

THE  
NONPROFIT  
**STRATEGY**  
REVOLUTION

Real-Time Strategic Planning  
in a Rapid-Response World

DAVID LA PIANA

# Chapter One:

## Why a Strategy Revolution?

We have a “strategic plan.” It’s called **doing things**.

—Herb Kelleher, founder of Southwest Airlines<sup>13</sup>

THE YOUNG (just twenty-six years old) new executive director was hoping to find some guidance in the stack of dusty boxes he had just located in a dark corner of the storage room, behind the spare mop heads and disinfectant. After some deft detective work, he had learned that this was where he would locate the organization’s strategic plan. He opened the top carton of the stack and slipped out an impressively bound thirty-page document. Clutching his find, he raced back to his office expectantly, closed the door, sat, and began to read. There was a brief preamble: the mission and vision, some nice words about a better future, a time when kids wouldn’t need the kinds of mental health services his organization provided.

He skimmed that portion and turned the page. He found, with mounting excitement, that the next section contained lists of new staff positions to be created, equipment to be bought, and even a new building to be built. There was a ten-year phase-in of the new expenses. The organization desperately needed these additional staff, could put the new equipment to use, and certainly yearned for a bigger building. He read on, anxious for the plan, for the strategy, for the road map that would tell him how all these great things would be accomplished. At the end of the document he found a section labeled Financial Plan that, he quickly realized, simply itemized the costs of these new items, added them to the

---

<sup>13</sup> Herb Kelleher, as quoted by Tom Peters at [www.slideshare.net/ddebowczyk/tom-peters-on-action](http://www.slideshare.net/ddebowczyk/tom-peters-on-action).

existing operating budget, and thereby provided a ten-year fundraising goal. That was it! There was no strategy for *how* to raise the money that would be needed, only the need itself. Disappointed beyond words, he realized this was a shopping list, not a “strategic plan,” whatever that was. He recycled all of the remaining copies, four cartons’ worth, thereby making room for more cleaning supplies in the cramped storage room.

—My first encounter with a nonprofit strategic plan, 1982

This book grew out of the widely reported dissatisfaction of nonprofit leaders, their funders, and even some consultants with the traditional tools and approaches available through “strategic planning.” To fully grasp the need for a revolution in our approach to nonprofit strategy formation, you must first understand what strategy is, and then consider the ways in which the traditional approach to strategy comes up short. Herb Kelleher, founder of Southwest Airlines, reminds us that *action* is where the game is won or lost. Planning and action, while not mutually exclusive, are not exactly close companions, as the story above illustrates. In the course of this book, you will see that action should be much more closely aligned with strategy. Thoughtful, strategic action—based on data, intuition, experience, and good old trial and error—will trump planning every time.

## What Is Strategy and Why Do Nonprofits Need It?

*Strategy* may be the most oft-spoken term in nonprofit and business life. Today it is common to hear everything from organizational planning to human resources management to philanthropy referred to as “strategic.” What we really seem to be trying to convey in widely applying this modifier is that the activity being described is “important,” “well thought out,” or both. Certainly these are aspects of sound strategy: it had better be about something important to the organization, and if strategy is not well thought out it will likely bring more trouble than benefit. But these elements of good strategy fall short of the term’s greater meaning.

Strategy has been defined differently by various management theorists. Early in our research, I read several definitions and put them together to form my favorite definition of strategy. Simply articulated, it is “an organized

pattern of behavior toward an end.” (For now, as we wade into the topic, we will use this as our working definition of strategy. In Chapter 3, I will introduce a more restrictive definition intended specifically for nonprofit organizations.)

Nonprofits, both explicitly and implicitly, create and use strategy to achieve a multitude of purposes. These range from the relatively straightforward, such as creating a system for financial record keeping and reporting (“our financial management strategy”), to more complex matters, such as achieving a desired market position (“our market strategy”).

As suggested above, strategy is indeed important, and when well conceived, it is also well thought out. Above all, however, strategy is, or should be, an ever-evolving, ongoing attempt to determine the right approach—the best pattern of behavior—to achieve an organization’s ends. As you shall see, well-formed organizational strategies are the best path for a nonprofit to advance its mission.

Sound strategy is at the heart of good nonprofit leadership. Over time, strategy (as distinct from strategic planning) accounts for much of the success a nonprofit experiences in advancing its mission, in part because good strategic decisions lead to improved financial and organizational sustainability. This is as true for the nation’s largest nonprofits as it is for grassroots organizations where, due to limited working capital, the margin for strategic error may be quite small.

