



GREATER NEW ORLEANS
FOUNDATION

For a vibrant region.

ORGANIZATIONAL
EFFECTIVENESS

Real Time Strategic Planning

Presented By

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La Piana Consulting

Thursday, September 17, 2015

9 am-3 pm

Greater New Orleans Foundation



LOUISIANA ASSOCIATION
OF PUBLIC CHARTER SCHOOLS

La Piana

CONSULTING
Collaborate. Create. Accelerate.

Framing the Big Question

A Big Question is an opportunity or threat to which the organization must respond.

Big Questions typically arise from one of three sources:

- A new opportunity: Opportunities can arise from many sources and are present when the organization perceives that with effort, timing, and perhaps luck, it can expand the programs and services that it is providing to its constituency, reach new constituencies, or in some other way measurably improve its ability to achieve its mission.
- Respond to a competitive challenge: A competitive challenge is present when another organization acts in ways — often unintentional — that can harm your organization. This might occur when another organization in your field chooses to expand services or launch a high profile campaign, or is increasingly successful in garnering funding that was previously coming to your organization.
- Business model challenge: A business model challenge is similar to a competitive challenge, but impacts *all* organizations in your field.). Business model challenges may emerge when there is a significant policy shift, economic circumstances disrupt funding streams, or new approaches to achieving your mission emerge and are widely adopted.

Defining a Big Question may require some work. A Big Question is a strategic challenge and as such it must be framed in terms of the organization's mission, context, and priorities.

Example: A funder announces a grant program that is relevant to those you serve, but would require the development of new programs and perhaps new competencies within your organization.

Questions might be:

- How much funding should we request?
- Will we be able to hire additional staff to do this work?
- What are the implications for our mission and current work if we add new services?

The first two questions are practical — but operational. The last question frames the strategic question — would moving in this direction further our mission? What about our current strategies — should we move in a new direction?

What are the Big Questions facing your organization?

Strategy Formation

At La Piana Consulting, we define strategy as

A coordinated set of actions designed to create and sustain a competitive advantage in achieving a nonprofit's mission.

Real-Time Strategic Planning

Traditional strategic planning typically results in a formal written plan that covers a predetermined length of time with very specific goals. This focus is just not compatible with the formation of effective strategy for a nonprofit functioning in the rapid-response real world of today.

To address this problem, La Piana Consulting has developed the *Real-Time Strategic Planning* methodology, which results in:

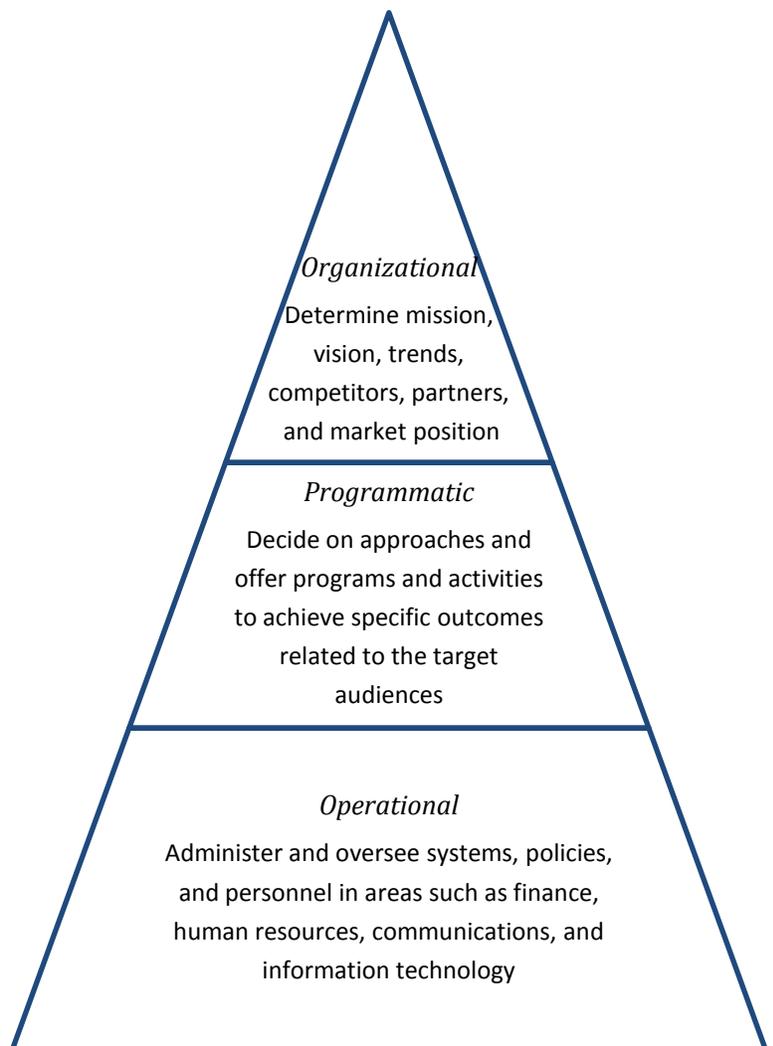
- clarity about an organization's long-term direction
- new tools to guide the day-by-day response to new information in a way that keeps a nonprofit aligned towards its organizational strategy

