



Ter Molen Watkins & Brandt, LLC

Practical Approaches To Institutional Planning:

A Handbook for Managing the Strategic Planning Process

Ter Molen Watkins & Brandt is a Chicago-based consulting firm specializing in planning, board development and fund raising for not-for-profit institutions. The firm is committed to the practice of "integrated planning and marketing," which means that the operations of the various functions of an institution derive from centralized long-range plans. Thus the work of each department supports and enhances that of the others. This is as true for the various functions within a single department in determining its own planning as it is for the various departments of the institution as a whole. **Ter Molen Watkins & Brandt** works closely with institutional representatives at appropriate levels, first to help create a strategic plan based upon the unique mission and goals of the institution, then to convert these choices into operating plans with targets and time lines for the respective units. By helping to assure that these efforts are integrated to the optimal degree throughout the institution, it is possible to achieve greater success in all areas of institutional marketing and to take advantage of economies of scale.

Is It Any Wonder That Institutional Leaders Are So Often Averse to Engaging in Yet Another Planning Study?

The value of long range planning continues to be debated within the not-for-profit community. No one rejects the idea of giving careful thought to what must be accomplished in the months and years ahead. Resources, however, are always scarce, and a serious planning effort requires an investment of staff, and often volunteer leadership time. Also, information must be made available and discussed openly, requiring the expenditure of political capital, and absolute control must be relinquished in favor of insights and opinions from others. In order to determine whether the plan is being successfully implemented, careful and regular follow-up monitoring is required. In fact, once completed, many plans are simply distributed and set aside to gather dust, wasting considerable effort and creating a great deal of frustration.

Without a plan, however, the horizon for decision-making is extremely limited. Authority becomes vested in a relative few, each of whom has his or her own idea of what is most important to achieve, and in what period of time. The ability to speak confidently about the future direction of the institution is based upon the capability of the chief executive alone to create a vision, communicate it internally and externally, and to withstand the forces of current crises and opportunities at the expense of the long-term health and success of the institution.

Used correctly, good planning is the most valuable management tool available. Through the planning process each individual with a stake in the institution investigates the purpose, status and needs of the organization. Each person helps determine the best course of action at his or her respective level of involvement. This stimulates them to help achieve success through shared effort and commitment to the plan's implementation. In addition it enables representatives at all levels to articulate the direction and plans of the institution to their respective external audiences. All of this is possible only because the institutional leader is strong enough to allow open participation.

