

Chapter 3: Strategic planning

3.1 OUTLINE OF CHAPTER

A strategic plan is an important tool to guide the work of any organisation. It will help maintain a focused, long term vision of the organisation's mission and purpose, and aid decisions about the allocation of human and financial resources. The chapter opens with some guidance on how to ensure that a strategic plan is developed on the basis of a shared vision of the future.

The chapter briefly defines strategic planning and outlines some benefits that can be gained from the process and its product: the **strategic plan**. It goes on to provide in-depth guidance on the steps involved (as outlined in the box below).

TEN STEPS TO STRATEGIC PLANNING

- STEP 1. Prepare to plan.**
- STEP 2. Clarify mandate and scope of work.**
- STEP 3. Analyse the external environment.**
- STEP 4. Analyse the internal environment.**
- STEP 5. Identify the strategic issues.**
- STEP 6. Define the strategic aims.**
- STEP 7. Define strategies to address each strategic aim.**
- STEP 8. Identify the resources required to achieve the strategic aims.**
- STEP 9. Draw up an internal capacity building plan.**
- STEP 10. Cost the plan.**

Once the strategic plan has been written, it is advisable for the organisation to develop an **annual team work plan** and accompanying annual budget. Some guidance is provided at the end of this chapter about how to draw up an annual team work plan from which **individual performance objectives** or **individual work plans** can be developed. Chapter 4 (Managing finances) provides guidance on how to develop an annual budget for the organisation.

The diagram below shows how these different components relate to each other with the strategic plan as their core.



3.2 ORGANISATIONAL VISION

To ensure that everyone is working towards the same ideals for the future it is important to spend some time reflecting on and defining the organisation's vision. No two organisations will have the same vision: this is special and distinctive. It is useful to step back and re-examine the organisation's vision at any stage in the strategic planning process. The results of these reflections need not be documented formally, although some points raised will feed usefully into the strategic planning process.

The main purpose of a **visioning exercise** is to:

- Provide inspiration and allow participants to share creative ideas.
- Help participants to see what they are working towards.
- Encourage team building through debate on areas of agreement and disagreement to reach consensus.
- Encourage organisational and programme focus through discussion about what the organisation will or will not do, and how people will work together towards shared goals.

The box below gives some key questions to consider when defining the vision of an organisation.

QUESTIONS TO CONSIDER

- What is our vision of what our society or country might look like in five or 10 years' time?
- What type of organisation would be best placed to help realise this vision?
- What values and principles will the organisation need to develop and uphold if our vision of society is to become a reality?

It is important to involve some of the organisation's **key stakeholders**, target group or groups, beneficiaries and service users in the process of defining its vision. This can be done either through a separate process of consultation or by involving them in some aspects of the strategic planning process. Some of the following exercises may be helpful.

VISIONING EXERCISE: HOPES AND DREAMS

This exercise will allow participants to share their own personal perceptions of the future.

- In pairs brainstorm a vision for the future for:
 - yourself
 - the organisation
 - yourself in the organisation
 - the country.
- Repeat in groups of four.
- Bring back key ideas, orally or on flipcharts, to discuss with all the participants.

VISIONING EXERCISE: VISION BRAINSTORM

This exercise allows ideas for the future to be grouped under different themes.

- Make a wall chart with five columns headed personal, social, economic, political, and other.
- Each member brainstorms to the participants his or her ideal for the country and for the programme under each column.
- Once each participant has had a turn, look at each idea and tick those that are agreed by the whole group.
- Where there is no agreement, allow individuals with different views some time to argue their case and then discuss these as a group.
- Modify the list so that it represents all the ideas on which there is consensus. Mark those on which there is continuing disagreement or debate.

VISIONING EXERCISE: PERSONAL DIARIES

This exercise will encourage members of the team to think creatively about their ideal for the country and the organisation's programme.

- Each person writes a piece in diary form describing his or her ideal scenarios under the heading: 'A day in my life with the organisation five years from now'.
- Share these ideas in groups of three or four, and draw out areas of agreement and disagreement for discussion.
- Each small group writes on a flipchart the shared elements of the vision.
- All participants discuss the charts and pick out the ideals that everyone agrees with. These can then be written up on one flipchart representing the consensus of the participants.

3.3 STRATEGIC PLANNING

What is strategic planning?

Strategic planning is a disciplined process for making key decisions and agreeing on actions that will shape and guide what an organisation is, what it does, and why it does it.

Planning is an important aspect of strategic thinking and management. By working on a strategic plan together a team can:

- Think creatively about the focus and direction of the organisation's work.
- Strengthen team approaches by defining together a clear focus and direction.
- Develop plans collaboratively with partner organisations, beneficiaries and other organisations.
- Provide a framework against which to monitor progress, learn from experience and make the changes necessary to improve effectiveness and impact.
- Enable decisions to be made about the best use of the human and financial resources available.

Strategic planning can be done in different ways, and many books and manuals have been written describing various approaches. An NGO that has been operating for a number of years and can determine its own priorities from a relatively secure income base is best placed to develop a full three-year strategic plan to guide its work. Smaller, newer, less financially secure organisations may find that a more detailed **annual team work plan** is more realistic.

What is the purpose of a written plan?

A written plan will:

- Ensure that the analysis and proposals are accessible to the team and others with whom the organisation works.
- Serve as a basis from which to develop an annual team work plan and annual budget and against which to measure progress.
- Form the basis for decisions on allocation of resources (financial and human).
- Help continuity by providing new staff with a reference point and all staff with a reminder when looking at successes and challenges.

What is the life span of a strategic plan and how often should it be updated?

It is advisable to plan for at least three years, while accepting that it will be much easier for more established and better funded organisations to adopt a forward thinking approach.

It is usual for a strategic plan to be revisited annually as part of the programme review process. (An annual report might also be written at the same time.) The plan can be amended and modified to reflect developments that have taken place over the year. However, the more detailed annual team work plan will be more specific and will therefore probably require quite substantial modification at the end of each year.