Types of Strategy

Three levels of strategy are required for success: organizational, programmatic, and operational. The *Strategy Pyramid* (at right) displays these levels.

At the top level, strategies are formed in response to trends or opportunities that may impact an organization's ability to advance its mission, whether positively or negatively. Strategies at the other levels must align with the organizational strategy.

Organizational strategy can be long lasting, but it needs to change when it is no longer the best way to advance the mission. An organization must constantly monitor its environment and its strategy's effectiveness.



Strategy Formation

The building blocks of strategy formation include:

Understanding your identity

- Who we are (our mission/vision)
- What we do (our program), where we do it (geographic scope), and who we serve (constituent, client or customer)
- How we pay for it

Identifying your competitive advantage

Nonprofits produce social value by leveraging strengths that differentiate them in the field — by being distinctive as they advance their missions. Competitive advantage requires analyzing other organizations in the same geographic area, offering the same or similar programs to the same or similar constituents, and/or accessing similar funding sources. The comparison to other organizations illuminates the unique value an organization can use to promote its mission.

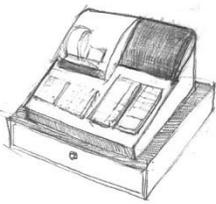
Knowing how you will make decisions

Organizational leaders who have agreed on criteria for decision making are well equipped to make better decisions — decisions that leverage their competitive advantage and align the organization behind the best choice. Agreeing on criteria that will be used to evaluate opportunities and developing a “strategy screen” creates a tool for ongoing use.

Defining the question

Asking the right questions is crucial to getting good answers and to developing good strategy. Thinking through your opportunities or challenges and determining the most relevant questions that must be answered *now* is critical.

Current Business Model

<i>Scope</i>	<i>Includes</i>	<i>Does <u>not</u> include</i>
 <p><i>Where</i></p>	<p>Areas we serve:</p>	<p>Areas we do not serve:</p> 
 <p><i>Who</i></p>	<p>Customers, clients, or audience that is an important focus for us:</p>	<p>Customers, clients, or audience that we do not focus on serving:</p> 
 <p><i>What</i></p>	<p>Primary program/service areas:</p>	<p>Programs/services we do not offer:</p> 
 <p><i>How</i></p>	<p>Current sources of funding and why we pursue these sources:</p>	<p>Funding sources we do not have or seek:</p> 

Funding Sources

This worksheet focuses on your organization's sources of revenue. This will help you review trends and diversity in funding; such considerations speak to financial stability. Be sure to enter the *percentage*, not dollar amount, of total revenue by source. Finally, enter the dollar amount of your organization's total revenue and expenses for each fiscal year, and indicate whether you had a surplus, deficit, or neither.

Source of Revenue (Income)	Percent of total budget, two fiscal years prior	Percent of total budget, last (prior) fiscal year	Percent of total budget, current fiscal year	Comments (if applicable) such as changes in funding from prior to current year	Comments regarding next fiscal year such as potential change to an existing funding source, anticipated new funding, funding at risk
Foundation grants	%	%	%		
Corporate grants	%	%	%		
Government funding	%	%	%		
Unrestricted funding (such as endowment, donors, memberships)	%	%	%		
Earned income (including program fees, if applicable)	%	%	%		
Other	%	%	%		
Total Revenue					Projected revenue: \$
Total Expenses					Projected expenses: \$
Surplus/(Deficit)	\$0.00	\$0.00	\$0.00		

Trend Analysis

What trends or changes in the environment are likely to impact your organization as it moves forward? Identifying and analyzing such trends can help you better identify future opportunities and challenges, how they may affect your organization, and what you will do in reaction to, or—better yet—in anticipation of, each.

