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Improving Nonprofit Sustainability with Focused and Engaged Strategic Planning

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Abstract

Staying operational, relative, and competitive is a constant challenge for nonprofits due to the myriad of factors that challenge the continuation of programs. The current funding environment dictates efficient and innovative approaches to secure funding and support, so it is essential that adequate time be invested in programmatic and organizational development efforts that build capacity to achieve these outcomes. A focused strategic plan, developed by engaged stakeholders, aligns the critical elements of operations with improvement efforts to ensure program growth. Focusing on five proven critical elements to each plan – vision, data analysis, priority development, SMART goals, and implementation management – and incorporating new, inclusive ideas and efficient tools will ensure infrastructure for continuous evolution and create the pathway to long-term nonprofit sustainability.

Why Invest in a Strategic Plan?

Sustainability is an ongoing challenge for most non-profits and their fundraising staff. A recent report on the financial health of nonprofit organizations found that approximately 7% of nonprofits are technically insolvent, while another 30% struggle with enough cash reserves to continue operations for a sufficient amount of time. More than 50% of organizations have less than a month's worth of reserves on hand (Guidestar, 2018). Why is ongoing development and sustainability so hard to achieve in this sector?

A key indicator is strategy. With a growing number of funding opportunities limited to programmatic operations, organizations are constantly stretched thin trying to meet the requirements of funders, deliver programming, and support operational costs. They stay in a difficult cycle of chasing funds to meet immediate needs (Latham, 2016). The value of the programming and its impact inevitably get lost, which decreases capacity to develop a long-term direction for the organization. This often results in stagnant programs that do not continue to evolve to meet the needs of the target population or attract funding, ultimately inhibiting sustainability.

Investment in demographic and generative planning efforts constructs an ongoing pathway for continuous improvement and operational development. Strategic plans provide the means to this capacity building through a process of envisioning a future state, analyzing the current environment, prioritizing needs, and setting goals that achieve success (University of Kansas, 2019). These efforts result in more focused programming and staffing, as well as more efficient operational infrastructure that demonstrates agency and programmatic value.

Essential Elements of the Strategic Plan

A nonprofit organization that wants to continue growth and stay competitive for opportunities needs solid strategies to prepare them for a constantly changing environment (Richardson, 2004). The strategic planning process essentially builds the foundation to create, monitor, and measure organizational success where the result is increased capacity (Mittenthal, 2018). A strategic plan establishes a road map with clear sight lines of the future programmatic and operational state, providing a better understanding of the organization and the sector/constituency served. Ongoing quality improvement and operational goal monitoring are also developed. In essence, strategic planning provides the focus and direction to move from plan to action.

Where to Start?

Start with key stakeholders. Your strategic planning efforts should not just include your leadership team and board of directors. Include members of the program and fundraising staff, volunteers, and especially your constituency. Any additional community members relevant to the work being done by the program or agencies that are working closely with the organization or its programming should also have representation. Involving this group of stakeholders in strategic planning can be an effective engagement tool, especially with millennials (Morrison, 2013), that provides an additional lens with which to view the current organizational and community environment.

Next, set a reasonable time line for completion. Spreading the process out over a three to six month timeline will allow enough time for the most critical portions of the plan, but not overwhelm volunteer participants in the process. You will need to survey your work team to see what will work best for them. Whether you decide to break the work out over time into multiple one or two hour meetings, or schedule larger blocks of time for a workshop, get the schedule set and calendars reserved.

Finally, consider other planning efforts relevant to the focus, constituency, and activities of the organization. For example, a nonprofit focused on historical preservation, should consider reviewing or investigating recent plans done by the local tourism bureau, community development agencies, or planning commissions. Aligning the nonprofit's efforts with work already being done both inside and outside the organization will only serve to strengthen the new plan. It will also enlighten the planning team to forces of change that might be at work in the community that could potentially impact future work.

The strategic planning process is ready to start once the initial planning steps are completed. It is important to understand there is no one way or perfect way to develop a strategic plan (Martin, 2014). Although many methods and methodologies have been developed and touted over time and through different industries and sectors, most seasoned planners agree every plan should have five key elements (Figure 1). These include a vision, data, priorities, SMART goals and objectives, and a management and implementation plan. Stick to these critical elements and the rest will fall into place.



Figure 1: Primary Elements of the Strategic Plan

Vision

The vision is the first critical element of the strategic plan and requires adequate attention during the planning process (Nagy and Fawcett, 2018). It clearly defines the future state to be achieved, and should represent the investment of the key stakeholders. It is not what is to be done or the focus of efforts, or to be confused with organizational mission, values or immediate goals. It should represent beliefs by key stakeholders of what the long-term purpose of the organization or program is designed to address in an easy-to-communicate format.

