



TOOLBOX



## Develop the Strategy of your Organization

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### What is a Strategy?

Strategy is the mean or the tool by which objectives are consciously and systematically pursued and obtained over time.

The Strategy of an organization is based on its longlasting Mission, which represents the organisation's goal and values shared by all members, and the Vision that defines its future role and position in the overall social project envisaged by the mission.

Strategy belongs to the whole organization, at all its levels; it expresses its unity through shared values. In complex Organizations (i.e. where members are themselves organizations) individual components (national or local members) adopt their own plans of action, but these must be coherent with the overall strategy. A strategy is NOT a static picture of the organization, it is rather to be understood as the tool to support a dynamic evolution of any organization to constantly but purposefully adapt to an ever-changing environment, while remaining faithful to its original values and cause.

### Strategic Management: strategic planning, implementing and reporting

Thus the Strategy is the result of a Strategic Process where planning, implementation, monitoring and evaluation are strictly interlinked. While for practical and didactic purposes the different phases or steps are presented in a linear fashion, they must rather be thought, and in practice experienced, as a Strategic Management system where the various elements of the process continuously interact and involved actors rethink those connections in a flow of strategic thinking, acting and learning, ensuring organizational coherence and linking managerial processes to the Strategy.

The whole Strategic Process constantly refers to the Mission of the organization, and to its formal and informal Mandates. The former derive from the relevant legislation, policies, regulation, statute and bylaws. The latter are internal and external stakeholders' expectations that may remain unspoken, but may be relevant to the life of the organization.

- ➔ *Strategic Planning*, helps to build and periodically review the Strategy as the result of those interlinked elements, leading to the identification and updating of Strategic Issues and Strategic Priorities, and linking them to outcomes, operations and resources.
- ➔ *Strategic Reporting* ensures accountability, enabling internal and external stakeholders to verify the coherence of the organization's decisions and activities with its values, thus with its Mission, and its Vision.

Sometimes the "Strategy" remains a colourful folder with nicely defined strategic priorities and guidelines, but with no link with reality, for example:

- No connection exists between strategic priorities and budget
- Most of the members, and including staff, do not understand the reasons for a Strategy
- Strategy and operations are not linked

## Getting started

When is the right time for a strategic plan?

The establishment of an organization follows an idea and often an ideal behind that idea (or developed from that idea), expression of the values that founders and original members share, and that normally are the starting point in the elaboration of the statutory document (Constitution/ Statute/ Charter) which will represent on one side the agreement among founders and members, and in all cases where a legal recognition is required, also the legal document for incorporation. Strategic planning should start right away after establishment.

In well established organizations the planning (or re-planning) process will normally start at the end of the implementation period of a previous plan, but the decision to engage in a deeper strategic review may be the result of the felt need for more structural adaptive changes to face modified internal or external environment, hence newly emerging issues.

At this point, the organization, hence its governing bodies, will have to formally decide to engage in a strategic planning process, as well as to define timing and procedures.

## The interlinked phases of the strategic process

### Step 1 – Organizing the Strategic planning process

The first step is a preparatory one, dealing with the negotiation of the whole process among key-stakeholders and gain the support to the process of key decision-makers. Who will participate (persons, units and levels of the organization), how the process will develop (who will lead/ coordinate the process, who will manage it, the participatory dynamics, information flows and sharing, etc.), how long will the exercise last, which will be the outputs, which resources (human, financial, material) will be needed, and what will be the costs.

The Planning Process should help the organization to focus its attention on crucial issues/ priorities and challenges and to decide what to do about those issues and challenges in the future.

### Step 2 – Mission, Vision and organizational mandates

The second step is the fundamental one, related to the identification (for a new organization), or review of the values and principles that led the founders to establish it.

The review could be guided by some fundamental questions:

- ➔ Who are we?
- ➔ What are the organization's philosophy, its values, and its culture?
- ➔ What are the (new) basic social or political issues/ problems the organization wants to address?
- ➔ How does the organization find out about these issues and decide what to do?

