

Strategic Planning

In Context

BHO Component 1.3 - Leadership and Planning addresses the key issues tied to setting an overall direction for the organization and ensuring that it is realized. This component of BHO includes planning, monitoring performance, continual improvement and leadership.

Organizational planning is a shared responsibility of the board of directors and staff. The board is responsible for setting the planning framework by approving the vision, mission, values and strategic directions. Staff work within this framework to establish the operational plan and team work plans. Planning encompasses everything from your hopes and dreams for your community (the vision) to the day to day work that staff do (team work plans).

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Part of the BHO Roadmap to a Healthier Organization

The Roadmap is a series of short primers that use key components of the Building Healthier Organizations (BHO) accreditation program as guideposts to point organizations to some of the key considerations and existing resources that might help them get off on the right foot at an early stage. The aim is to support new and developing community health centres to strengthen their capacities in fundamental areas of organizational health.

Strategic Planning

Key Concepts

- Community Needs Assessment
- SWOT Analysis
- Vision
- Mission
- Values
- Strategic Directions
- Ends Statements
- Balanced Scorecard
- Scenario Planning

About Strategic Planning

One of the roles of an organization's board of directors is to establish the strategic directions and approve the strategic plan.

A good strategic plan addresses three basic questions:

- What do we want to achieve three to five years from now?
- What is the environment? Specifically, what factors in the external and internal environment might support us? What do we need to avoid or overcome?
- How do we get there? What are our overall directions or goals and how do these translate into clear measurable objectives so that we will be able to assess our progress along the way?

A strategic plan typically guides an organization for the next three to five years.

Key Markers on the Road to a Healthy Organization

At every stage of your organization's development, there will be key milestones that must be achieved – markers along the road to being a healthy organization.

Key markers of health in the area of strategic planning include:

- You have completed a community needs assessment.
- You have analyzed your organization's own strengths and areas for development.
- You have developed strategic directions.
- You monitor progress in achieving your strategic directions.

Key Steps and Considerations in Strategic Planning

The Strategic Planning Process

An organization's strategic plan is most often based on a recent assessment of community needs and an assessment of how the organization is functioning – its strengths and weaknesses. Factual information (such as changing community demographics) is brought together with people's perceptions about the community and the organization. Community members, clients, community partners, funders, staff, board and volunteers are often asked for their thoughts and ideas. This information may be brought together in a SWOT analysis. SWOT stands for strengths and weaknesses (factors related to the organization itself or the internal environment, such as staff morale or accommodation issues) and opportunities and threats (factors that pertain to the external environment, such as community changes or funder policies).

A good strategic plan takes these factors into account. This has the advantage of:

- making the organization more responsive to its community
- increasing the overall internal capacity of the organization to serve its community.

The best strategic planning processes are inclusive and comprehensive. For this reason, the planning process itself can take four to six months in the life of an organization.

The Context

Your organization's strategic plan is framed by your vision, mission and values. These elements set the context for your strategic directions.

For example, your values are the principles, or beliefs that guide how staff and board work with each other, with community partners and with your clients. They apply to your everyday work and to how you go about implementing your strategic directions.

Your strategic directions help to carry out your mission more effectively and ultimately achieve your longer term vision.

The Parts of a Strategic Plan

The terms that organizations assign to the parts of their strategic plans vary. Sometimes this is rooted in an organization's approach to governance. For example, instead of talking about "strategic directions", boards that follow John Carver's "Policy Governance" approach use the term "Ends" or "Ends Policies". Where a Carver board focuses on Ends, an executive director and staff governed by a Carver board are responsible for establishing the Means – the activities that will help the organization achieve these ends.

Other types of boards tend to use terms such as "strategic directions" or "strategic priorities". Whatever the term used, strategic directions are often expressed as broad themes or goals. They may be broken down into objectives and specific strategies to help further describe what you want to achieve as an organization and as a way of dividing the work of implementing the strategic directions into more meaningful and manageable chunks. This is discussed further under "Operational Planning".