Developing a vision provides key stakeholders an opportunity and space to “daydream” for the future state they hope to achieve for their community or world. It is also an opportunity to set the organization apart from others. Exercises that involve imagining that broader, longer-term future are great ways to help a robust team on a track for envisioning what is possible. There are many tools and exercises that inspire, and get people thinking about what could be possible (Washington Nonprofits, 2016). For example, there are a variety of exercises that ask participants to imagine receiving an award for the organization's accomplishments. They are then asked to write down what was heard by the presenters and felt by the group. By investing time in a solid vision statement that sets the organization on a journey to achieve something larger, a path to sustainability is also created as it inspires action and provides a tool to test all future goals and objectives for alignment (Achievelt, 2014).

Data

Data is the next critical element of your strategic plan. Its collection and review provide the stepping stones of the strategic plan pathway (Kenny, 2018). Therefore, it is important to get it right. Unfortunately, this does not always happen because many organizations limit the scope of the data utilized. Data for strategic planning should not only include information that is relevant to your organization and area of focus, such as the number of people served, satisfaction or learning scores, etc., but also include broader data that informs on current evidence-based practice, the current capacity of the organization, the current community environment, and needs of the target population.

If the organization does not have up-to-date, community-informed data, information, and input, it will likely risk duplicating efforts and living in the bubble with stagnating programming. Developing a plan around broad, recent information that defines the current environment helps deliver a robust report to key stakeholders that informs ongoing program development and operations. For example, a coalition looking only at data on the employment rates and housing status of the clients they serve will be limiting their possible impact because they are not considering what the actual employment and housing availability are in the community. They may need to focus more efforts on developing opportunities for clients to be successful, but they will not learn that if they do not look at the community data.

Data from census, health and human services, education, etc. is a good place to start as it informs on the community current state such as the demographics of the community, socio-economic status, and community resources. This portion of the plan should also include other reports and data like a local community needs assessment from a related agency partner or a recent survey of the constituency served. A summary of the most relevant information that stands out the most in a brief one-to-two page brief for the planning team to review will help them focus on what is important.

Also consider qualitative data as part of this portion of the planning process, including researching and reviewing the latest information on evidence-based models and promising practices. This will educate your team on the most effective and efficient methods of programming to consider whether current resources are optimally utilized. Focus groups and surveys – both internal and external – are also effective tools that provide insight on experiences, needs, and barriers. It provides an opportunity to also engage key stakeholders for important feedback that strengthens your ongoing planning.

It is important to thoroughly analyze data once it is collected. This is critical to the next portion of the strategic planning process which is determining priorities. Carefully consider what information might have stood out from other data, new information that was not previously known, and the feedback provided by key stakeholders. Highlight these areas to take into the next phase of the process.

Priorities

Once the planning team has completed its review of the data collected, it is time to identify what themes have been revealed. Again, this should not be limited to just the organization and its constituents. Themes present in the community or sector relevant to the organization and those it serves should also be taken into consideration, as should other relevant efforts or forces of change in the community (NACCHO, 2013).

For example, qualitative data collection may reveal that access to substance use disorder treatment is the primary barrier for most of an organization's constituents. Further community information gathered reveals, however, there are five new treatment providers opening in the next six months. Possible partnerships with these agencies versus starting a program would be key topics to consider as part of the process. This is a good time to stop and revisit the vision that was established and decide what themes are most important to the organization and future state they are trying to reach. This will make identifying what is most important easier.

The planning team can then consider what resources the organization currently has, as well as what resources will be necessary to address the priorities. At this stage in the process, identifying the types of relationships, policies, conditions and decisions affecting the issues, organization or program is key. A strengths, weaknesses, opportunities and threats (SWOT) analysis tool (Figure 2) is helpful to organize key points from the discussion. After careful consideration, planning teams may add additional priorities relevant to building organizational capacity. For example, additional facilities or technology determined necessary to meet operational goals will need to be included as part of the new plan.



Figure 2: Strengths, Weaknesses, Opportunities and Threats Tool

It is common to see multiple themes revealed in the data analysis portion. This presents an opportunity to identify similar resource needs for different issues. When the same resource is necessary for multiple problems, this makes it easier for planning teams to prioritize accordingly. A strategy map or a project charter can be helpful tools to implement help at this stage of the strategic planning process. They also organize key points into a single, easy-to-read summary that will keep the team on track.