3.4 STRATEGIC PLAN: STRUCTURE

A written strategic plan might include the headings in the box below.

STRUCTURE OF STRATEGIC PLAN

- Executive summary
- Vision statement
- Mandate and scope of work
- Summary analysis of external and internal environment
- Main strategic issues
- Four or five agreed strategic aims with accompanying strategies
- Assessment of human resource (staff) needs
- Budget projection

There are 10 steps to developing a strategic plan. It is important to document the outcomes and discussions of each step carefully to provide a basis for the written strategic plan. Notes of the discussion will also be useful for developing the annual team work plan and annual budget.

STEP 1: PREPARING TO PLAN

Consider the questions in the box below.

QUESTIONS TO ASK

- Who will be involved in the process (which staff, stakeholders, beneficiaries)? What will their precise roles be? What roles will different members of the team and the governing body play? How will counterparts, partner organisations and beneficiaries contribute? Who will be involved from outside the organisation? What kind of external perspectives and experiences will help in planning?
- How much time will be set aside for strategic planning? And over what period of time? How much time will different members of the team allocate to strategic planning? What is the timetable?
- Planning will be quicker and easier if relevant documents are collected in advance. Who will be responsible for collecting the relevant documents?
- Who will be responsible for ensuring that written notes of the discussions are kept? Who will be responsible for providing administrative support for the planning process?

Some useful prompts to aid preparations for strategic planning are listed below. These can also serve as a checklist.

CHECKLIST: PREPARATIONS

Involvement

- Who?
- How?
- When?

Participation

- What level?
- How much influence?

Advice

- Role of external experts?
- Overall or part-time facilitator?

Time

- Who will devote how much?

Documentation

- Who will collect documents?
- Who will take notes?

Administrative arrangements

- Who?

The time an organisation invests in preparing to plan can yield huge dividends in the quality of the final product, so preparation deserves dedicated time and careful thought. Below are some tips for successful strategic planning.

TIPS FOR SUCCESS

- Make a list of who might be involved in the process (governing body, staff, partners, beneficiaries, other agencies, government, etc).
- Consider what particular skills and experience each person can bring to the process.
- Use the expertise of members of the governing body to full advantage: their capacity for strategic thinking is one reason for selecting them.
- Allocate precise tasks to individuals in a work plan and timetable.
- Consider holding a workshop at the start of the process to present proposals for developing a strategic plan, and another at the end of the process to share a draft plan.
- Be clear about how much involvement is being offered to beneficiaries and counterparts in the process.
- Agree on what external inputs you might need for different parts of the process and invite the relevant people.
- Decide whether or not to use one person (internal or external) as a facilitator for the process. Think carefully about what kind of person is needed and draw up a detailed brief to guide him or her.
- Assign responsibility for documenting the process, writing up the strategic plan and providing administrative support.

STEP 2: CLARIFYING MANDATE AND SCOPE OF WORK

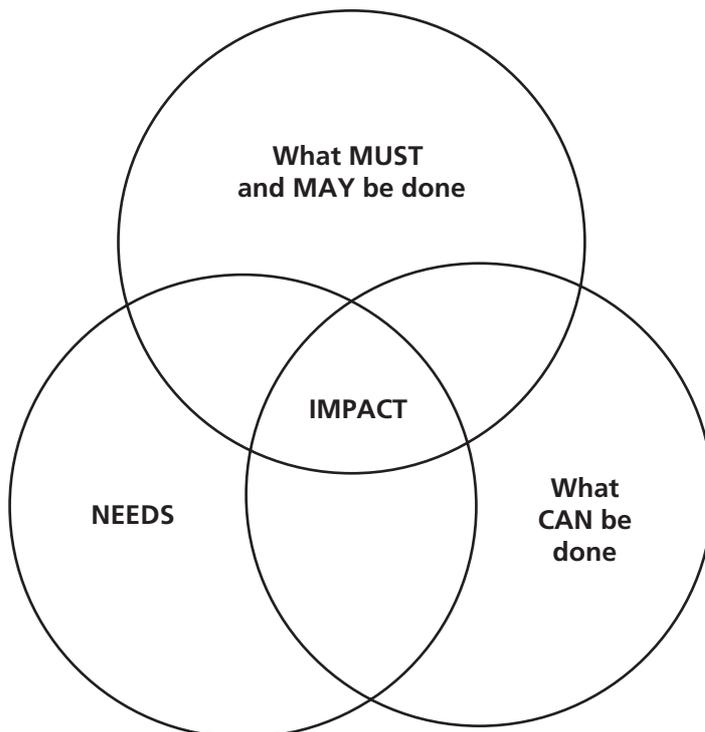
This step builds **consensus** around some of the questions listed below.

SOME QUESTIONS TO CONSIDER

- For what purpose was the organisation established and what policies and principles influence the way it operates?
- What external legislation and agreements (eg with funding agencies, the government) affect its operations and how?
- What internal rules and regulations influence the organisation's work?
- What influence do stakeholders have on the service or programme?
- Given all this, what is it possible and not possible for the organisation to do?

The process might start with a discussion about:

- What **MUST** the organisation do (that is, what is its mandate as determined by relevant legislation, policy etc)?
- What **COULD** the organisation do, given its experience and skills, etc?



For any organisation there will always be some things that it **'must do'** and others that it **'must not do'**.

What an organisation 'must do' and 'must not do' will be influenced by national legislation and the national policy environment.

For example, certain legal or other restrictions may be placed on the work NGOs are permitted to do in a country.

The 'must dos' and 'must not dos' are also influenced by an organisation's agreements with international donors and other funders or stakeholders.

