



# Center for World-Changing Organizations

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Strengthening organizations that make the world better

**#1** In Our Guides & Workbooks Series

## Strategic Planning Guide

How to Design More Effective Strategies  
To Deliver on and Support Your Mission



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By Jonathan Reed, PhD

We specialize in helping organizations that make a difference in the world:

- **Design ingenious ways to accomplish their missions**—through our innovative approach to *strategic planning*.
- **Increase revenues and funding**—through *strategic marketing* designed for their unique financial challenges.
- **Create great places to work**—through *organizational development* tailored to their values-driven missions and unconventional staff.

We've written ***eight leadership guides*** on these subjects, which you can download at [www.wcorgs.com](http://www.wcorgs.com). They describe how we adapt *corporate* planning, marketing, and organizational development to meet the challenges these organizations face.

Our clients have included local-to-global nonprofits, government agencies, and companies in the U.S. and abroad. As subject-matter experts with extensive consulting experience, we offer high return-on-investment consulting, training, and other services.

**JONATHAN REED, PH.D.**, the Center's founder, has an unusual background for a management consultant. He received his doctorate in the biological sciences at the University of Wisconsin—Madison, where he subsequently served as Lecturer and Honorary Fellow. His research took him far afield: 500 miles north of the Arctic Circle, four field seasons in Kauai, Hawaii, and to Panama as a Smithsonian Tropical Research Fellow.

He then founded The University Group in 1988, a private consulting firm representing 65 leading faculty at UW—Madison. It transferred the latest advances in management and technology from universities to corporations such as General Electric and Johnson Controls.

When clients began asking for his advice, he found he preferred consulting over trying to manage professors. So he started consulting for corporations, nonprofits, and government agencies on his own. One of his projects received a National Quality Award.

He has co-authored *A Systems Handbook: An Introduction to the Systems Age* for GE Medical Systems, consulted for federal Science Centers for seven consecutive years, and helped lead the Conservation Science Division of The Nature Conservancy.

He served as a consultant to the U.S. Agency for International Development in Afghanistan and the former Soviet Union Republic of Georgia, and the Inter-American Development Bank in Trinidad and Tobago. And he has recently taught mindfulness meditation at maximum-security prisons.

To see the results his clients achieved and read their testimonials, see the Experience section of our website.



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# Center for World-Changing Organizations

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## #1 Strategic Planning Guide

### Designing More Effective Strategies to Deliver on and Support Your Mission

An old Zen master was asked once if it's hard to achieve enlightenment. He said it's not that hard if you understand how your mind works. In a way, the same is true for strategic planning. It's not that hard to craft an ingenious plan to make your organization more successful if you understand how it works—and how your strategy connects to how it works. But we don't know of any planning model that does this. So we built one that does.

This guide describes a new and, we believe, more effective way to plan. We designed it for one purpose: to help organizations that make the world better become more successful. It focuses on four dimensions of success: what *defines, supports, produces, and drives* it. No other planning model does this. Yet its most important contribution might be how it portrays what organizations actually do through their core functions, strategies, and key drivers of success as depicted in our *success maps*.

*Most planning models were designed for profit-driven companies.* And the few designed for other types of organizations were derived from them. So we created a planning model for world-changing organizations:<sup>1</sup> local-to-global non-profit organizations, governmental institutions, and companies that are as committed to making a difference as turning a profit. Our *Strategic Planning Workbook* describes *how* to use our model.

*Do you know the dirty little secret about strategic planning?*

Management experts estimate upwards of 90% of strategic plans are never finished or, if they are, fail to improve performance.<sup>2</sup> Frankly, we're not surprised—if you've done strategic planning, you're probably not either. In three decades of helping many types of organizations plan, we never found a planning model that worked. Somewhere along the line, we abandoned them all. They just didn't produce results fast enough for our clients.



*Why?* Most beat around the bush with SWOT (strengths, weaknesses, opportunities, and threats) analyses, environmental scans, trend analyses, and other time-and-energy-sapping exercises that don't get to the heart of the matter—how to make your organization more successful. Nor do their disjointed steps and exercises build on one another. Most importantly, they fail to address the challenges of world-changing organizations.

So we created a new type of planning model from scratch. It grew out of an idea—*key factors for success*—that Kenichi Ohmae discussed in his 1982 classic, *The Mind of the Strategist*.<sup>3</sup>

The notion of *what drives success*, which other planning theorists ignored, intrigued us. Though he developed it to help large corporations gain competitive advantage, we believed we could adapt to smaller, values-driven organizations.

Ohmae's ideas about inspiration also intrigued us. He wrote "Insight is far easier to recognize than define. Perhaps we might say that creative insight is the ability to combine, synthesize, or reshuffle previously unrelated phenomena in such a way that you get more out of the emergent whole than you put in."<sup>4</sup> [emphasis is ours]

We found traditional planning models rarely yield strategic insights. So another requirement of our model was it combine, synthesize, and reshuffle previous unrelated phenomenon to produce key strategic insights. Better still, we wanted to do this graphically, so it would be easier to understand. To this end, we created a series of success maps that reveal how success arises in organizations.



**Fig. 1. Success pyramid**

Our third requirement was that each step builds on the previous one: no more disconnected planning steps that leave planners both confused and fidgety.

The last requirement was to give planners the ideas and tools to devise better strategies. The success of most strategies depends on exceeding expectations of either key clients, funders, and supporters to fulfill their needs. Incorporating *strategic marketing*, which includes *branding*, accomplishes this.

We present our success pyramid below. Our theory of planning and our planning process appear on the next two pages. When we refer to *organizations* in this guide, we mean world-changing ones unless we state otherwise.