In the vignette at the beginning of this chapter I relate how, as a new executive director searching for a direction for my nonprofit, I was urged to consult the organization’s strategic plan. Obviously, lots of work had gone into compiling this document, and, misguided though it was, not all of the effort was wasted. The organization knew what it needed. It just did not know how to get it. In other words, the “strategic” plan lacked strategy. This was because the board and management did not know what defined them as an organization, what set the organization apart from others, what competitors were in its market, and how it stacked up against them. What my organization really needed—and eventually developed—were strategies that could guide its actions. Strategy that would lead to new staffing (tenfold growth over the next ten years) and new buildings (we built one, remodeled a second, and acquired a third through a merger over the next seven years). Strategy, not a plan, built our success. Of course, we regularly undertook strategic planning, like all good nonprofits in the 1980s, but the results tended to be more helpful in guiding our annual operations than in setting our strategic direction.

Nonprofits must regularly determine and adjust their strategies on multiple levels. You already know this. You may ask yourself questions that are related to strategic concerns:

- What is our “business”?
- Who are our clients?
- What are our core competencies?
- Who are our competitors, and how do we stack up against them?
- What programs should we offer?
- How effective are we in achieving our annual goals and objectives?
- What is our position in the marketplace?
- What social, political, economic, and technological trends will impact us and how?
- How do we achieve long-term financial success?
- How do we measure success?

You may also ask more operationally oriented questions:

- How should we manage our limited (and precious) surplus cash?
- Do we have sufficient management capacity?
- Where can we find the best board members?
- Is our structure aligned with our policies, procedures, and goals?
- What sort of training program should we develop for our staff?
- What personnel policies do we need?
- Is our compensation competitive?
- How will we maintain our aging building?

These and similar questions must be articulated and answered, strategies must be formed to achieve the goals implicit in these answers, and those strategies must then be turned into actions the organization will take. Moreover, strategies must be reconsidered as often as key circumstances change—or the nonprofit risks losing touch with its community and market. When this happens, it will lose traction in its efforts to successfully pursue its mission and, as a result, it may become less financially and organizationally sustainable in the long term.

In the course of researching this book our team found that the term *strategy* is applied to organizational and programmatic questions such as those in the first list above, and also to operational challenges such as those in the second list. We also found that the term *strategic planning* is applied to most considerations of nonprofit strategy, whether they involve any actual planning or not. Again, since strategic planning is the only term of art our

sector has for describing a consideration of strategy, it gets applied quite broadly, and as a result, is often misleading.

To manage the confusion that results from a single term playing so many different roles in the sector, I developed the Strategy Pyramid, which attempts to capture the full range of the sector's current use of the term by making distinctions between organizational, programmatic, and operational levels of strategy, and addressing each in turn. Before learning about the pyramid in Chapter 2, however, you need to understand the current state and limitations of nonprofit strategic planning. If you still question whether we need a nonprofit strategy revolution, read on.

## The Disconnect Between Strategy and Strategic Planning

This book provides flexible and workable resources for the essential ongoing nonprofit task of forming and implementing strategies. I call this new approach *Real-Time Strategic Planning* because it encourages ongoing consideration of strategy as it is needed, not on a predetermined three-year cycle. Ironically, true strategy formation is not a role traditional strategic planning very often plays. In our research we most often heard strategic planning described by participants as a tool for team building. "It's a way to get everyone on the same page," several interviewees said. That is, strategic planning is intended for the setting of annual goals by work groups, and for communication of the leadership's intentions, rather than as a process to form, adjust, and implement the organizational strategies that will carry out those intentions. This purpose makes sense, since traditional strategic planning is better suited to team building than to the formation of strategy.

You can see this disconnect clearly in the distance between the far-reaching mission and vision statements embodied in many strategic plans and the relatively mundane goals that are established to advance them. For example, one organization's mission is to "end hunger in our community," but, after an environmental scan and several meetings of the strategic planning committee, staff, and board, it arrives at a set of goals that includes

1. Increase the diversity of our board of directors
2. Develop a new staff training program that raises the quality of our services
3. Investigate the possibility of and requirements for establishing an endowment fund

No doubt about it, these are important activities, but it is difficult to trace a direct path from these concerns to the advancement of the organization's mission. The mission is appropriately large, but the first two goals are too operational and the third is too tentative and ephemeral to be of much strategic use.

How does that disconnect arise? As La Piana Associates conducted research on nonprofit strategic planning, we began to uncover trends in such disconnects. Some of these problems result from the traditions surrounding the process of strategic planning, while others are inherent in the planning process itself. They are

- Mistaking goals for strategy
- Generating more goals than can reasonably be pursued
- Expecting strategies to fit within a rigid time line
- Confusing strategic planning with consensus building
- Forecasting the future from a snapshot in time
- Pretending to be objective
- Frustrating staff through bad data, inaction, or both

Let's look more closely at how a nonprofit could arrive at a strategic plan containing a set of goals so deeply disconnected from sound strategy that a mission to "end hunger in our community" is served by a strategy diffusely expressed as "investigate the possibility of and requirements for establishing an endowment fund."

