Strategic Planning for NGOs: A guide to understand the basics of strategic planning

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*A goal without a plan is just a wish*—Antoine de Saint-Exupery (French writer, 1900 – 1944).

Most organizations agree that planning is an essential process for good governance and management. Be it a NGO or a Government Organization or a Private corporate house, strategic planning is required by all entities towards achieving success. Most organizations devise their own strategic plan, a document that articulates with an organization about its goals and objectives, the essential steps and actions need to be taken to accomplish those goals and other important elements that are developed amidst planning.

Strategic planning is important, but at the same time can be a complex issue especially for new and small organizations. Looking at the NGO sector, one may find that many NGOs do not have well drafted strategic plan and the few NGOs that have the plans are written in a very complex way. These are either too lengthy or too complicated to implement and are therefore not put into use.

Strategic plan in reality is a living document which directs the overall functioning of any organization. With this guide we provide all the details pertaining to strategic planning, so that you can develop a strategic plan for your organization. This guide would help you in understanding the following topics:

- What is Strategic planning?
- Importance of Strategic planning
- Tools for Strategic planning
- Steps of Strategic planning
- Who can do strategic planning?

### 2. What is Strategic Planning?

Strategic planning is an organizational management activity that is used to set priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders are working toward common goals, establish
agreement around intended outcomes/results, and assess and adjust the organization’s direction in response to a changing environment.

The strategic plan essentially focuses on the future and suggests measures that an organization must take to achieve its goals. Strategic planning also helps in establishing concurrence around the desired results of the destined objectives. It directs an organization towards its goals as well as reviews and adjusts the overall direction of the organization in response to changing circumstances. Furthermore, it filters the problems that prevent organizational growth and progress and suggests suitable measures and steps in correcting these issues.

An effective strategic planning is a result of disciplined efforts which ultimately define an organization, shapes and guides its activities and functions, classifies its services and the reasons behind its functions and services along with a strong focus on the future. It communicates the overall journey of an organization, the necessary actions that are needed to be taken for its growth and development and also the ways by which it will assess its progress and evaluate its achievements.

3. Importance of Strategic Planning for NGOs

Just like any other organization, strategic planning is equally important for Non-Governmental Organizations (NGOs). A strategic plan is not only important for promotion but also worthwhile for organizational development of NGOs. Primarily, strategic planning is important for the following reasons:

1. An effective strategic plan helps in building up the main initiative behind a NGO. It clearly states the mission and vision of the organization and gives an overall direction to its way-forward.
2. Best decisions are taken when NGOs have a strategic plan in hand. At any given instance, members can refer to the vision and define its further course of action. Therefore, a complete plan acts as a useful guide all throughout the organizational journey.
3. Through a strategy plan, NGOs can have good idea and understanding about its strengths and capacities, weaknesses and problems as well as resources. A SWOT (strength, weakness, opportunity, threats) analysis shall enable the organization to analyze their strengths and build upon opportunity. In this process, they can also determine their core competency.
4. By means of strategic planning, NGOs shall know what all it needs to do in order to accomplish its set targets. They can execute their duties and
functions in accordance to their strategic planning. This shall make its activities more organized and well planned.

5. Proper and well efficient management of time, money and human resource becomes easier through strategic plans.

6. NGOs can manage their investment and resources, define a budget for a specific time period and proficiently utilize its funds.

7. The NGOs members can share responsibility and be accountable for specific work. This will also enhance organizational management and better utility of human resource.

8. NGOs can have both short-term and long-term objectives and can conveniently work towards achieving its goals.

9. Strategic planning also helps in updating for addressing changes within the environment. When it becomes a part of organizational culture, people become more disciplined, things run smoothly without any flaws and NGOs witness better performance.

10. Strategic planning results in increased energy which arises from removing conflicts and disorders from important matters.

11. A strategic plan helps people to focus more on the important affairs and matters of the NGOs and give less attention to the insignificant projects and initiatives. It also informs them about the specific areas that demand attention at a specific period of time. At times, it guides them to shift their focus from one project to another, in order to aim for a bigger picture. Hence, there is increased capacity and efficiency.

12. With good decision and proper administration, come highly productive results. NGOs can have innovative solutions and better thought-process while working on any initiative or during any course of action.

13. NGOs can enjoy good competitive advantage by following their strategies. They can develop good image and reputation and gain market recognition. Furthermore, they can create their own identity and secure a good position in the marketplace.

14. Finally, by channeling their activities, NGOs are sure to enhance their success and achievements and look into further prospects in the long run.

