Unit 1: Approaches To Strategic Planning

Introduction
Strategic Planning can sometimes sound very theoretical. It can also seem a near-impossible concept to voluntary organisations with short-term funding, and uncertain futures. In order to bring this concept a bit nearer home, take some time to think about the following questions:

- Where do you (personally) want to be in 3-5 years time? 
  *(You could think about where you want to live, and how, or what work you would like to be doing, and in what role)*
- If you had to put a formal plan together to achieve your personal aims, what different activities might your planning involve?

Now think about the organisation you’re involved with at present:

- What do you think the organisation should have achieved in 3 – 5 years?
- What kind of organisation do you hope it will be?
- How do you think others involved in your organisation would answer this same question?
- Do you think they would find it easy to have a view?

It would be useful to consider this in relation to:

- Management Committee Members
- Manager/management team
- Employees
- Volunteers
- Funders

Read the following statements - some of them may sound familiar!

- 'We've grown too fast!' 
- 'We're drifting...' 
- 'We don't have a common sense of purpose' 
- 'We're all things to all people....' 
- 'We're unable to meet the needs - we're just providing First Aid and crisis help'
- 'We're navel-gazing - we've missed out on opportunities to develop!'
• 'We seem to find it really hard to explain what we do to people on the outside'
• 'We're too complacent - we can't assume that things will always be this way'
• 'Don't ask us what's happening - we never get consulted'

All of these statements could be relevant to aspects of strategic planning. Some relate to the development of the organisation, others are comments on how it is perceived by those who are not (or who don't feel) part of it.

(Note: See Appendix 1)

Self Study Exercise

Organisational Approaches to Planning

Purpose: To review the way your organisation considers strategic planning

Task: Consider the statements below that describe what strategic planning is not. Which of these statements (if any) do you think could be relevant to your own organisation?

Strategic planning is not..

‘Ad hoc’ development
A hasty attempt to chase particular streams of funding before the deadline for applications
Acting on sudden ideas and whims (wherever these come from!)
A retrospective review which tries to make sense after the event
A paper exercise completed to comply with quality standards or funding bid requirements
The sole responsibility of the Chief Executive
Simply a way of team building

Think about the relationship between any of the statements and your own organisation’s strategic planning process?

Introduction cont...

Strategic planning on its own cannot solve all the problems of voluntary organisations, but the processes involved in producing a Strategic Plan can be very useful in identifying gaps, weaknesses and opportunities.

Organisations embark on strategic planning in various ways and for different reasons and motives. Some of these may be linked to issues within the organisation, while other significant factors may be those which are external to the organisation.

For example, an **internal motive** for being clear about strategy may arise when a voluntary organisation is concerned that what they actually do is consistent with what they are constituted and/or funded to do, i.e. whether the Values and Mission of the
organisation are in synch with its charitable objectives. There may also be concern about meeting targets or managing staff effectively.

An **external motive** for focusing on strategy could be driven by concerns about income and funding, which may be affected by local or national policies, markets and competition, or changes in the way services are commissioned.

These examples demonstrate planning which is focused on particular issues or problems. This suggests that the actual planning process is more reactive than organic - so if everything is swimming along without too many catastrophes, there will be no real reason to consider or re-consider strategy.

Another approach to strategic planning is *appreciative enquiry*. This doesn't begin with problems or catastrophes, and because of this it may be a more positive approach, because it focuses on strengths and achievements by considering what is actually going on in the organisation. The next stage is then to consider ‘what could be?’ - which can lead to creative and inspirational strategies.

Ideally, the **strategic planning process should be cyclical or circular**, so that key issues are regularly monitored and discussed, and key information is collected to inform the discussions, the planning, and the new objectives.

Whatever the motive or approach, some key basic questions will need to be addressed for the process to be successful.

Peter Drucker (1993), a well known management 'guru' has suggested that strategic planning process should focus on a small number of key questions:

1. What is our mission?
2. Who is our customer?
3. What does our customer value?
4. What are our results?
5. What is our plan?

### Charity Law and Regulation

The Charity Commission's guidance CC10 'The Hallmarks of an Effective Charity' ([http://tinyurl.com/yg8wplt](http://tinyurl.com/yg8wplt)) is one of a number of documents relating to charity law and regulation. This advice is aimed at Trustees and the general public. Some of the advice involves legal requirements, while other aspects are recommended practice.

The Trustee Network ([Trusteenet.org.uk](http://Trusteenet.org.uk)) makes the following point about the Charity Commission guidance:

> 'Although the principles on which the Hallmarks are based will be relevant for all charities, the way in which they can be achieved will vary with the size, income, complexity and activities of each charity.'
This is important, as Charities with substantial income and infrastructure are able to approach governance and management in very different ways from those which are smaller, or embryonic. Nevertheless, there are some aspects of this guidance which are crucially related to strategic planning. Read Hallmarks 1, 4, 5 and 6 to explore this further.

Strategic planning is usually defined as a series of activities which includes:

* defining an organisation's mission
* analysing its ability to carry out the mission
* setting objectives in terms of planning and budgeting

Strategic planning processes should provide evidence and reasons for any changes made, and discussions will arise from ongoing reflection and analysis, reviewing existing strategies and considering how relevant they are to the current context. Strategic planning cannot be done without reference to external factors, including technology, politics, economics and social change.

These different stages mean that Strategic Planning poses challenges for management and governance

- Every aspect of the organisation should be involved - this may impact on culture and performance
- The process needs to be resourced and managed and it can be expensive
- Detailed feedback and information are required, and the data collection, analysis and conclusions may not be comfortable or easy to take
- Organisations are not closed systems isolated from their environment: its important to consider data and analysis about the external operating context
- Strategic planning needs following through - the processes can't be left hanging in the air
- Strategic planning can be most valuable if it's an organic process, rather than a ‘one off’ event.

These points are often made as justification for not engaging in strategic development.

Here are some reasons why the pain is worth the gain:

It’s good practice to develop processes which involve ongoing monitoring and review, and regular feedback into decision-making.

Decisions made on the basis of inadequate information place an organisation and its funding at risk.

Voluntary sector organisations often face unpredictable changes. A strategic approach will help to meet key Aims and Objectives in a flexible way. Strategic planning looks towards the future, by making sense of the past and anticipating necessary changes.

Read more about the consequences of strategic planning here:

http://www.nea.gov/resources/Lessons/ANGELO.html
**E-tivity: Case study: Thinking about Strategic Planning**

**Task:** Read the case study under appendix 2 on strategic planning.

Consider the suggestion made in the Case Study that, at this stage in their development, the group would benefit from having a Strategic Plan in place. Think about the following questions and post your thoughts into the discussion board for this e-tivity:

- What would the group gain through this process?
- What could their starting point be?
- What difficulties do you think they might encounter?

**Respond:** Review the responses of your course colleagues and respond to at least two other answers. You may refer to your own experiences of strategic planning in relation to those of others.

**Length:** Please try to fit your responses within a two or three paragraph limit.

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**References**


**Appendix 1**

**Strategic Planning – An Overview**

- A strategic plan takes the ‘long view’ and maps out the strategies, goals, and objectives for a significant period of time: 3 – 5 years

- The strategic plan is an important way of keeping an organization focused, unified, and effective.

