Reassessment**



# *Phase 1: Initiating the Strategic Planning Process*

- **Identifying stakeholders and stakeholder interests**
  - Internal stakeholders
  - External stakeholders
  - Identifying criteria used by stakeholders to assess organizational performance (both success and failure)
- **Resolving contextual issues**
  - The purpose of the effort
  - The preferred steps in the process
  - The forms and timing of reports
  - The role, functions and membership of any groups or committees empowered to oversee the effort
  - The role, functions and memberships of the SP teams
  - Assuring commitments of human and fiscal resources needed to proceed with the effort



# *Phase 1: Initiating the Strategic Planning Process (cont'd)*

- **Identifying the issues leading to recognition of need for a strategic planning process**
  - A & J: #1—Planning process outcomes and issues
- **Determining readiness of organization for SP**
  - A & J: #2—Check your readiness to plan
- **Identifying the key stakeholders to involve in the SP process**
  - A & J: #3—Participation in the planning process



# *Phase 1: Initiating the Strategic Planning Process (cont'd)*

- **Determining methodology, especially vis-à-vis group processes:**
  - Nominal group techniques (Delbecq et al)
  - Group Team building exercises (Pfeiffer et al)
- **Establishing a workable time table**
  - Exhibit 3.1: SP Process For a Nonprofit Health Center



# *Phase 2: Identifying Organizational Mandates*

- **Organizations are means to an end, not an end in themselves**
- **Need to identify and clarify organizational mandate**
  - For public organizations, their legislative mandates
  - For private organizations, the mandates reflected in their charters
  - A & J: #4—Organizational history and profile
- **Determine the extent of organizational flexibility—usually much greater than practiced**
- **Regaining organizational potency**



# *Phase 3: Clarifying Organizational Mission and Values*

The “six critical questions”:

- 1. Who are we as an organization (or community)?**
- 2. In general, what are the basic social or political needs we exist to fill/meet/address?**
- 3. In general, what do we do to recognize or anticipate those needs or problems?**
- 4. How should we respond to our key stakeholders**
- 5. What is our philosophy and what are our core values?**
- 6. What makes us distinctive and unique?**



# *Phase 3: Clarifying Organizational Mission and Values (cont'd)*

- **One of the primary reasons for creating a strategic plan is to establish a common understanding of an organization's work**
- **The most succinct reflection of this shared understanding lies in the organization's mission and vision statements—declarations of intentions, hopes, and expectations**
- **A & J: #6—Creating a mission statement**
- **A & J: #7—Vision statement**



# *Phase 4a: Assessing the External Environment*

- involves both “forecasting” and the analysis of major trends
- Developing an information-gathering (i.e., scanning) plan
  - A & J: #5—Information-gathering plan
- The process of environmental “scanning” is fairly straight forward but must be undertaken systematically:
- Step 1: Identifying external stakeholders
  - “stakeholder”: any person, group or organization that can place a claim on an organization’s attention, resources or output, or is affected by that output” (Bryson, 1989:52)
    - » Examples of stakeholders in the public sector
      - Citizens, taxpayers, service recipients, unions, interest groups, political parties, other governments
    - » Examples of stakeholders in the private sector
      - Funders, referral sources, competitors, banks holding mortgages, suppliers



# *Phase 4a: Assessing the External Environment (cont'd)*

- **Step 2: Identifying Market Conditions—the 4 “Ps”**
  - Product
  - Placement
  - Promotion
  - Price
- **Step 3: Assessing Impact of Market Conditions on Organization**
  - requires careful monitoring of critical changes occurring in four sectors (i.e., the PESTs):
    - » *Political* (including legislative and regulatory changes)
    - » *Economic* (including expansions/retractions in GDP, employment)
    - » *Social* (changes in family structure, quality of community life)
    - » *Technological* (e.g., impact of changes in biomedicine on social services)
- **Step 4: Changes in the Legal/Regulatory Environment**



# *Phase 4a: Assessing the External Environment (cont'd)*

- **must also monitor major stakeholder groups including clients, customers, funders, competitors and collaborators**
  - **the use of scenarios to explore alternative futures can prove especially helpful**
  - **Examples of external assessment tools include:**
    - Surveys
    - Key informant interviews
    - Interviews with referral sources
    - Statistical data sources
- » A & J, pg. 82