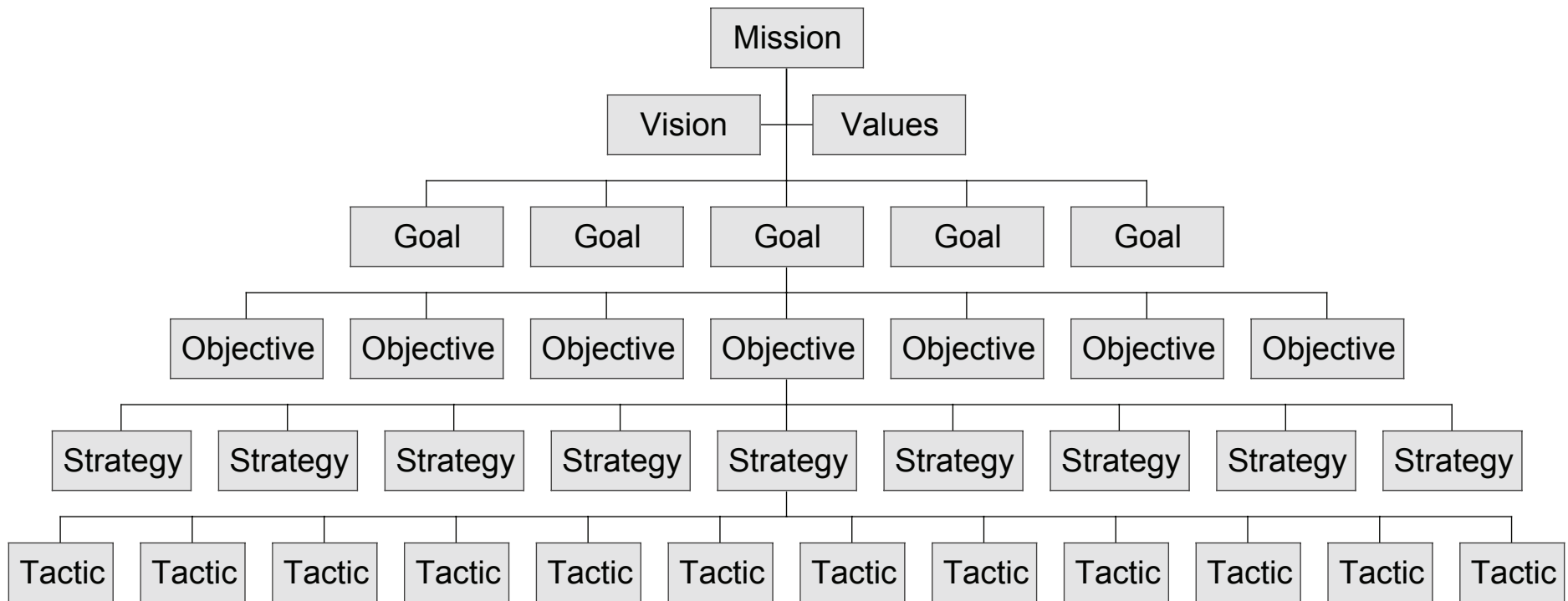
Steps in the Planning Process

Good planning is a process of structured decision-making. It begins with the most basic decisions -- those made by a small number of leaders, which are most general in nature and most far-reaching in impact -- and proceeds to those decisions which must be made by each member of the organization on a daily basis. **Ter Molen Watkins & Brandt** subscribes to this philosophy. Following are the five basic steps in the planning model employed by our firm.

1. **Situation Analysis: A review of the institution's current strengths and weaknesses as perceived by its leaders** - A wealth of useful information is gained from this initial audit which serves as a background setting for the planning study. In addition to an inventory of the views of all institutional leaders, representative views of the major constituencies are gathered, either through interviews with their respective leaders or through focus groups. From this input, a "SWOT" analysis is generated, summarizing the greatest internal strengths and weaknesses, as well as the greatest external opportunities and threats.

2. **Strategic Plan: Deciding what is most important to do** - The value and effectiveness of the model for strategic planning employed by **TW&B** have been proven over and over for the past two decades. It is a system of hierarchical decision-making, beginning with the most general and long range-issues, and moving downward through increasingly specific, short-range issues. In its complete form, all of the constituencies of the institution are involved in developing the plan -- in different ways and at different levels -- so that they all feel ownership of the plan, understand it, and know how their own respective responsibilities fit into helping the institution achieve its mission. As the plan progresses to the more specific, task-oriented levels, it tends to move down in the organization in terms of input and responsibility for completion. (See illustration and following explanation.)

A Model for Strategic Planning



- a. Mission - This is a brief, relatively simple definition of what the institution does and what it strives for -- its core beliefs. It rarely is a statement of uniqueness, but it is exclusive of a great many things, and therefore governs all of the issues, which are determined at subordinate levels. The mission statement, once defined, is rarely changed in a significant way at a single time. Yet the subtlest alterations can have very significant impact farther down the chain. It has a horizon of as much as a century. (Responsibility: Board, CEO, senior administration)
- b. Vision - This is the articulation by the chief executive officer of the institution's mission in "real-time" -- his or her personal vision as to how the institution will be positioned and focused in "the decades to come" and therefore it begins to set out the CEO's priorities for the remainder of his or her term of leadership. In the absence of a chief executive, this vision is the responsibility of the board. (Responsibility: CEO, with input from Board and senior administration)
- c. Values - Every institution is unified by a series of essential value statements, whether they are articulated or not. By explicitly listing these values early in the planning process, the articulation of all subsequent planning elements will share a common orientation to service and professionalism. (Responsibility: Board, CEO, senior administration)
- d. Goals - These are the fundamental areas of attention which determine what sorts of people are required to carry out the work of the institution, where the priorities of responsibility must be centered, and, essentially, what it will take to succeed. There usually are only four to six goals. They are still quite general, and should be seen as having a twenty-five year horizon. (Responsibility: Board, CEO, senior administration)
- e. Objectives - Each goal is supported by a series of three to seven objectives. These are more specific, with a time frame of five to ten years. (Responsibility: CEO, senior administration, staff program directors, volunteer constituency leaders)

- f. Strategies - There are usually five to twelve strategies under each objective. They are focused on a two to five year window. (Responsibility: senior administration, program directors, program staff, constituency leaders)
- g. Tactics - There can be dozens of tactics for every strategy, and they can have a time frame of as much as two years or as little as one day. (Responsibility: program directors, program staff, constituency leaders)

3. Financial Analysis: Budgeting as a Planning Tool - After the strategic planning has been done, and the many wonderful and valid proposals have been developed for converting the vision into reality, comes the first very difficult moment of truth for the organization, and the first real test of leadership required in the planning process.

Managers must be required to affix cost estimates to their strategic plan proposals (as well as estimates of the time required for completion, and cooperation and support from other parts of the institution). The aggregate dollar total usually comes to a figure many times the current annual operating budget of the entire institution. Thus the institutional leaders must undertake the difficult and thankless task of assigning priorities to the planning elements in order to determine which should be undertaken first, and in what sequence other priorities should be funded in the future.

