

STRATEGIC PLANNING

*By Management Consultants for the Arts
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“The best way to predict the future is to plan for it”—Peter Drucker

When it comes to successfully predicting the future, some might question the value of actually trying to do so. And, it's true: the future can be forecast with neither surety nor precision. Yet those who make little or no attempt to chart their future will find themselves in the unenviable position of merely reacting to the ongoing, often fast-paced, and sometimes brutal changes in the competitive environment.

In that regard the famous management guru quoted above is giving sage advice. After all, if you do not know where you are heading, how can you plan to get there? And if you do not do some careful reflection upon the changing environment in which you operate, how can you design the best heading? A difficult environment may discourage some from engaging in strategic planning – after all, why plan when so much can change so quickly? Yet it is precisely during turbulent times that a clear, firmly grounded sense of direction is most valuable.

Strategic planning is a particularly important issue for the nation's cultural community. It's also a familiar one. The very nature of many cultural organizations' work requires that major artistic and programmatic decisions are often made two or three years in advance, and donors and government agencies frequently require long-range or strategic plans as a condition of funding. Like other not-for-profits, motivation of volunteers and professionals is driven by a shared and passionate belief in a cause. A good plan lays out a path toward a desired future and can fuel that necessary motivation. Nearly every cultural organization we work with has something they believe qualifies as a strategic or long range plan. Some of these documents are cursory. Some are wish lists. What we encounter most often, however, are plans that have little real life within the organization. Even plans that are thorough

and realistic can sit, ignored, on a shelf or in a filing cabinet. How to breathe life into both the planning process and the plan's implementation is the focus of our work.

In this paper, we share our observations on planning – its value to cultural organizations and, in particular, how to design a process that will produce a plan that is dynamic, strategic, and actually put to use. Our views have been shaped by our work with scores of cultural organizations, large and small, from across the nation. Some of the things we've learned from these interactions are, as one might expect, idiosyncratic to the organization and its culture. But we think we've also learned which truths are constant. We'd like to share these with you.

We won't outline a rigid checklist on how to develop a plan. What is most important to us is the recognition that successful plans are those that gain ownership by the key leaders within the organization and resonate with the full board and staff – and that this collective ownership coalesces only when the ideas are generated and developed by the people themselves.

The Impulse to Plan

What initiates the planning process varies. The impetus might be a change in leadership, a financial problem or, as we've noted, the requirements of third parties. Many plans are conceived in times of internal crisis and, while planning can certainly assist an organization in crisis, a number of our clients have learned that there is particular value in planning from a position of strength. That's because they have the resources available to dream more boldly and to implement their plans.

Planning can also respond to unexpected changes or instability in an organization's external environment, providing the opportunity for thoughtful and considered insight into the situation and the potential impact on current and future operations - while developing appropriate tactics and strategies to help mitigate that impact. Planning in perilous times can help focus the organization, unite its constituents and attain stability and safety.

On Planners

While some organizations turn to consultants to conduct an analysis and then develop a plan for them, we do not believe effective plans can be written by any individual laboring in isolation. That applies to trustees and staff, and it certainly applies to people from outside the organization. We believe that consultants best serve their clients when they help the organization's leadership map out how the plan will be developed, facilitate the planning process, ensure everyone involved stays on track, and assist them in reaching a successful conclusion. Consultants may share insights and offer suggestions from their experience – frankly, that's the added value they ought to bring, particularly in looking for the powerful linkages that can be created by integrating the various aspects of a plan.

Consultants may be asked to synthesize and edit all of the inputs into a final report. Yet the actual content of the plan itself must be developed primarily by the people who make up the organization and have an ongoing interest in its success. Planning should be the responsibility of a task force or a committee established by the board and senior staff comprising trustees, professional staff, key stakeholders, and others; the composition should reflect the organization's purpose and culture. You want a variety of voices to be heard during the planning process; even if that means those voices will be in conflict at times.

The committee may be headed by a trustee or a past or incoming president. Whoever is selected, the chair should be someone who is sympathetic to, and respectful of, the planning process, and who will nurture a collaborative spirit among the committee's members and all other participants. In fact, the key ingredients for all committee members are insight, empathy, imagination, and courage. Disagreements are inevitable, so expect them. In fact, welcome divergent views. As long as the committee doesn't deteriorate into a speech and debate club, such views can be extremely valuable.