This is the first in our *Guides and Workbooks Series* to help you build a more successful and prosperous organization. Subjects include *strategic planning, strategic marketing, and organizational development*. We list them on the back cover. Our *Strategic Planning Workbook* describes how to use our planning model. See this endnote for permission to use our guides and workbooks.<sup>5</sup>

They are based on our research and work with many organizations of different sizes and in various fields, including General Electric Medical Systems, Rexnord Aerospace, The Nature Conservancy, U.S. Geological Survey, and U.S. Agency for International Development—and many smaller organizations.

## Our theory of planning and advice to planners

**Focus on success.** Focus on what can make your organization more successful at delivering on and supporting its mission.

**Do the right things.** Consider if you're *doing the right things* to succeed (what you do) before analyzing if you're *doing things right* (how you do them).

**Concentrate on strategies.** Strategic planning is about improving or changing your strategies. Know what they are, how successful they are, and which to improve or change.

**Incorporate strategic marketing and branding.** Doing so enables planners to understand better those who determine their organization's success and design better strategies to serve them.

**Visually display what you do.** Portray graphically how your organization functions through its strategies—and what supports, produces, and drives your success.

**Planning horizon.** It is usually three-to-five years—perhaps shorter for rapidly evolving organizations.

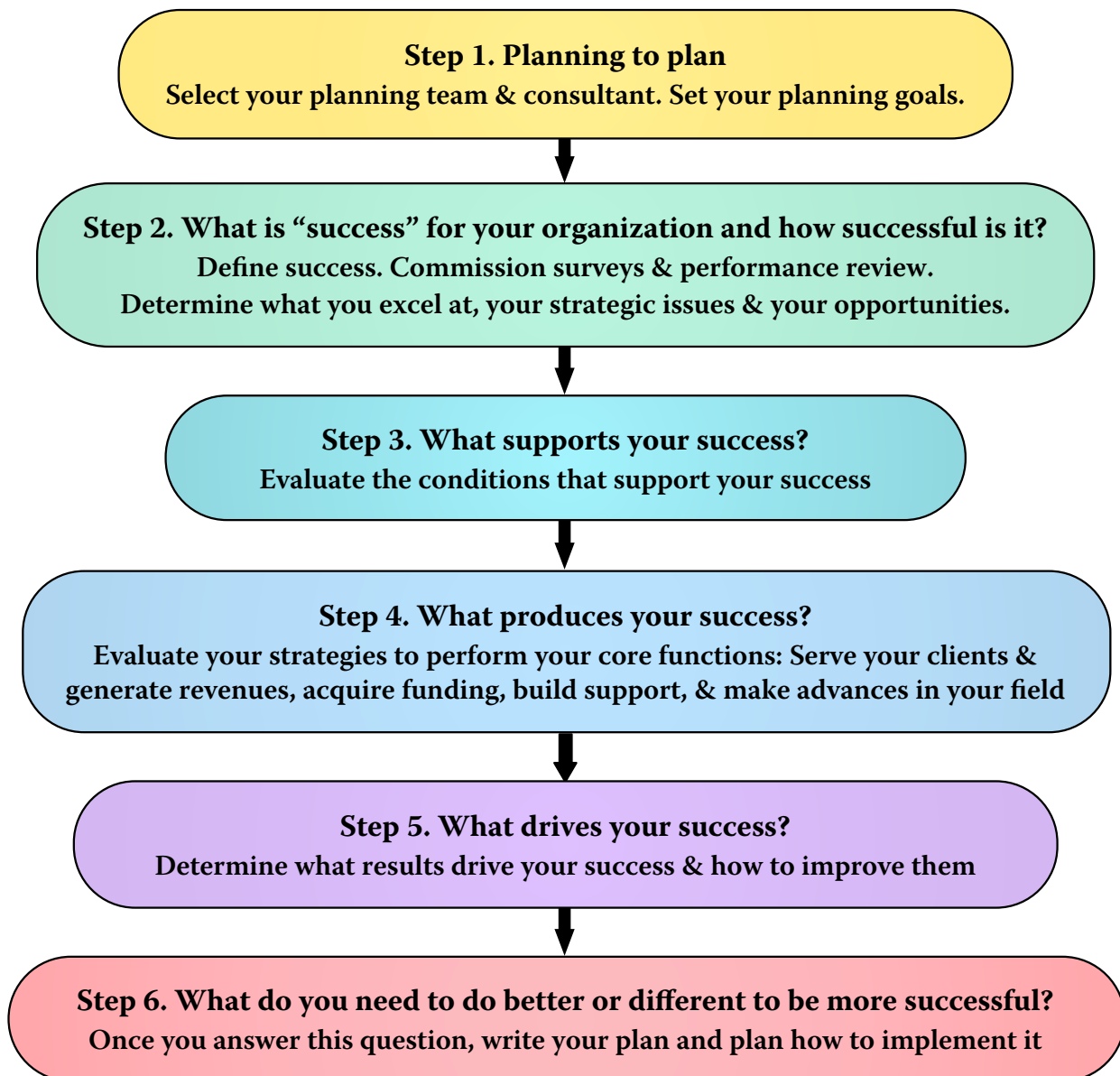
**Divide and conquer.** Speed up your planning process by splitting your team into small groups to evaluate conditions that support success and the strategies that produce it. Invite content experts to join them.

**Build on each step.** Each planning step should be based on the ones preceding it.

**Share your findings and progress.** At key points in the planning process, let the rest of the organization know what you're up to and solicit their feedback.