This must be handled efficiently, as expectations among the general constituency have been heightened by the overall process, and it is therefore important to begin converting planning into action as soon as possible in order to capitalize on momentum and retain credibility for the planning process itself. As soon as these decisions have been made, a report can be produced, and the final stage of planning activity can commence.

4. Operating Plan: Converting Strategy to Action - This is the stage at which planning frequently fails. We have all been there: The planning meetings conclude with a major presentation. Each board member and administrator is presented with his or her nicely and officially bound copy of the impressive plan, which is placed in a prominent location in their offices but left unopened; work resumes at its previous

disjointed pace. This is because the planning process stopped short of requiring the preparation of operating plans for the implementation of the strategic plan according to function, and because no function was established for monitoring progress against the plan. A strategic plan cannot be implemented without action, and this requires a coordinated series of activity assignments on a specific time line with specific items of accountability – in other words, an operating plan which is followed and discussed.

a. **Identification of Implementation Responsibilities by Planning Component**

– The first step in converting strategic plans to action plans is to analyze the various components at each level in the strategic plan for implementation responsibility. In most cases at the strategy level and above, more than one functional unit will be assigned to carry out the work involved. It is important to identify all of the units involved in any given component. These separate functional units may need to work independently or in cooperation with each other. The interaction of the functional units helps assure that all activity, and particularly marketing activity, is integrated, so that each activity supports others within the institution. Thus time, effort and budget savings are enhanced, and a single image is presented to external constituencies.

b. **Identification of Implementation Responsibilities by Functional Unit**

Once the above planning components have been completed, it is a relatively easy process to assemble the implementation responsibilities for each functional unit of the institution. The consolidated list must be organized by priority and appropriate sequence, then reviewed against available budget. Based upon this analysis, and in cooperation with management, it is possible to determine what activities will be pursued during the forthcoming year, and which must be put off until a future date.

c. **Organizing the Operating Plan** - Once the assignments have been confirmed, written operating plans must be created. These documents must be prepared in such a way as to define what each professional's – and each volunteer's – responsibilities are, and when they must be

performed. When cooperative effort between units is required, task forces must be established in order to facilitate progress. Operating plans should have a five-year projection, but should be primarily dedicated to the work of the coming twelve months. The Gantt chart -a type of time line named for Henry Gantt, its creator -- is especially useful for this purpose. (See illustration on page 7.) Such a schedule allows for delineation by specific activity and regular achievement targets.

When operating plans have been developed, submitted and approved, the plan can begin its stage of implementation. Note that each party assigned responsibility for elements of the plan should sign off on it and accept their respective roles in its execution.

Recognizing that any plan is to a degree obsolete soon after its adoption, and that numerous initiatives will be tested and rejected throughout the year, the operating plan -- like the strategic plan itself -- must be flexible. At the tactical level, change is constant. At each higher level change is more carefully considered and adjustments are more refined.

Monthly reports on progress are submitted to supervisors, a general report issued periodically to the entire institution, and reports made quarterly by the president and senior administration to the planning committee (or as frequently the executive committee) of the board of directors of the institution.

5. Progress Monitoring - Keeping on track - As the ultimate responsibility for the welfare of the institution falls to the board, so must the board be responsible for oversight of the ongoing progress toward execution of the plan, and therefore implementation of the institution's mission. Usually this charge is among the duties of the board's executive committee. Calling on the chief executive to provide quarterly reports, they review activity to assure the rest of the board that the plan is on track, or that necessary modifications have been made. They look to see that current activity is consistent with long range goals, and operating plans are being utilized as management tools. (See illustration on page 9, adapted from Kotler/ Andreasen and Bryce.)

Each year the executive committee engages the chief executive and the senior management in an overall review of the strategic plan, concentrating on updating targets at the objectives level. This leads to the next round of annual operating plans, and so the process renews itself. Every five years a major review should be conducted, to include the entire board as well as senior management, at a long range planning retreat. This not only provides new insights into planning needs, but also serves to orient newer board members and renew commitment by all participants.