4.1 Tools and Principles of Strategic Planning: Visioning

Ideally, a good strategy should be accompanied by effective planning tools. There are several tools that could be involved while conducting strategic planning. The most commonly used tools are: Visioning, Metrics or charts, SWOT analysis, Pestle analysis, Affinity diagrams, Portfolio analysis and Interrelationship digraph. Each has its own importance and a specific way of incorporating it within the
planning process. A perfect combination of all these tools finely integrates into the strategic planning model of an organization.

Visioning: To start with, the very first tool is to vision/to plan for future. It starts with brainstorming which gradually leads to the long-term visualization, as desired by the organization. Visioning answers basic questions such as what the organization wants to achieve in future, what it shall look like, what image it shall build in the minds of its prospects and who shall be the potential customers. Overall, visioning gives a futuristic revelation to the organization’s present image and standing.

- Importance of Visioning: Vision of an organization is the most important piece of foundation that guides all its further plans and prospects.
- Visioning helps in determining the strategic projects that are chosen by the organization heads. If an organization is a human body, vision is the head.
- Organizational leaders look back to the vision and design their statement accordingly in order to have a realistic approach for the organization.
- A proper vision also inspires them to proceed with good spirit and interest instead of moving back or remaining perplexed.
- How is Visioning done? Although it sounds simple, yet the process demands some skills and attributes to create a motivational statement for the organization and its employees. Remember that the vision statement should be expressive and well drafted so that it appeals to people and at the same time also gives direction to the NGO. It is best done by choosing a specific time-frame which is practical for the organization and asking the leaders to foresee the future of the NGO by asking themselves few questions such as:
  - Where do you see the organization in 5 years time?
  - Who are your target beneficiaries?
  - How do you want others to see you?
  - Why do you want to do/address a particular thing?
  - How will you achieve your goal?

Once the leaders have got the answers to these questions, each member jots their vision statements one by one. This process continues by rounds until all the responses of all the members have been recorded. After this, the board debates on the pros and cons of all the responses and finally come up with a vision statement. While drafting the vision statement keep the following points in mind:

- Use simple language that can be understood by people of all backgrounds.
- Should be appealing and inspiring to engage people.
- Should have a broad context.
- Should be written in present tense.

Examples of Vision:

Oxfam – Our vision is a just world without poverty.

Save the children International- A world in which every child attains the right to survival, protection, development and participation.

4.2 Tools and Principles of Strategic Planning: Metrics/Charts

Metrics/Charts: Ideally, a strategic plan is incomplete without numbers, calculations and graphical representations. These are often ignored because people might not be confident with mathematics. However, in order to prove the visionary statement, it is important to have justifications through figures and metrics which will finally determine if the project will make a desirable impact, as it has been planned.

- Importance of Metrics and Charts: Strategic planning involves daily course of responsibilities. Since time, energy and organization resources are limited, therefore the leadership team needs to track the overall performance of the various projects and assess if they are meeting the set targets. By following the metrics, NGO leaders can know when to proceed, when to shift focus from one specific field to another or in worst circumstances to stop the entire project.

For instance, if your NGO plans to work in the education sector, your team leaders will have a look at the chart to see if donors and funding in the given sector is witnessing a steady growth. In case the graph does not show a steady response, leaders change their techniques and approach towards the specific strategy and would look at some other sector which appears more appealing.

- How are Metrics and Charts made? Before creating a metric, organizations choose the best metric that is critical to their strategy. There are three different types of measures to evaluate organizational progress:
  - Outcome measures: Outcome measures help in assessing the results of efforts
  - Strategic measures: Strategic measures enable leaders to understanding if they are proceeding in the right direction
• Core process measures: Core process measures ensure if the systems are efficient in supporting the desirable growth.

Under changing circumstances and situations, either one or more than one of these metrics need to be used for better tracking and evaluation of results. After selecting the most appropriate metric, it’s time to create one.

Leaders ask certain questions: The name of the metric and what will it display about the organization, the kind of data that needs to be produced from the metric and the place where the data can be found, the type of chart that will best display the data and the ways of interpreting the measure. In order to answer the last question, they refer to the first. Once they have formed a complete chain of satisfactory answers that becomes the ideal metric to be selected for that specified time.

4.3 Tools and Principles of Strategic Planning: PESTEL Analysis

PESTEL Analysis: Is an important planning tool used for understanding the external macro-level external factors that impact the working of an organization. It is a useful strategic tool for understanding market growth or decline, business position, potential and direction for operations.