For example, an organisation may undertake strategic planning when it already has a three-year funding agreement with an agency to provide small-scale credit to female heads of household engaged in small farming in area X. This obligation *must* be honoured during those three years. This would influence and perhaps severely constrain the idea of, for example, developing a programme to provide primary health care services in area Y.

On the other hand, an organisation may have an informal agreement with the government that it will focus its energies on a certain aspect of work, such as developing community water supplies. If it fails to honour this, its reputation and image may be badly damaged.

Finally, an organisation's own policies and governing document will determine the parameters of its mandate and scope of work.

For example, if the governing document states that the organisation's main target groups or beneficiaries are small-scale pastoral farmers living in rural areas X and Y, it will not be easy to switch to working with disabled people living in urban areas without amending the governing document.

In the box below are some key points that the organisation needs to consider when attempting to define its mandate and scope of work.

FACTORS TO CONSIDER: MANDATE

- The legal status of the organisation in the country where it is working.
- National laws that affect the operation of NGOs.
- Existing agreements with international donors and other funding bodies.
- The expectations of stakeholders.
- The governing document.

The mandate helps to define the organisation's **field of action**, or what it '**may do**'. The following tips may help to clarify this.

TIPS FOR DEFINING THE FIELD OF ACTION

- List all the formal and informal demands placed on the organisation (see box above).
- Undertake a **stakeholder analysis** and look at areas that are unclear or where there are points of tension.
- Interpret what is required of the organisation as a result, and also at what is allowed and not allowed.
- Decide what the boundaries are to the field of action and what scope this leaves to plan and develop the programme and organisation.

How to do a stakeholder analysis

Stakeholders are individuals, organisations and others who:

- are in a position to influence the organisation's work or place demands on it
- are affected by or can affect the work of the organisation
- have an interest in the organisation's work or can lay claim to an interest.

Undertaking a stakeholder analysis can help to:

- Identify who has a say about the organisation's work and their relative importance.
- Clarify the content and scope of others' influence.
- Highlight any tensions and contradictions in the demands being made on the organisation.
- Help an organisation to clarify its mandate.

It is particularly important to consider the position of any stakeholders whose interest is not clear, or is changing.

For example, changes in the patterns of funding from an organisation's key funding sources need to be considered. The organisation's accountability to its beneficiaries, as key stakeholders, is also of utmost importance.

The following exercise can help you to analyse the people and organisations with a stake in the organisation and its work.

EXERCISE: STAKEHOLDER ANALYSIS

- Brainstorm who has influence over the organisation's work (including team members or staff).
- Decide which of these stakeholders are most important.
- Map the stakeholders on a 'spider' diagram, plotting those with the strongest influence nearest to the office team.
- Analyse what each of these stakeholders demands from the team. What criteria do they use to judge the organisation's success? It may help to ask key stakeholders in a questionnaire or verbally, but guesswork is also helpful.
- Is the picture coherent or are there any contradictory demands that need to be resolved?

STEP 3: EXTERNAL ENVIRONMENT ANALYSIS

The box below gives some questions to guide an analysis of the external environment.

QUESTIONS TO ASK: EXTERNAL ANALYSIS

- Which **groups** of people are most affected by poverty (economic deprivation, lack of access to basic services, humanitarian disaster and conflict, discrimination, marginalisation and disempowerment)?
- What are the social, economic, political, technological and environmental **trends** that make people vulnerable to poverty, marginalisation and powerlessness, or which can strengthen their capacity to challenge and improve their situation?
- What are the major **causes** of distress and suffering?
- What are the organisation itself, other agencies and local communities **doing** to address these burning issues?

The precise way in which an organisation frames these questions will depend on its aims as outlined in the governing document and what it has agreed it 'may do' given its mandate and scope of work.

Target groups

It is important to identify the groups of people (target group or groups) most affected by poverty, exclusion and powerlessness in the country or locality where the organisation works, or in the specific sector (for example, health, education, water and sanitation) that is its focus.

It may be that the mission statement and/or the aims in the governing document specify the target group, in which case this part of the analysis might focus on identifying particular areas of unmet need within the target group and defining them more precisely.

For example: Organisation A has been established (as specified in the aims of its governing document) to provide primary health care services to women and children in X area of the country. Its external environment analysis would, thus, consider which particular women and children are most urgently in need of such services and which particular services (eg immunisation, nutrition, maternal and child health) are most important to them.

If, on the other hand, an organisation has a broader mission and mandate specific to a particular geographic location or to a particular sector, the external environment analysis would attempt to identify the groups most adversely affected and what they need.

For example: An aim of organisation B is to promote rural water development throughout the country. Its analysis would consider which groups are most in need of water services and what types of service might best address the unmet need.

It may be necessary to undertake field visits to complete this part of the analysis. Guidance on conducting community research and needs assessments is provided in Chapter 6.

Key trends

It is important to identify the key trends (social, economic, political, environmental and so on) that make people vulnerable to poverty, exclusion and powerlessness and those that can build their capacity to change their situation. An assessment of the particular vulnerabilities and capacities of different target groups will influence the selection of a strategy.

For example, the primary purpose of organisation C is to promote the right to basic education. It would thus be most concerned to analyse key trends in education and related sectors.

It might find that government spending on primary education is being concentrated in area X of the country, where there are a number of schools, whereas in area Y there is no school.

A closer look at the situation might reveal that a key factor explaining this trend is that communities living in area X are much better organised and are more vocal in their demands for education than those in area Y.

The organisation may therefore decide that it needs to invest more resources in capacity building with CBOs in area Y as a priority strategic issue.

Underlying causes

When analysing the key causes of poverty, exclusion and disempowerment of a target group, geographical area or sector, it is important to use a gender perspective to look at the different rights men and women enjoy and their different roles. Consideration of diversity issues is also essential.

Examples

Organisation D has been established to support low income pastoral farmers living in area X to enhance their livelihoods. The analysis of underlying causes is likely to suggest that the needs and experience of women farmers are very different from those of men. This has important implications for programme strategy.