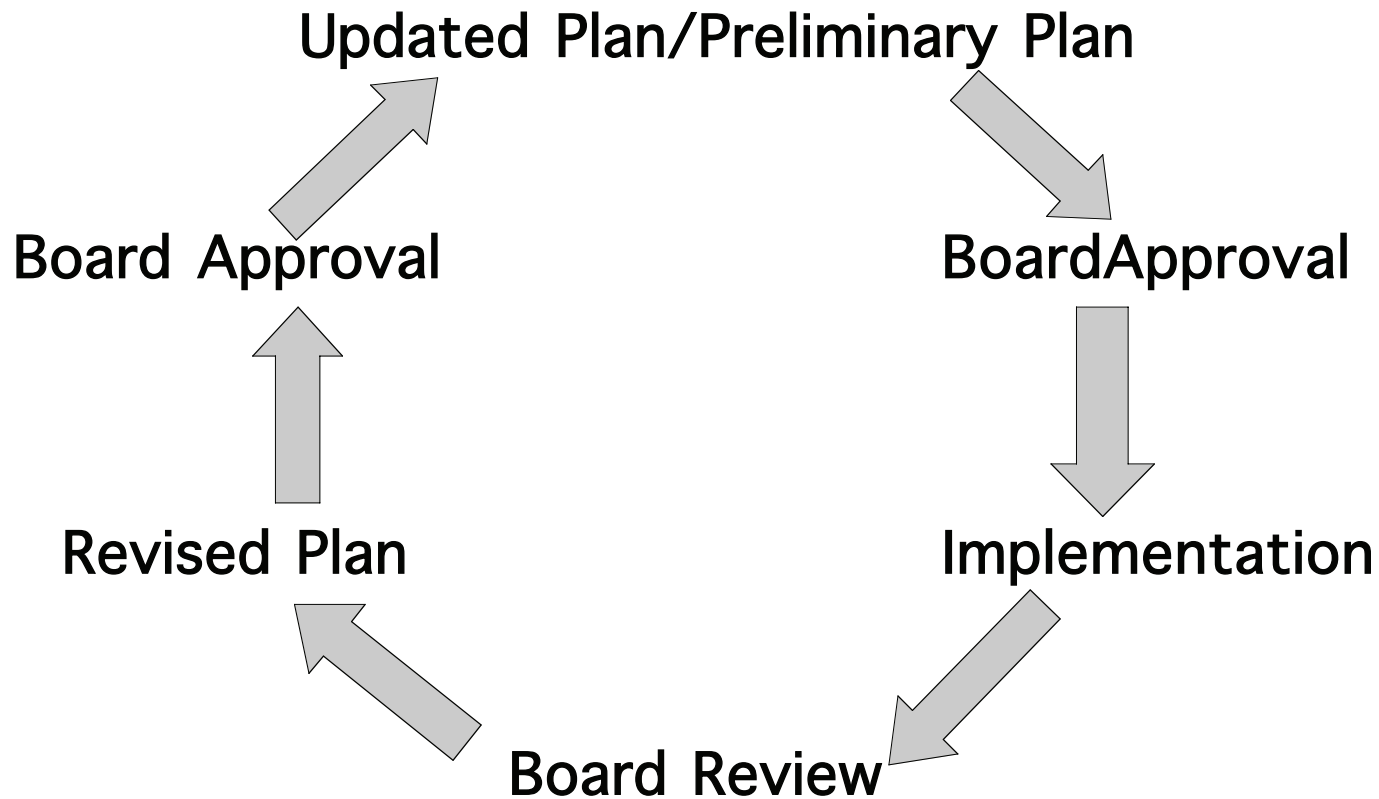
Summary

In order to determine how to operate successfully, whether in fund raising and other areas of institutional marketing, or more generally in a coordinated universal institutional effort, it is first necessary to establish a strategic plan. Basic long-range goals stemming from the very mission of the institution itself, must be agreed upon by the principal leaders. With these accepted, it is possible to determine several shorter term objectives, which are necessary to the ultimate accomplishment of each goal. A truly articulated plan has a series of possible strategies for the attainment of each objective, and tactics in support of the strategies. As each level downward is addressed, broader constituencies, including staff and volunteers at appropriate levels of responsibility, are involved in creating the plan. Optimally all constituencies ultimately are involved in the process. This allows them to

understand how their constituents' interests are represented, and how their own responsibilities support the plan.

Such institution-wide planning makes possible the preparation of an integrated marketing program, in which all parts of the institution support the efforts of each other. To carry this out, however, requires the preparation and implementation of operating plans, which define target activities against a timetable and establish accountability for performance. Only in this way can progress be assured. And only through active board supervision and participation can the planning process remain at the center of the institution's governance and administration, assuring continuing improvement and progress.

The Planning Process Never End



The Role of Ter Molen Watkins & Brandt, LLC

Working closely with the chief executive officer and other institutional leaders, **TW&B** can assist in the planning process by:

- performing a situation analysis in order to establish the institutional context for long range planning
- conducting a general review of existing planning activity and progress -- noting inconsistencies or overlooked needs and opportunities
- serving as facilitator for the master planning process itself - convening work groups and managing decision-making procedures
- preparing the long range plan document with participation of constituent leaders; then preparing basic operating plans for the initial implementation of these priorities
- working with designated areas of responsibility to begin the implementation process; coordinating volunteer and staff activity.

Ter Molen Watkins & Brandt will be pleased to review the status of your institution's long range planning with you -- your strategic planning as well as your operating plans. We recognize that planning must be approached with care in any institutional setting, large or small, and that how the subject is first presented often determines how successfully the process can be carried out. Our objective is to work with you and your colleagues to help assure that success.