**Time is fleeting.** Planning meetings are precious times. Research key topics between them and report your findings at them. Conduct critical work in meetings: probe what makes your organization successful and what's holding it back. Make decisions and design strategy. Keep brainstorming, list making, and tangential exercises to a minimum—or, better, just don't do them.

**Enthusiasm wanes quickly.** Planners can lose momentum and fatigue quickly from most planning exercises, brainstorming, not knowing the point of what they're doing, too many long boring meetings, and doing anything that won't directly make their organization more successful.



**Fig. 2. Our planning process**

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## THINGS TO CONSIDER ABOUT PLANNING

### What is strategic planning?

Strategic planning examines and adapts the organization's *core functions, strategies, and culture* to changing conditions and goals to make it more successful. We offer the following definitions:

*Strategic planning.* A structured approach to identify and plan the few major improvements or changes the organization can make in the next three-to-five years that are most likely to make it more successful at delivering on and supporting its mission. (Our model does this by determining and strengthening what supports, produces, and drives its success.)

A *strategy* is a series of planned actions to perform a core function. Planners usually select a strategy from a range of options they determine could carry out the function.

These definitions reflect how we think organizations work and achieve success, which we'll present shortly. Most models neglect strategy. They instead deal with *what's working/not working* in the organization, then try to fix what's not working. This is not *strategic planning*.

*Who plans?* The organization's leaders and board members (its guiding members) are responsible for and often participate in strategic planning. Division or department heads often are members of the planning team. Occasionally other employees are included. Planning team members can come from all ranks of your organization. The advantages of a diverse planning team are a broad perspective on strategic issues and a more accurate picture of what's happening inside the institution. The team's most valuable members are its *strategic thinkers*, regardless of title or rank.

*Planning horizon.* The duration of a strategic plan is usually five years. Given how fast change is happening in organizations, it's often shortened to three years. But it can be whatever you want. Effective planning takes more than a couple of meetings.

Our model encourages small groups of planning team members to research key strategic subjects between meetings and present their findings at them. This *divide-and-conquer* approach speeds up the planning process. It also ensures planners base their decisions on evidence instead of brain-stormed opinions.

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## Doing the right things versus doing things right

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Employees spend most of their time *getting things done*: working on their most pressing tasks. They often think of their organization by what it does—a series of *activities* for getting things done performed by people clustered into *units*. Operational and annual planning is about ensuring the organization’s *operations*, done by groups of individuals, **do things right**.

Many organizations approach strategic planning the same way: ensuring things are done right within units. This *activity-and-unit mindset* can impede strategic planning. Strategic planning is about **doing the right things**: employing the best strategies to deliver on and support your mission. **Doing things right** (making sure you do things correctly) is a secondary consideration. This model focuses on *doing the right things*.

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## Visualizing what your organization does and how it succeeds

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One challenge of strategic planning is structural. Specifically, how do the elements of planning—mission, vision, strategies, what the organization does to carry out and support its mission, its brand, and much more—fit together into a strategic framework. No other model we are aware of shows how they fit together and how success arises in the organization.

Most models produce a hodge-podge of ideas and planning-exercise “products” that neither build off one another nor fit together into a coherent plan. A prime example is the SWOT analysis (strengths, weakness, opportunities, and threats) that heads off in four different directions. How are these four disconnected subjects supposed to build off one another and fit into a coherent whole?

To address this structural challenge of strategic planning, planners using our model draw success maps for how success arises at three levels in their organization:

- **Organizational map** is of the whole organization, which includes what supports, produces, and drives the organization’s success
- **Functional maps** of the organization’s broad, mission-critical activities (its *core functions*) and the strategies that perform them
- **Strategy maps** of the ways the organization performs its core functions, which are usually more detailed depictions of strategies than those shown on functional maps

We describe these three types of maps beginning on 30.