Organisation E has been established to advocate for the grazing rights of small farmers. Its analysis of underlying causes may find that the rights of farmers from certain ethnic minorities are being infringed more seriously than those of other groups. It might therefore decide to prioritise these groups in its programme.

Assessment of what others are doing

An assessment of what other agencies (including government, international NGOs, national NGOs and local organisations) are doing to address the issues identified in the analysis will clarify further strategic choices about programme direction and focus.

For example, organisation F provides support to the development of primary health care in area X, working to promote the nutritional standards of women and children in female-headed households.

Its main concern is to find out which other organisations are working in these localities, and to identify where there is potential duplication or overlap, or gaps of unmet need. This will influence the programme focus as well as the partnerships and other relationships the organisation decides to develop.

STEP 4: INTERNAL ENVIRONMENT ANALYSIS

Here are some key questions to guide discussion and debate about how effective the organisation is.

KEY QUESTIONS

- What human and financial resources and capacity are available to the organisation?
- What are the organisation's weaknesses and strengths?
- What makes the organisation different or distinctive?
- What are the main lessons to be drawn from an analysis of the effectiveness of the organisation's current and past programmes?

Organisational capacity

Identifying the human and financial **resources** and **capacity** available to the organisation means looking at:

- the skills, experience, knowledge and expertise of current staff as well as their roles and responsibilities
- overall income trends, including present and projected financial resources.

For example, organisation G's internal environment analysis suggests that it has excellent organisational leadership and strategic management skills (in a strong governing body and experienced Executive Director), and strong capacity building skills (in two training officers).

However, it lacks sufficient accounting skills to cope over an increasing number of small income-generating projects.

This might suggest one of two things: a) that the organisation should consider a focus on capacity building rather than on disbursement of numerous small grants; or b) the need to employ an accountant.

Programme effectiveness

To draw lessons about programme effectiveness derived from the organisation's past and current programmes, scrutinise the main areas of funding and other support that the organisation provides, and also the advocacy and capacity building work that it is doing.

Additional factors to consider when examining programme effectiveness are:

- areas where the programme has been most effective or least effective and the reasons for this
- the skills and capacities of partner organisations
- any results that have emerged from monitoring and evaluation or programme reviews.

For example, in looking at its programme effectiveness, organisation H examines the following:

- project reports
- reports to funding bodies
- monitoring and evaluation reports
- the results of a programme review conducted two years ago.

These documents suggest that the organisation has achieved most impact through its advocacy work to change government policy on women's rights. This is demonstrated in the introduction of new legislation following three years of advocacy work by community women's groups.

The reports also show that the organisation performed least well in its small grants for income-generating projects. These have not achieved the level of self-sufficiency anticipated.

From this, the organisation might consider a number of strategic programme shifts, including greater emphasis on advocacy work and capacity building and reduced emphasis on project funding.

Distinctive competence

Identifying areas of strength and distinctive competence can help to clarify the factors that distinguish the organisation from others. It will enable it to see where it has types of programming and styles of working that are innovative and different.

For example, in the discussions Organisation H (see above) had during its strategic planning, the consensus was that the work done to promote women's rights was unique. This was because it emphasised the self-advocacy of women's groups which resulted in demonstrable success (introduction of new legislation on women's rights).

Since most other organisations encourage their own staff to undertake advocacy work with little real participation by the women whose rights are being infringed, this style of working is distinctive and may warrant further development.

Analysing strengths, weaknesses, opportunities and constraints

The analysis of the **external** and **internal environment** in which an organisation is operating can be helped by using a SWOC matrix. The purpose of a SWOC analysis is summarised in the box below.

PURPOSE OF SWOC ANALYSIS

- To help identify the key opportunities and constraints for the organisation's work in the external context of the programme.
- To help identify the internal strengths and weaknesses of the organisation, which will dictate its capacity to respond effectively to the opportunities and constraints.
- To help prepare for the identification of strategic aims by drawing out tensions between organisational capacity and the needs that the organisation is trying to address.

Taking the example of organisation X, which has been established to promote the rights of people with disabilities, a SWOC analysis summarising the most important factors might look like the example below.

EXAMPLE: COMPLETED SWOC

Based on external environment analysis/programme context

OPPORTUNITIES

- The government is receptive to new legislation on the rights of people with disabilities.
- People with disabilities (PWDs) are keen to engage in self-advocacy.

CONSTRAINTS

- Government ministers or the government may change.
- PWDs lack representative organisations and leadership skills.

Based on internal environment analysis/organisational capacity assessment

STRENGTHS

- The organisation has extensive experience of working in partnership with local PWD organisations.
- The Programme Officer has strong organisational capacity building skills.

WEAKNESSES

- Past programmes to build organisational capacity and develop self-advocacy skills have not been well monitored, so their impact is unclear.
- The organisation lacks programme staff with well developed advocacy skills.

Another useful tool for assessing what the organisation has already accomplished is an organisational timeline. The exercise below shows how to develop one.

EXERCISE: AN ORGANISATIONAL TIMELINE

- 1 Lay a few sheets of flipchart paper sideways and tape them together to make one long sheet.
- 2 Draw a line along the middle of it, left to right.
- 3 On the far left side, write the date that the organisation was formed; on the far right, put today's date.
- 4 Now fill in the timeline adding all the organisation's achievements according to approximate date. Show things such as the organisation's founding, approval of its governing document, when it moved to new premises, implementation of different projects, partnerships formed, key external events, etc.
- 5 When the timeline is finished, hang it on a wall in the office to remind people what the organisation has accomplished. This will inspire new ideas for future achievements to aim for.
- 6 **Using the timeline as a guide, discuss the following questions as a group:**
 - What are the organisation's biggest achievements since it was formed?
 - What were its biggest mistakes?
 - What areas need improvement?
 - What are the main lessons learned since the organisation was founded?