- ➔ Who are the key stakeholders for the organization? How to find out what they want from the organization? How the organization wants to respond to their expectations?
- ➔ What makes the organization unique or distinctive; what gives the organization its competitive advantage?

## **Mission**

The output of this first phase will be the definition of the organization's Mission.

The Mission summarizes the organisation's goal and values that must be shared by all members. The Mission can last for many years, or for the life of the organization. While the organisation must continually adapt to changing environment, its core values (ideals) must remain steady and provide guidance in the recurrent process of strategic decision-making. Nevertheless, in order to remain relevant to contemporary society, the interpretation of those principles and the language used to express them may need to change overtime, taking into account world's evolution and/or the organization's developments in new cultural settings

These unchanged ideals are expressed in the mission statement

The mission statement communicates the organisation's ideology and visionary goals and includes three elements:

- ➔ Core values to which the organisation is committed
- ➔ Core purpose
- ➔ Visionary goals the organisation will pursue to fulfill its mission

## **Vision**

To orient the action and the medium-term development of the organization it is also important to define the organization's Vision and to outline it in a statement concentrating on the future with the purpose to provide clear decision-making criteria. The vision expresses:

- ➔ what the organization wants to be,
- ➔ how it sees itself in the future and how it wants to be perceived,
- ➔ how it wants the world in which it operates to be.

## **Mandates**

When a new organization is established its internal formal Mandates are defined by its founders in its Statute or Constitution. According to the nature of the organization (for example a non profit, charitable, volunteer, etc.) additional external formal mandates will derive from the relevant local/national/international legal, political and social framework. These formal mandates include both the things an organization is required to do as well as those things it is not allowed to do and may include those required by a funding or authorizing group (for example public institutions and authorities) or those obligations deriving from membership in a wider federation of similar organizations.

In addition, informal mandates should be considered, deriving from those expectations that may remain unspoken. A few questions may help to identify mandates:

- ➔ what are we supposed to do, and who requires it of us?
- ➔ how can we find out what stakeholders expect of us?

When the Strategic Planning is started the clear identification of organizational mandates helps to set unavoidable boundaries to the process, nevertheless it may also help to identify those limitations that may need a statutory review (thus a modification of internal formal mandates) that could be among the outputs of the process itself.

### **Step 3: Learn from the past**

The organization's past is a source of much information about what has been effective and what has not.

The analysis may be guided by questions such as:

- ➔ What opportunities has the organization had? How did it respond to these opportunities?
- ➔ What threats has the organization had to deal with during this time period? Which were handled successfully, which unsuccessfully, and which were ignored?
- ➔ What strengths did the organization rely on to deal with threats or opportunities? Which strengths did the organization ignore?
- ➔ What weaknesses has the organization had in dealing with threats and opportunities? What has the organization done about them?
- ➔ Strengths and weaknesses, as well als Opportunites and Threats could be attributed to some structural characteristics of the organization or, they were rather a consequence of deeper changes in society (socio-cultural, political, economic, etc.)?

Especially if the latter is true (unresponsiveness is dependant on changes of the external environment) the following step will be a fundamental one.

### **Step 4: Analyse the present and forecast the future**

The environmental scan includes the following components:

- ➔ Internal analysis of the organisation (organizational settings, governance, dynamics)
- ➔ Analysis of the organisation's field of work (task environment)
- ➔ Analysis of the external macro-environment: a scan of the current situation of the external macro-environment in which the organisation operates, and a forecast of changes base on identifiable trends, is done taking into account the following factors: Political, Economic, Social and Technological (P.E.S.T. analysis)
- ➔ Adaptive capacity of the organization in relation to the macro-environment and its forecastable changes is made through the analysis of its Strenghts, Weaknesses, Opportunities and Threats (S.W.O.T. Analysis). Strengths and weaknesses refer to the organization itself: they are akin to assets and liabilities. They are current, they exist now. Opportunities and threats exist outside the organization and/or they refer to the future.
- ➔ Forecast: this is done by imagining the organization in a medium-term future and describing its activities and programs, its stakeholders, the finances, its governing bodies and management, according to part different internal and external scenarios.