## **Mistaking goals for strategy**

No matter what resources you consult, books you read, or consultants you interview, you are likely to see a proposed process something like that outlined in Exhibit A, Traditional Strategic Planning (page 9). We'll call this process *traditional* strategic planning to emphasize that it has been done this way for a long time now. You can see from this linear and closed-ended process how a grand mission or vision can boil down to some pretty pedestrian goals and objectives. Perhaps you can also imagine how the goals and objectives are likely to be set. The process is earnest and well meaning, but flawed. The reason, quite plainly, if nonsensically, is that most often a consideration of strategy is absent from the strategic planning process. *When you focus on goal-setting rather than strategy formation you get goals that, while valuable in themselves, may not add up to anything bigger.*

## EXHIBIT A Traditional Strategic Planning

**Step 1:** Plan to plan—make sure all stakeholders agree to a review of the nonprofit’s mission and goals. Establish a budget and time frame for the process.

**Step 2:** Form a planning committee composed of key board and staff leaders.

**Step 3:** Decide whether to engage a consultant—and unless you are just doing a one-day strategic planning retreat, you will probably need one.

**Step 4:** Convene the committee for several meetings; go through the following process:

- Review and rewrite the mission statement—usually defined as the social good the nonprofit wants to create.
  - Articulate a vision—usually defined as the future the nonprofit will create.
  - Use surveys, interviews, focus groups, SWOT analysis, and Internet research to learn all about the nonprofit’s external environment—profile competitors, describe client needs, identify demographic and funding trends, etc.
  - From all the data that is gathered and sifted try to identify either:
    - Three critical issues you must address (the critical issues approach).
    - Four future scenarios that might occur (the scenarios approach).
    - Some other definable variables you think are important.
- This involves wide consultation among stakeholders because it is the point where, essentially, the organization says “This is what is important.”
- Set goals for
    - Addressing each of the critical issues (if using that approach).
    - Board composition or performance (e.g., find four new members).
    - Programmatic performance (e.g., serve 400 people).
    - Financial management or performance (e.g., build a reserve).
    - Human resource management (e.g., reduce staff turnover by 50 percent).
    - Fundraising (e.g., increase annual giving by 10 percent).
    - Facilities (e.g., replace the roof next year before it rains).
    - Outcomes (e.g., 60 percent of clients will get better). Set dates by which each of the goals will be met.
  - Develop three to five “action steps” or “objectives” for each goal.
  - Set dates by which each of the objectives will be met.
  - Assign responsible parties for each goal and objective.
  - Draft the plan and include all the research in appendices.

**Step 5:** Share the draft with each stakeholder group, obtain feedback, and redraft as necessary to obtain near-consensus.

**Step 6:** Ask the board to approve the plan, covering the next three years. Print it, bind it nicely, and distribute it widely within the organization and to external stakeholders.

## **Generating more goals than can reasonably be pursued**

Exhibit A outlines eight standard “goal areas” (the newly identified critical issues, and the standard areas of concern: board, program, finances, human resources, fundraising, facilities, and outcomes). Other process models might suggest a larger or smaller number of areas, but eight will do for our example. Let’s assume you need to set three goals per area—except, of course, for the program area where, if you have many programs, you might need more goals to cover them all. So let’s estimate that in each of seven areas you set three goals (subtotal: twenty-one goals) and add to that number nine more goals in the program area (covering three programs), for a total of thirty goals. Now, each goal will need at least three action steps or objectives to carry it out. So in the end you will have set thirty goals and developed ninety action steps.

I am not exaggerating. We often encounter clients with previous strategic plans that count far more goals and objectives than these! Obviously, no one is going to be able to keep track of all these goals and objectives, much less work steadily on so many disparate issues at once. The result is either to pick and choose, or to ignore the document entirely.

## **Expecting strategies to fit within a rigid time line**

As if this were not bad enough, something else happens that can render the entire process moot. The typical time frame for a strategic plan today seems to be three years. A decade ago it was five years. The problem with these multiyear projections is this: not only does the nonprofit set a long-term vision, but it tries to anticipate the goals and objectives needed over the next three years to get there. In practice, when I encounter a client with an existing strategic plan, I rarely find that most of the goals projected to be completed anywhere beyond the first year are still taken seriously by the board and staff. In our rapid-response world, it is just not possible to anticipate what will be important to work on (at that level of detail) years, or even one full year, in advance. Moreover, the more goals you set, the less crucial accomplishing each becomes.

Of course, traditional strategic planning is elastic. When we find that we are no longer pursuing our goals after the first year, we switch to setting only

one year's worth of goals. We institute yearly check-ups in which we set the next year's goals and objectives, thus keeping the time frame for review shorter, while the overall vision remains intact.

This elasticity is good. Several years ago I dubbed this method "Fast Track Strategic Planning," because I was still trying to make traditional strategic planning work, only with a shorter time frame and a less intensive investment of my clients' resources. Still, many goals set in this way are too rigid or sound good at the time they are written but do not correspond to the reality on the ground a few short months later. I think it is safe to say that no more than 10 percent of all the goals set by nonprofits using a process like this are ever met.<sup>14</sup> Worse still, to my mind, probably fewer than half of all goals set in this way are even pursued in any seriousness.