Constructive dialogue sifts ideas and sharpens them. It also strengthens relationships. This was an important byproduct of a Midwest cultural center's planning process. The center had been contracting at a steady rate. Income was being drawn from a trust fund, but it was not keeping pace with costs, and there was no plan to expand the trust.

We were engaged to help develop a plan to reverse this trend. It was with the explicit understanding that the planning process could examine all aspects of the center with one exception: governance. That need not be discussed, we were informed, because oversight of the center sat squarely (and solely) with a municipal agency.

As we learned more about the center through interviews and meetings, however, it became clear that many groups felt they had a role to play in determining the center's future. There was a not-for-profit organization created to raise money for the center, a major foundation that provided funding, two arts organizations using space at the center, and the staffs of at least four other institutions. All were or wanted to be involved to one degree or another. All believed they had the best interests of the community and the cultural center in mind. But they had different ideas of what the center should be and how it should be operated. The challenge became figuring out how to get the various players to be open to the points of view of others so that the best ideas could surface.

Collaboration among these groups, as well as the involvement of the community, was encouraged. The parties met with each other repeatedly to wrestle with the tough issues: How do you find money to keep the center running? How do you respond to the community's perception that the center is a place they don't want to visit? How should the center be managed and by whom?

The planning process had begun with the goal of helping solve a fiscal problem. The resulting plan addressed that. But as a direct result of the collaborative process, the organization touched on larger issues that were just as important. The parties realized that their fiscal decline was a symptom of a systemic problem. People thought the center was under the control of a small and insulated body. No one was going to contribute money to an entity perceived as having a distant relationship with the community. Much of that perception stemmed from a very real lack of trust among the parties. At some point during the planning process, that evaporated and the governance issue was allowed back in the room.

In the end, among the solutions proposed and implemented was the creation of a new entity charged with operating the center and sharing responsibility for its governance. Today, it includes representation from all the appropriate groups. As this case demonstrates, you sometimes have to work hard to get the best ideas out and not be afraid of talking through delicate subjects. The collaborative approach is time consuming. It requires personal commitment by the participants and a willingness to openly and candidly discuss ideas and issues. The entire exercise may take six to nine months, or perhaps even a little more, because reflective time is critical for making significant decisions.

There is another benefit of collaboration. It has a galvanizing influence and engenders buy-in. If a wide variety of people invest in the plan's development, chances are better that it won't be abandoned on a shelf. Of course, if you involve many people, time must be given for all input to be weighed and thoughtfully considered.

We believe in a concentric circles model in which the planning committee is at the center and interacts with professional staff, full board, key stakeholders, community leaders, audiences, and donors - each a circle of influence and importance. This integration of thought can be in the form of interviews, focus groups, surveys, retreats, or just basic meetings.

With all this said, we have all experienced the dark side of collaboration: bureaucracy. Too many people involved. Too many meetings. Too many compromises made along the road to consensus. Too much time. Call it paralysis by analysis. This is where consultants are most valuable. They can lay out milestones, identify who will do what and in what time frame. The committee members will still do the bulk of the work. The consultant's job is to facilitate and stage manage that work over a sustainable period and ensure that it goes somewhere. If the process is managed with discipline and focus is maintained, the quality of decisions that are made will benefit from having more, not fewer, voices heard.

ELEMENTS OF THE PLAN

Each organization's approach to planning will vary. It is critically important to design a planning process that matches the temperament of the organization. Who will be involved? What are the issues? What will the lines of accountability be as the planning exercise proceeds? These and other design issues can often determine the ultimate quality of the plan itself.