# *Phase 4b: Assessing the Internal Environment*

Involves the assessment of three broad areas of organizational life:

- 1. Organizational resources**
  1. Human resources
    - » Staff (leadership + line staff)
    - » Volunteers
  2. Financial
    - » Cash
    - » In-kind
  3. Capital
    - » Facilities
    - » equipment
- 2. Organizational performance (in reality, an assessment of the organization's ability to achieve its goals)**
  - » Effectiveness
  - » Efficiency
- 3. Organizational process**



# Conducting the SWOT Analysis

- **Staff and board perceptions of SWOT**
- **External stakeholder perceptions and expectations**
- **Staff assessment of programs and organization in relation to client needs and competitive position**



# The SWOT Grid: Staff & Board Perceptions (A&J: #9)

<i>Internal Forces</i>	<i>External Forces</i>
<b>Strengths</b> <ul style="list-style-type: none"><li>• X</li><li>• X</li><li>• X</li></ul>	<b>Opportunities</b> <ul style="list-style-type: none"><li>• X</li><li>• X</li><li>• X</li></ul>
<b>Weaknesses</b> <ul style="list-style-type: none"><li>• X</li><li>• X</li><li>• X</li></ul>	<b>Threats</b> <ul style="list-style-type: none"><li>• X</li><li>• X</li><li>• X</li></ul>



# SWOT Analysis: External Stakeholder Perceptions & Expectations (A&J: #10)



Constituency	<ul style="list-style-type: none"> <li>■ What does this constituency say about our organization's strengths and weaknesses?</li> <li>■ What trends do they perceive as either opportunities or threats?</li> </ul>	<ul style="list-style-type: none"> <li>■ What does this constituency need or expect from our organization?</li> <li>■ What are the criteria they use to judge our performance</li> <li>■ How well does our organization perform against those criteria? Why such a rating?</li> <li>■ What does this constituency want us to do more of or less of?</li> <li>■ What additional or increased programs or services do they think we should be offering if resources were available?</li> </ul>
#1		
#2		



# SWOT Analysis: Staff Assessment of Programs and Organization in Relation to Client Needs & Competitiveness (A&J: #11)

Name of Organization	Ability to provide service	Quality of Service	Why did you rate ability to provide service the way you did?  What did you give the rating on quality of service?
Our program	Ex Gd Fr Pr	Ex Gd Fr Pr	
Competitor #1	Ex Gd Fr Pr	Ex Gd Fr Pr	
Competitor #2	Ex Gd Fr Pr	Ex Gd Fr Pr	



# SWOT Analysis: Program Evaluation (A&J: #12)

- Effectiveness and efficiency are the key issues
- Process and outcome assessments are what are sought
  - *Outcome Measures*: the extent to which client goals were realized
  - *Process Measures*: the extent to which planned investments were made or activities undertaken
- Other types of evaluative data also may be collected
- A & J: #12



# *Phase 5: Identifying Strategic Issues: The Interplay of SWOT*

- **Having done your SWOT analysis, you are now ready to frame the strategic issues that are impacting your organization most directly**
  - Focus on what is really important
  - Focus on issues, not answers (helps to avoid a premature solution to the problems)
  - Should provide useful clues about how to resolve problem
  - Always, results in creative tension—the type that is needed to prompt organizational change
- **A & J: #13—Interplay of SWOT**



# The Interplay of SWOT



	Major Opportunities	Major Threats
	<ul style="list-style-type: none"> <li>.</li> <li>.</li> <li>.</li> </ul>	<ul style="list-style-type: none"> <li>.</li> <li>.</li> <li>.</li> </ul>
<b>Primary Strengths</b> <ul style="list-style-type: none"> <li>.</li> <li>.</li> <li>.</li> </ul>	<b>Invest:</b> Clear matches of strengths and opportunities lead to comparative advantage	<b>Defend:</b> Areas of threat matched by areas of strength indicate a need to mobilize resources either alone or with others
<b>Primary Weaknesses</b> <ul style="list-style-type: none"> <li>.</li> <li>.</li> <li>.</li> </ul>	<b>Decide:</b> Areas of opportunity matched by areas of weakness require a judgment call: invest or divest; collaborate	<b>Damage Control:</b> Areas of threat matched by areas of weakness indicated need for damage control