### **Step 5: Identifying Strategic Priorities**

Based on the previous step, in this pahase the decision is taken about the issues around which to plan.

P.E.S.T. and S.W.O.T. analysis should have helped to identify both main challenges and the most important opportunities and strengths. That exercise should now help to suggest a first list of challenges /issues that may be considered strategic, i.e. that must be faced for the organization to be successful or avoid decline. These issues should be listed by order of importance and similar items should be merged into a single one whenever possible, with the purpose to reduce the issues to a limited number of strategic issues. As a consequence, the response to those issues will constitute an equal number of strategic priorities around which to plan. Strategic priorities and goals must be related to the social impact the organization is aiming at.

Some questions may guide in the selection of *Strategic Priorities*:

- ➔ Is the issue or priority consistent with the organization's mission? If not, then the priority(ies) should be restated.
- ➔ Are the priorities consistent with one another?
- ➔ Are the priorities distinct enough from one another that they can be easily categorized?
- ➔ Is anything missing? Conversely, is there too much?
- ➔ Does everyone understand the what every issue or priority is all about?

## Step 6: Goals and Time Frame

For each identified priority achievable goals should be defined, as well as some progressive milestones (intermediate outcomes), toward that end, with their respective time-frame (with expected completion dates).

One or several indicators to measure the degree of achievement of those goals should also be identified.

Note that the structural elements of Strategic Planning are, in principle, the same of those used in project planning (i.e. Goals, objectives /outcomes, results /outputs, indicators, means /resources, costs, timing), however in strategic planning they relate to wider issues and to an extended time-frame.

Some questions may guide the correct identification of goals:

- ➔ Are there critical starting points and interim steps that should be listed?
- ➔ Are the major steps in the "right" order?
- ➔ Are the completion dates realistic?
- ➔ What are some of the weaknesses and threats that will affect the organization's ability to complete each step? How can they be dealt with?
- ➔ What resources are needed to accomplish each component or step? Are these resources currently available to the organization or must they be acquired?

## Step 7: Elaborating the Plan

Once the relevant information has been collected it needs to be written into a coherent document that reflects the key decisions: The *Strategic Plan*. As a general guide to the table of contents of the document the following is proposed:

- ➔ Background positioning the current strategic process in the history of the organization.
- ➔ Mission and vision
- ➔ Mandates

- ➔ Stakeholders
- ➔ Environmental scan and analysis of the current situation and challenges to face
- ➔ Strategic issues and priorities
  - goals, milestones and outcomes associated with each strategic priority.
- ➔ Means for the implementation of the plan
- ➔ Financial implications
- ➔ Time line for reviewing and updating the plan

## **Step 8: Adopting the Strategic Plan**

After a comprehensive revision, including checking consistency between the strategy and the mission of the organization (if the items in the plan are out of sync with the mission, the plan will need revision), the final draft is presented to the appropriate governing bodies.

In some organizations the plan will be adopted by Board of Trustees (as is the case of Foundations) in other organizations the strategic plan will have to be adopted by the General Assembly (as in the case of Associations and International organizations).

## **Step 9: Strategy Implementation**

Once adopted, the strategy is implemented by means of programmes/projects, budgets and procedures.

Implementation involves the engagement of the organisation's resources and motivation of the staff and members to achieve objectives. The way in which the strategy is defined and implemented can have a significant impact on whether it will be successful (participation)

## **Step 10: Monitoring progress and evaluation – Strategic Reporting**

Once the Plan is being implemented it should be regularly monitored at appropriate levels. This will imply regular reporting to the governing bodies, allowing them to supervise the progress on accomplishing the plan's goals and objectives. Based on reporting, if needed necessary changes can be introduced.

At the end of the period, an in depth evaluation should be planned and a Strategic Report produced. Lessons learned will allow a new cycle to start, maintaining or modifying strategic priorities according to outcomes and new needs that may have arisen in the period.