- Strategic planning is the responsibility of the Trustees/Management Committee members

**The Strategic Planning Process**
The strategic planning process involves various different stages of information-gathering and research:
- Clarifying the mission and the values of the organisation, and what it hopes to achieve
- Understanding as much as possible about the context in which the organisation operates
- Collecting and reviewing significant information and data about the organisation, then making sense of it and drawing conclusions
- Consulting with service users and other beneficiaries, staff, management committee members, funders, partners

**Producing a Strategic Plan**

- Producing a plan which synthesises all the research.
- Aims, funding and achievements should be consistent within the Plan.
- There should be a realistic timetable of staged development.
- The process should become organic, so that information routinely informs discussions about future developments
- The process has to be resourced
- The process can be challenging in different ways for different aspects of the organisation
- Initially it may be more productive to involve external facilitators

**Appendix 2. Strategic Planning Case Study**

Following redundancies and early retirements, an enthusiastic group of men and women (who met originally through going to the local gym) have organised themselves as volunteers in their local area, which is a growing suburb of a large diverse city, with a lot of new housing development.

Several months on, they now provide practical support for people in the area on an informal basis. Some of the beneficiaries are living in their own homes, others are in sheltered or residential accommodation.

The group doesn't have a name and they still operate from one member's converted garage. However they have established a good reputation, and other volunteers with skills are approaching them on a regular basis - some of them after having received help, and wanting to 'give something back'.

So far, the group's skills and time have been used to:

- Provide emergency practical help with minor repairs
- Help people when they have to contact agencies about benefits, finances and legal matters
- Shop for people who cannot leave their homes easily
- Shop with people who (for various reasons) find it difficult to manage money
- Transport people attending medical appointments or meetings
• Provide basic help with gardening, decorating, button sewing, letter reading and writing

The group members are gradually becoming aware that there may be other ways of providing what they now know are very valued services (e.g. ways of providing basic materials and resources, potential which could come from having an actual premises, etc). They are also aware that there may be risks and disadvantages to informal arrangements.

Some of this awareness has come from experience and feedback from their ‘clients’ and from other agencies involved in supporting the clients.

The group is also now aware of other established ‘voluntary’ organisations which appear to be doing similar things – there have been complaints and grumblings from all sides about ‘competition’ and boundaries.

The group has met, and discussed things, and researched possibilities. It’s been suggested that a Strategic Plan with clear aims, objectives and performance indicators, would help them in their funding bids.

Unit 2: Preparing a strategic plan – Environmental Analysis

Voluntary organisations can never develop or operate in completely closed environments, even though sometimes this might be their choice! Effective strategic planning has to take account of an organisation’s operational environment, which may involve many different external influences such as:

- Government and Local government policies
- Demographics
- Economics including supply and demand for the services offered and provided
- Competition and collaboration
- Technology
- Legal considerations

• See appendix 1 which explores political and economic considerations in more depth.
• See appendix 2 which explores social and technological considerations in more depth
• See appendix 3 introduces some of the legal and environmental factors for voluntary and community organisations to consider.

Do any of the points reflect the concerns of your own organisation?
Public Law is one of the key areas of legislation for VCS groups to be aware of and understand. More information about NAVCA's Empowering the Voluntary Sector Project is available at the website link below.

http://www.navca.org.uk/services/learningopps/evs/

An analysis of the external environment of an organisation can provide

- a huge amount of information
- ideas and suggestions which are not necessarily consistent with each other, or
- with the current state of the organisation
- a confusing selection of 'drivers'.

For these reasons, it can be difficult to make sense of this part of the process.

Once key issues have been identified, progress is dependent on plans which are consistent with the Mission, Vision, Aims and Objects. See the following for further advice and guidance from NCVO. http://www.3s4.org.uk/drivers

The attached link to NCVO's strategic planning site - 3s4.org.uk - provides guidance about different categories of 'drivers' which have the potential to influence voluntary sector organisations. The site suggests the following stages for strategic analysis:

1. Map strategic drivers
2. Sort them into the vital, the important and the interesting
3. Research more about your key drivers
4. Consider the impact of drivers on your organisation
5. Take strategic action

Looking Out (published by NCVO) gives practical examples and case studies.

Consultation with partner agencies and stakeholders will help to work towards a broader understanding of the external context and environment. Using the latest data and information about the national voluntary sector context can help to put local issues and trends into some kind of perspective.

The following will provide relevant information:

The UK Voluntary Sector Almanac 2007


Information about the Scottish voluntary sector


Information about the voluntary sector from the UK Workforce Hub
NCVO External Drivers Assessment Grid

- [http://www.ukworkforcehub.org.uk/almanac](http://www.ukworkforcehub.org.uk/almanac)

High Low Impact Drivers

- [http://www.3s4.org.uk/library/Assessment%20Grid.pdf](http://www.3s4.org.uk/library/Assessment%20Grid.pdf)

This NCVO grid provides a framework for the organization to consider the impact of external drivers on different stakeholders within the organization, including funders, service users and staff / volunteers.

The High Low Impact Table provides a framework to help organisations assess the level of impact each external driver could have on the work of the organisation. External issues that are most likely to impact on the work of the organisation should be prioritised within the strategic planning process.

For example, if an organisation is reliant on the local authority for most or all of their income, but there is a plan to put currently funded services out to competitive tendering, that could have a big impact on the future sustainability of the organisation - if they do not win the contract. By recognising this in advance, the organisation can plan a range of strategies in response:

- Training key staff in tendering and procurement
- Ensuring the organisation has adequate systems and policies in place for tendering
- Diversifying income sources

**Self Study Exercise**

**Consider the external environment in which your organisation operates.**

**Which of the following external considerations are issues for your organisation?**

(The acronym **P.E.S.T.L.E.** can be used as a framework for thinking about external factors)

- Political
- Economic
- Social
- Technological
- Legal
- Environmental
Appendix 1

The external environment
Political and economic considerations

Political considerations might include:
- Bringing markets into public services
- Priorities for public spending
- Rationalisation of funding streams
- Regionalisation
- Personalisation of services
- Security and surveillance

Examples of drivers

Political: Bringing markets into public services
- Government opening markets to more diverse range of suppliers - improving services and innovation
- Government recognises role of VCS in transforming public services

Economic considerations might include:
- Labour market
- Corporate responsibility
- Priorities for public spending
- Consumer spending and confidence
- Loan finance
- Debt

Examples of drivers

Economic: Priorities for public spending
- Recent period of higher public spending is coming to an end with tighter budgets expected in the future
- Services with no statutory obligation to be provided may see significant reductions in funding
- May lead to higher expectations of efficiency and value for money

Questions to consider
- What strategies can your organisation put in place now to manage potential future changes in funding?
- Can you diversify your income sources to better secure your organisation's future income?
- Could working in partnership with other VCOs help to secure funds in the future?

Appendix 2:

The External environment
Social and Technological considerations

Social considerations might include

- Britishness and Citizenship
- Human Rights Agenda
- Poverty and inequality
- Attitudes towards immigrants
- Anti-social behaviour
- Power of the media

Examples of drivers

Social: Human Rights Agenda

- Human Rights Act 1998
- Helps to ensure marginalized groups are protected
- Unclear whether ‘public’ services delivered by VCS are covered by Human Rights Act

Questions to consider:

- How can you demonstrate the value you can add to a service?
- Are you prepared for competitive tendering processes?
- Is it possible to expand your work to include new services?
- Are there other VCS organisations you could work in partnership with to strengthen services?

Technological considerations might include:

- Digital exclusion
- ‘Always on’ society
- Growth of online communities
- Public attitudes to data use
- Mobile Technology
- Storage of data

Examples of drivers

Technological: Growth of online communities

- Reach new audiences
- Digital exclusion risks marginalizing sections of society
- Rise of single issues -communities of interest

Questions to consider:

- Is there a role for your organisation to support online communities?
- How can you reach new audiences through online communities?
- How could online communities be used to deliver services in different ways?
Appendix 3

The external environment

Legal and environmental considerations

Legal considerations might include:

- How do you keep up with key changes in legislation?
- Does your organisation know which legislation is relevant?
- Understanding of public law
- Litigation becoming the norm in society

Questions to consider:

- Are you aware how your organisation could use a human rights approach?
- Are you aware of the obligations of public bodies to comply with the Human Rights Act?
- How could your organisation be part of the new Equality and Human Rights Commission?