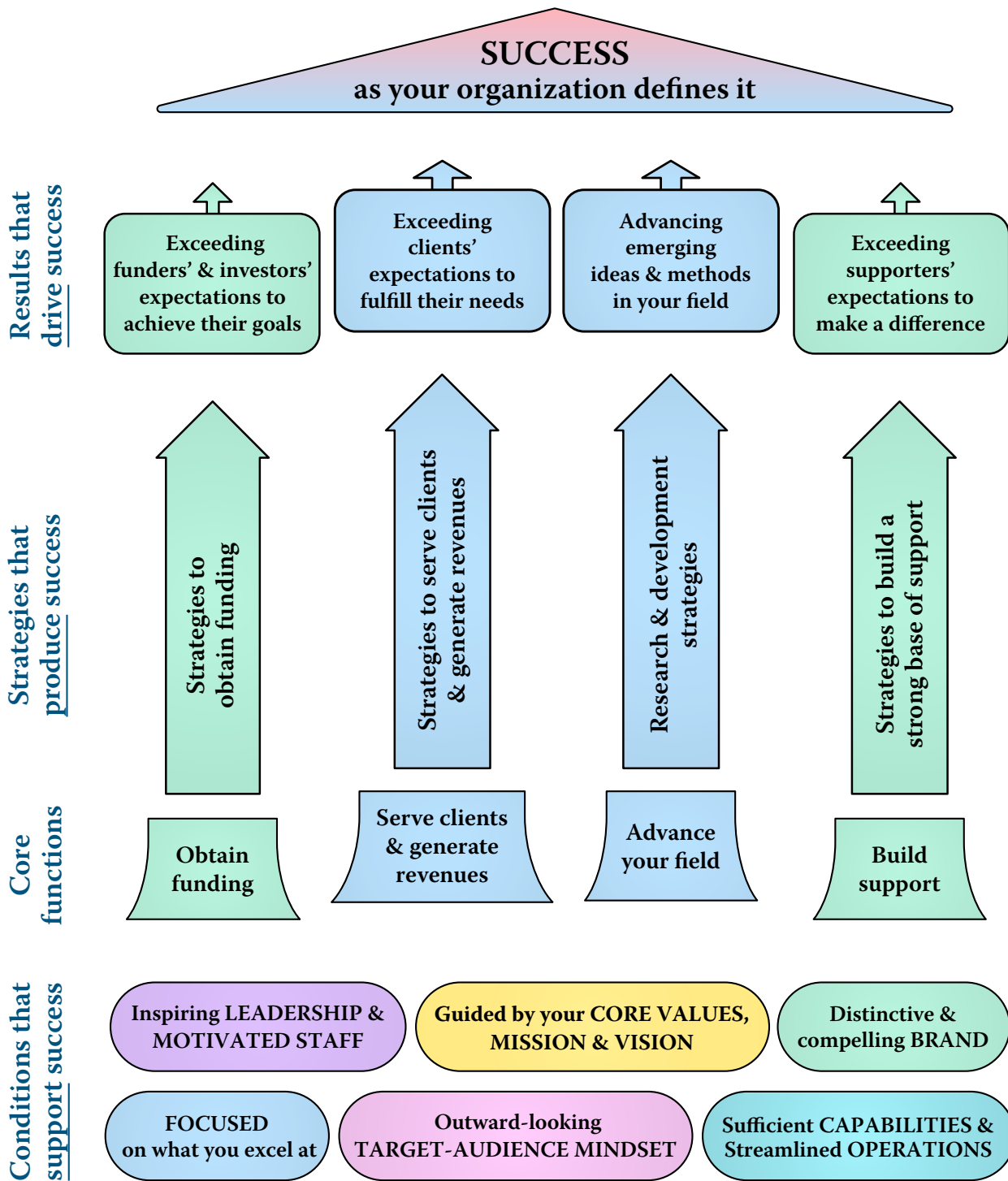
### The best way to understand and improve what your organization does

We present an **organizational map** of a world-changing organization on page 10. It depicts a non-profit organization that relies on at least some of its funding from outside funders. It also conducts research and development projects on emerging ideas and methods in its field. A company that generates all its revenues and support from selling its products or services to customers might just have one core function: *serve your clients and generate revenues*.

We believe success maps are the best way to understand your organization and either improve or change what it does. We know of nothing in the management literature that comes close accomplishing this. We'll present *functional and strategic maps* later in the guide. We encourage you to experiment with them to figure out the best way to use them in your organization.

We didn't design success maps just for strategic planning. While a printed report of your strategic plan might sit on a shelf gathering dust, displaying your maps on the walls of your organization should remind everyone of how things should work and what needs to be improved. The unit that performs a core function should display its functional map and possibly more detailed strategic maps on unit's walls. Unit staff should be able to see how their unit functions and what needs to be improved by examining the unit's functional and strategic maps—and update them as things change.

One more thing about the following organizational map: Because it summarizes the major elements of our planning model, *this map illustrates our strategic planning model*. For the first time we are aware of, it shows strategy and success are directly linked.



**Fig. 3. Organizational map of how success arises in an organization illustrates our planning model**

## WHAT IS SUCCESS?

*What is success?* It's a difficult question for many world-changing organizations to answer. But it's easy for most companies. Technically, success for them is *maximizing shareholder value*. Their metrics of success are usually profitability and stock price. Most are in the enviable position of using boosting profits as both their mission and measure of success.

But that's rarely the case for most world-changing organizations. Thus, some don't even bother to define what success means nor figure out the best ways to measure it. Though it might be difficult for your organization to define and measure success, we believe it's worth the effort to do so. Plus, this planning model depends on it.

The *American Heritage Dictionary* defines success as “the achievement of something desired, planned, or attempted.” If your vision statement states what your organization is trying to accomplish, you might use it to define success. And you could use your progress in making your vision a reality your measure of success.

Regardless how you define success, the key is to capture the *essence* of what your organization is trying to accomplish. If that is neither specific nor measurable, that's fine—just develop good *indicators of success* that evaluate success indirectly.

Consider The Nature Conservancy, the largest private conservation in the world. Despite its lofty mission and vision statements at the time, it formerly measured success in “bucks and acres.” Its leaders evaluated state and country program directors by the money they raised and the acres they protected. Directors had clear goals and simple success measures. And if they were lucky enough to run a state chapter in the desert southwest where land was cheap, and preserves were big—life was good.

Unfortunately, these measures of success didn't reflect how well their programs preserved biodiversity, which is the essence of the Conservancy's mission. Though it was challenging to measure, protecting biodiversity eventually became a key measure of success. And it conducted eco-regional planning that evaluated the biodiversity of its preserves and surrounding areas.

Even though this type of planning took a lot of time and money, it resulted in targeting terrestrial and aquatic areas with critical biodiversity. It also provided a deeper understanding of how best to manage them. Though we're fans of a few, simple measures of success, a minimalist approach to measuring success runs the risk of incentivizing the wrong things.

But a few, simple success measures often works fine: Assume you run a rural health clinic that defines success as improving the overall health of the community it serves. Though this definition is broad, you could evaluate success by analyzing specific health outcomes yearly.



They might include average blood pressure, body mass index (BMI), infection rates, cholesterol levels, and so forth of patients in the community. Thus, you could use specific health outcomes (*indicators of success*) to assess the overall health of the community (*the essence of your clinic's success*).