## Confusing strategic planning with consensus building

Take a moment to revisit Exhibit A. Unless you are new to nonprofits, you'll recognize the process. Step 5—review by stakeholders—is particularly dangerous, as any tentative decisions made during the process can be undone by the organization's stakeholder groups. Essentially, if you have decided to say no to any issue or group in the interest of gaining greater focus, conflict will inevitably arise. The well-meaning nonprofit drive for consensus can undermine difficult, but necessary, priority-setting decisions. The danger inherent in Step 5 is directly tied to what so many nonprofits cite as the reason for strategic planning: that it is a good way to "get everyone on the same page."

While understanding the impact of strategy on constituents is vital, seeking consensus can in fact be damaging, such as when the organization is stymied: unable to reach consensus, yet equally unable to move forward without it. This weakness in traditional strategic planning could best be described as *unity seeking*. While reaching consensus or even unanimity can be strategically helpful, it is not a good reason in itself to form strategies, but rather a by-product of a good strategic process.

---

<sup>14</sup> I did not pick the 10 percent figure out of thin air. Some years ago a business study revealed that only 10 percent of strategies adopted by corporations were deemed successful. Commenting on this report, management guru Tom Peters (author of *In Search of Excellence*) said that figure was "wildly exaggerated!" (Rod Napier, Clint Sidle, and Patrick Sanaghan, *High Impact Tools and Activities for Strategic Planning: Creative Techniques for Facilitating Your Organization's Planning Process* [New York: McGraw-Hill, 1996], 1.)

## Forecasting the future from a snapshot in time

Strategic planning, as currently practiced, requires a nonprofit to devote adequate resources to researching various aspects of its external environment (aka its market). This process is usually referred to in traditional strategic planning as the “market research study” or the “environmental scan.” This is an expensive and time-consuming process, often especially beyond the reach of grassroots or otherwise resource-thin organizations. It is equally unappealing to groups that need to move quickly or that are in an especially dynamic, rapid-response environment, and to those needing to be more nimble in developing strategies for moving ahead. The environmental scan, usually done at the outset of the process, is often quite broad and poorly focused: “Tell us what people think of our organization, what our strengths and weaknesses are, and what opportunities we should pursue next” is a common starting place handed to consultants. Unless those consultants take the time to contextualize the work, that is, to focus it on the issues most pertinent to this organization at this time, the results of this undertaking can be both broad and shallow.

Often, an environmental scan of any depth or size is conducted by independent consultants who bring their own methodology and pace to the process. While consultants also bring expertise and neutrality to traditional strategic planning, outsourcing the environmental scan in toto does not help the organization learn how to conduct its own on-the-ground market research—an important element in building its internal capacity to think and act strategically on an ongoing basis.

A strategy engagement with Peninsula Open Space Trust (POST), a highly regarded land trust located just south of San Francisco, which recently completed a \$200,000,000 capital campaign to fund land acquisitions, asked “What’s next?” Throughout this engagement our client acted as a team with the consultants, both determining the precise questions to be answered by the market research, and increasingly, as the process unfolded, doing the research themselves. Walter T. Moore, executive vice president of POST, spearheaded the process. He says: “We did not start off with an environmental scan, but worked it into the process once we were underway and were able to focus it more narrowly on our specific needs. Even then, by the end of the process, we were doing the work ourselves. The consultants were resources for us, and helped us make sense of what we learned, but by largely doing the scan ourselves we also learned a skill we will use long into the future.”

Finally, the very act of undertaking an environmental scan presupposes that the organization's world will remain relatively stable, or at least that the changes it will experience are foreseeable. Otherwise, the environmental scan is nothing more than a snapshot in time: this is how the world looks to us today. This is useful intelligence in the short term, but problematic for a three-year plan. In dynamic and unpredictable environments, such as we regularly experience across the sector, the forward-looking environmental scan may quickly become a glance in the rearview mirror.

Remember how the Central Intelligence Agency (CIA) discovered that the Soviet Union was in collapse? Despite all the billions of dollars the U.S. government spent keeping tabs on its prime foe, CIA officials watched the Berlin Wall coming down on CNN, just like the rest of us. That should give you reason to pause as you consider investing a few thousand dollars every three years in an effort to understand the complex world your nonprofit lives in right now.

Karl Weick, author of *Sensemaking in Organizations*, drives the point home, saying, "The dominance of retrospect in sensemaking is a major reason why students of sensemaking find forecasting, contingency planning, strategic planning, and other magical probes into the future wasteful and misleading if they are decoupled from reflective action and history."<sup>15</sup>

Making sense of the world around us is a prime goal of all strategic thinking. But, as Weick points out, we make sense of our world in retrospect, having lived through the events of the day—not in advance, as we try to predict coming events without understanding their context. Triennial market research by consultants may provide some clues to the future, but, as Weick suggests, sensemaking requires more: the organization itself must be deeply engaged, on an ongoing basis, in understanding its current situation and its history to have any hope of forecasting the future.