Environmental considerations might include:

- Climate Change
- Ethical Living and consumerism
- Green Taxation
- Corporate responsibility
- Global resource constraints

Questions to consider

- Do you encourage and support a respect for the environment through the working practices of your organisation? (e.g. Attitudes to modes of travel, use and management of energy, re-cycling, resource-procurement, communication)
- Do your projects plans, developments and costings reflect and support environmental concerns?
- Do your values and mission statement demonstrate environmental and organisational responsibility?
A Strategic Plan should begin with an Introduction which summarises:

- **What the organisation is**, together with its aims, purposes and/or Mission statement
- **What it does** - its objectives, activities, its members, clients or service users
- **How it is resourced and funded to do what it does**
- **The timescale for the Plan**
- **The contributors to the Plan**
- **The key issues and changes covered in the Plan**

This information should be clear and concise, and presented in ways which can be understood and absorbed easily. It’s important to think about the potential audience for the Strategic Plan. Some readers may be familiar and supportive of the aims and activities of the organisation, but others may be absorbing the information in a much more objective and critical way. The Plan may be part of a funding application or tendering process, so the contents must detailed and any assessments should be rigorous, convincing and consistent with the evidence.

This introductory summary of the Plan is followed by more detailed information and analysis which supports the key changes, and helps to make sense of them within the context of the organisation, and the environment in which it operates.

The first stage of this more detailed section involves an outline and assessment of all the aspects which contribute to the organisation’s activity. Information needed for this section of the plan will include:

- The programme/projects/lists of activities
- The outcomes or products which result from organisational activity
- The human resources which support the programme and outcomes (paid/unpaid/user involvement/volunteers)
- The administrative and management structures of the organisation

Collecting this kind of information on a ‘one off’ basis can seem a huge undertaking. However if monitoring and evaluation means that organisations are routinely able to provide answers to the following questions, then strategic planning will be much easier and more effective, and the credibility of the organisation will be much greater with funders, partners and sector colleagues.

For this reason it can help to use a framework (or ‘assessment tool’) to apply to data and information about the organisation, so that assessment is structured and balanced.

There are many different tools available, and one of the most well known and frequently used frameworks is the SWOT analysis.
SWOT stands for:

- **Strengths**
- **Weaknesses**
- **Opportunities**
- **Threats**

These four dimensions can be applied to any aspect of an organisation's structure or activity, and the assessments can and should come from various parts of the organisation. This breadth of perspective is the key to a rigorous and creative analysis.

For example, clients have differing perspectives from those of paid staff, who in turn will have different perspectives from volunteer Trustees, or volunteers who are helping to deliver services. **Effective strategic planning needs to be informed by all these varied experiences and views**, and evidence collection will be seen to be objective and inclusive if everyone is involved.

Organisations could also consider **using a facilitator who is not involved directly with the organisation** to provide a more objective view. This needn't be an expensive solution - organisations can offer reciprocal help, and there may also be local infrastructure organisations who will provide external facilitation.

Other information on the use of SWOT analysis and assessment tools include:

- [http://www.valuebasedmanagement.net/methods_swot_analysis.html](http://www.valuebasedmanagement.net/methods_swot_analysis.html)
- [http://www.marketingteacher.com/Lessons/lesson_swot.htm](http://www.marketingteacher.com/Lessons/lesson_swot.htm)
- [http://www.voluntarymatters1and2.org/organisation/strategic_planning/more_depth/swot_analysis.html](http://www.voluntarymatters1and2.org/organisation/strategic_planning/more_depth/swot_analysis.html)

A well known approach to organisational development is **Peters and Waterman's 7-S-Model**, which is described in the following link.

- [http://www.themanager.org/pdf/7smodel.pdf](http://www.themanager.org/pdf/7smodel.pdf)

This model considers that organisations are challenged by balancing Strategy, Structures, Systems (the 'hard' S's) with Style, Skills, Staff and Shared values (the 'soft' S's)

This approach can be a useful and thought provoking analytical tool which could be a basis for discussions about the relative effectiveness/levels of satisfaction etc of different parts of the organisation.

A tool which can help to focus on **product or service development** options is the **Ansoff matrix** (Ansoff 1988). This looks at current Market penetration and current and new Market and Product development, leading to ideas for diversification.

**Gaps in the market** can be considered through

- Comparison of the current use of services with the possible use (could be informed via demographics/ Local Government targets, etc)
Limitations currently caused by access to services, and potential for improving this

- Services which could be provided but which are currently not offered because of structure/constitution/environment/capacity
- Comparisons with similar providers - what marks the differences between providers and what existing gaps in services/opportunities remain unfilled?

The NCVO offers a number of different analytical frameworks, including the Internal Performance Review which involves Ratio Analysis, Contribution Analysis and Management Audit

- see http://www.ncvo-vol.org.uk/advice-support/funding-finance/financial-management/internal-performance-review

Here are some challenges (recorded by the Third Sector Foresight Network) of taking a good hard look at the way an organisation operates...

**The challenges of strategic analysis:**

1. **Lack of time**

Garbage in, garbage out. If you rush the job, you risk poor quality results.

2. **Lack of skill**

Without the necessary skills you will not obtain the quality of information and analysis necessary to make the difference.

3. **Cynicism**

Staff and stakeholders may think that strategic analysis is a waste of time with no practical benefits. They may previously have had negative experiences with planning that colour their opinion, or they think they know it all already. Perhaps they are concerned that it takes precious time from front-line service delivery.

4. **Relevance**

Some people say that strategic analysis of the external environment is rarely if ever relevant. They argue things are changing so fast that you as soon as you grasp them for long enough to carry out analysis they are out-of-date.

5. **Force of habit**

People have “pet” activities. This means that organisations tend to repeat things out of habit. If your analysis says these activities will not be relevant in the longer term, you are likely to generate considerable organisational upset.

Below is a checklist of questions. Answering these which should provide the necessary information to respond to the following question: *How effective are the organisation’s*
resources and structures in delivering activities and outcomes in ways which are consistent with its aims, purposes and mission statement?

- **Provision**
  - What do you provide?
  - Who provides which aspects?
  - How do people find out about what you do?
  - What do people think about what you do and how do you know what they think?

- **Needs**
  - What needs are being met and how do you know they are met effectively?
  - What needs are not addressed/being met and how do you know?

- **Resources**
  - How are the resources and facilities used in your organisation?
  - How is time allocated to each activity, and how much does each activity cost to provide?
  - Who uses the premises and equipment, and in which ways?
  - How do the different projects/services within the organisation contribute to the whole picture of funding and development?
  - What are the resource implications of the mission and values of the organisation?

- **Decision Making**
  - Who makes decisions about existing provision/proposed provision?
  - Who is consulted in the process?
  - How often and in what ways does consultation happen?

Strategic Plans are ways of presenting this information so that for each area of activity there are clear descriptions of the current situation, together with a relevant and detailed plan of action for future development. Contents should include:

- Purpose and nature of activity, with rationale and information about resourcing and staffing
- What future direction the work needs to take, and why
- Significant issues likely to arise during the planning period
- Objectives and performance indicators
- How the plans will be resourced and supported (re time, facilities, management, admin)
- How the work will be monitored and evaluated
- Funding - what will be needed, and where it will be sourced
- A risk assessment
- Implementation plan

Strategic Plans can take many forms and it’s important to choose a format which reflects the organisation’s style and approach, and which is accessible for all its potential readers. A lot of information can be communicated through graphics - tables, charts, diagrams with simple explanations can be much more digestible and attractive than pages of text.