## Other things to consider about success

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### Success as impact

The “*impact*” of your work on what you’re trying to accomplish best characterizes success.

### Outcomes versus inputs

Outcomes are the results by which an organization delivers on its mission; inputs are what it requires to produce them. They can be tangible like lives saved or acres protected, or intangible such as opportunities provided and encouragement offered. Revenues, funding, and backing of influential people are three of the most common inputs. Because world-changing outcomes can be difficult to measure, many organizations gauge success by the inputs they bring in. Inputs are a prerequisite for success, they aren’t measures of it. Measure your success by your *outcomes*.

### Indicators of success

If your organization’s mission is broad, it might be difficult to define and measure success. It is one of the reasons we favor explicit mission and vision statements—and excelling at one or several things instead of muddling about at many things. If your outcomes are too broad or nebulous to measure, use indicators of success, which measures success indirectly.

### Deliver on your mission

The phrase “deliver on your mission” may seem odd: why not just say *carry out* your mission. To us, *carrying out* your mission connotes less concern about producing meaningful results than *delivering on* it. In other words, *producing results that matter*. To us, “carrying out” your mission could imply *staying perpetually busy*, but not necessarily making a difference.

This semantic difference reflects a serious concern we have about world-changing organizations. Their missions are often broad and difficult to accomplish—or even make progress on. And the longer you *carry out* your mission in the same way; the more *what you do becomes* your mission. So we worry many organizations equate their missions with what they do.

Thus, it’s not surprising that most planning models sidestep the issue of *what* you do (your *strategies*) and instead focus on improving *how* you deliver on and support your mission. They emphasize *getting better at what you do currently*. We, instead, ask if *there are better ways (strategies) to deliver on and support your mission first, and only then how can you improve what you’re doing currently*.

## Support your mission

A prerequisite for success is acquiring sufficient funding to make an impact. So we assume strategies to *fund* and *build support* for your mission are just as important as those that *deliver on* it. Simply put, if there's *no money*, there's *no mission*. This explains why you'll frequently encounter the expressions "support your mission" in this guide. We use the term *support* broadly to mean both *financial* support and *influence* (as in building a strong base of support).

*Supporting your mission* means acquiring enough funding or generating sufficient revenues to make an impact in your community, field, or the world. It also means garnering support from influential individuals and organizations that can open doors and make things happen for your organization.

## CONDITIONS THAT SUPPORT YOUR SUCCESS

We believe six conditions support the success of most world-changing organizations. Though they don't directly produce or drive success, a deficiency in any of them will hinder it. Your organization might have different or additional ones.

Our *Strategic Planning Workbook* directs your planning team to divide into about three small groups, depending on its size. Each evaluates two-or-three conditions that support your success. We present guidelines and suggestions to evaluate them in our planning workbook.

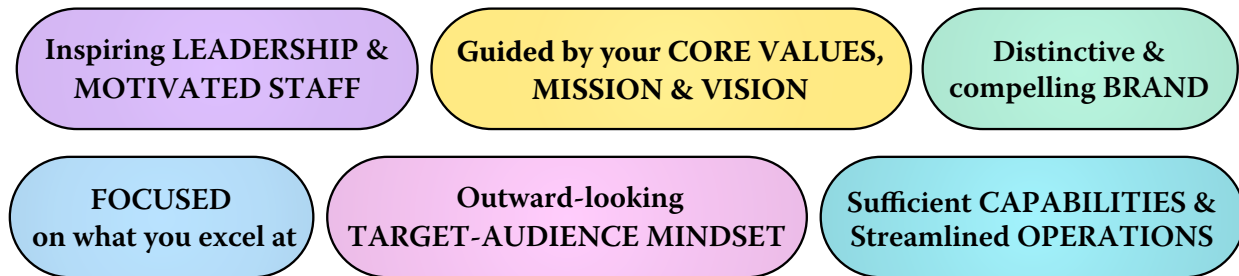


Fig. 4. Conditions that support success

### A. Inspiring Leadership and Motivated Staff

The job of leading a world-changing organization comes without a manual. Most leadership and management books are written for profit-driven organizations. Their advice often doesn't apply to values-driven organizations—and is sometimes counter-productive. We believe these organizations are more challenging to lead than traditional ones because they: Have broader missions and must solve more complex problems.

- Lack clear measures of success like profitability to guide strategy and evaluate performance.
- Serve and rely on more diverse audiences such as clients, funders, and supporters who have different needs and agendas.
- Employ more independent and unconventional people, some of whom resent authority and don't like being told what to do.

Nevertheless, the success of a world-changing organization depends in no small measure on its leader's ability to inspire, set strategic direction, and harness the organization's resources to deliver on and support its mission. It's no easy task. Add to this one other ability: establishing and strengthening the organization's culture. This condition so important that we listed it first among the conditions that support success and devoted one of our guides to world-changing leadership.



The results of your internal or employee survey should indicate how well your leader inspires and motivates your staff. If your leader is a member of your planning team (which we encourage), he or she should not be a member of the small group of planners that evaluates leadership. In fact, this group should present its findings to the person or group who evaluates the leader's performance—often the board chair or a subcommittee of the board. And it's up to them to address leadership issues.

We have found that personal interviews with key staff conducted by someone outside the organization are the best way to delve deeper into what's motivating or demotivating staff. The best approach is usually an internal survey that combines an all-staff questionnaire (sometimes called a *climate survey*) with follow-up interviews of key employees by your consultant to delve deeper into the causes and conditions affecting motivation revealed in the questionnaire.