STEP 5: IDENTIFYING STRATEGIC ISSUES

This step draws together and builds on the work completed in the previous steps. It is designed to help answer the question:

What are the key strategic issues that the organisation wants to address (taken from steps 2, 3, 4)?

It is important to identify the strategic issues that have emerged from the analysis so far because this helps to:

- focus attention on really important issues
- identify the major choices facing the organisation
- highlight areas needing change
- provide insights about how to resolve the issues.

What are strategic issues?

Strategic issues are best stated and written down as **questions** because this will help highlight areas where the organisation needs to make choices and decisions. They may relate either to the **aims** of the organisation, or to its **mandate**, or to the analysis of the external and internal **environment** and the results of the **SWOC** analysis. They will thus comprise a combination of programme and organisational capacity issues. Some examples are provided in the boxes below.

EXAMPLES: STRATEGIC PROGRAMME ISSUES

Example 1: Analysis

- Poverty has increased in urban areas (especially in X and Y regions of the country), both in degree and in terms of the numbers of people affected.
- The most adversely affected are female-headed households who depend on small-scale income-generating activities.
- The organisation has achieved significant impact in its previous work to enhance the self-organisation of community based women's groups in rural areas.
- Recently a new Gender Programme Officer has been employed who has considerable experience of urban programmes.

Strategic issue:

Should the organisation develop its programme in urban areas focusing on female-headed households in the poorest regions of X and Y, working on capacity building with embryonic women's CBOs?

Example 2: Analysis

- Over the past five years the number of people living with HIV and AIDS in the country has tripled and trends (statistics of sexually transmitted diseases combined with trends in neighbouring countries) suggest that this figure will continue to rise at an ever increasing rate.
- The organisation already has a primary health care capacity building programme in the three regions that the trend analysis suggests will be worst affected.
- Opportunities to expand the programme over the next three years are constrained by the lack of financial and human resources. However, funding for work in education has come to an end and this will release programme staff for new work.

Strategic issue:

Given existing programme presence in the most affected regions and the end of the education programme, should the organisation develop its work on HIV and AIDS in these regions?

Example 3: Analysis

- Decades of internal conflict have rendered a large number of people in X locality landless and destitute. Women and children are particularly vulnerable.
- Few, if any, other organisations are working in this locality, where the organisation has had a small and successful conflict resolution programme for many years.
- A potentially strong partner organisation exists at community level.
- Two funding agencies have expressed interest in developing a programme in the locality.

Strategic issue:

Should the organisation develop its programme further over the next three years with a stronger focus on women?

Example 4: Analysis

- There is no legislation to protect the rights of people with disabilities, even though this group accounts for an estimated 13 per cent of the population – well over the global average.
- Although it has no direct experience to date of working with people with disabilities, the organisation has a strong women's rights programme and employs an Advocacy Officer with disabilities who is keen to work on disability rights issues.
- The developing National Association of People with Disabilities (NAPWD) is keen to form a partnership with the organisation and would like it to focus on the rights of women with disabilities.

Strategic issue:

Should the organisation start a disability rights programme working in partnership with the NAPWD and focusing on the rights of women with disabilities?

In addition to strategic programme issues, the analysis undertaken so far will have raised some strategic issues that relate to organisational capacity.

Some of these will relate specifically to the programme and will thus be tackled through the strategies an organisation adopts in its work on a particular strategic programme aim. Others will cut across the organisation's work and may be best addressed through an **internal capacity building plan**. Some examples of strategic organisational capacity issues are given below.

EXAMPLES: STRATEGIC ORGANISATIONAL CAPACITY ISSUES

Example 1: Analysis

- Core organisational strengths lie in advocacy for policy change and capacity building.
- Two Programme Officers with advocacy and capacity building skills are employed.
- Even though the organisation employs a Programme Officer for small business development this programme has not had the impact anticipated.

Strategic issues:

Programme: *Should the programme focus only on advocacy and capacity building programmes?*

Internal capacity: *If so, what capacities will the organisation require to exit from the small business development programme? Can the job description of the Programme Officer for this programme be changed with her agreement and how will this influence her personal development objectives (for example, what training will she need)?*

Example 2: Analysis

An organisational weakness lies in accounting systems and procedures, which are inadequate for the demands of the current programme.

Strategic issues:

Programme: *Can demands on the accounting system be reduced through programme change?*

Internal capacity: *Could weaknesses in the organisation's financial system be addressed by employing an accountant?*

Example 3: Analysis

The budget has been under-funded for the past eight months with the result that some programme activities have stopped.

Strategic issues:

Programme: *What has been the effect on beneficiaries of the programme activities that have stopped? Is it essential to resume these as soon as possible?*

Internal capacity: *What needs to be done to ensure a more robust funding base for the future?*

Example 4: Analysis

- Monitoring and evaluation reports show that the organisation has significant impact in its advocacy work with women's groups on women's rights.
- Only two members of staff are familiar with women's rights issues and one has well developed advocacy skills.

Strategic issues:

Programme: *Should the women's rights advocacy programme be developed further?*

Internal capacity: *How can the organisation enhance its gender and advocacy capacity?*

To test whether or not an issue is really strategic, examine each issue in terms of the questions below.

IS THE ISSUE STRATEGIC?

- Is it possible to explain why it is a burning issue?
- Can the organisation do anything about the issue?
- Will the impact of addressing the issue be significant?
- Does the issue have significant implications for financial or human resources?
- Will the issue still be significant in two years' time?
- Will there be important consequences if this issue is NOT addressed?

If the answer to most of these questions is 'yes', it is likely that the issue is strategic.

It is likely that many strategic issues will remain on the list even after those which fail this test have been eliminated. The next step is to prioritise the remaining strategic issues, group them and synthesise them into strategic aims.