**References**
   Harper & Row.
   Books.

**Appendix 1**

Could your organisation respond to the following? If not, what systems need to be in 
place in order to do so?

**PROVISION**
- What do you provide?
- Who provides which aspects?
- How do people find out about what you do?
- What do people think about what you do and how do you know what they think?

**NEEDS**
- What needs are being met and how do you know they are met effectively?
- What needs are not addressed/being met and how do you know?

**RESOURCES**
- How are the resources and facilities used in your organisation?
- How is time allocated to each activity, and how much does each activity cost to 
  provide?
- Who uses the premises and equipment, and in which ways?
- How do the different projects/services within the organisation contribute to the 
  whole picture of funding and development?
- What are the resource implications of the mission and values of the 
  organisation?

**DECISION MAKING**
- Who makes decisions about existing provision/proposed provision?
- Who is consulted in the process?
- How often and in what ways does consultation happen?
- You should now have relevant information to respond to the following:

*How effective are the resources and structures in delivering activities and outcomes 
in ways which are consistent with the aims, purposes and mission statement of the 
organisation?*
Unit 4 Strategic Planning or Business Planning?

1. Strategic planning or business planning?

One Frequently Asked Question about strategic planning concerns the differences between a Strategic Plan and a Business Plan. It may be helpful at this stage to think about any documents produced by your organisation about its work, achievements or future plans.

   a. Are they attractive, readable, illustrated, lengthy, wordy, colourful, digestible, worthy but dull, engrossing?
   b. Think about how you have arrived at your assessment - is it the design, layout or font?
   c. The style of writing, approach to the reader, inclusion of different points of view or ‘voices’?
   d. Do you think Annual Reports should be presented in different ways from Strategic Plans or Business Plans? If so, why? Do they have different functions, or are they aimed at different readers?

Function, style, content and purpose of documents are key concepts which underpin effective communication.

2. The key differences between strategic planning and business planning

The key differences between strategic planning and business planning

*Strategic Plans:*

- A strategic plan is an overarching plan that sets the strategic direction of the organisation.

- A strategic plan is primarily used as an internal planning tool, although it may be shared with users or external stakeholders. It can be used to motivate, inspire and lead staff and volunteers, and to communicate the future direction of the organization to users and funders.

- A strategic plan can therefore lend itself to a range of presentation formats. Organisations can choose the format that best reflects their culture and approach.

- A strategic plan can provide a basis for more detailed planning including business plans, marketing strategies and funding strategies.

*Business Plans:*

- A business plan is an externally focused document that provides more detailed information on the proposed development of an organisation, and is likely to be
shared with potential investors - funding bodies for the voluntary and community sector.

- A business plan will usually include more detailed information on the financial position of the organisation, financial forecasts, and competitor and market analysis.

- A business plan is more formal and detailed in its structure and contents.

It may be more difficult to present the level of detail required within a business plan in a pictorial format, for example.

3. The purposes and style of the strategic plan

- The Strategic plan should tell an interesting story but... it should be non-fiction!
- The contents of the strategic plan should relate to a 3 - 5 year period of future development. A strategic plan is asking (and helping) the reader to imagine and project. However, the vision which the Plan describes must be grounded by experience and information gathered from the work which has been done in the past.
- The Strategic plan can use words, pictures and numbers to involve the reader, make the information more accessible, and the future more achievable and exciting.
- Finding a 'tone of voice' which actually speaks to the readers will help them to see things from the organisation's point of view.

4. The structure of the strategic plan

Here is a suggested structure for a strategic plan -

a. **Introduction** - the link between the representative of the organisation and potential readers.

b. **Executive Summary** - this is a two page summary of the strategic plan which captures the essence of the organisation and what it is hoping to achieve.

The summary should include:

- the mission and vision;
- long term aims
- info and acknowledgments re: the planning process
- The more detailed information which may be necessary for potential or existing funders, partners, supporters and service users, follows the Executive summary.

c. **Mission and Vision Statements**

d. **The Organisation:**
e. Critical Issues and Strategies - this section should be based on the environmental analysis as well as the internal and organisational issues which have been identified.

f. Aims and objectives - the goal-setting and action-planning section, which should explain how aims will be realised in practical terms, and how their progress will be monitored. This section should outline and detail for each separate project area if the programme activity is extensive.

g. Management of the strategy - another key perspective on the organisation’s strategic and operational planning.

h. Appendices - this section can contain further detail and evidence to support the contents of the Plan. Some readers may need this level of detail, but using appendices gives all readers the choice.

A glossary of key terms used within strategic planning can be found at:


5. Report – Strategic Planning for Aboriginal Input

([http://www.vsi-isbc.org/eng/about/aboriginal_report.cfm](http://www.vsi-isbc.org/eng/about/aboriginal_report.cfm))

This report explores ways of involving communities within the strategic planning process and the importance of ensuring that information is communicated in accessible ways. What issues does this report raise for the effective involvement of communities / user groups within the strategic planning process?

6. Ways of telling the story

The following is a list of different ways of presenting information. The links show examples to illustrate these different methods:

- Road Map
- Matrices (evaluations)
  [http://academic.engr.arizona.edu/engradmin/programassessment/Figure1.jpg](http://academic.engr.arizona.edu/engradmin/programassessment/Figure1.jpg)
- Pie charts and bar charts
7. Article – Strategists will hold the future in their hands

http://www.thirdsector.co.uk/Channels/Fundraising/Article/616040/THINKPIECE-Strategists-will-hold-future-hands/

This article focuses on the difficulties of preparing a 3 or 5 year plan, when the external environment is so changeable and volatile.

Can you think of ways of presenting a strategic plan which would also show the possibilities of ‘pauses on the journey’, or detours along the way?

8. Presenting your organisation’s strategic plan

Consider how your own organisation could present a strategic plan and most effectively ‘tell the story’ to staff, volunteers, users and external stakeholders. What format do you think would be most appropriate?

Think about the culture and approach of your organisation – would a formal written document be most appropriate, or would you need to use a less formal structure to convey the key messages most effectively?

A key part of the strategic planning process is ensuring that the messages contained within the plan are communicated at all levels within the organisation.

9. Setting aims and objectives

http://www.ncvo-vol.org.uk/policy-research-analysis/policy/action-points-for-public-services

More information on different ways of telling the story is available on the NCVO website:

http://www.strategy-impact.org.uk/page.asp?id=1492#a7
10. Self Study Exercise.

http://www.ces-vol.org.uk/downloads/yourprojectanditsoutcomes-139-146.pdf

Read pages 6 - 12 of the attached document from Charities Evaluation services on adopting an outcomes approach in your organisation. The guide starts by introducing the planning triangle as a way of setting the aims and objectives for an organisation or project / service.