On the topic of inspiring leadership, we believe that most people who choose to work for world-changing organizations are not cut from the same cloth as those who work for commercial enterprises. For one thing, they're more motivated to make a difference in the world than make money. On the whole, we find them to be more educated, harder working, idealistic, independent, and more internally motivated than their corporate counterparts.



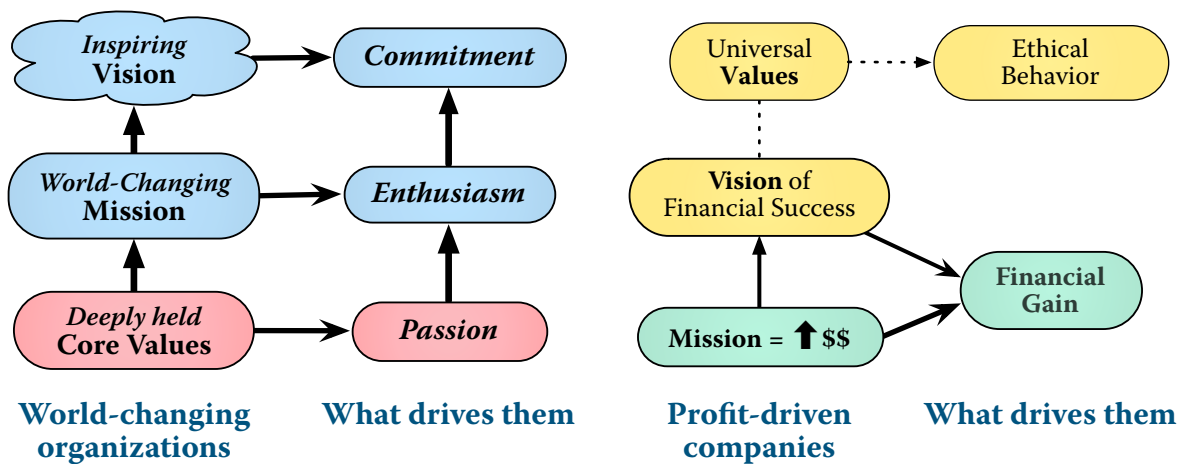
On the flipside, many shun authority and loathe bureaucracy, thus making them a challenge to supervise and motivate. We've found that ***participative leadership and management*** are the best ways to do both. So we wrote guides on both subjects.

## B. Guided by Your Core Values, Mission, and Vision

We call the organization's core values, mission, and vision its *guiding statements*. As the name implies, they should *guide* its actions and decisions. We believe they're far more critical to world-changing than profit-driven organizations. They're so important, in fact, that we wrote a short guide to them entitled *Guiding Statements Guide: Core Values, Mission, and Vision*. Planners should read it.

As we've mentioned before, the mission of most profit-driven companies is to *maximize shareholder value*, usually by increasing profits or stock prices. But the missions of most world-changing organizations are more complicated. And most lack a simple measure of success.

Though the *missions* of commercial enterprises drive everything they do, that's not true for world-changing organizations. Instead, their *core values* do. They generate the passion that powers everything they do. The figure below illustrates this difference.



**Fig. 5. World-changing versus profit-driven guiding statements**

Core values also determine the mission and vision of a world-changing organization. The vision describes *what* it intends to accomplish by acting on its core values, while the mission states *how* it will act on them. We advise clients to determine their core values first and then develop specific vision and mission statements based on them.

Assigning guiding statements to the second condition that supports success attests to our conviction that they're critical to success. We define them as follows:

Statement of core values. The few deeply held principles and beliefs that the organization's guiding members, supporters, and staff:



- Are most passionate about.
- Derive their commitment to the organization and its mission from.
- Establishes the organization's culture.
- Use to distinguish their organization from others in its field and is the reason they support and work for it instead of another institution.

Mission statement. A clear and compelling declaration of:

- The organization's *purpose*—the reason it exists.
- What makes it unique.
- Who or what benefits from its work. If it isn't apparent, state it—whether it's to serve others, advance emerging ideas or methods in its field, or something else.
- What it does. If it isn't apparent, consider stating it.



Vision statement. A compelling description of what the organization intends to achieve ultimately by acting on its core values through its mission.

## C. Distinctive and Compelling Brand

Your organization's brand has a profound effect on its success. That's why we list it as the third condition supporting success. And we believe we're the first to define a brand from two perspectives:



**Real brand.** Target audiences' *collective impression* of the organization and what it offers. It is the organization's actual brand, which its target audiences carry around in their heads. (*Target audiences* are the key groups and individuals on which an organization's success depends. They are often its clients, funders, and supporters.)

**Desired Brand.** The *image that the organization projects of itself and what it offers* to its target audiences. Marketers design it to make the organization and what it offers stand out from the herd of competitors. It is the organization's *ideal brand* that leaders and marketers carry around in their heads.

### What a brand should do

Paraphrasing Ries and Ries,<sup>6</sup> branding is *staking a claim to the idea or attribute of your organization that you want to "own" in your target audiences' minds*. To do this, your brand should:

- Capture the essence of who your organization is and what it does.
- Distinguish it from others competing for your audiences' attention and business.
- Symbolize what your target audiences consider most compelling about your organization.
- Position your organization in your audiences' minds as being the only or best one to fulfill their needs.
- Generate positive emotions in your target audiences.

We consider a distinctive and compelling brand so critical to success we wrote a short guide on it entitled *Branding Guide: How to Stand Out from the Herd of Organizations in Your Field*. The next figure shows how one facet of a brand, its *key attribute*, stands out from the others and exemplifies it in audiences' minds.