And thus the problem with forecasting in traditional strategic planning: forecasts, meant to shape strategy for three years, are derived from a present-day snapshot, often taken by photographers—external market researchers—with cursory knowledge of their subject nonprofit and little sense of its historical context. Good forecasting, for strategic purposes, requires constant attention to the present, informed by a strong sense of history and a close connection to the failed and successful outcomes of strategies informed by previous forecasts. Such predictions are best made by the people who will experience firsthand the consequences of their forecasts.

---

<sup>15</sup> Karl E. Weick, *Sensemaking in Organizations* (Thousand Oaks, CA: Sage Publications, 1995), 30.

## Pretending to be objective

Let's turn to another popular tool of traditional strategic planning, the Strengths, Weaknesses, Opportunities, and Threats, or "SWOT" analysis. No other process or tool is so closely identified with strategic planning as this one. In fact, I have heard strategic planning referred to as SWOT, as in the request "Can you facilitate a SWOT for us?" Despite the evident uniqueness of every nonprofit I have encountered, in my experience, the strengths and weaknesses or "SW" portions of almost every SWOT analysis I have seen are essentially the same. Participants typically say things like those contained in the short list in Exhibit B, Typical Strength/Weakness Results.

### EXHIBIT B Typical Strength/Weakness Results

#### Strengths

We have a great leader  
*(Boilerplate: Every nonprofit says this)*

We have a talented and dedicated staff  
*(Boilerplate: Every nonprofit says this)*

We have a stellar board

We have great cash flow

We have a great reputation

Our clients love us

#### Weaknesses

*I have never seen:*  
We have a weak leader

*I have never seen:*  
We have terrible staff

We could use a stronger board

We have a cash flow problem

No one knows who we are

Our clients are impossible to please

The list goes on and on but you get the idea: platitudes and statements of the obvious. This exercise could almost be done using a checklist of about fifty choices. It is difficult to get at any depth, and especially at any unpleasant but necessary-to-discuss truths, using this superficial process in a group setting with internal stakeholders. Nonetheless, it is an essential part of most traditional nonprofit strategic planning processes.

On the other hand, the opportunities and threats or "OT" portion of the SWOT exercise may indeed bring to light real opportunities and dangerous threats. Perhaps it is because this part of the discussion is focused externally,

where participants feel less responsibility for (and ownership of) the results. Because they are externally focused, it is also true that their honest comments (“ABC seems to be encroaching on our clientele”) may be less likely to hurt their colleagues’ feelings, and thus to endanger their own position, than, for example, saying, during the SW portion of the exercise, “Our executive director stinks.” Still, when the OT results are presented in the form of the inevitable list or table, and then juxtaposed with the generally meaningless platitudes that comprise the SW list, most groups fail to take any actionable meaning away from the exercise. This is a shame, since making meaning (sensemaking, in Weick’s terminology) that can result in organizational behavior change is what strategy is ultimately all about.

Even bringing in outside stakeholders (clients, funders, referral sources, partners, and so forth) to sit in on the meetings does not always counter the strong tendency of the SWOT group process toward SW platitudes. It would be very difficult, not to mention socially awkward, for anyone to sit in a meeting with an ineffective executive director and declare to the group that “A lack of leadership is a major weakness.”

## **Frustrating staff through bad data, inaction, or both**

So far, we’ve seen that traditional strategic planning relies on processes and traditions that confuse goals with strategy, force fit strategies to a specific time line, favor unity over strategy, employ ineffective forecasting, and often lack the objectivity to uncover true strengths and weaknesses. These and other limitations of traditional strategic planning, which I first noticed as a young executive director in the early 1980s, have become ever more apparent to me in the course of more than a decade as a consultant helping scores of nonprofits to develop their plans.