• Importance of PESTEL: Result of this analysis is used to identify threats and weaknesses while conducting a SWOT analysis.
• How to conduct a PESTEL? The first step while undertaking the PESTEL is to understand all the external factors that may impact the working of your organization. In the analysis the following factors are assessed:
  • Political- These include the factors that are associated with the government policy, schemes, taxation, trade laws etc. with respect to your country. Political factors may to a great extent influence your working.
  • Economical- These factors relate to the external economy factors like markets, funding availability, interest rates, exchange rates, inflation, incomes of the people etc.
  • Social- These factors are related to the beliefs, customs, attitudes, traditions of a particular place and influence the organizational working to a large extent.
  • Technological- Refers to the technological aspects and their impact.
  • Environmental – These include all environmental factors that may affect your organization working. These include climatic conditions, rains,
disasters etc. that have a huge potential to influence the working of your organization.

- Legal- Legal factors include norms, certifications, legal procedures related to health and safety, consumer rights and laws and product safety etc.

Once you have identified the various factors you need to gather data and conduct research to understand the impact of the factors on your organization.

4.4 Tools and Principles of Strategic Planning: SWOT Analysis

SWOT analysis: SWOT analysis is another efficient planning tool, in which members suggest, list and assess the strengths, weaknesses, opportunities and threats of their organization. Conducting a SWOT analysis is a very effective tool to assess, analyze the current health of your organization and manage the organization successfully. SWOT stands for Strengths, Weaknesses, Opportunities and Threats.

- Importance of SWOT analysis: SWOT analysis helps the leaders in developing an overall picture of the current position of their organization so that they can devise their future plan of action, based on the present situation and in accordance to their common objective.

Through the analysis, leaders get worthwhile and credible information which is further used to grow internal projects in the view of facing challenges that prevent an organization from its complete efficiency.

- How is SWOT analysis done? SWOT analysis involves deep focus on both the internal sphere and the external sphere of an organization. Strengths and weaknesses are within an organization whereas opportunities and threats revolve around the competitive environment of the organization.

In the internal environment, leadership team brainstorms the vital strengths of the organization and looks for ways to make it into a competitive advantage in the marketplace. They also highlight the key weaknesses and make an attempt to improve such sections. They can also turn a weakness into an advantage, only with the right blend of planning and skills.

In the external environment, leaders concentrate on all possible ways to make the business sustain and flourish in the competitive industry. They give suggestions and come up with a list emphasizing the most promising opportunities and the fatal threats to a company. The key opportunities and threats are then mapped out and
projected in the overall strategic plan. SWOT basically is the analysis of the following:

- **Strengths**: these are the positive factors within the organization that will help you achieving your objectives and targets.
- **Weaknesses**: these refer to the internal factors that will hinder the organization in achieving the desired outputs.
- **Opportunities**: these are the external factors that are beyond your control but are most likely support you in moving closer to the target. Analysis of such factors and integrating them in your plan will help you take advantages of the situation.
- **Threats**: Threats are the negative external factors which may jeopardize your ongoing activities. It is very essential to assess the risks while developing your plans, so that you can accordingly develop risk mitigation strategies right from the beginning.

### 4.5 Tools and Principles of Strategic Planning: An Affinity Diagram

An affinity diagram: An affinity diagram is useful for narrowing down large number of things into more organized and similar categories in order to make it easily manageable. The term “affinity” refers to inherent similarity or relationship. It is an efficient planning tool for grouping, categorizing and combining vast prospective projects and initiatives into a convenient number.

- **Importance of affinity diagram**: As a result of SWOT analysis, there are large numbers of internal and strategic projects that need to be undertaken. Affinity diagram helps in proper grouping and combining these projects by projecting the common features and characteristics. This helps in putting the projects into specialized categories and concentrating only on those niche areas. As a result, where SWOT analysis would lead to 50 projects, by means of this tool leaders can prioritize only on 10-15 of them.

- **How is affinity diagram made?** The entire leadership team gets together and begins by writing all the prospective initiatives or projects on a 3X3 sticky note and then arbitrarily placing the notes on a flip chart pad. The team then gathers around the flip chart and categorizes these notes under a larger category/theme in a logical manner. By means of this careful study, the process brings in more clarity and simplicity into a project. Once the entire team has resolved the possible connection between the sticky notes and the notes have stopped moving, the procedure comes to an end.
4.6 Tools and Principles of Strategic Planning: Interrelation Digraph

Interrelation digraph: Out of all the important projects, organizational leaders need to recognize only a few essential ones. An interrelation digraph helps in identifying those few projects from the most significant.