Appendix 1

Strategic Planning Action Planning sheet

<table>
<thead>
<tr>
<th>Unit One: Introduction to Strategic Planning.</th>
<th>Does your organisation have a strategic plan? How effective do you think this planning process is? What do you think are the key strategic planning issues your organisation needs to consider / address?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Two: External Factors.</td>
<td>What are the key drivers you need to consider within your strategic planning process? What actions do you need to take to research / assess these drivers?</td>
</tr>
<tr>
<td>Unit Three: Organisational Analysis.</td>
<td>Do you have a process in place for analysing the strengths and weaknesses, opportunities and threats of your organisation? Who should be involved in this process? What do you feel are the key issues your organisation needs to address?</td>
</tr>
<tr>
<td>Unit Four: Strategic Planning vs. Business Planning.</td>
<td>Does your organisation have a clear mission and clear aims / objectives that are regularly reviewed and updated? What action could you organisation take to ensure the aims and objectives reflect the needs of users / communities? Is the organisation’s strategic plan written down in an appropriate format? What actions could be taken to improve / develop the strategic plan?</td>
</tr>
<tr>
<td>Unit Five: Resourcing the organisation (Full cost recovery and fundraising)</td>
<td>Does your organisation consider financial sustainability and the true costs of delivering services within the strategic planning process? If not, what are the risks (threats) to the future sustainability of the organisation? Does your organisation have a fundraising strategy? Does this strategy have clear links to the strategic plan? Does the fundraising strategy consider full cost recovery and sustainability? How could your organisation improve its fundraising strategy?</td>
</tr>
<tr>
<td>Unit Six: Resourcing the organisation (Procurement)</td>
<td>Has the organisation taken steps to ensure it is prepared for, and has adequate systems in place for, successful tendering? What training / support do trustees and staff need to prepare successful tenders? If the organisation has decided not to pursue tender opportunities, is there a plan in place to secure the future of projects and services through other funding sources?</td>
</tr>
<tr>
<td>Unit Seven: Managing Performance</td>
<td>How does your organisation review and evaluate the strategic planning process? How can you ensure the plan remains a live document? Who needs to be involved in reviewing the strategic plan?</td>
</tr>
<tr>
<td>Unit Eight: Promoting the work of your organisation</td>
<td>Does your organisation have a marketing strategy? How could this be improved? What changes may your organisation need to make to the way services are marketed in the future (consider key drivers)? How does the organisation communicate key messages from the strategic planning process to stakeholders?</td>
</tr>
</tbody>
</table>
Appendix 2

Expert view: How long should long-term plans be?
By Helen Verney, Third Sector, 7 November 2007
http://www.thirdsector.co.uk/Resources/Finance/Article/764874/Expert-view-long-long-term-plans-be/

This article focuses on the timescale of strategic thinking and planning. Could your organisations realistically plan for 3 – 5 – 10 years ahead? What would the difficulties be in longer term planning? Do you think that the type of organisation, or the nature of its activities, or the strength of its governance and management are significant factors? Do you think that Business Planning is easier or more difficult than Strategic Planning over the longer term?

THINKPIECE: Strategists will hold the future in their hands
By David Saint, Third Sector, 11 December 2002
http://www.thirdsector.co.uk/Channels/Fundraising/Article/616040/THINKPIECE-Strategists-will-hold-future-hands/

This article focuses on the difficulties of preparing a 3 or 5 year plan, when the external environment is so changeable and volatile.

Can you think of ways of presenting a strategic plan which would also show the possibilities of 'pauses on the journey', or detours along the way?
Unit 5: Resourcing the Organisation – Fundraising

1. Developing a Fundraising Strategy

- One of the key aspects of strategic planning is ensuring the long-term sustainability of the organisation.
- For voluntary and community organisations this involves developing a realistic fundraising strategy.
- A fundraising strategy sets out how an organisation intends to fund future projects and services to meet the needs of users / local communities.

A fundraising strategy should include:

- Current sources of funding for the organisation, with details of the length of each funding stream if applicable
- Funding needed in the future to deliver key projects and services, with a plan of how where the organisation will attract funding for each area of work
- Who will be responsible for generating funding? This responsibility maybe shared between different people within the organisation, with some focusing on fundraising events and individual donations, and others looking at funding applications and tenders.


2. Sustainable Funding


This attached diagram illustrates the various sources of income available to voluntary organisations.

- To ensure sustainability, voluntary organisations should aim for a mix of funding sources across the spectrum.
- Relying too heavily on one source of funding could leave the future of the project or service uncertain - if that funding source ceases to be available.
- Using a mixture of funding streams helps VCS organisations to sustain their services, by avoiding becoming over reliant on one source of income.

3. Analysing the funding mix of your organisation


Traditionally, charities and voluntary organisations have relied on individual donations and grants for the majority of their income.

Look at the Income Spectrum Tool and identify the funding mix of your own organisation, project or service.
Do you feel your organisation is over reliant on one type of funding? Think about the likely impact on the organisation if this funding ceased to be available.

An organisation is more likely to be sustainable if they have a mix of funding streams. If one source of income stops, the organisation still has funding coming in from other sources.

4. Funding from individuals
Charities and voluntary organisations receive funding from individuals in a range of different ways including:

- Individual donations
- Gift Aid on donations from tax payers
- Sponsorship events
- Membership fees
- Raffles and charity auctions
- Fundraising events

One of the key benefits of funding from individuals is that this contributes towards the organisation’s ‘unrestricted funds’ – unlike a lot of grant funding which has to be used for a specific purpose, unrestricted funds can be spent on any purpose in line with the organisation’s charitable objectives.

A wide range of fundraising ideas can be found at: [http://www.better-fundraising-ideas.com/charity-fundraising-ideas.html](http://www.better-fundraising-ideas.com/charity-fundraising-ideas.html)

5. Making applications for funding
Funding applications can be made to:

- **Charitable trusts and foundations** - There are over 9,000 charitable trusts distributing £2 billion per year. Charitable trusts can fund innovation and are a useful source of funding for small scale projects. They are over-subscribed, and the application process can be slow.

- **Lottery funding** - The lottery programmes have clear and transparent criteria and will provide large grants. Lottery programmes will only fund ‘new work’, and will not fund the core costs of an organisation. There is a significant amount of monitoring and evaluation required.

- **Statutory funding** - Grants available at local, regional and national levels. Some grants are being replaced by competitive tendering processes. Funding can be available through local authorities, PCTs, Government departments, and other public bodies such as Job Centre Plus.

- **European funding** - Potentially large pots of funding are available, but applications can be complex and time consuming, and may require the organisation to provide match-funding. Monitoring systems involve lots of paperwork.

6. Writing a successful funding application
Guidelines for writing funding applications:

- Check the project proposal fits the funder's criteria
- Check the exclusions – often charitable trusts have a long list of projects and organisations that they won't fund
- Follow the funder's guidelines – do as they ask
- Phone in advance – it can save a lot of time

What makes a successful funding application?

- Researching funding sources that 'best fit' the project proposal
- Bringing the project alive in writing
- Meeting the criteria for the fund
- Clear outcomes
- Plan for sustainability

7. Why funding bids fail


- Application does not meet criteria
- No track record
- Project proposal not clearly explained
- No clear outcomes
- No evidence of future planning for sustainability of the project

8. Improving funding relationships with the Third Sector

National Audit Office Report:

Read the attached document, and consider the ways in which the strategic planning process of your organisation could be helped, if the public sector followed the advice outlined in this press release / report.

9. Links between fundraising and strategic planning

All fundraising should:

- Be consistent with Objects and any Legal considerations (Governance and legal concerns)
- Link with Strategic Planning and Business Planning
- Make clear links between the track record, the evidence for what still needs to be done, and the demand for additional resources
- Outline sources for funds
- Evolve from a realistic action plan - People/tasks/allocation
- Address risks
- Include a clear statement of outcomes, together with monitoring and evaluation activity (with costings where appropriate)
These principles contrast with the ways projects can develop within voluntary organisations without a clear strategy.

10. What is Full Cost Recovery?

ACEVO (Association of Chief Officers of Voluntary Organisations) describes full cost recovery as

“...recovering or funding the full costs of a project or service. In addition to the costs directly associated with the project, such as staff and equipment, projects will also draw on the rest of the organisation. For example, adequate finance, human resources, management, and IT systems, are also integral components of any project or service. The full cost of any project therefore includes an element of each type of overhead cost, which should be allocated on a comprehensive, robust, and defensible basis.”