We promised we wouldn't offer a foolproof set of steps on how to develop a plan. But, generally speaking, the planning process flows through six major phases:

Phase I: Mission and Core Values

We believe the planning exercise should proceed from mission – the organization's reason for being, as well as from its core values, the fundamental beliefs that guide the enterprise. The plan can and should express the organization's aspirations. But these must be created in the context of how the organization can, over time, breathe life into its mission, fulfill and manifest the mission in its work, and articulate and live within its core values. Remaining true to mission and values will prevent a plan from being little more than a wish list driven solely by financial objectives. Often, when key constituents share a delight in and commitment to the existing mission and core values, this phase of the planning process is short. Even so, they are worth reaffirming, if only briefly. However, all too often, the organization has a mission, but has not yet embraced a set of core values – powerful tools for guiding the development of the plan and the culture of the organization that need to be developed if they do not yet exist.

Phase II: Situational Analysis

It is critical to conduct an organizational analysis at the outset of a planning process. Sometimes called a situational analysis, needs assessment, management audit, or "SWOT" (strengths/weaknesses/opportunities/threats), this type of analysis is like a medical checkup or a snapshot. It captures the

state of your organization at a particular moment in time and provides a rigorous assessment of how well the organization is serving its stated mission; how it is faring relative to competitors; what changes in the environment may present new opportunities or challenges for the organization; and so on.

After all, if you cannot define your present condition, how can you plan a path toward the future? While there is value in the organization conducting its own analysis, many trustees and staff have told us that an outsider's analysis provides an objective springboard to the planning process. The resulting report also has the virtue of giving all parties a common baseline of information from which to work.

Phase III : Vision

Visioning is often the most galvanizing moment of the planning process. A compelling vision is the strongest factor in propelling the rigorous effort required for strategy development and organizational alignment that follow. And this makes sense: how can you plan for something if you cannot define what "something" means?

In effect, vision is a motivational statement of what your organization should look like, what it should be doing, and for whom, many years hence. Often, the timeline is 10 years or more. Sometimes it is tied to the opening of a new facility, or the launching of a major new initiative. Whatever the timeline, it should extend far into the future; it should be bold; it should clearly allow for consistency with mission and adherence to core values; and it should inspire. Together, mission, core values and vision constitute the emotional logic of the organization.

There are many ways our clients have generated these vision statements. In certain cultures, they are collectively developed. In others, a single leader presents an idea and then there is a collective review. Sometimes, the leader is so in tune with others within the organization that when she or he presents it there is simply rousing applause. We were particularly struck by the impact and power of a strong vision statement created by the head of a leading music conservatory. When the students on the planning task force read it, they said "We only wish we could leave now and come back as students when this is all realized; what a wonderful place it will be."

Phase IV: Strategy Development

At its most elemental, good strategies connect the present to the desired future. Utilizing concepts in this essay, this means they must present a way to move the organization from its present state as described in the situational analysis (Phase II) toward the desired future state as described in the vision statement (Phase III), while always staying true to the mission and core values (Phase I).

What do you emphasize going forward? What can you truly do well? What might have mattered in the past but cannot be done well by the organization in the future? Your strategic choices will answer these questions. And you must make choices. Good strategies provide the organization with competitive advantage, focus and scope and must be financially sound. They articulate the program, the operations needed to support it, and the finances needed to realize it. Together, they constitute the economic logic of the organization.

That is, they will use your competitive strengths relative to other organizations seeking similar resources or audiences, as well as overcome or diminish the impact of your weaknesses. They will differentiate your organization from others. They will focus on specific choices of program, rather than

just a long wish list. They will define the scope of your ambitions and the operating environment: Are you the best at something within your field? Within your city? Are you trying to draw an international audience?

Finally, the chosen strategies will be developed so that they are economically sustainable. This last criterion is what distinguishes good strategies from beautifully stated intentions.

Phase V: Alignment

By this phase, you have embraced the mission that you affirmed as your touchstone; you know what values you hold most dear; you understand your present condition and the environment in which you operate; you have a powerful vision for the future; and you know how you intend to move from the present to the future through your chosen strategies.

However, unless every aspect of your organization is aligned to serve these strategies, you will not have the full power of the institution or its people and resources working in tandem. Without this, you are likely to fail. The alignment phase is critical to any hope for successful implementation. Have you planned to configure the staff in a way that parallels changes in your strategic approach? Will the board evolve in a manner that serves and supports the plan? Will your facilities meet future needs? Will you represent the institution in a consistent and coordinated way in your marketing and fundraising messages? Do financial allocations match the priorities of the plan?