- Importance of interrelation digraph: The tool has been exclusively designed to compare all the problems and opportunities amongst projects and thereby identify the key projects that would help in creating maximum impact on others.
- How is interrelation digraph made? After the leadership team has categorized their potential projects or strategic initiatives with the help of affinity diagram, they proceed towards making the interrelation digraph. For this, the team assembles all the remaining sticky notes after the affinity process and puts it into a square shape around the flip chart. Starting from one corner and working around the square, they compare each project with the others by questioning about the presence of strong relationship between any two initiatives and the initiatives which have a cause-and-effect relationship. When no relationship or a stronger relationship can be spotted, the team moves on.

In order to identify cause-and-effect relationship, the team draws an arrow between the two projects (one, having an impact and the other which is being impacted) by pointing the arrowhead towards the project which is being impacted. When the leaders are done with all the comparisons, they count the number of arrows going out from each project. The projects which have maximum number of arrows are more likely yield productive results if chosen for the project plan. Therefore, the team considers these initiatives while devising strategic planning.

4.7 Tools and Principles of Strategic Planning: Portfolio Analysis

Portfolio analysis: Portfolio analysis refers to process of analyzing the ongoing, past and present projects/programs of a NGO and assesses the performance of each. Portfolio analysis is a systematic way to analyze the array of services that are conducted by a NGO.

- Importance of Portfolio analysis: It encourages the senior management to evaluate all the programs and projects individually and accordingly allocate resources for them.
- How to conduct a portfolio analysis? The first step in portfolio analysis is to identify the various sectors, projects and services that the NGO takes up.
Once all the programs have been identified, you need to classify them into
the following four categories:

- **Star projects or Strong Projects** - these refer to projects and activities that
  have been successful in the past and are also performing equally well in
  present day.
- **Question marks or New Projects** - these are the new projects and concepts
  which have not been tested now. You have developed the projects but are
  not sure if they will be successful or not.
- **Foundation stones** - These are the projects that are have a history of receiving
  funding and provide financial security and/or credibility to the NGO.
- **Dead ducks** - These Projects are exhaustive both in terms of time and
  resources but do not add any value to the NGO.

Based on the analysis and categorizing the projects and services you can know
which projects require attention and which should be scraped from the list.

4.8 **Principles of Planning**

It is really important for you to understand the basic principles of strategic
planning before you set out to initiate the process. Experts in the field of NGO
management and government suggest a few basic principles for strategic planning
which would not aid you in the process of planning but will also ensure that the
planning leads to success in the future. To avoid your hard-work and time go futile
integrate the following principles in the planning process.

- **Leaders to lead it** - Strategic planning is central to the leaders and the top
  management of your NGO. It is the responsibility and the duty of the senior
  management team to be fully participative and accountable in the
  process. As the final decision is to be taken by them, it is necessary that
  they are fully engaged in the planning process.
- **Staff should own the plan** - The strategic plan will be successful lonely when
  it is adopted by the staff, therefore keep the staff involved in the process.
  Your staff should respect the plan and help you in implementing it in full
  force. Unless your staff owns and abides by the strategic plan, your
  organization won’t reach the desired goal. Remember that leader and senior
  team members are responsible not just for the organization but also for the
  staff, and therefore your staff should be involved in the process of planning.
- **Stakeholder analysis** - It is important for you to understand what your
  stakeholders expect from you, and therefore you should engage them in the
  process. During the discussions with these stakeholders you can understand
what as an organization you are expected to do. You can accordingly decide your future course of work through these discussions.

- Keep the plan simple: The planning process should be kept simple, do not unnecessarily complicate it by using technical tools, jargons etc. The purpose of the plan is to guide you and therefore, just focus on how you can develop a simple yet practical plan that helps the organization in reaching the desired objectives.

With the help of the above planning tools and planning principles, strategic thinkers of an organization can move ahead to the different stages of strategic planning process.

5. Stages of Strategic Planning

The Strategic Planning process is undertaken for the purpose of developing a concrete plan that would lead an organization towards accomplishing its long-term goals and objectives. The planning process is executed by the senior members, who sit together and analyze different situations affecting the state and affairs of business. In this process, they have a look at the current scenario of the organization, its internal and external environment; prepare suitable strategies and objectives according to their situation assessment as well as develop procedures to execute and weigh up the strategic plan. Ideally, strategic planning is done for a three to five year timeline; however it is also done for a shorter period, when the organization or its environment is dynamic. Typically, there are five stages in strategic planning: analysis of the current state, defining the future state, determining goals and objectives, implementation and evaluation.