More information on full cost recovery is available on the ACEVO website, including good practice guidelines, Frequently Asked Questions, case studies and toolkits.
http://www.fullcostrecovery.org.uk/index/home?section=28

11. Applying full cost recovery principles


Think about funding projects and services within your organisation that receive external funding:

- Do funding bids and budgets include over-head costs, or only the direct costs associated with the project?
- Do the over-head costs included in funding bid reflect the true costs, to the organisation, of delivering this project?
- Do you have a template or formula within your organisation that can be used to calculate the full cost of any funding bid submitted?
- Are existing services funded at a full-cost level, or is the organisation subsidising them through other funds?

12. Useful publications on funding

Useful documents on government funding of the voluntary sector

- HM Treasury has produced a document that outlines principles for funding the voluntary sector and clarifies the relationship in the context of broader government funding principles. http://www.hm-treasury.gov.uk/d/guidncefunders1505061v1.pdf
- The compact is the agreement between government and the voluntary and community sector in England to improve their relationship for mutual advantage and community gain. The Compact has five Codes fo Good Practice on BME and Community Groups, Consultation, Volunteering and Funding. A revised Code on
Funding is due to be launched this March. [http://www.ncvo-vol.org.uk/uploadedFiles/NCVO/What_we_do/Compact_Advocacy/2008_Funding_code_PDF.pdf](http://www.ncvo-vol.org.uk/uploadedFiles/NCVO/What_we_do/Compact_Advocacy/2008_Funding_code_PDF.pdf)


- New Philanthropy Capital's website provides access to support which helps charities 'measure, manage and communicate the results they achieve.' [http://www.philanthropycapital.org/tools_for_charities/about_tools/Default.aspx](http://www.philanthropycapital.org/tools_for_charities/about_tools/Default.aspx)
Unit 6 Resourcing the Organisation - Tendering and Trading

1. Sustainable Funding


To ensure sustainability, voluntary organisations should aim for a mix of funding sources across the income spectrum. Relying too heavily on one source of funding could leave the future of the project or service uncertain - if the funding source ceases to be available. Using a mixture of funding source helps VCS organisations to sustain their services, by avoiding becoming over reliant on one source of income.

Unit 5 focused on funding from individuals and funding applications - within the Income Spectrum these are known as the Gift Economy and Grant Funding - areas of income generation where VCS organisations are ‘asking’ for funding.

Unit 6 will focus on the areas within the Income Spectrum where VCS organisations are ‘earning’ their income. These are referred to as the Structured Market (tendering for contracts) and the Open Market (trading).

2. Analysing the funding mix of your organisation

Traditionally, charities and voluntary organisations have relied on individual donations and grants for the majority of their income. With the national policy developments increasing the numbers of the third sector organisations delivering public services in the future, VCS organisations will move across the income spectrum, with more tender contracts and trading on the open market.

Refer back to your analysis of the funding mix of your own organisation. Is the majority of your income from ‘asking’ or ‘earning’? VCS organisations will need to consider the benefits and risks of moving across the income spectrum and securing more of their income through tender contracts and trading activities.

Some VCS organisations have made a conscious decision not to get involved in tendering and trading, whereas others have embraced what they see as new income generation opportunities for the VCS.

3. The Contract culture: procurement and tendering

Public Sector Bodies, including Local Authorities and Primary Care Trusts, are moving away from giving grant aid to voluntary organisations. These grants are being replaced by contracts to deliver specific services. The implications for VCS organisations include:

- Less grants available for new, innovative or pilot projects
- Tender contracts are more prescriptive with less opportunities for innovation
- Increased competition for contracts between VCS organisations as well as competition with the private sector
- VCS organisations could lose existing contracts if they are put out to tender
4. Key Definitions

**Commissioning** - the process by which local authorities decide how to spend their money to get the best possible services for local people. Involves anticipating future needs and expectations rather reacting to present demand.

VCOs can influence the commissioning process, as they are well placed to understand the needs of local people, and the services that are likely to be most effective. This can be done through meetings with commissioning officers or through formal consultative structures and meetings.

**Procurement** – the purchase of goods and/or services by publicly funded bodies at the best possible total price, in the right quantity and quality, at the right time generally via a contract. The functions of procurement are a) ensuring legal compliance; b) purchasing supplies or services; c) entering into contracts. Procurement must be kept separated from Commissioning.

When a service is 'put out to tender' - public bodies are required to work within European procurement rules to ensure fairness and competition.

**Tender** - a written offer to contract to provide goods or services precisely as specified in the tender documents at a stated price or rate. Successful tenders result in the award of a contract to deliver the goods or services specified.

Definitions taken from the Tendering for Care (TfC) Glossary, which can be found on the TfC website: [http://www.tenderingforcare.com/tfc-glossary-for-tendering](http://www.tenderingforcare.com/tfc-glossary-for-tendering)

5. Where to find tenders

See the NAVCA website for a list of websites where you can search for tender opportunities in your area. Local Authorities also post Invitations to Tender (ITTs) on their own websites. [http://www.navca.org.uk/localvs/lcp/briefings/wheretenders.htm](http://www.navca.org.uk/localvs/lcp/briefings/wheretenders.htm)

6. Guidance on Procurement Rules

2. Key areas EU Procurement (see appendix)

The Office for Government Commerce (OCG) has produced guidance on European Procurement Rules and UK legislation.

Key aspects of the legislation for VCOs to understand are:

- The difference between Part A and Part B services.
Financial Thresholds.
Open and Restricted Procedures.

7. Trading and social enterprise

Third sector organisations are focusing more on trading and social enterprise activities as ways of generating unrestricted income. Whereas some organisations have existing trading activities such as charity shops, room hire and charging for training; others have developed new trading activities that aim to increase income for charitable activities.

Issues for third sector organisations to consider:

- Do they have an appropriate legal structure for trading / social enterprise?
- Will the trading activities take management time / resources away from the work of the charity?
- Some organisations, described as social enterprises, rely almost entirely on trading and contracts as a way of delivering much needed services for local communities.
- This has been reflected through the level of investment and support available for social enterprises, and the introduction of the a new legal structure – Community Interest Company (CIC)

Information on charities and trading is available on the NCVO website:

http://www.ncvo-vol.org.uk/sfp/index.asp?id=8246

8. Guardian Article - Essential elements that make social enterprise work

This is an interesting article written from different perspectives within the social enterprise arena. It sets out some of the challenges for developing social enterprise ventures, and the essential elements needed for success.

http://www.guardian.co.uk/business/2003/nov/02/communities.society2

9. Implications for Strategic Planning

The implications of the move to procurement and tendering for the VCS include:

- Ensure the organisation is not over reliant on funding from the Local Authority or PCT – if the organisation failed to win an existing contract put out to tender, this could have huge implications for the future of the service / organisation as a whole.
- Plan for future tendering – ensure the organisation is ‘tender ready’. This could include reviewing policies and procedures or working towards an externally recognised quality standard such as ISO9001.
- Key staff that will be leading on tendering need to ensure they have the skills and knowledge to tender for services, and understand how tender contracts differ from grants.
• VCOs that do not want to move into tendering for service delivery contracts will need to produce a fundraising strategy identifying alternative sources of income from other strands of the funding mix - donations, grants and trading.

Appendix 1

Key areas of European Procurement Rules for the Third Sector:

• The difference between Part A and Part B services. Most Invitations for Tender relevant to the VCS will be Part B services, which are exempt from some of the Procurement Rules. Public Bodies are still required to follow an open, transparent process with an appropriate level of competition for Part B services. This means that Part B services are often put out to tender in the same way as Part A services.