Fig. 6. The key attribute of The Nature Conservancy's brand

#### D. Focused on What You Excel At

We include this subject as a condition for success because Jim Collins, then a Stanford professor, and his team discovered it was a primary reason why only eleven of over 1,400 companies they analyzed quickly evolved from average to exceptional performers. In his 2001 book, *Good to Great: Why Some Companies Make the Leap ... and Others Don't*,<sup>7</sup> Collins makes a convincing case that companies that made this jump were all focused on the one thing they were most passionate about, best at, and drove their economic engine.

This discovery made *Good-to-Great* one of the most influential management books ever. Given its findings, every organization should consider whether it possesses one or several things that fit the criteria **that could transform it from good to great**. Perhaps the most intriguing of the seven “essential and distinguishing characteristics” of these companies is what Collins calls **the hedgehog concept**.

It is **knowing the “one big thing” you can be best at**: it’s neither a *goal* you set or a *plan* you formulate to become great. According to Collins, **hedgehogs** are simple creatures that know how to do one thing well: roll up into a ball to protect them from foxes. Collins defines **a hedgehog concept as knowing what you can be best at**. All eleven good-to-great companies had a hedgehog concept.

Collins and his team paired each good-to-great company with one in the same industry and financial position before it became great. These eleven comparison companies were like **foxes**—inquisitive creatures always searching for prey. They kept switching strategies through mergers, acquisitions, and restructuring. They were always seeking new

opportunities to maximize growth. None stuck to their knitting.

Good-to-great companies discovered their hedgehog concepts by **answering three questions**:

- What are you **most passionate about**?
- What could you be the **best in the world at**?
- What **one or several factors drive (or could drive) your success**? Collins and his team called this last factor the “single denominator (e.g., revenues per x or profits from y) that had the greatest impact on financial success.” In our model, we call them **key drivers of success**.



To discover if your organization has a hedgehog concept, answer these questions. Even if you find it doesn't have one, answering them might reveal valuable insights about your organization's success. If you have trouble determining what your organization is most passionate about, consider recent topics or decisions that generated the most passion and debate. Then examine why they did. Alternatively, consider what your organization can do better than any other and gives it a competitive advantage.

Collins and his team phrased the third question as “what drives your economic engine?” because they compared the performance of profit-driven companies. But this is the wrong question for most values-driven organizations to ask. *Making a difference*, not making money, drives these organizations. Hence, our emphasis on *success* instead of profit.

Some world-changing organizations can't fulfill their missions with a single hedgehog concept or strategy. Even if they can't, we worry many engage in too many activities to excel at any of them or to knit them together into a coherent brand. That's why we think it's far better to concentrate on the one or few things you excel at.

So consider what your organization does and how it supports itself. If it tries to fulfill its mission by doing lots of different things, consider if doing fewer of them better might be more productive. Collins' research indicates that being *a jack-of-all-trades but a master of none* is not a recipe for success. The more you can focus on one or a couple of things, the better you'll likely be at them.

We know many organizations can't just do one or two things because if they don't provide a range of services to their clients, however imperfectly, no one else will. But most can still identify their **flagship program**, which best exemplifies the impact they're making.

By promoting your flagship program, you can frame outsiders' impressions of the ingenious ways that your organization makes the world better. Trying to tell your organization's story without one can be tedious to listen to, instead of memorable. So consider whether your organization allocates its limited energies and resources wisely on the one or few of things it excels at. Or does it pursues too many to excel at any of them and make an impact?

## E. Outward-Looking, Audience-Focused Mindset

Incorporating strategic marketing into strategic planning is a unique feature and strength of this planning model. Strategic marketing can equip your planners and organization with the ideas and tools to make it more successful. It will change how your leaders and staff see and interact with the outside world. It often begins with the realization that your success depends on understanding and fulfilling the needs of your clients, funders, and supporters. The better you position your organization as uniquely or the best qualified to fulfill them, the more successful you'll be.

This requires a shift in perspective. An internally focused organization sees a world of outsiders *who might help it succeed*: an externally focused one sees a world of *those it can help succeed*.



Internally focused organizations ask, “How can outside groups *help us* accomplish *our* mission and goals?” Externally focused organizations ask, “How can *we help those* we serve through our mission and rely on for funding and other support?” Establishing a target-audience mindset often requires a 180-degree shift in perspective.

### Three marketing mindsets that characterize most organizations

The marketing mindset of most world-changing organizations fall into one of three categories:

**Internally focused mindset.** Leaders and staff are absorbed with the importance of their organization’s mission and work. They may unwittingly approach clients with a “here’s how we can help you” attitude before taking the time to understand what they need. Similarly, they’re apt to approach prospective funders and supporters with a “here’s why you should support the important work we do” attitude.

We’ve found some world-changing organizations think of marketing as simply *getting the word out* on the important work they do. They act as if they know what’s best for their audiences—even if audiences aren’t “buying” what they offer. It is symptomatic of organizations afflicted by what we call, “*The Curse of the Crucial Mission.*” Doing vital work can be a marketing jinx. These institutions might think strategic marketing is something they don’t need to do. And they’re frustrated when audiences “just don’t get” the important work they do.

They blame their lack of funding and resulting poor performance on their audiences' ignorance instead of their marketing ineptitude. This explains why many organizations struggle year after year to raise enough money to make a difference. An internally focused marketing mindset is a serious liability.

**Selling mindset.** An attitude towards marketing obsessed with *convincing others* to buy the organization's goods and services or support its work. Once an *internally-focused organization* figures out that the outside world isn't fixated on its mission, many adopt a selling mindset.

*Persuasion* typifies this marketing mindset. The problem is audiences quickly tire of "selling" organizations touting how great *they* are and the terrific features and benefits *they* offer.

