Strategic development

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The importance of planning

Imagine performing a simple task, such as chopping onions. What images come to your mind and how will you go about completing this task? This was probably the shortest possible session of planning. Though we may not always realize it, planning facilitates our lives every day. The statistics show that the success of any business depends on whether we plan – let it be for a week, year, or a decade. The Soviet Union created a five-year plan for industrialization and post-soviet Ukraine, Moldova, Georgia and Armenia barely planned for three. The results are known. Germany plotted the course of its industrialization over a span of 30 years. Planning, while often difficult and time consuming at first, is efficient in the long run as it saves twice as much time in the future. Planning is valuable in that it enables you to see the connections between activities and provides you with an opportunity to take advantage of these connections.

Businesses often face tough times when confronted with obstacles or other challenges. However, good planning keeps the business on track and allows it to continue functioning, even in a hostile environment. Quite often, planning can replace (at least for a short period of time) motivation by keeping you focused, even when you are frustrated by the hardships you encounter. Once you have a plan, it is essential that you implement it. A plan is only as good as its execution; unless it is implemented, the plan is useless. That’s why it is vital to make realistic and not just “attractive” plans. If you create appealing but unattainable plans, you waste twice as much time - both at the planning stage and at the implementation (or better yet - failure) stage. It’s vital to think thoroughly and carefully to create a concrete, attainable, and useful plan.

Roots of strategy

In the introduction, we discussed two major components of activity: planning and implementation. But what happens next? There is always an aim or mission of any project to speak of your plan in relation to goals. For better performance and management, organizations separate Vision, Mission, Values and Strategy. Let’s have a closer look at these elements.

The vision is our dream, or our ideal image of something. But what differentiates a vision from a dream is focus on details. The vision is something you can picture in your imagination. Women in Europe for a Common Future (WECF)’s Vision is: “A Just and Healthy Planet for All”. We envision a world in which gender equality has been achieved and all people live in dignity. We strive for a society in which all people share equal responsibility for our environment’s health and sustainability.

The mission statement is the organization’s core purpose. It is an organization’s written statement about its image and its basic principles. Framing a “mission” in terms of strategy and outcome helps
organizations perform better because it gives the organization guidance. The more complex of a task you have, the clearer your mission statement should be. For example, Coca-cola probably would not have achieved success without a clear mission, which is “To create value and make a difference”.

Inwardly, a mission statement is meant to provide direction, leadership, and motivation both for the organization as a whole and the individual members. Outwardly, the mission statement should make it clear to the public what an organization stands for. A mission statement describes the mission and the desired organizational culture. It is part of the normative management and provides a framework for strategies, objectives and operational actions. The mission statement of WECF is: “Bringing women's priorities into policies and actions”. WECF is implementing projects in 50 countries and advocating globally to shape an equitable and sustainable future.

Your values form the organization’s most solid foundation and are extremely important to individuals both inside and outside of the organization. Values need to be consistently reinforced and discussed within your organization.

**Definition of a strategy**

**Strategy** is the path that takes us from where we are now to where we want to be. A useful model is called the ‘hedgehog concept’, initially developed by Jim Collins’ work in the commercial sector. Like a hedgehog that has one very effective strategy when threatened (rolling up in a ball), your strategy should be based on identifying what your organization does better than anyone else, rather than trying to do everything well. Collins identified the following three sets of questions to ask, which can help identify your strategic focus:

1. What are we most deeply passionate about? What is the vision?

2. What are the unique strengths of our organization? What can we do best compared to others? What is our ‘calling’?

3. What drives our resources (human and financial)?

It is important to draw a tighter focus as you ask these questions, working down from a broad vision to looking at what you can do best and what you can find resources for. It requires relentless discipline to turn down opportunities that fail the hedgehog test – opportunities that take you away from the middle of three circles. Be aware that it is very easy to find yourself doing things that are useful, but not what you are called to do.

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**Strategic planning definition**

Strategic planning is the process of making choices and documenting them. An effective strategic plan makes choices based on:

- Knowing who you are
- Knowing what brings change
- Predicting how the environment is likely to change
- Rigorous and honest self-appraisal

**A. Knowing who you are**

Knowing who you are includes identifying your vision, mission and values, i.e. answering the question “Why do we exist?” It is helpful to come up with different answers to the row of similar questions to reflect all aspects of your entity. Identify major drivers for both your NGO as a whole, as well as for all members of the team.

**B. Knowing what brings change**

A good strategic process is based on knowledge of what brings change to beneficiaries or to policy environments. The project system in which we operate encourages us to focus on activities and deadlines, rather than on what actually brings change. You should avoid this mistake. In any strategy process it is helpful to engage with the existing assumptions about what actually brings change and why. It is also helpful to use success stories and experience of other NGOs from your region/country to help guide your organization.

**C. Predicting how the environment is likely to change**

An essential element of strategic planning is predicting the future and thinking through how the future environment will affect the organization’s work. It involves listening for the roaring lions (the threats) as well as identifying potential new opportunities, sometimes using tools like PESTLE (described later in the text). This is clearly not an exact science, but such forward thinking is vital.