In our experience, it is this alignment phase that too often bogs down an organization. It is indeed tough work, but rigor and patience shown during this phase will make for a much stronger plan.

Phase VI: Benchmarking to Measure Progress

An individual or a committee should be responsible for monitoring and evaluating progress on the plan's overall execution. When working with a national arts service organization, we were impressed by the clarity with which they created evaluative tools. First, a planning and evaluation committee was created, composed of two members of the board, two members-at-large, and two staff members. In addition to evaluating the organization's progress and reviewing annual operating plans, the committee was charged with identifying unresolved issues to be addressed in later years of the plan and to recommend adjustments as changes occurred.

Progress against some of your strategies is relatively easy to quantify, but don't overlook the importance of qualitative measurements – the quality of work on stage or on the walls, articles, readership, impact, and so forth. How else will you know if you are getting where you wish to be? How else will you know if you should stay on course or make adjustments?

ENSURING THE PLAN IS USED

Benchmarking is one process that helps maintain the plan's vitality and usage, but there are others. That's a good thing because often, even a wonderful plan on paper somehow does not get implemented. How can you ensure that after months of hard work, debate, deliberation, and reflection, your plan will be put to use? The approach we've advocated in this essay - with its heavy emphasis on collaboration and dialogue - actually encourages people to implement the plan. It is human nature that if we invest a lot of our time, energy and passion into something, we won't want to see that effort squandered. If ten to fifteen participants put the plan together, chances are reasonably

good that many of them will remain involved to see to it that the plan is utilized. That doesn't happen when one person authors a plan and foists it on others.

But, implementation must not be left to chance. One risk of working as a large team is that no one assumes responsibility for seeing the work through; everyone assumes someone else is responsible for its execution. To avoid this, some organizations include within their plans a timetable along with task assignments of who is to do what and when. Others assign more fluidly general accountabilities for certain initiatives or functional areas in the plan. A planning committee made up of staff and board could be maintained, or responsibility for plan implementation could be assigned to the executive committee, including the key staff leaders, or to a board vice president in collaboration with the staff professionals, particularly if he or she is likely to be the next president. The greater the amount of shared accountability, the more likely it is that the plan will drive action.

Organizations should establish a program of ongoing evaluation and monitoring of the plan. For example, some ask staff and board to write an annual "state of the organization" report, including suggested modifications to the plan. If the rigor and clarity of the initial planning effort was strong enough to build on, and if the environment hasn't changed too drastically, some organizations are able to move forward by annually extending the plan by another year. At some point, though, we've found that a full organizational analysis, conducted on a regular basis, is one of the most effective methods of determining whether an entirely new plan needs to be created or whether revising parts of the existing plan is sufficient. It also reignites the collaborative process, reunites the parties and introduces new participants into the process.

CONCLUSION

The environment for cultural organizations is subject to constant change. Assumptions you relied on to develop last year's plan may no longer be valid. Objectives you thought you'd achieve by year four were met by year two or by year five. The organization needs to be flexible enough to adapt to new circumstances without losing sight of its long-term goals.

As we've emphasized, plans that are valued truly drive meaningful decisions that bear the imprint of a variety of people – people who care about the organization and who touch it in different ways. Collaboration takes time, but it pays off, often in unexpected ways. That's why we have placed as much emphasis on the process by which a plan is developed as on the plan itself. As you consider possible adjustments or modifications to the plan, be respectful of the thought and care that went into its development. Certain elements of the plan will undoubtedly change as circumstances change. But you will want to think hard before making drastic changes to the organization's overall mission and vision.

In navigational circles, it's called "tacking." When faced with contrary winds, sailors maneuver their ship to turn from right to left to right again, back and forth. They may appear to change direction frequently, even arbitrarily. But they are in a constant state of forward movement. They are making steady progress toward their destination. The same can be said of effective cultural organizations. They also "tack," adapting to and dealing with change. They navigate as best they can by using a map – their strategic plans. Yet they stay true to their missions, never losing sight of who they are, why they exist, and where they are headed.