Shaping the Future

The Board Member’s Role in Nonprofit Strategic Planning

by Gary J. Stern

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**Mission**

Our mission is to foster effective risk management practices and the overall development and advancement of nonprofits through unique, creative initiatives.

**Ten Things series for nonprofit boards**

Welcome to this series of short briefing papers for board members of nonprofit organizations. This series was developed to help both seasoned and beginning board members improve their skills at steering, supporting, and safeguarding nonprofit organizations. Through this series, First Nonprofit Foundation seeks to stimulate board discussions on topics essential to quality governance. Other booklets in this series include the following:

*A Winning Board: Steps That Bring Out the Best*

*Advancing Together: The Role of the Nonprofit Board in Successful Strategic Alliances*

*Champions with a Cause: The Nonprofit Board Member’s Role in Marketing*

*Essential Keys to Nonprofit Finance*

*Evaluating the Executive Director: Your Role as a Board Member*

*Finding the Opportunity in Economic Chaos*

*Fundraising: A Partnership between Board and Staff*

*Risk Management: Your Role as a Board Member*

*Strong Partners: Building an Excellent Working Relationship between the Nonprofit Board and its Chief Executive*

*Sustaining Great Leadership: Succession Planning for Nonprofit Organizations*

*Volunteers: The Heart and Soul of Your Nonprofit*
With today’s urgency for nonprofit organizations to be effective and sustainable, board members can make one of their most significant contributions through their role in strategic planning. Strategic planning does not attempt to “mastermind the future,” nor does it produce static conclusions that fail in turbulent times. Rather, good strategic planning defines where the organization intends to go, reflects the best possible decisions about how to get there, and commits the resources to do so.

The elements of nonprofit strategic planning can be scaled up or down, and a variety of approaches fall under the banner of strategy formation. However, the importance of board participation is a constant. A well-designed process that makes good use of precious time and resources is a must. Board members’ involvement in strategic planning can range from attending a one-day summit meeting to embarking on an in-depth process over a number of months. In a thorough strategic planning process, board members work together with staff to:

• Conduct an “environmental scan” to identify trends, new models, and driving forces in the environment, and assess what they mean for the organization.
• Engage in dialogue with the nonprofit’s “customers,” stakeholders, and partners to hear and consider their needs, wants, and aspirations.
• Assess the strengths of programs and services and their results to determine what would be required to make them more significant.
• Identify competitive challenges and potential for greater impact and financial sustainability through collaboration.
• Examine options, values, and priorities for where the organization should focus and what capacities it must develop.
• Analyze full operating costs, develop budget targets, and select methods for financial resource development.
• Affirm or change the mission and determine long-term goals that set the stage for short-term action.
• Bring to life the most inspiring vision for the organization, and the change that vision can create in the world.
• Develop useful indicators for monitoring progress and achievements and decide how to use the plan to guide ongoing strategic decision-making.

Nonprofit strategic planning—whether employing all of these elements or focusing on just a few—is a core board responsibility and an important form of board development. Mike Allison, well-known consultant and co-author with Jude Kaye of Strategic Planning for Nonprofit Organizations, points out that, “Good strategic plans have two dimensions: one you can touch, and one you can only feel. The first is, of course, the written document. The second is the organizational consensus and commitment to the priorities outlined in the document.” Through good strategic planning, board members have the opportunity to be enlightened about a nonprofit organization in its larger context and to align their collective passions, insights, and capabilities with a long-range view of the organization’s future.

This booklet identifies and describes ten things your board should know about its role in strategic planning:
1. Model a strong partnership with staff
2. Develop initial aims and scope
3. Call for strong, inclusive process design and effective facilitation
4. Clarify the specific roles and expectations of board members
5. Make the commitment
6. Participate, exercise patience, be passionate
7. Learn, learn, learn
8. Expect the unexpected
9. Be visionary, make the tough choices, and allocate resources to the plan
10. Govern strategically
1. **Model a strong partnership with staff**

From beginning to end, the board should approach strategic planning as a cooperative enterprise between board and staff. Beyond that, design of the planning process and assignment of tasks to staff or board varies from one situation and organization to another. Fortunately, the opportunity to work together closely and model an effective board and staff partnership is available regardless.

What kind of strategic planning is needed and when it will be undertaken are recurring questions for nonprofit organizations. When it’s time to give these questions serious consideration, the executive director and his or her board counterpart—the board chair, executive committee, or strategic planning committee—should begin a dialogue with the full board about aims for the process and the right overall approach.

2. **Develop initial aims and scope**

The best way to begin strategic planning is by inviting the board and staff to discuss the most pressing issues, questions, challenges, and opportunities. Such discussions begin to frame the organization’s aims for the planning process. The board and management also will need to gauge their respective readiness to devote the necessary time, energy, and resources, and develop a sense of the appropriate scale, timing, and pace for planning.