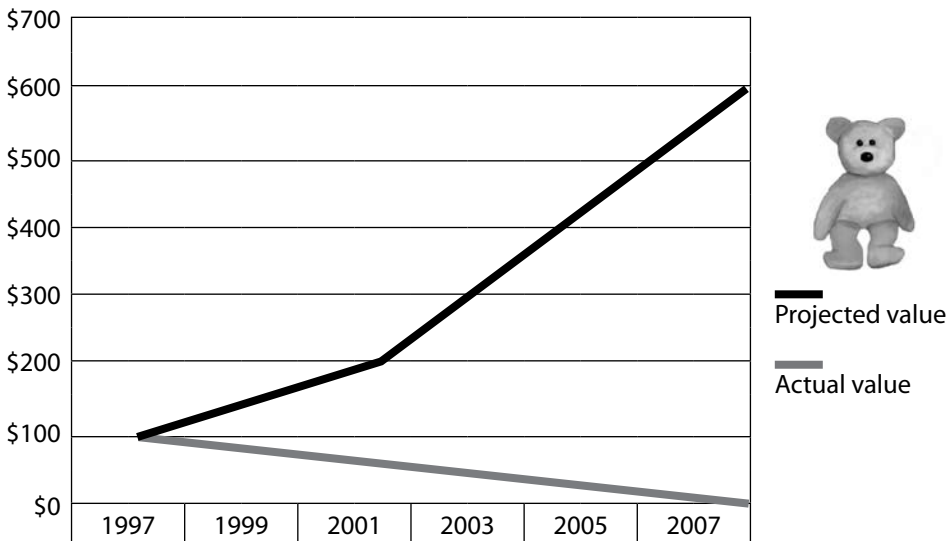
These are vulnerabilities in traditional strategic planning, but they can be overcome by using good processes and good consulting. It is not as though the strategic plans that so many nonprofits have developed have been useless. However, there are fundamental problems with traditional strategic planning. That is why reform won’t do—why we need a nonprofit strategy revolution. The worst of these difficulties—we might collectively call them the *casus belli*, the causes of the revolution—are (1) overreliance on under-reliable data, (2) time delays that put the organization on hold and result in inaction, and ultimately (3) the frustration of the very staff and volunteers who must act on the strategies.

### 1. Overreliance on underreliable data

My daughters Marisa and Tessa were the perfect target market demographic at the height of the Beanie Baby boom of the 1990s. One of the arguments they made—as grade-schoolers no less!—for buying more of these stuffed animals was, as Marisa, then nine years old, put it: “They’ll be worth something someday.” I didn’t really believe it; still we bought lots of Beanie Babies, some of which came with protective clear plastic dust covers like the one my mother used to put on the statue of the Virgin Mary in my parents’ bedroom.

As Exhibit C, Beanie Baby Mania (below) demonstrates, bad data, a changing world, or just plain wishful thinking can lead to mistaken predictions. Unfortunately the consequences are often far more disastrous than an attic full of small, cute, and all-but-worthless stuffed toys. This problem of bad data or poor forecasting sounds like the problem with environmental scans, discussed above. But it is deeper than that. It is a fundamentally flawed belief that good data, if it is available, will yield good strategy. Most nonprofits mistakenly believe that if they ask the right questions on a regular three-year cycle, they can predict major demographic or market shifts, and then figure

**EXHIBIT C Beanie Baby Mania**



out what to do about them in a timely way, thus enabling the nonprofit to set goals that will bring success in the future. In practice it seldom works out that way. In place of occasional concerted attempts to foretell major changes in their future environment, nonprofits need to continuously scan and engage with their environment as part of their strategic efforts. Current planning puts too much distance between prediction and action.

## 2. Time delays put organization on hold

Just as traditional strategic planning distances prediction from action, it puts too much time between strategic thinking and action. A nonprofit typically requires six to twelve months (or longer) to complete its strategic planning process. In fact, the David and Lucile Packard Foundation conducted a study in 2006 which revealed that the average length of time for a strategic planning process supported by an organizational effectiveness grant from the foundation was fourteen months,<sup>16</sup> which is certainly inadequate to address the demands of a rapid-response world. During this time it is often difficult for the organization's leaders to respond to emerging opportunities or challenges, as their strategic thinking energy is bound up in the ongoing strategic planning process and, until it is concluded, they have no "direction." They may thus be immobilized by concern that any new commitments the organization makes will be out of line with the official strategic direction, which, of course, has yet to emerge from the planning process. The organization may come to feel as though it is "on hold," unable to move until its strategic plan is completed. Such hesitation can be costly, particularly when the organization takes a pass on stellar opportunities that require action.

"I don't know whether we should jump at one or both of these opportunities. Our strategic planning process is just getting started," said Ruth Bolan, a participant in an executive director leadership program that I was leading. She directed O'hia Productions, a unique "local-style" children's theater in Hawai'i that had been offered both the possibility of providing the Christmas entertainment at the state's largest shopping center for the next five years and, in an entirely separate situation, a contract to provide drama activities for kids with the state's largest child care provider. During a break we discussed how strategic opportunities such as these do not automatically follow the completion of a strategic planning process. In fact, it was darn inconvenient of them to turn up now, at the very outset of that process. I asked Ruth two questions: What was her sense of the fit of each of these

---

<sup>16</sup> Stephanie McAuliffe, director, The David and Lucile Packard Foundation, in remarks at the Council of Foundations' annual conference, 7 May 2006, in a session we co-led titled *Strategic Planning: Less Than Meets the Eye?*

opportunities with her organization? What was the organization's capacity to carry off one or both of these new ventures *right now*? I heard back from her a week later. She studied the programs, ran the numbers, engaged her staff and board in discussions of what she had learned, and decided to go after both opportunities, greatly strengthening O'hia's financial position and widening its audience base. What's more, she did all of this *before* launching her strategic planning process.