# About Objectives and Goals

- **objective**: an aspiration to be worked toward in the future
- **goal**: an achievement to be attained at some future date
- The difference between an “objective” and “goal” is “reach” and “grasp” and may be distinguished in terms of: 1) time-frame; 2) specificity; 3) focus; and 4) measurement



# Objectives vs. Goals

Dimension	Objective	Goals
<b>Time Frame</b>	<i>Timeless</i> , enduring, and unending	<i>Temporal</i> , time-phased, and intended to be superseded by subsequent goals
<b>Specificity</b>	Stated in <i>broad general terms</i> , dealing with matters of image, style and self-perceptions	More specific, <i>stated in terms of a particular result</i> that will be accomplished by a specified date
<b>Focus</b>	Usually stated in terms of some relevant <i>environment which is external</i> to the organization  Frequently stated in terms of achieving leadership or recognition in a certain field	More <i>internally focused</i> and carry important implications about how the resources of the organization are to be utilized in the future  Implies resource commitments, challenging the organization to use those resources in order to achieve the desired result
<b>Measurement</b> (Both can be stated in quantifiable terms, but the nature of the measurement differs)	Quantified objectives are those stated in <i>relative terms</i> ; these objectives may be achievable over the short-term, but they remain timeless and externally focused, providing a continuing challenge for the management of the organization	A quantifiable goal is expressed in <i>absolute terms</i> ; the achievement of that goal can be measured irrespective of environmental conditions and competitor's actions



# Examples of Strategic Issues

- **Fig 6.3: Strategic issues facing a Roman Catholic religious order**



# *Phase 6: Formulating Strategies to Manage the Issues*

- a potpourri of strategies exist to help organization's restructure themselves for a more positive future
- Three dominant approaches:
  - developmental strategies:
    - » strategies that seek to improve an organization's status, capacity, resources and influence
    - » highly proactive and responsive to changing environment
  - political strategies:
    - » strategies that seek to accommodate to changes in the balance of power among external stakeholders
    - » organizations themselves may be one of the "spoils" of contest political campaigns (jobs, money, mandates)
  - protective strategies:
    - » strategies that seek to maintain the organization's status quo while accommodating to strong external pressures
    - » highly reactive and, for many organizations, may lead to entropy



# Phase 6: Formulating Strategies to Manage the Issues—Past Strategies

- Need to identify past strategies used to promote change
- As possible group past strategies into the *development, political* and *defensive* paradigm
- Need to assess the effectiveness of these strategies in bringing about the desired outcomes
- A & J #8:--previous and current strategies



## Phase 6: Formulating Strategies to Manage the Issues—New/Current Strategies

- **Flow directly from SWOT analysis**
- **A range of strategic choices are open to organizations:**
  - Invest
  - Defend
  - Damage control/divest
  - Decide



# Strategic Intervention

(ala Allison & Jude)

	<b>Opportunities</b>	<b>Threats</b>
<b>Strengths</b>	<p><b>INVEST</b></p> <p>Clear matches of strengths and opportunities lead to comparative advantage</p>	<p><b>DEFEND</b></p> <p>Areas of threat matched by areas of strength indicate a need to mobilize resources either alone or with others</p>
<b>Weaknesses</b>	<p><b>DECIDE</b></p> <p>Areas of opportunity matched by areas of weakness require a judgment call: invest or divest; collaborate</p>	<p><b>DAMAGE CONTROL / DIVEST</b></p> <p>Areas of threat matched by areas of weakness indicate need for damage control</p>



# *Phase 6: Formulating Strategies to Manage the Issues (cont'd)*

## **Barry's 9 Strategic Alternatives:**

- 1. growth and diversification strategies*
- 2. merger, consolidation, joint programming, joint venture or shared service strategies*
- 3. “downsizing” strategies*
- 4. market “niche” strategies*
- 5. “piggy backing” strategies*
- 6. purchase of service agreements/contracting strategies*
- 7. the human resource development strategy*
- 8. the de-professionalization strategy*
- 9. the “going out of business” strategy*