STEP 6: DEFINING STRATEGIC AIMS

Because the number of strategic issues is likely to be large, the key questions to ask in Step 6 are:

- How can the strategic issues identified be synthesised or merged?
- Which issues should be prioritised?

In this step the purpose is to identify three or four strategic aims to guide the organisation's programme. It is important to consider the factors outlined below.

STRATEGIC AIMS: FACTORS TO CONSIDER

- Prioritise the strategic issues, synthesise them and develop themes.
- Decide where the organisation is most likely to have most positive impact.
- Agree on existing areas of programme work that will need to be phased out.
- Decide which issues the organisation will NOT attempt to address even if they are burning issues, for example because it lacks the expertise to be as effective as another organisation with the relevant capacities.

It is also useful at this stage to look carefully at the **priorities**.

How to prioritise

The exercise below will help the team to prioritise strategic issues before formulating strategic aims. It can also be used in other situations where a large number of priorities need to be narrowed down to **key choices**.

EXERCISE: PRIORITISATION

- Divide into small groups to brainstorm strategic issues.
- Each group selects two to four issues which it feels are the most important to explore further and writes these down on cards.
- The groups come together to explain what their priority issues are and why.
- The issues are summarised on a flipchart, grouping together similar or related issues.
- Participants vote for those they think are the most significant by, for example, placing a sticker or drawing against the issue of their choice.

Once this exercise has been completed, it should be possible to define the strategic aims to guide the organisation's programme over the next three years.

What is a strategic aim?

A strategic aim:

- relates to the three-year period ahead
- states clearly and precisely what the organisation wants to achieve during this time and how it intends to achieve it.

EXAMPLES: STRATEGIC AIMS

- 1 To improve the standard of animal health among low income pastoral farmers living on marginal lands in localities X and Y, working in partnership with local CBOs.
- 2 To support the self organisation of people living with HIV and AIDS in places where the organisation already has a programme presence.
- 3 To support initiatives aimed at increasing the income of female-headed households on marginal lands in locality X through increased livestock production and marketing opportunities.

STEP 7: DEFINING STRATEGIES

What are strategies?

Strategies are the paths that the organisation will follow as it works towards achieving the identified strategic aims.

For maximum impact, it is advisable to select a combination of strategies for each strategic aim. In the annual team work plan these strategies will be spelt out in more detail. In this part of the strategic planning process, it is necessary only to look at the big picture.

The issues that need to be considered are outlined below.

KEY FACTORS TO CONSIDER

- What are the most appropriate strategies to pursue in working towards the identified strategic aims?
- What are the relative advantages and disadvantages of methods such as research, project funding, networking, advocacy and capacity building for realising each of the strategic aims?
- What approaches or combination of approaches will be used: capacity building, institutional strengthening, research, advocacy, networking, conflict resolution, etc?
- Who will the partner organisations or counterparts be: other local NGOs, CBOs, faith groups, network NGOs, labour organisations, etc?
- Whom will the organisation collaborate with: government departments, international agencies, other local NGOs?

Bearing these questions in mind, consider some of the most appropriate strategies for working towards achievement of the aims identified as priorities over the coming three years.

Below are some examples of appropriate strategies for the strategic aims given as examples under step 6.

EXAMPLES: STRATEGIC AIMS AND STRATEGIES

Example 1: Strategic aim

To improve the standard of animal health among low income pastoral farmers living on marginal lands in localities X and Y, working in partnership with local CBOs.

Strategies

- Undertake in-depth needs assessment of animal health needs in X and Y localities.
- Provide capacity building in animal health care to farmers working in partnership with CBOs.
- Channel small project funds for veterinary medicines through CBOs.
- Fund community exchange projects.
- Develop new links with community women's groups.
- Ensure that the Gender Officer plans for additional time to work with the women's groups.
- Secure additional funds to develop the programme from an international funding agency.

Example 2: Strategic aim

To support the self organisation of people living with HIV and AIDS in places where the organisation already has a programme presence.

Strategies

- Fund community needs assessment for better analysis and future advocacy work.
- Provide capacity building for organisational development with CBOs formed by people living with HIV and AIDS.
- Canvass other organisations to collaborate in the programme.
- Use lessons from past capacity building programmes promoting the self organisation of people with disabilities to inform the new programme.
- Develop the training programme for staff on HIV and AIDS.

Example 3: Strategic aim

To support initiatives aimed at increasing the income of female-headed households on marginal lands in locality X through increased livestock production and marketing opportunities.

Strategies

- Support sustainable land use methods with female small-scale livestock producers.
- Help female-headed households to gain access to marketing systems for livestock.
- Undertake advocacy with women's groups for improved extension and advice.
- Fund women's consumer cooperatives and provide capacity building support for them.
- Employ a Programme Officer with gender skills and experience in livestock production and marketing.
- Phase out work in localities Y and Z over three years.

STEP 8: IDENTIFYING RESOURCE NEEDS

Once the strategies have been defined for each of the organisation's three or four strategic aims, it is necessary to work out what **human and financial resources** will be needed over the next three years to achieve the aims of the strategic plan.

KEY QUESTIONS TO CONSIDER

FINANCIAL RESOURCES

- What financial resources are currently available, for which aspects of the work planned, and where do these come from (eg international donors, government, international agencies)?
- Are there new sources of funding that could be explored (what, how, etc)?

HUMAN RESOURCES

- What human resources are currently available to the organisation (analyse staff skills and experiences, and contributions from others including partners, beneficiaries and other agencies)?
- What are the gaps between what is available and what is needed?
- How might these gaps best be filled? For example, consider the merits of staff development and training, developing new partnerships with others, the employment of new staff.
- Is the balance between different categories of staff (management, finance, administration and programme) optimal? If not how might this be changed?
- Within the programme staff team is the balance between project, communications, advocacy, capacity building and networking skills good? If not, how will the imbalances be addressed?

This analysis will provide the basis of both the **internal capacity building plan** (Step 9) and the **costing of the strategic plan** (Step 10).