- Analysis of the current state of an organization: The very first step is to determine the current state of business by having a complete understanding of the internal and external audits and internal and external environment of an organization. Leaders analyze the overall marketplace, the competitive environment within the industry and the core competencies of the organization. In short, they conduct a SWOT analysis to examine all the factors affecting the organization.

- Defining the future state of an organization: After analyzing the overall image and standing of organization, strategic planners then move to defining the probable achievements or future state of their organization. They develop a vision (future concepts) and mission statement (which can be about its products, customers, markets, etc.) by focusing on the main priorities of the organization. At this stage, they also highlight the organization’s future
goals and give a proper direction to the organization by stating its expected core values, future place and probable functions.

- Determining goals and objectives of an organization: Strategic leaders then proceeds to identify common goals and objectives of their business, which are usually determined from the mission and vision statement. This helps an organization to understand what it needs to accomplish in order to address its priorities.

- Implementation: The next stage involves execution of the overall planning and determining accountability, that is, shouldering responsibility to the right person for specific processes. In this stage, leaders communicate about allocating time, money and human resources for achieving the desired objectives, thereby addressing prior issues.

- Evaluation: At the final stage, the leadership team only reviews the performance of the plan and ensures that it is fetching desirable results. Evaluation is scheduled in advanced and done at regular intervals of time, which is ideally once in three months. It is a consistent process and by doing so, strategic leaders examine and assess if the project is moving in the right direction and their planning has been credible.

6. Who to be involved in Strategic Planning

Strategic planning involves senior team members and the board members of your organization. The board members are primarily responsible for the entire process of planning and it completely depends on them whether to involve multiple stakeholders or not. It however is a good practice to engage different people in the planning process, so as to provide better insights into the planning document and to legitimize it.

To make your plan practical and realistic it is essential that the entire process is made participatory by involving all relevant stakeholders including both internal and external stakeholders. Very often strategic planning also involves various NGO stakeholders which includes donors, target beneficiaries, staff members, strategic thinkers (consultants) etc.

It is a good idea to engage your NGO partners either directly or indirectly in the planning phase. You can send an email to the identified partners and request them to provide you a feedback within some deadline. This feedback can be integrated in the planning document.
Another important group of people who should be involved in the planning are your office staff. There are high chances that the senior team members and the board are not well versed with the actual ground realities, it is thus important to engage few staff members who can provide insights about the on-field challenges etc.

7. Strategic Plan Components

Though there is no standard format for a strategic plan, a typical strategic plan consists of the following sections.

- Executive Summary: An executive summary is a section in the document that summarizes the entire strategic plan report. The primary purpose of the summary is that it serves as an excellent tool for communicating the report is a short and simple way.
- Organization Background: Mention about your organization, the kind of work it does, the processes it follows and the area it works in. You can also mention about the historical evolution of your organization.
- Management Structure: In this section describe how your organization works. Describe the governance mechanism (number of board members) and the management staff in the organization. Most organization usually provides a organizational chart in this section, so as to provide the reader about the governance and management structure.
- Organization Vision, Mission and Values: Each organization is based on certain core values or guiding principles mention these under these section.
- Strategic Analysis: Use the various tools to analyze the current situation. In this section clearly mention about the planning tool that you are using. Describe the final results of the analysis. This analysis will also include the current resource assessment.
- Goals and Strategies: Based on the results of the external and internal factors, your team will decide upon certain goals for the future. For each goal that the organization plans to achieve in the next 5 years, you should clearly detail out the strategy. This section should also detail out the processes you will use to execute the plan.
- Evaluation: This section will discuss about the evaluation procedures that will be used to evaluate the success of the plan.
8. Conclusion

Strategic planning is a critical component for effective governance and management of a NGO. In simple words, Strategic planning is a systematic process of deciding key decisions for an organization to thrive successfully in the next few years. The planning process is a disciplined and time taking process produces fundamental decisions and actions that shape the organization. Therefore, to conclude, strategic planning is one of the most essential job in NGOs and other organizations. Although it is time-taking, however, if diligently done, yields better results than desired. However, it happens with years of experience within an organization and a clear understanding about its existence, purpose and functions. By utilizing the most appropriate strategic tools at different levels of strategic planning, an organization gets its ideal strategy plan.