## Phase 6: Formulating Strategies to Manage the Issues—New/Current Strategies (cont'd)

- **Choices, i.e., decisions, must be made in all cases, though**
  - A & J: #14—Selection grid for prioritizing programs
  - A & J: #15—Core future strategies
  - A & J: #16—Long-term and short-term priorities
  - A & J: #17—Summary of program scope and scale
  - A & J: #18—Setting goals and objectives



# *Phase 7: Strategy and Plan Review and Adoption*

- **Engagement is the key**
- **All relevant stakeholders must buy into the plan**
- **The plan needs to be revisited and recommitted to periodically**



# *Phase 8: Establishing an Effective Organizational Vision For The Future*

- **An effective strategy is one that enables the organization to perform more effectively in the future than it is today**
- **Should demonstrate both increasing effectiveness and efficiency**
- **Should respond more completely to the full spectrum of legitimate demands placed on it by stakeholders**
- **Should be viable and resilient**



# The Vision of Success

## ■ Exhibit 8.1 : Public Library Vision of Success



# Characteristics of an Effective Strategy

## ■ Operational guidance

- Usually cast in the form of what NOT to do, rather than in the form of that to do
- Guidance, therefore, is a set of constraints on appropriate organizational action

## ■ Personal commitment

- Must be drafted by managers and others with the responsibility and authority to carry it out
- Should serve to animate people toward positive action

## ■ Expectation of change

- The objectives of the organization may remain relatively fixed, but the way in which it pursues its goals should be dynamic and energy evoking



# Weschler & Backoff's 8 Dimensions of Strategy

- ***strength of external influence***
  - the extent to which external demands and pressures influence the organization's strategy
- ***strategy impetus***
  - reactive vs. proactive
- ***strategy orientation***
  - Refers to objectives emphasized by the organization, i.e., to respond to pressure from others, to add resources, improve performance, control internal operations
- ***attitude toward change***
  - Refers to agency's intention with regard to itself and its environment, i.e., maintain the status quo, promote needed change



# Weschler & Backoff's 8 Dimensions of Strategy (cont'd)

## ■ *scope of strategy*

- Refers to the range of concerns addressed by the agency's strategy, i.e., broad vs. narrow, comprehensive vs. limited

## ■ *level of activity*

- Refers to the amount of attention an agency gives to its strategic objectives, i.e., low vs. high, drifting vs. leading

## ■ *target of strategy*

- Refers to the direction of an agency's strategy, i.e., to achieve control over operations, make more efficient use of resources, generate new resources

## ■ *locus of control*

- Refers to the balance between external (political, legal, and economic) demands and pressures and internal intentions and capacities



# *Phase 9: Implementing the Strategic Plan*

- Once again, engagement is the key



# Uses of the Strategic Plan

- **As a rallying document**
- **As a sales document**
- **As a basis for assessing organizational and staff performance**
- **As a blue print for future services or activities**



# *Phase 10: Strategy and Planning* Process Reassessment

- **Consistency of follow-through and follow-up is everything**
- **Need continuous reporting and revising to make the strategy work**



# Selected Issues in the Strategic Planning Process:

- **Charting the Planning Process:**
  - Exhibit 3.1 (Barry) Strategic Planning Process For A Nonprofit Health Center
  - Adequate time for undertaking the planning process is essential
- **Using Consultants in the SP process**
- **The Relationship Between SP and Budgeting**
  - A&J: #19—Long-range financial projection
- **The relationship Between SP and Fundraising**



# Some Cautionary Notes

## If not heeded guarantees failure of SP effort:

- lack of commitment, especially from Board of Director or key leadership staff
- failure to integrate planning into the way the organization does business
- short-term mentality, especially day-to-day, quarter-to-quarter mentality



# Discussion

## Selected Books on Strategic Planning

1. Allison, Michael & Jude Kaye. 1997. *Strategic Planning for Nonprofit Organizations* (New York: Wiley)
2. Barry, Brian. 1997. *Strategic Planning Workbook for Nonprofit Organizations* (St. Paul: Wilder Foundation)
3. Bryson, John. 1995. *Strategic Planning for Public and Nonprofit Organizations* (San Francisco: Jossey-Bass)





# Define and illustrate

## ■ Mission

– Vision

» Objectives

- goals