Exhibit D, The Planning-Doing Cycle (page 19) depicts the difference between the requirements of traditional strategic planning and the real strategy needs of nonprofits. As Ruth Bolan learned, the reality of nonprofit life requires a faster, continuous cycle of strategic thinking and action as portrayed in the second graphic, not a separation of organizational life into reflective and active periods, as the first graphic implies.

Moreover, planning is, of necessity, usually carried out by a select group of board members and managers, with at best token representation from frontline staff. Yet the plan, if it is to succeed, must be embraced and implemented throughout the organization, typically by many individuals who had little involvement in its creation, and who thus may have little stake in its success. In *Good to Great*, Jim Collins suggests that prior to charting an organizational direction, it is critical to first "get the right people on the bus, and the wrong people off the bus."<sup>17</sup> In other words, strategy is the result of the work of a group of people—hopefully the "right" group. He offers compelling evidence that processes such as strategic planning may not be as effective as generally thought in producing results, particularly as regards building the culture of success and can-do spirit that are essential to entrepreneurial nonprofits.

Nonprofits need processes that are inclusive, that make people want to jump on the bus, and that allow every voice to be heard in discussions of the bus's destination. Yet nonprofits also need to make decisions, which means to achieve greater focus they sometimes have to say no to valued ideas backed by solid constituencies. They also need to stick with a course of action until it either achieves success or is determined to be less workable than another alternative. These dual ends—engagement and action—are best accomplished through continual processes, where organizational stakeholders come to believe that their input is truly important and always needed, not just once every three years through strategic planning focus groups whose proceedings seem to have little bearing on the organization's life.

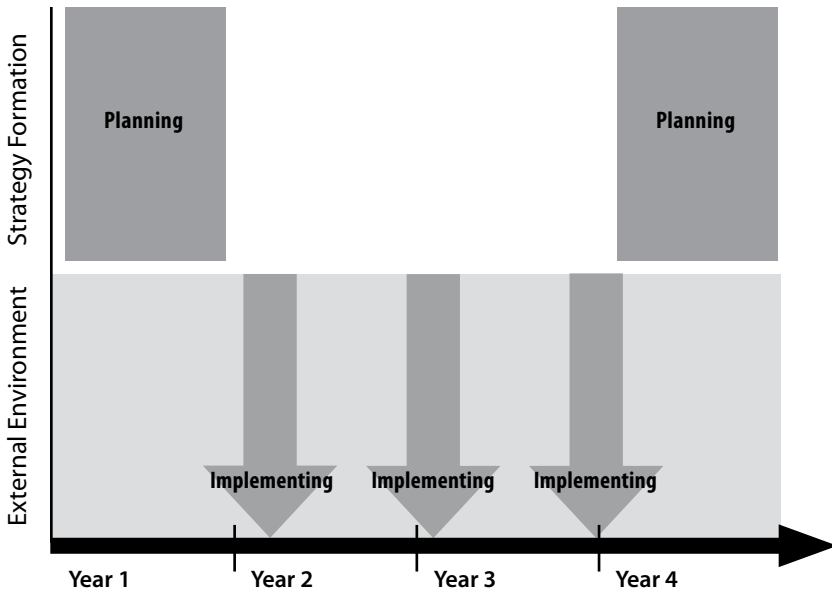
---

<sup>17</sup> Jim Collins, *Good to Great: Why Some Companies Make the Leap . . . and Others Don't* (New York: Harper Business, 2001), 21.

**EXHIBIT D The Planning - Doing Cycle**

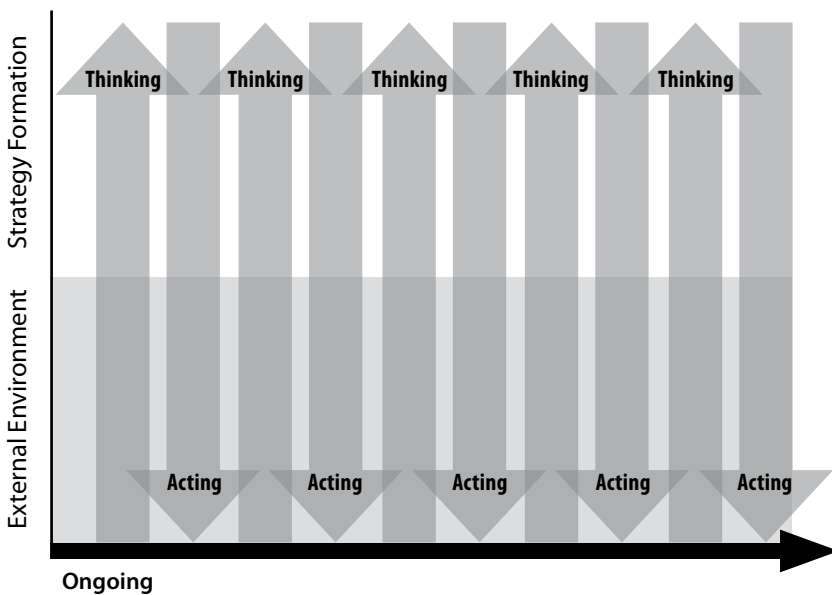
**Traditional planning:**

*Long, discrete, and separated from the external environment*



**Reality:**

*Nonprofits need ongoing strategic thinking and acting in the context of the environment*