• Financial Thresholds. The European Procurement Rules set out financial thresholds for procurement. Any Part A contract with a value above the threshold must be put out to tender using the full procurement rules. Local Authorities also have their own ‘Contract Standing Orders’ that set out their own financial thresholds for contracts to go out to tender. Search the Local Authority websites in your area to check out the financial thresholds set within their ‘Contract Standing Orders’.

• Open and Restricted Procedures. Most ITTs will either be a one-stage (open) or two-stage (restricted) procedure. An open procedure invites potential suppliers to tender for a contract based on the information in the tender specification. A restricted procedure invites potential suppliers to complete an expression of interest through a Pre-Qualifying Questionnaire (PQQ). Some organisations are then selected to complete a full tender, based on track record and experience, and having appropriate systems in place for financial management, health & safety, equal opportunities and environment management.
Unit 7 Managing Performance

1. Turning strategy into reality

Guidance from the NCVO (http://www.ncvo-vol.org.uk/strategy-impact/learn/impact/planning-for-impact) states that once you have identified the changes you want to bring about (your aims) and the activities that will make the changes happen (your objectives), you will need to plan how to monitor your progress and evaluate your success.

This involves thinking about:

- what you need to know
- why you need the information: what you will use it for
- how you will gather the information or data
- who, both inside and outside your organisation, might need some or all of the information, and in what format
- when and how you should judge your success

Evaluating strategic planning should include evaluation of:

- The strategic planning process
- The strategic plan produced by the organisation
- The extent to which the plan has been implemented

This website provides a useful overview of the importance of evaluating both the strategic plan and the strategic planning process:

- http://www.managementhelp.org/plan_dec/str_plan/monitor.htm

2. What is performance management?

The Improvement and Development Agency (I&DeA) defines performance management as: "Taking action in response to actual performances to make outcomes for users and the public better than they would otherwise be".

The I&DeA website contains toolkits and information, primarily aimed at public bodies, on performance management - leading to better outcomes for individuals and communities. As public bodies are a key source of funding for voluntary and community organisations, it is useful to review performance management from this point of view.

- http://www.idea.gov.uk/idk/core/page.do?pageId=4405770
3. Links between strategic planning, resourcing and performance management

**Charities Evaluation Services Outcomes Guide:** http://www.ces-vol.org.uk/downloads/yourprojectanditsoutcomes-139-146.pdf

Strategic Planning within organisations is only effective when plans are put in action, resulting in positive outcomes for users of the organisation / service. Having set the mission, vision, aims and objectives within the strategic plan, it is important to evaluate these statements to measure the progress and achievement of the organisation.

The Charities Evaluation Services Outcomes Guide (introduced as part of the Self-Study Exercise in Unit 4, page) provides some practical information and examples of how to measure aims and objectives. Aims are measured by outcomes - and both are about the difference the organisation will make / has made to the beneficiary group. Objectives are measured by outputs - and both of these are about the activities the project will carry out / has carried out.

4. Measuring performance

Traditionally VCS organisations have been measured on their achievement of outputs set out in their funding agreement. Examples of outputs include: numbers of beneficiaries / users, number of training sessions, number of days open to the public.

Outputs provide information to the funder that demonstrates the level and type of work the organisation is carrying out within a funded project or service. Outputs do not, on their own, demonstrate the difference an organisation has made to the lives of the beneficiaries receiving a service. Many charitable trusts, and public bodies, are changing the way they measure the success of funded projects, with a focus on outcomes. VCS organisations are measured, not only on the activities they carry out, but also the difference the project makes to people’s lives. Public bodies refer to Key Performance Indicators (KPIs). KPIs will consist of a mixture of: outcome indicators, output indicators.

Charities Evaluation Services has developed 15 worked examples demonstrating the outcomes approach within projects and services relevant to the VCS:


This pictorial example, developed for museums, provides a simple approach to identifying aims and outcomes for a project:


5. Efficiency vs. Effectiveness
VCS organisations need to be able to demonstrate the difference their work has made to the individuals or communities they work with, as well as demonstrating their success in relation to key outputs.

As increased emphasis is placed on outcomes, it sometimes seems that outputs are no longer important. Outcomes can only be assessed in relation to inputs and outputs. Two key terms to consider as part of this debate, are efficiency and effectiveness.

- **Efficiency** - linked to outputs. An organisation is measured on the outputs of the service, compared to the inputs. Funders often like to fund projects which can achieve high outputs, but without high inputs (funding).

- **Effectiveness** - linked to outcomes. An organisation is measured on the outcomes of the service, compared to the inputs and outputs. A service may be making a big difference to the individual beneficiaries, but if the costs outweigh the benefits, this would not be seen as effective.

6. Turning strategy into reality

The content of this page is drawn, in part, from the ©Farsight Leadership Ltd 2009 organization (http://www.farsightleadership.com/). This contribution is gratefully acknowledged. The Farsight Leadership organisation suggests that making sure that strategy translates into practice is dependent on:

- **motivational leadership** - which concentrates on achieving sustained performance through personal growth, values-based leadership and planning that recognises human dynamics
- **turning strategy into action** - which involves a phased approach, linking identified performance factors with strategic initiatives
- **performance management** - i.e. the construction of organizational processes and capabilities necessary to achieve and measure performance through people delivering results
- **Read and think about the following extract, in relation to your own experiences in voluntary and community organisations:** "A Fortune Magazine study has shown that 7 out of 10 CEOs who fail, do so not because of bad strategy, but because of bad execution. Most companies have strategies, but according to recent studies, between 70% and 90% of organisations that have formulated strategies fail to execute them. In another study of Times 1000 companies, 80% of directors said they had the right strategies but only 14% thought they were implementing them well. Only 1 in 3 companies, in their own assessment, were achieving significant strategic success. The message is clear - effective strategy realisation is key for achieving strategic success."

How does strategy-evaluation (if it exists) feed into future planning and development? Does your own organisation have ways of evaluating how effectively it’s strategies are being implemented?
7. Whose responsibility is performance management?

VCS organisations need to be clear who is responsible for the performance management of a strategic plan. Evaluating strategic plans is an essential part of the planning process. Through this evaluation, organisations can identify changes that may need to be made to the timescales or deliverability of the plan, and ensure the organisation continues to respond to new internal and external drivers. Responsibility for performance managing the strategic plan needs to reflect the structure of the organisation.

Trustees and managers should lead a review, but seek the views of all stakeholders of the organisation. This will ensure that an accurate picture is presented of key successes and progress made against the strategic plan. Key stakeholders include staff, volunteers, beneficiaries, other customers and funders. This diagram of the strategic planning cycle clearly identifies the need to evaluate strategic plans, to ensure the organisation stays on track and continues to 'get the direction right'.


8. Performance management frameworks

*The Golden Thread:* The Improvement and Development Agency (I&DeA) has produced a document, The Golden Thread, exploring the link between performance management at an organisational level, and performance management of individual staff. The diagram on page 11, illustrates how the effective management of individual staff is an essential part of the 'Building Blocks of Effective Performance Management'. This website highlights some of the potential benefits of implementing a team approach to strategic planning. These consist of process and content benefits.


9. Impact Assessment Tools

NCVOs Impact and Strategy website provides information on a range of tools for demonstrating impact:

Unit 8: Promoting the Work of the Organisation

1. Why is it important to promote the work of the organisation?

VCS organisations make a real difference to the lives of individuals and communities, through innovative projects and grass-roots approaches. These successes could lead to interest from potential funders, new volunteers or beneficiaries, but only if an organisation publicly reports the successes of the project.