People often question the wisdom of investing in full-scale strategic planning. In a TCC Group briefing paper, *Ten Keys to Successful Strategic Planning for Nonprofit and Foundation Leaders*, Richard Mittenthal writes, “Few tools are better suited to help address the staggering array of challenges brought about by a changing environment. A successful strategic planning process will examine and make informed projections about environmental realities to help an organization anticipate and respond to change by clarifying its mission and goals; targeting spending; and reshaping its programs, fundraising, and other aspects of operations.”

“Just do it!” could be a maxim of strategic governance and management because all effective short-term decision-making requires a long-term view. Every three to six years, nonprofit organizations should review and revise (if needed) their overarching
strategies. At crisis points and other junctures, strategic planning is best postponed, but absent these, a well-designed and guided process may be the best vehicle for taking the long view while remaining agile in volatile times.

3. **Call for strong, inclusive process design and effective facilitation**

Before formally committing to strategic planning, board members should provide input to the strategic planning approach and the design of the process. A strong design will provide the step-by-step pathway for achieving the organization’s aims for strategy development. The process should be well-paced, include the right kinds and amounts of information-gathering and analysis, and define reasonable roles for all board members and staff. Effective processes also usually involve assigning specific responsibilities to a facilitator (from inside or outside the organization) who has a proven track record guiding comparable nonprofits.

When considering a strategic planning approach and process design, board and staff members might find it useful to review a number of guidebooks geared to nonprofits. Peter F. Drucker, an internationally acclaimed management expert, has coined “The Five Most Important Questions” nonprofits should ask to guide strategic planning:

- “What is our mission?"
- “Who is our customer?"
- “What does the customer value?"
- “What are our results? and
- “What is our plan?”

Some nonprofit boards have members with considerable insight into effective strategic planning, and many communities have nonprofit strategic planning consultants who can submit summaries of their approaches, provide project proposals, and meet with a task force or the board as a whole. Many states have state nonprofit associations that may provide lists of strategic planning consultants.

Costs for nonprofit strategic planning consulting vary widely (from $5,000 to well over $100,000) depending on local markets and the scope of the process—particularly the extent of necessary research, the numbers of meetings and retreats, and the degree of guidance needed in shaping the final structure, details, and adoption of the plan.
Nonprofits usually appoint a board and staff strategic planning steering committee to work with a facilitator to manage the process and, after broad input and participation, to develop the draft strategic plan.

At the outset, the board roles should be identified and the amount of time board members are expected to spend should be clear. Serving on the steering committee is an active and sometimes demanding role for a small number of board volunteers. The board chair usually participates, and the strategic planning steering committee is also an ideal assignment for up-and-coming board leaders. Additional board member roles may be limited to advance reading and attendance at just one intensive planning session, or the board may be asked to put in considerable study, take up planning issues at regular board and committee meetings, attend one or more retreats, and participate in hands-on research.

Following is an example of the specific roles for board members in a 10-month strategic planning process.

**Board member roles in Phase I: Gather and analyze information (Months 1–5)**
Attend one Launch Session; volunteer for optional roles such as conducting one or more “customer research interviews” or help to obtain or analyze secondary research materials; provide insights and opinions in possible interviews, focus group discussions, or meetings of board committees; keep up to date with strategic planning progress and findings at regular board meetings.

**Board member roles in Phase II: Develop substance for the plan (Month 6)**
Review strategic planning background materials and reports. Attend one advance briefing session and a full-day retreat.

**Board member roles in Phase III: Write the plan and gain approval (Months 7–10)**
Provide individual feedback on one or more drafts of the strategic plan; as necessary, attend one or more board committee meetings to address elements of the strategic plan; consider initial and final approval of the strategic plan at regularly scheduled board meetings.
5. **Make the commitment**

When there is sufficient agreement on aims, scope, approach, timing, pace, and roles, the board should formally vote to undertake the process and to commit their individual time and the necessary organizational resources to strategic planning. For some boards, this would be a routine decision from the start. For others, a great deal of strategic thinking would be required to reach this point.

6. **Participate, exercise patience, be passionate**

Once the commitment is made, follow-through is essential. This means excellent ongoing orchestration and communication by the steering committee, and attentive participation by every member of the board. Authors Allison and Kaye caution that “Strategic planning requires both rational calculations and creative synthesis. Typically new ideas, adjustment to operations, or insights about what the organization is really about emerge. Because of this, most strategic planning processes go through a ‘messy’ period when it’s unclear what is going on. This confusion is just part of the creative process and will pass. One of the benefits of strategic planning is the chance to ‘hold the organization’s mind open’ for longer than might seem necessary at first. At the beginning, the board and management team may identify questions that later on turn out to be much larger or more complex than originally thought.”