**D. Rigorous and honest self-appraisal**

This also includes examining your NGO’s strengths and evaluating your past activities and achievements. To plan well, you should know where you are starting. An honest and open discussion about existing strengths and weaknesses is an important element of strategy. Brutal facts may need confronting. Self-delusion will not help your organization grow.
The essence of good strategic planning is deciding what you are NOT going to do.

A strategic plan should not be a ‘shopping list’ of things we want, but rather used as an opportunity to document choices that the organization wants to make. The strategic plan is a ‘big picture’, directional document that should last three to five years. It should be complemented by an operational plan, which focuses on shorter term goals, most frequently over 12 months detailing who should do what, by when and what the cost will be.

b. Process

The process of strategic planning will be much more fruitful if the strategic planning process is planned itself. Consider the following four elements as a pattern for a strategic planning process. Try to apply these elements to your organization and discuss them with your colleagues before you begin planning.

1. **Important components to consider in the process: situation, identity (personal and organizational values), and desired changes.** The planning process works like a recipe – all ingredients are combined in the same place to mix and cook. This part reflects the “analysis” component of the strategic planning. You gather everything that is known and present it in a simple but consolidated form.

2. **Key stakeholder’s worth listening to.** Strategic planning provides an excellent opportunity to gather the views and wishes of the NGO’s beneficiaries, staff, managers, donors, other NGOs, and stakeholders of the organization. Indeed, acknowledging the views of different stakeholders during the process of strategy development, even if they are not ultimately accommodated, can lend legitimacy to such an exercise. A participatory approach to strategy development can also have significant ‘spin-offs’ such as team building, improved organizational communication, and can even signal a commitment to changing the organizational culture. Participation creates a sense of ownership in the process of strategy development and ownership encourages commitment. Commitment to the strategy makes its achievement more likely.
3. **Common dilemmas to address.** The strategic planning process is all about making choices. After you have thoroughly assessed the current environment, both internal and external, and agreed on the direction you want your NGO to go in, it’s time to make five strategic choices:

- Do we give a little help for many or more intensive support for few?
- Do we treat the symptoms or try to get to the cause?
- Do we provide services or campaign for change?
- Do we focus or do we diversify our services?
- Do we hold virtuously to our beliefs or are we tempted by new resources?

4. **Useful tools for making decisions.** There are a variety of tools to help decision-makers at all levels. Pick the right tool and use it to ease adaptation of choices that define the future of your NGO.

To reach the highest efficiency of the strategic planning process, the following five principles should be considered:

1. **Ensure leadership driving.** Somebody must facilitate the process of strategic planning, often best facilitated by a leader of the organization. Authentic strategic change may require leaders to change their views, their priorities and even themselves.

2. **Get staff ownership.** It’s vital to involve all members of an organization in the planning process. Ultimately, it’s the staff who will be implementing the new strategy. They should understand the strategy and share its values. At the same time, it does not mean that all employees must go through all stages of the strategic planning process. But they should feel involved.

3. **Listen and learn.** Use your experience and the experience of others – collect opinions of beneficiaries, staff, other NGOs, etc. The process of organizational learning and evaluation is described later in the text.

4. **Make hard choices now, so things will be easier later.** Making the tough decisions during this process is difficult, but it will save you trouble in the future. Making “big choices” (i.e. setting priorities) will also save you from many smaller choices in the future and will help you to react swiftly in tough situations.

5. **Keep it as simple as possible.** Strategic planning is meant to bring clarity, not confusion. That’s why it’s crucial to focus on the purpose of the strategic planning and not just on the process itself. A small NGO composed of five people can sit down together and go through all steps of planning. However, for a larger organization, one general meeting or conference will not be enough to complete your strategic planning.

c. **Tools**

A variety of tools exist to help with strategic planning. At the initial stages - gathering and analyzing information – the organization may want to consider using tools such as:

- Stakeholder analysis
- SWOT
- PESTLE

To help priorities and decide on strategic direction, these other tools may be useful:

- Two simple questions
- Portfolio analysis
- Prioritisation exercise

**Stakeholder analysis**

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2 Hudson, M, Managing Without Profit, 1995:147
There are many variants on the simple stakeholder analysis. In its most basic form, it involves identifying all groups who have a stake or an interest in your work. These can be drawn as circles of different sizes (illustrating power to influence the NGO) and placed closer or further away from the NGO (illustrating the extent of or frequency of contact). A stakeholder analysis can be useful in deciding who should be involved in the strategy development process.

**SWOT analysis**
The single, most familiar tool for developing strategy is the SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis. The purpose of the SWOT analysis is to assess the organization and its external environment and identify the forces that are likely to help and hinder its ability to achieve its mission. In conducting a SWOT analysis, the NGO needs to consider all aspects of its internal functioning: the organization’s ‘programm’ (what it does) and its ‘process’ (how it goes about doing it).

**PESTLE**
In seeking to gather and interpret information about changes in the broader environment, PESTLE is a commonly used tool. It highlights the importance of identifying trends and anticipating changes in a variety of environments:
- Political
- Economic
- Social
- Technological
- Legal
- Environmental

A clear understanding of the environment can influence an organization’s vision as well as whether it’s feasible and how to alter their strategy. It can help an organization (re)position itself in a dynamic context.