STEP 9: INTERNAL CAPACITY BUILDING PLAN

During the strategic planning process a significant number of strategic issues will have been identified that relate to organisational capacity, its strengths or weaknesses. Where these relate directly to the final strategic aims, it is important to link them to the strategies for achieving those aims.

However, some issues will be broader and are best addressed by developing an internal capacity building plan. This will help to ensure that the organisation successfully builds on the strengths it has identified and minimises or overcomes its weaknesses.

The internal capacity building plan may be just a one-page document. It should specify what areas of capacity need to be addressed and how they will be addressed. An example is given below.

| EXAMPLE: CAPACITY GAPS AND THE MEANS TO ADDRESS THEM | |
|---|--|
| IDENTIFIED WEAKNESS OR GAP | HOW TO ADDRESS IT |
| Weak financial management skills. | <ul style="list-style-type: none"> • Second the Finance Officer to a larger NGO for three months for training. • Employ a short term replacement. |
| Inadequate funds in budget to cover new programme in HIV and AIDS. | <ul style="list-style-type: none"> • Incorporate new work into fundraising strategy as a priority. • Submit a concept paper and full project proposal to X and Y funding agencies. |
| Lack of gender analysis and awareness in staff team. | <ul style="list-style-type: none"> • Employ a new Programme Officer with strong gender skills and experience. • Develop a gender training programme for key staff. • Seek mentoring in gender from other NGOs for Programme Officers. |
| Office administration systems inadequate for expanding the programme. | <ul style="list-style-type: none"> • The Fund Administrator should participate in a two-week course in basic administration for NGOs. • Revise job descriptions of X and Y staff. • Establish a rota for reception duties. |

Financial resources

Some of the cross cutting organisational strategic issues that emerge will relate to the financial management of the organisation and can be tackled by developing and implementing a financial procedures policy document (see Chapter 4: Managing finances). Others will relate to human resources capacity (see below) because they concern the lack of certain types of financial skill or experience. Yet others will relate to the funding base of the organisation, and therefore a fundraising plan (see Chapter 8: Publicity and fundraising) will be required to meet the strategic aims.

Human resources

It is likely that some strategic issues will concern areas of weakness in the staff team, or in the skills and experience required for various types of programme. Building an organisation's human resource capacity is about more than training, although this is important. It is also about developing institutional mechanisms. When developing a human resources management policy, as suggested in Chapter 5 (Managing people), it is important to ensure that strategic issues relating to human resources are identified.

STEP 10: COSTING THE STRATEGIC PLAN

This step concerns the resources that will be needed to implement the strategic plan. They will need to cover the strategies identified for each strategic aim and the internal capacity building plan. Below are some factors to consider when costing.

COSTING: FACTORS TO CONSIDER

- **Identify the inputs** required to implement each strategy in terms of people, equipment, services and materials. Distinguish between the essential and less essential components, in case it is necessary to prioritise later.
- **Categorise the costs of inputs.** One way of doing this is to distinguish between recurrent office costs, management costs, and direct programme costs (for example small grants, costs of working with partners, workshops, advocacy and research costs, etc).
- **Assess the organisation's income.** Identify funds that have already been pledged (by funding agencies, for example) and gaps or new areas that are not funded (see Chapter 8).
- **Translate the gaps** into the fundraising strategy (see Chapter 4).

See Chapter 4 for guidance on budgeting and Chapter 8 for guidance on fundraising.

At this stage it is sufficient to have an estimate of projected costs to cover the three-year period. Much more detail will be needed for the **annual budget** (see Chapter 4).

3.5 ANNUAL TEAM WORK PLAN

Once the strategic plan has been completed, it is advisable to develop an annual team work plan. The key idea is to re-examine each strategic aim and think about what **objectives** would help the team implement the strategies identified most effectively. In the process, some of the strategies may need to be further developed and refined. The example below looks at objectives that could be devised for one of the strategic aims used as an example in Steps 6 and 7 above.

| EXAMPLE: DEVELOPING TEAM OBJECTIVES | |
|--|--|
| STRATEGIC AIM <i>To support the self organisation of people living with HIV and AIDS in localities where the organisation already has a programme.</i> | |
| STRATEGIES | TEAM OBJECTIVES |
| Provide capacity building for organisational development with CBOs formed by people living with HIV and AIDS. | <ul style="list-style-type: none"> • Develop a fully costed capacity building plan through in-depth consultations with members of embryonic associations. • Secure funds for this through a new agreement with an international funding agency. |
| Use lessons from the previous programme promoting the self-organisation of people with disabilities to inform the new programme. | <ul style="list-style-type: none"> • Review the previous capacity building programme with representative organisations of people with disabilities, draw out the relevant lessons and share them to develop strategies for the new programme. |
| Fund community needs assessment for better analysis and future advocacy work. | <ul style="list-style-type: none"> • Conduct a comprehensive needs assessment of people living with HIV and AIDS in localities X and Y, in partnership with local CBOs. • Feed the conclusions and new strategies into the work plan for Year 2. |
| Canvass other organisations to collaborate in the programme. | <ul style="list-style-type: none"> • Other national NGOs and international NGOs convene a meeting to discuss priorities with people living with HIV and AIDS and design supportive strategies. |
| Develop a training programme for programme staff on HIV and AIDS. | <ul style="list-style-type: none"> • Design a staff training programme, implement it and assess its effectiveness. |

Once ideas for the objectives of the annual team work plan have been collected and listed it will be necessary to prioritise and synthesise these. Ideally there should be no more than 10 objectives to guide the organisation's work towards the strategic aims over the year ahead.

In addition, it will be important to assign specific tasks to staff or staff time. This will be relatively straightforward in the case of programme staff. The work of administrative staff and the tasks involved in general programme management will cut across most of the objectives. It might best be summarised separately in the annual team work plan.