Directions

For each type of trend, identify the direction of the trend as it applies to your organization's environment. Is it increasing, decreasing, or staying about the same? Getting more favorable, less favorable, or staying about the same? Then think about what this means for your group. What are the implications for what you do? How you do it? How you are funded?

Type of Trend	Description and Direction of Trend	Comments
Social trends Changes in societal or community attitudes that may positively or negatively influence your organization.		
Economic trends These include employment and unemployment, inflation, individual and family income, etc.		

Trend Analysis

Type of Trend	Description and Direction of Trend	Comments
<p>Demographic trends</p> <p>Growth or decline in overall population; changes by age, gender, race, ethnicity; etc.</p>		
<p>Available funding for your programs/ services</p> <p>Changes in philanthropic funding, individual donations, corporate support, public funding, etc.</p>		
<p>Political or policy trends</p> <p>Local, regional, state, and/or national</p>		
<p>Other trends impacting your organization</p>		

Trend Analysis

Your organization's competitive advantage is one of the most important—if not *the* most important—components of its strategy. Your nonprofit will only be successful in contributing true social value if it identifies, understands, and applies its competitive advantage.

Definition

Competitive advantage is the ability to produce social value (have an impact, advance your mission) by

- Using a unique asset (such as a strength that no other similar organization in your geographic area has) and/or
- Having outstanding execution (such as being faster or less expensive, or having better service, than other similar organizations in your geographic area)

Competitive advantage is determined by identifying the ways in which your organization differs from and is better than its peers. Your competitive advantage must be something that customers and funders value. It must distinguish your organization from others, thus allowing it to compete effectively for resources and customers. It can be leveraged to advance your mission and increase your impact.

Types of competitive advantage

Asset advantages

- Better program design leading to better outcomes
- Unique attributes of programs or services such as linguistic or cultural capacity
- An accessible location or network of locations
- An attractive or specialized building or property that enhances program delivery
- A robust, diversified funding base that provides flexibility and stability
- Great name recognition and reputation among funders and constituents
- Powerful partnerships
- A well-connected board of directors

Execution advantages

- Lower costs to funders or customers
- Greater efficiency in delivering programs or services per dollar spent
- Faster delivery of programs or services (e.g., no waiting for service)
- Sound marketing and communications that raise visibility and awareness
- Better accountability and public reporting

Competitor Analysis

When engaging in strategic planning, it is important to identify what it is that makes your organization unique and strong, and what your organization can do potentially better than any other organization. To do that, you need to identify and understand your competitors, and what makes *them* unique and strong.

Remember that “competitor” is not a negative term; “competitors” in the nonprofit sector are often organizations you are friendly with, and they can be (and often are) collaborators as well. At some level, however, you are competing with them, be it for donors, media attention, staff, board members, or clients. There are three different types of competitors:

1. **Direct competitors** – Those organizations with the same market focus as your organization – they do what you do (*that is, they have a similar program/service*) within the same geographic area, for the same types of constituents.
2. **Substitutable competitors** – Those organizations that meet the same need that you meet, but in a different way.
3. **Resource competitors** – Those organizations that do not compete with you for constituents, but do compete for other resources such as funding, board members, other volunteers, paid staff, and media attention.

Instructions:

Complete the table on the following pages for your top three competitors. Think just about the strengths of each competitor – where is it stronger than others?

Feel free to add additional rows wherever you think it would be helpful. Keep in mind that the goal is to gain a better understanding of how you compare to other organizations/entities providing similar services.

(Continue to next page.)

Competitor Analysis

Resource	<hr/> Competitor A What makes this competitor strong in this area?	<hr/> Competitor B What makes this competitor strong in this area?	<hr/> Competitor C What makes this competitor strong in this area?
Customers/members <i>(such as number of customers/members, customer/member satisfaction, customer/member retention)</i>			
Partners/partnerships			
Media attention/ publicity			
Staff			
Board			
Volunteers			

Competitor Analysis

	_____	_____	_____
	Competitor A	Competitor B	Competitor C
Resource	What makes this competitor strong in this area?	What makes this competitor strong in this area?	What makes this competitor strong in this area?
Diversity of funding			
Availability/amount/ types of funding			
Programs or services <i>(type, quality, number of services provided)</i>			
Mission-related impact			
Comments			

Competitive Advantage

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Identity Statement

An identity statement is an honest description of an organization at a moment in time. It incorporates critical defining elements of an organization related to mission, business model, and organizational strengths. Effective strategic choices are rooted in a firm understanding of “who we are” as an organization.