SMART Goals and Objectives

Once the planning team has identified the top priorities for the organization, they can begin laying out the goals and objectives that will be necessary to address the priorities and make strides toward their vision. Formulate goal statements around addressing the strategic priorities that were identified and clearly align them with the vision statement. Incorporating the data previously collected provides the necessary information to baseline current state and from there develop goals that are specific, measurable, attainable, realistic and time-bound (SMART). Utilizing the SMART methodology can be a valuable tool in this part of the process (Figure 3).



Figure 3: SMART Goals Tool

It is important to consider a couple of critical factors in this segment of the planning process. First, are your primary goals relevant to and aligned with the vision of the planning team? While it is not intended for the goals to achieve the desired future state, they should be activities or objectives necessary to reach it. For example, a nonprofit envisioning a future where all children in the community are completing high school review data indicating poverty and other social factors cause barriers to successfully completing high school. The goals and objectives needed to reach this vision should be aligned with addressing those social and environmental issues. Setting goals around efforts that demonstrate improvement in some of the social factors, therefore, would be critical, first steps in this strategic plan.

Other critical elements to consider in this portion of the process is whether or not objectives are achievable and how long it will take to do so (Jackson, 2019). Ask important questions, such as “How will we know we are being successful?” “How will we know we are focused on the right target or objective?” When the team is on the same page about what it will take to accomplish the goals, clear stepping stones are marked to get to the future state.

The timeline of the strategic plan should also be considered. Business and industry traditionally use a three to five year plan. However, with rapidly developing technology, a younger workforce that changes jobs frequently and a fast-changing marketplace, there is indication that the business sector is shortening its plans to one to two years (Vanderbloemen, 2016). Nonprofits may benefit from this model as well, given the volatility of funding opportunities, particularly grants, which continue to provide shorter funding terms and constantly changing funding tracks.

Management and Implementation

The final step in the strategic planning process is the implementation. A common story among many nonprofits is that after developing a strategic plan, they do not utilize it. Everything goes back to the previous day-to-day activities. It is critically important to utilize tools that facilitate buy-in from key personnel and constituency, as well as to complete the necessary activities that accomplish the goals and objectives.

First, make sure the plan is visible to everyone within the organization. Making use of stories and examples that excite the group about the vision is a great first start. If they are excited about the future state that could be possible and the vision is evident in many areas of the organization, buy-in and ongoing support will be much easier. Here, a communication plan that outlines a calendar of venues, messages, and target audiences will result in ongoing visibility. Incorporating the vision statement on the organization’s internal and external communication tools is one way to keep it visible on an ongoing basis.

Clearly communicating and monitoring objectives and activities must also be an important priority for leadership prior to implementing the strategic plan. Without instruction, it may be difficult for staff to understand their role in helping to achieve a long-term vision or yearly goals (Green, 2011). However, this is most often overlooked by leadership and where most plans fail. Develop rolling action item lists (RAILS) that break down the specific activities necessary for each goal and objective out into smaller steps and include a deliverable, due date, and necessary resources. This enables staff to focus on their part. It will also keep objectives on track which ultimately result in accomplished goals.

For example, a nonprofit agency choosing increased funding as part of their strategic plan, need not overwhelm grant and fundraising staff by only presenting the large dollar amount selected as the goal. Clarifying the objectives and activities like research of available funding or development of proposals will make the larger goal seem more achievable. Adding ongoing progress reports for team members will also encourage attention to deadlines and create a culture of accountability. Regular high-level reports, in such venues as monthly board or management meetings are also helpful. Providing updates to staff and community through venues like newsletters will also foster accountability.

Finally, update the plan on a regular basis. Ongoing strategic planning develops capacity for continued programmatic evolution. Utilize each plan as infrastructure to help build the next plan that ultimately reaches the desired future state. It will also help the organization identify areas of strength and weakness, as well as where changes in strategy might be necessary. Consider the use of plan-do-check-adjust (PDCA) tools to identify opportunities for improvement and growth. All of these efforts establish a culture of ongoing quality improvement.

Conclusion

Nonprofit agencies can reduce the challenges of achieving ongoing sustainability. Investing time in ongoing strategic planning will drive organizational focus and establish a road map to long-term success. By engaging key stakeholders in envisioning a shared future and increasing their understanding of current needs and environment, clear goals and objectives are developed that position the organization to move forward. It also provides staff and other supporters the opportunity to more effectively contribute to the organization's growth and success. In the long-term, this develops overall capacity to adapt to changing environments and attract long-term support.

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