Two Approaches

The Balanced Scorecard

Sometimes organizations follow a particular approach to strategic planning. The balanced scorecard is an approach most often associated with Robert S. Kaplan and David P. Norton who have written numerous articles on the topic and in 1996 published a very popular management book titled *The Balanced Scorecard*. It was initially used in the for-profit sector and various proponents have since adjusted the approach to allow for its application to not-for-profits. The Community Health and Promotion Branch within the Ontario Ministry of Health and Long-term Care adopted a form of balanced scorecard in outlining its accountability agreement with community health centres (CHCs). A number of CHCs have since adopted this approach.

The balanced scorecard has its own unique terminology including strategic themes, strategic results and strategic objectives which take account of four different organizational perspectives or domains: client, internal processes, learning and development, and financial/stewardship. There is a Balanced Scorecard Institute in Washington DC that provides training in the use of this approach and there are numerous books and courses, some in Canadian universities.

Scenario Planning

Scenario planning has been used by organizations to consider different alternatives for its future. For example, Shell used this approach in the early 1970s to develop a corporate strategy that would allow it to thrive despite a looming oil crisis. Some CHCs used this approach in the mid-1990s to develop strategies that would allow them to weather looming funding cuts.

Participants in scenario planning are asked to take a very long view of the future, at least 10 years down the road and preferably more. They generate a number of scenarios for this time period based on a set of consistent variables. The variables are aspects of the organization and its environment that are identified as being critical to the organization's health. The scenarios are eventually whittled down to two or three most likely scenarios of the future. The final stage of the process is to examine the scenarios to determine the scenario that is the preferred future state for the organization. The analysis of the scenarios helps make it clear the future states that are not desirable and on occasion organizations choose to combine elements of several scenarios to describe their preferred future. The organization then sets strategic directions (and subsequently develops an operational plan) that will assist it in achieving its preferred vision of the future.

The Strategic Planning Cycle

A strategic plan is a multi-year plan intended to guide the next three to five years in the organization's life. At the same time, it is subject to ongoing monitoring and regular adjustment. The purpose of the organization's operational plan (discussed as a separate element) is to break down the work of the strategic plan into more manageable chunks, such as annual plans.

Road Hazards

- ! Be sure to develop a detailed work plan to guide your organization's strategic planning process.
- ! Developing a strategic plan that will help you steer your organization's course over the next three to five years will require setting aside enough time and resources to do the job well.
- ! Remember that the board sets the strategic directions and approves the overall strategic plan. You need to be clear about this as you consult with staff and other stakeholders.
- ! Make sure you build in a process to feed back information on the planning process to all those who provided input.
- ! Treat your strategic plan as a dynamic document, not simply a reference. You need to be prepared to monitor how well you are doing in achieving the plan and adjust your plan from time to time.
- ! The prospect of strategic planning can feel threatening if people assume it means they will have to stop what they are doing now to achieve the new plan. Be sure to deal with continuity with the past plan. Some things may stop, some may change and some will continue.

Links and Resources

[The Balanced Scorecard: Translating Strategy into Action](#)

Robert S. Kaplan and David P. Norton, Harvard Business Press, 1996

This is often described as the seminal book on the balanced scorecard planning methodology.

[Balanced Scorecard Step-by-Step for Government and Nonprofit Agencies](#)

Paul R. Niven, Wiley, 2008

This book describes the balanced scorecard approach in not-for-profits and government environments.

[Balanced Scorecard Institute - Web Link](#)

This site includes training and other resources.

[Harvard Business Review - Web Link](#)

The HBR has published numerous articles on balanced scorecard and scenario planning. Single articles can be downloaded for a fee at the HBR website.

[BHO Resource Library - Web Link](#)

A sample terms of reference for a board strategic planning committee is available on the COHI website.

See Also

Operational Planning

Assessing Community Needs and Resources