The important thing is that each person in the team knows what he or she is responsible for in terms of programme delivery, so that this can be incorporated into the personal objectives (see below).

Approving the plans

Once the strategic plan has been written up, it will need to be approved by the governing body. This body will need to consider whether it fits with the overall mission of the organisation and its aims as specified in the governing document.

The governing body should also review the feasibility of the annual team work plan and the annual budget, once these have been completed, to ensure that the planned activities:

- are realistic and achievable
- will meet the needs of the target groups, service users or clients
- can be implemented with the resources available.

3.6 INDIVIDUAL PERFORMANCE OBJECTIVES

Once the governing body has approved the annual team work plan, it is the task of the Executive Director to ensure that individual members of staff understand clearly their roles and responsibilities. One way of doing this is to set individual performance objectives to serve as the basis of performance management (see Chapter 5: Managing people).

How to develop personal objectives

To develop objectives against which the individual performance of each member of staff will be assessed or appraised:

- Identify key responsibilities for the year ahead, to be sure that the roles and responsibilities of each person are clear.
- Define and agree objectives for the year ahead in these areas of responsibility.

It is realistic to identify between four and six key responsibilities and four to eight objectives. Usually each person has one objective for each area of responsibility, but where the key responsibility is broad he or she may have two.

A **key responsibility** describes what work an individual is responsible for over the coming year. These can normally be derived from the job description (see Chapter 5: Managing people). However, it is important to consider also the objectives contained in the annual team work plan and to make sure that there is a good fit.

In developing an objective it is important to consider:

- What will be achieved?
- How will it be achieved?
- What resources (including time, skills, support, and money) are needed for the objective to be achieved?

Each objective should be specific, measurable, achievable, relevant and time-related (**SMART**).

It is useful to ask individuals to complete a sheet listing objectives, including indicators and a timeline. These can then be discussed with the individual's line manager and modified accordingly.

Once the objectives sheet is finalised, a copy should be signed by both the line manager and the individual concerned and kept on the staff member's personnel or performance management file for reference during interim appraisals and the annual review (see Chapter 5: Managing people). In some cases it may be necessary to update, change or modify the objectives to fit with the changing realities of the job or factors such as loss of anticipated funding.

3.7 INDIVIDUAL WORK PLANS

In most cases if key responsibilities are clearly defined and realistic objectives are set against them, more detail is unnecessary. However, some people find that they work better with a fully elaborated work plan. This can help individuals to plan their time effectively and prioritise the smaller tasks that develop out of the objectives. This is for the organisation and then its staff to decide.

The following example shows how to break down different types of task in an individual work plan and set responsibilities against them.

EXAMPLE: TASKS OF ACCOUNTANT

Regular tasks

- Daily tasks (check staff timesheets, vehicle logbook, etc)
- Weekly tasks (attend management meetings, etc)
- Monthly tasks (conduct a surprise cash count, physical count of inventory, etc, complete monthly financial return)
- Quarterly tasks (prepare financial reports for governing body)
- Other regular tasks (fixed asset count, etc)

Donor requirements

Complete project financial reports according to specified timelines.

Monitoring and evaluation

Monitor accounts according to procedures laid out in the financial procedures policy document.

Meetings

- Attend regular finance meetings
- Attend special meetings as required

Organisational development

Improve the accounting system as specified in the strategic plan.

Time management

Everyone is busy. Time is one of the most important resources that an organisation has and it needs to be used carefully. The box below provides some tips for effective time management.

EFFECTIVE TIME MANAGEMENT

Plan long term. Look at work over a 12-month period, not just from a day-to-day perspective.

Make a wall chart detailing planned activities and add others as they arise including organisational activities (eg moving to a new office, visits by donors, annual leave, etc).

Make lists. Write down the tasks that need to be completed over a week, month, quarter. Prioritise these tasks.

Update the list regularly and cross off the items that have been completed.

Delegate tasks to others as appropriate.

If working with others, share responsibility for the work by delegating specific tasks to them.

Prioritise.

Group tasks as follows:

A tasks – urgent and important

B tasks – urgent or important

C tasks – routine.

Some people find it helpful to make a list of all their tasks for the week ahead and then divide them into A, B, or C tasks (see box above). If they are not regular tasks, it is helpful to make a note of the expected completion date or deadline.

It may also be helpful to divide up the **working day**. If doing this it is best to apportion different types of tasks to different parts of the day. (For example, A tasks could be done mid-morning, B tasks either first thing in the morning or in the late afternoon, and C tasks at the end of the day). It is important to think about your energy levels at different parts of the day when doing this, and to assign the most complex tasks to times when these are highest. Look at the day and see what tasks might appropriately be delegated to others or combined to take up less time.

3.8 CONCLUSION

After working through this chapter the organisation will have made the following gains:

ACHIEVEMENTS

| | |
|--|---|
| Team planning | Experience of planning a major project, ie developing a strategic plan and accompanying documents |
| Team work | Experience of working together as a team and with others |
| Organisational vision | A clear, focused and shared vision of the organisation's direction |
| Strategic analysis | A deeper understanding and shared analysis of the organisation's operating environment |
| Stakeholders | Knowledge of who has what stake in the organisation and its programme |
| Impact | Learning from past programme experience and knowledge of where it can make greatest impact |
| Prioritisation | New skills in synthesising and prioritising difficult issues |
| Programme | Agreement on programme priorities for the coming three years |
| Strategies | Strategies mapped out to make the priorities a reality |
| Capacity and resources | Understanding of what capacities and resources (human and financial) exist and are needed to implement effective programmes |
| Cost | Knowledge of the overall costs of implementing the strategic plan |
| Annual team work plan | Objectives mapped out for the year ahead so that the sum of the staff team's effort adds up to more than its individual parts |
| Individual performance objectives | Knowledge of how each individual will contribute and how his or her performance will be appraised |