This is particularly important for VCS organisations 'earning' income through tender contracts or trading, where they are competing in an open market place. There could be a number of reasons why VCS organisations do not publicise the successes of a project:

- It’s all in a day’s work – we wouldn’t be doing our jobs if we didn’t achieve results
- Lack of time or resources – we’re too busy doing the work to spend time on publicity
- We’ve moved on to the next project – it's yesterday's news

2. What is marketing?

Marketing is:

- Positioning the organisation to ensure it can be as successful as possible
- Promoting the work of the organisation
- A process by which an organisation decides what to sell, to who, how and when – and then does it
- Concerned with the growth of the organization “...the management process responsible for identifying, anticipating and satisfying customer requirement profitability” The Chartered Institute of Marketing (CIM)
- Selling more stuff to more people...

3. The marketing mix

Traditionally, the marketing mix has consisted of the ‘four Ps’:

- **Product** - the right product or service
- **Place** - in the right place
- **Price** - at the right price
- **Promotion** - with the right promotion, presented in the right way.
- More recently three more Ps have been added (making the ‘seven Ps’ in total) that organisations delivering services also need to consider:
- **People** - service users perceptions of the staff and volunteers involved in delivering a service
- **Physical image** - does the building create a positive environment for users?
- **Processes** - are user-friendly processes in place to make sure services are easy to access?
4. Marketing - links to strategic planning

Marketing has clear links with:

- **Strategic Planning** - marketing incurs costs and needs a realistic budget. Through effective marketing, organisations can reach new audiences and meet aims and objectives set within a strategic plan.
- **Lobbying and Campaigning** - Effective lobbying and campaigning draws on key marketing principles to ensure messages are clear, consistent and effective.
- **Fundraising** - There is a clearly defined link between fundraising and marketing. This includes fundraising to individuals - what key messages would encourage individuals to donate? Marketing is also a crucial part of tendering for contracts, demonstrating track records and building relationships with commissioners.
- **Influencing** - effective influencing can help to position a VCS organisation in relation to public policy decisions, and ensure organisations are invited to participate in forums and meetings setting public priorities.
- **Service User Involvement** - a key aspect of marketing is understanding and segmenting your audiences. Involving service users is an important part of understanding your existing audiences.

The link between business planning and marketing strategy is discussed on the Business Balls website:

http://www.businessballs.com/market.htm#Marketing%20planning%20process

5. Know who your customers are

The most important principle within marketing is understanding who your customers are. This includes building up a profile of your existing customers or users, and identifying new groups of customers or users that the organisation could target in the future. Developing a marketing strategy can help an organization to target a new customer base and increase the number of customers the organisation has.

For social care and health organisations, this is a particularly relevant issue, with the move to Personalisation of services. Individual service users will become ‘customers’ making decisions about where to spend their personal budgets.

Are VCS organisations geared up for this change?

http://www.3s4.org.uk/drivers/personalisation-of-services

6. Porter's Five Forces of Competitive Position Model

http://www.businessballs.com/freematerialsinword/porter'sfiveforcesdiagram.doc
Porter's theory puts forward five forces that drive competition:

- Existing competitive rivalry between suppliers
- Threat of new market entrants
- Bargaining power of buyers
- Power of suppliers
- Threat of substitute products (including technology change)

More information about Porter's theory can be found at:

http://www.businessballs.com/portersfiveforcesofcompetition.htm

The Five Forces Model document illustrates how the five forces work together and influence each other.

7. Creating a marketing plan

To create an effective marketing plan, you need to:

- Define your goal – what are you trying to achieve through the marketing?
- Calculate the likely results – what would show you the marketing plan has succeeded?
- Set a time frame – when do you want to have achieved the results by?
- Who are you selling to?
- Be clear what you are providing and why customers should choose your service
- Be clear about the benefits of your service
- Be clear how you will attract new customers
- Calculate how much will it cost
- Identify what additional resources you will need

Wales Council for Voluntary Action’s fact sheet on developing a marketing plan, sets out the key issues to consider:

http://www.wcva-ids.org.uk/wcva/1072

8. Golden Rules of Marketing

- Focus on helping not selling
- Target your customer base
- Focus on the long-term value of donors / volunteers
- Ask your customers about their experience of being involved with the organisation
- Communicate with customers and keep them informed
- Spend money on targeted marketing
- Focus on benefits not on features
- Be persistent and consistent with your key messages
- Produce and distribute good quality, informative information about your organisation
9. Marketing methods


Marketing and promotion methods need to be appropriate to the different audiences of the organisation. Using a range of methods can increase an organisation's reach, but make sure the key messages don't get lost within a complex marketing campaign. Sometimes it is best to keep it simple.

Marketing methods include:

- Word of mouth
- Posters / leaflets / brochures
- Newspaper articles
- Radio interviews
- Press Advertising
- Direct Marketing
- Telephone Marketing
- Celebrity Endorsement
- Case Studies – focus on outcomes
- Websites (see the attached Third Sector article for some cautionary notes on how to manage your website content)
- E-Zines
- Annual Reports

Social Enterprise London (SEL) has produced a guide to marketing for Social Enterprise organisations. The guide includes information about the marketing communications mix: [http://www.sel.org.uk/](http://www.sel.org.uk/)

10. Measuring success of marketing

Visit [Measuring success of marketing:](http://www.thirdsector.co.uk/Resources/Communications/Login/754094/)

Read the articles from Third Sector Magazine, focusing on the importance of measuring the impact / success of marketing campaigns.

Review the articles in relation to your own organisation. Consider the following questions:

- How do you know which of the marketing methods used in your organisation are most effective?
- Are you investing time and resources in the methods that will help the organisation to achieve aims and objectives?
- How can you ensure you can measure the effectiveness of the marketing methods used within your organisation?

11. Impact Marketing

The key to really effective impact communications is to tell the right things to the right people in the right way. We call this process impact marketing: http://www.strategy-impact.org.uk/page.asp?id=1454 (NCVO).

Impact marketing is directly linked to strategic planning, monitoring and evaluation processes within an organisation. An organisation sets out to make a difference to the lives of individuals / communities. This is measured through outcomes, which then leads to impact marketing.

You can use evidence of your impact:

- For campaigning or advocacy
- To help users gain a voice to promote their needs
- To highlight gaps that need future attention
- To increase your credibility with other agencies
- To meet funders' needs and attract more funding and support
- To demonstrate your track record to purchasers and commissioners
- To boost morale within your organisation
- To achieve even more for your users or cause

12. Guidance of marketing and the law

Committee of Advertising Practice:
http://copyadvice.org.uk/~media/Files/Copy%20Advice/Help%20Notes/voluntary_sector_marketing.ashx

Information Commissioner's Office:

The above links provide guidance to charities and VCS organisations on legal considerations within marketing.

The first guide, produced by the Information Commissioner's Office (ICO) provides advice on direct marketing and data protection considerations.

The second guide, produced by the Committee for Advertising Practice, provides guidance for VCS organisations to ensure marketing communications are legal, decent, honest, and truthful.

13. Does marketing fit with the values of the VCS?
Traditional voluntary sector values have focused on collaboration rather than competition, and delivering services in response to needs. With moves towards tendering and trading through social enterprise activities, business skills have become more relevant to the work of the voluntary sector, with an increased focus on competing for funding and operating in an open market place.

The article below, from the Society Guardian looks at the increased use of business skills, such as marketing, within the voluntary sector. Does this fundamentally change the values of the voluntary sector, or is this a necessary transition to ensure voluntary organisations can sustain the invaluable work they do within local communities?

http://www.guardian.co.uk/society/2006/nov/08/charities.voluntarysector

Do marketing professionals change the nature of the voluntary sector, or as the article suggest, is the voluntary sector softening the approach of the private sector workers keen to work within the VCS?