Therefore, be patient with the planning process. And along the way—whether data-driven analysis produces bracing “ahas!” or intuition brings forth bursts of excitement—strategic planning offers board members the opportunity to engage passionately as they explore new futures that might await the organization.
Learn, learn, learn

Diana Scearce and Katherine Fulton, authors of *What If? The Art of Scenario Thinking for Nonprofits*, describe scenario thinking for nonprofits as “a powerful tool that tests the mind, challenges belief, stretches the spirit, and at its best creates new sources of hope.” During strategic planning, board members are learners and should take advantage of the numerous opportunities to ask questions, study and interpret information, and listen keenly to the voices of the organization’s stakeholders.

One of the most illuminating experiences in strategic planning is for board members to take part in personal interviews or discussion groups with participants in the organization’s programs or services as well as with influential outsiders such as community leaders, funders, and partners. These external perspectives—along with the study of trends, innovative models, and outside driving forces—help board members to see the organization in new ways. Frances Hesselbein, former national CEO of Girl Scouts of the USA and founding president of the Drucker Foundation, states, “When board members, staff, and your customers together shape the mission and the goals, you create an organizational direction with passion and energy behind it that carries you even further than you can imagine.”

Expect the unexpected

Strategic planning may feel like “peeling an onion.” We simply don’t know what will be revealed as the layers unfold. An entrepreneurial opportunity may put options on the table that are too positive and significant to delay so overall planning must take a different turn. Sometimes, the data coming in may be so rich and have such interesting implications that it’s important to slow down the process and take the learning deeper. On occasion, planning may reveal a serious disconnect with the executive director or among factions of the board, and the planning process itself may serve as a structure for maintaining stability as a major leadership transition takes place. And every so often, strategic planning itself goes seriously off course or the facilitator proves a poor match and the process design must be reworked. No matter how meticulously strategic planning was designed, welcome or unwelcome surprises may emerge. The attentive board should be prepared to stop, deliberate, and regroup.
Nonprofit strategic planning calls for board members to speak from their minds and hearts about the change they and their staff colleagues envision creating in the world. Against the backdrop of these aspirations, the board is also called to make difficult decisions. Sometimes this may mean shuttering a treasured program or discontinuing a costly experiment. Other times it may mean steering resources to organizational capacity-building rather than expanding services in the short-term. And there are always debates on where to take—and how to manage—the new risks. Rarely are there enough resources and energy to do everything nonprofit organizations would like to do. Strategic planning is the time to determine focus.

Once the choices are made, the board must also explicitly allocate resources to the plan’s priorities or the whole exercise becomes hollow. Budget projections should accompany the strategic plan and must appear reasonable and achievable, not matters of wishful thinking. The board role in raising funds must be clear, and every member must consent to participation. A strategic plan summary should make it possible for the board to grasp the totality of the plan in a few short pages. At the end of the day, the board, considering all the input, information, and soul searching, must affirm or change the mission, set the long-term goals, and approve a plan that clearly aligns human and financial resources with the organization’s goals and desired results.

Even the most elegant and well-considered plan will begin gathering dust if it is not immediately used to direct both action and reflection. If changes to board committee structures or responsibilities are called for, they must be thought through and implemented. Meaningful indicators must be developed with management, and the board must use these indicators to monitor progress and achievements. In light of experience and emerging information, the overall plan must be updated at least annually to remain relevant. Peter Drucker offers the reminder that “You do not stop with ‘what is in the plan’ but make true self-assessment an ongoing practice. This means constant scanning of the environment, continual learning from the customer. It means appraisal, countless small adjustments, and the courage to make major change.”

10. Govern strategically
Strategic planning is a time for imagining new accomplishments, grappling with uncertainties, and shaping the organization’s future. With the knowledge, consensus, and commitment to priorities that good strategic planning produces, board members are newly positioned to, in the words of Thomas Jefferson, “exercise their control with a wholesome discretion” and to excel in their ongoing role of bringing to life the most inspiring vision for the organization and the change it can create in the world.
Endnotes


4 Ibid., p. 6.

5 A sample of available guides to nonprofit strategic planning:

6 Drucker, p. xii.


9 Drucker, p. vi.

10 Ibid., p. 61.
Additional resources


About the author

GARY J. STERN is president of Stern Consulting International, specializing in strategic planning, governance and marketing with nonprofit organizations, associations and multi-sector collaborations. Mr. Stern edited the 2nd edition of the *Drucker Foundation Self-Assessment Tool* and led the Drucker Foundation international training team. He is author of the *Marketing Workbook for Nonprofit Organizations Volume I: Develop the Plan*, and *Volume II: Mobilize People for Marketing Success*, both in circulation around the world. Formerly senior consultant with the Amherst H. Wilder Foundation, Mr. Stern’s strategic planning clients include University of California, Davis Arboretum; Plymouth Christian Youth Center, Minneapolis; United Way of the Alberta Capital Region; Maine Coast Heritage Trust; the nationwide American Lung Association; and NAMIC: National Association for Multi-Ethnicity in Communications. Stern Consulting International is based in Portland, Maine.

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