Mission
Result / impact (vision)
Whom we serve
Where we work
What we do / how we do this (programs)
Our competitive advantage
How we are funded

Sample Strategy Screen

Sample Strategy Screen 1

1. Does it help us advance our mission? *How?*
2. Is it moving us substantially closer to achieving the impact we are striving toward?
3. Is it a fit with our organizational priorities? *If so, which ones? How? Where does it lie among organizational priorities?*
4. Can we pay for it?
 - a. Does it pay for itself (fees, earned revenue), or
 - b. Can we raise funds to pay for it? (Is it compelling, relevant and necessary enough to excite and motivate donors?)
5. Do we have the capacity (staff resources) to take this on?
6. Do we have a reasonable expectation of measurable short or long term success? *How will we measure that?*
7. Does it build on or reinforce our unique strengths and assets?
8. Are we the best organization to take this on? Or are others more suitable?
9. Do we have the appropriate internal expertise to address this, or is outside expertise available? If so, at what cost?
10. If we are working in partnership, is this a partner we want to have?
11. Does it allow us to have a measurable national impact? *How will we measure that?*
12. Can our effort leverage bigger gains? Is there “bang for the buck”?

Strategy Formation as an Ongoing Activity

Formation of effective strategy is not just a once-every-several-years activity. To be successful, nonprofit leaders (both board and staff) should incorporate strategic thinking and action into the daily life of the organization. There are many ways to do so.

Consider Your Agendas

Organizational leaders spend a great deal of time in meetings, but often that time is not used in the most effective way possible. Consider your meeting agendas: are you designating enough time for truly strategic discussions? Engaging the right people in the right discussions is critical. Consider designating a portion of time each month (or at each board meeting) for strategic discussion. You can “plan ahead” by calendaring a rotating selection of topics, though you should always be open to changing plans to address emerging issues or opportunities.

Following are some topics to consider:

13. Are there **changes in the environment** we should consider? How might these impact our work?
14. Has there been **significant / notable competitor activity**? How might this impact our work? What should our response be (if any)? Do we need to take any action to reduce the negative impact or increase the positive impact?
15. What is the **next big innovation** in [choose a topic] likely to be? (e.g., private education, technology use in schools, etc.) How might this impact our work, or how we do our work? How *should* it?
16. **“Vision Brainstorm.”** Select one element of the organization’s vision statement and conduct a brainstorming discussion. How could we be more effective in this area? Be creative. Consider changes to program as well as to infrastructure / internal processes. (As an alternative, if the organization has articulated a Logic Model or Theory of Change to guide its work, focus the brainstorm on one of the outcomes described in that model.)
17. **“Silo Check.”** Is there an area where we could be working more collaboratively? How? What steps can we take in the next 30 days to improve?
18. Review **specific programmatic strategies and outcome indicators** – are our goals still realistic? Are we on track? Why or why not? Where do we need to adjust?
19. What **new opportunities or challenges** have arisen since our last meeting?
20. Have decisions already been made, and if so, was the **strategy screen** used? How did that process go? Would we make the same decision again? If not, what decisions *need* to be made? How can we do this strategically?
21. **How else** can we incorporate ongoing strategic thinking and discussions into our work? What is working well, and what could be improved?

Strategy Formation as an Ongoing Activity

The following is a sample meeting schedule, assuming the list of topics shown above and monthly meetings.

Topic	1	2	3	4	5	6	7	8	9	10	11	12
1 (environment)	x						x					
2 (competitors)		x						x				
3 (innovation)			x						x			
4 (vision)				x						x		
5 (silo check)					x						x	
6 (s/o review)						x						x
7 (opportunities)	x	x	x	x	x	x	x	x	x	x	x	x
8 (strategy screen)		x				x				x		
9 (how else...)				x				x				

Note that this schedule also assumes no “unexpected events,” which would absolutely affect the agenda. If the “strategic” topic for the month is “*What is the next big innovation in member communications likely to be?*” and your closest competitor just announced that they are launching a program very similar to one of yours, change the agenda and schedule another time to discuss the innovation question.

Strategic Thinkers Group

Strategic discussions at the board and management level are important and useful, but strategic discussions that involve individuals from a variety of levels in the organization can also be useful. Such a group—the membership of which might change over time—could meet monthly to focus specifically on questions like numbers 1-4 above, or even more broadly, “*Are we having the impact that we want?*” or “*What might we do differently if we could start over again?*”