Many nonprofit executives, on the other hand, find that their performance assessment is tied to the accomplishment of very specific goals as articulated in a strategic plan. This admirable attempt at accountability by nonprofit boards can result in nonprofit leaders working very hard to accomplish goals that have become less important than addressing newly emerging opportunities. The overly specific goals that result from most strategic plans may even be rendered irrelevant by shifts in the organization's environment. In such situations, strategic planning can be more detrimental than helpful, causing nonprofits to lose valuable time, expend scarce resources, and divert their attention from higher-value activities.

### 3. Frustration of staff and volunteers



After fifty years of careful research and planning, Ernest, Leonard, and Victor were ecstatic about finishing their strategy for winning triathlon competitions.

Perhaps the most pernicious effect of traditional strategic planning is that it wears out the participants just when the game is supposed to begin. They are either frustrated and disappointed at the lack of action or are in awe of the voluminous document they have created. Either way, they are “done.” Thus, the traditional three-year strategic planning cycle sends exactly the wrong message: that the process was about producing a document rather than about changing the organization. Participants, after endless months of strategic planning, may be forgiven for offering a collective sigh: “At least that’s out of the way for the next three years!” Instead, as we shall

see, continuous, responsive consideration of strategic challenges is the path to timely, successful strategic decision making and actions.

Of course, the work usually associated with strategic planning has merit. However, it must be understood in a more useful context. Recall the example of the organization with the mission to “end hunger in our community.” The mission is at a suitably lofty level, and some of the organization’s goals could be acted upon. Yet, this strategic formulation misses, oddly, strategy. If you could deploy a process that focuses clearly on forming strategy, then much of the work that is currently devoted to strategic planning could still be undertaken; however, it would be aimed at *operationalizing* the strategic thinking that must precede it, not *replacing* it with operational goals and objectives that are most often not implemented.

Finally, there is the too-frequent outcome that a strategic plan, after all the time and money spent on its completion, simply fails to make any significant difference in the organization’s life. The standard phrase is that the plan “sits on a shelf gathering dust.” This is more than a colossal waste of resources in itself (and I don’t mean just shelf space); it also serves to blunt the organization’s appetite for any future strategy work. “If we have to go through that again any time soon, I’ll quit” is the oft-heard, desperate plea. This is perhaps the most unfortunate result of all, because forming strategy is an ongoing process—it affects everything. By making it into a triennial slog through a swamp of petty details, the nonprofit both wastes its leaders’ energy and dulls their appetite for the real struggle to find and implement effective strategies. There has to be a better way, a way to engage nonprofits in forming strategies that work in real time—when they’re needed.

Let me conclude this chapter with a quote from Henry Mintzberg, who is characteristically straightforward:

Strategic thinking . . . is about synthesis. It involves intuition and creativity. The outcome of strategic thinking is an integrated perspective of the enterprise, a not-too-precisely articulated vision of direction. . . . Such strategies often cannot be developed on schedule and immaculately conceived. They must be free to appear at any time and at any place in the organization, typically through messy processes of informal learning that must necessarily be carried out by people at various levels who are deeply involved with the specific issues at hand.<sup>18</sup>

---

<sup>18</sup> Henry Mintzberg, “The Fall and Rise of Strategic Planning,” *Harvard Business Review* (January-February 1994): 107–14 [adapted from Henry Mintzberg, *The Rise and Fall of Strategic Planning* (New York: Free Press, 1994), 108].

## Conclusion: Hence the Revolution

Many of the process and practice problems I have described are regularly dealt with and overcome by the skills and experience of good strategic planners, whether they are consultants, experienced leaders, or just “naturals” at strategy. But nonprofits need a *system* that responds to today’s rapidly changing environment and that does not require clever workarounds like “fast track strategic planning.” Nonprofits should not have to rely on finding an especially skillful consultant to avoid some of the worst time- and energy-wasting aspects of current strategic planning practice. Fortunately, good strategic thinking is available to all nonprofit leaders, right there in their own heads and in the heads of their colleagues. They just need a better system in which to undertake it.

Disconnected and unreliable data, the long time lag, and the sheer draining quality of unending months of process combine to doom most traditional strategic plans to a space in the storeroom. You say you want a revolution? In the next chapter you will meet the Strategy Pyramid, a device for understanding the types and levels of strategic considerations your nonprofit faces. This concept will provide a context for our upcoming discussion of revolutionary new approaches to strategy.