**Two simple questions**
Much of strategic planning can be narrowed down to two simple questions:
1. Who do you exist to serve?
2. If they knew what you could offer, what would they ask you to do (so that their lives would be changed in the long term)? ‘Help us…’

Answering these two questions by listening to stakeholders and prioritizing their feedback will ensure effective strategizing.

**Portfolio analysis**
Some NGOs have used Portfolio Analysis Matrix to analyze and classify their different programs into four broad categories;
1. **Stars**
   Strong projects or activities with real potential for growth: dynamic, popular and creative. Stars may become ‘foundation stones’ or become short-lived ‘shooting stars’.
2. **Question marks**
   New or innovative projects but not yet proven. They might become stars and move into Square 1. Alternatively, they may fail and move into Square; they need to be monitored closely.
3. **Foundation stones**
   Reliable, safe projects or activities that provide the NGO with a degree of financial security and/or credibility; they provide a solid base. They may start by being popular with funders but may become less attractive later as they are not seen as innovative.
4. **Dead ducks**
Take up management and financial resources and provide little or no added value for the effort required. Organizations often have difficulties dealing with such activities because they may be closely tied to the organization’s earlier history.

Implementing a strategy and learning

Once you have a plan, you are ready to implement it. Let’s see what comes next. One of the best existing models for quality management is called PDC(S)A, also known as the Deming Cycle because it was made popular by Dr. W. Edwards Deming. PDC(S)A means Plan-Do-Check(study)-Act. Thorough completion of all four stages ensures quality of the final product or, in our case, activity. But what is more important is a frequency of these stages, known as the cycle:


PLAN

   Establish the objectives and processes necessary to deliver results in accordance with the expected output (the target or goals).

DO

   Implement the plan, execute the process, make the product. Collect data for charting and analysis in the following "CHECK" and "ACT" steps.

CHECK

   Study the actual results (measured and collected in "DO" above) and compare against the expected results (targets or goals established in the "PLAN") to ascertain any differences. Look for deviation in implementation from the plan and also look for the appropriateness and completeness of the plan to enable the execution, i.e. "Do".

ACT

   If the CHECK shows that the PLAN that was implemented in DO is an improvement to the prior standard (baseline), then that becomes the new standard (baseline) for how the organization should ACT going forward (new standards are enACTed). If the CHECK shows that the PLAN that was
implemented in DO is not an improvement, then the existing standard (baseline) will remain in place. In either case, if the CHECK showed something different than expected (whether better or worse), then there is more learning to be done... and that will suggest potential future PDCA cycles.

The other way to look at the planning circle is the 4MAT - a learning model developed by Dr. Bernice McCarthy in 1979.

While this model is generally applied to personal learning, it can describe organizational learning as well. It is very important to distinguish that 4MAT should only be applied to something directly related to you. Your reflection of the recently adopted legislation should not be considered part of the cycle because it has nothing to do with learning. But if you start planning (conceptualizing) any action in response to the enacted laws, then you start the cycle. Let’s have closer look at all parts and use abovementioned example of action:

1. Acting means **direct implementation** of what was planned before. It can also be a reaction to an unexpected event. Example: You planned and carried out a demonstration to show your opposition to the law.
2. Experiencing is what **you feel** or discover in the acting phase. The processes of acting and experiencing can happen simultaneously. Example: citizens expressed support to your demonstration.
3. Reflecting is when **you analyze** obtained experience and derive new knowledge from it. Example: you understand that citizens also feel opposition to the law and are ready to support your cause.
4. Conceptualizing is when you apply conclusions from the reflecting stage to improve what you do. Example: you plan new actions, which involve signing a petition by citizens.

In most cases, the 4MAT cycle is started at the Acting or Conceptualizing (planning) stage. Once started, it can be repeated many times and helps the organization evolve. You err, analyze mistakes, fix them and make new mistakes - it’s a natural process. Very seldom can you act without making any mistakes, and it’s wise to treat mistakes not as faults but as experiences and opportunities for growth.

In summary, the very beginning of any planning and strategizing processes lies the answer to the question “Why?” The conscious answer to this question is vital for the future success of any organization or project.

Homework: Take the latest activity done by your NGO and try to partition it according to the stages of PDC(S)A and 4MAT. Describe what your activity looks like at each of the four stages of these models.

1. What are the key steps to develop a strategic plan?
2. Develop a Vision/Mission/Strategy
3. Develop a template for a strategic plan
4. Introduction to Project Cycle Management and Result-Based Management (RBM)
   • Project Cycle management: How to plan and design a project
     o Needs assessment
     o Planning and programming
     o Monitoring and evaluation
   • RBM and the result chain: whether the project is on track and what it has achieved

The training for this module includes short lectures, many exercises, group work on case studies and facilitated discussions.

We believe that in most CSOs the cycle starts somewhere between Experiencing and Reflecting because all CSOs try to solve some issue in society, which means that they experience and/or reflect on this issue. And only after do they start to plan how to solve it.

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