**Audience-focused mindset.** Many successful corporations and a growing number of conscience-driven organizations possess this mindset. To fulfill their missions, they first identify the audiences that they're in a unique or the best position to serve or seek support from. Then they figure out how to satisfy their needs better than anyone else. These organizations focus on fulfilling and ideally exceeding their audiences' expectations.

Those with target-audience mindsets know the best way to engage target audiences is to fulfill a pressing need even if it's a philanthropic one. They know that every prospective client, funder, and supporter asks themselves the same question: "***What can this organization do for me?***" They also know that the better they understand their audiences' values and needs, the better their brands, offerings, and marketing messages can answer this question.

**A shift in marketing from  
"Here's how you can help us." to  
"How can we help you?"**

**Marks a significant change for a world-changing organization.  
It often heralds an upswing in funding and performance.**



### Internally focused mindset



### Selling mindset



### Audience-focused mindset



Fig. 7. Three marketing mindsets

## F. Sufficient Capabilities and Streamlined Operations

Your organization might have ingenious strategies and all the conditions in place to make a difference in the world but lack the capabilities—staff, expertise, knowledge, experience, infrastructure, and equipment—to do so. Planners should determine if their organization’s capabilities are up to the task of delivering on and supporting their organization’s mission.

Sidestepping the *competencies versus capabilities wars* that flare up occasionally among management theorists, we define *organizational capabilities* as:

**Capabilities.** What an organization needs to have in place and be able to do to execute its strategies and succeed in making a meaningful impact through its mission.

Some theorists suggest there are four categories of capabilities:

1. Physical and technical (for example, IT capabilities)
2. Managerial systems
3. Skills and knowledge
4. Values and norms

Since we covered core values earlier in this section, planners should focus on the first three categories. Balancing or optimizing capabilities among units requires trade-offs because most organizations lack the resources to maintain all of them at full capacity. Consequently, the group assigned to evaluate this condition might need to consider the trade-offs the organization has made among units and departments.

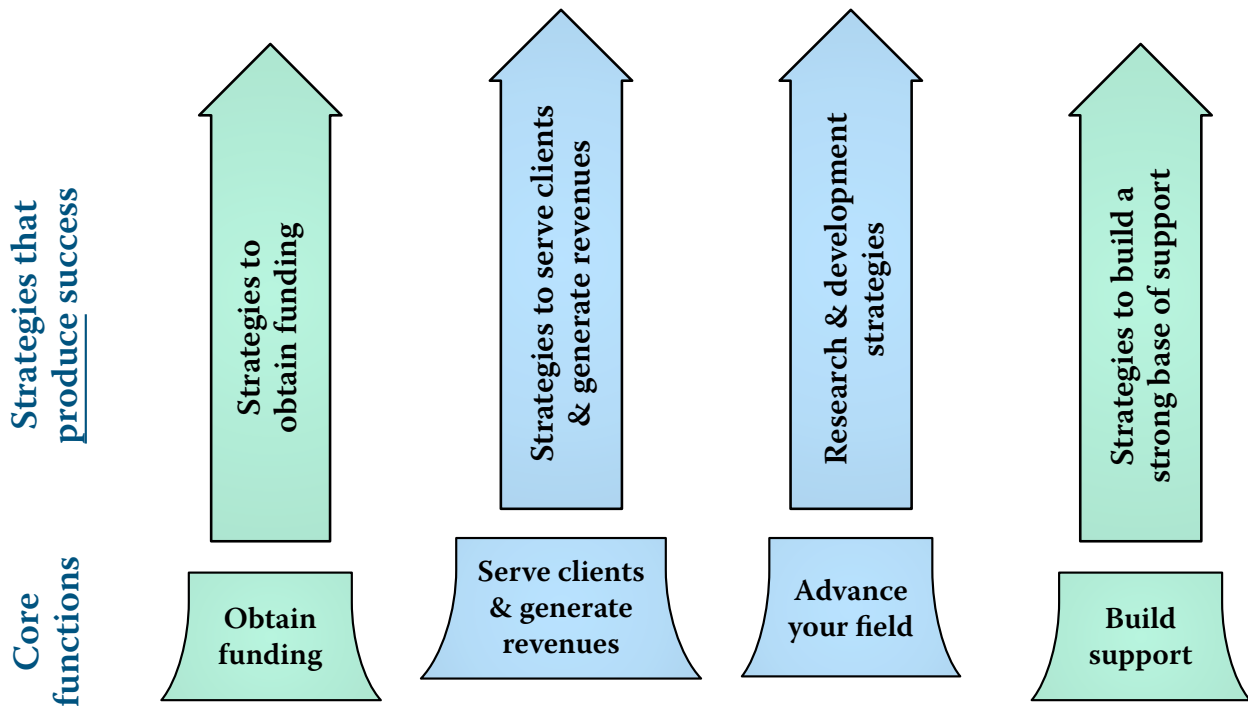
If you can’t deliver what you promise in a timely and cost-effective manner, the best strategies in the world aren’t going to bring you success. **Streamlined operations** are the key to delivering on what you promise. Unfortunately, many organizations, including large US corporations, lack them. See the Appendix for more on this subject. We define it as:

**Streamlined operations.** The capability of an organization’s work processes and systems to deliver high-quality products and services in a streamlined and cost/staff-efficient manner with a minimum of errors, duplications, rework, and disgruntled staff.



## CORE FUNCTIONS AND THEIR STRATEGIES THAT PRODUCE SUCCESS

We believe the first step to understanding what your organization does and how it produces success is to determine the broad, mission-critical activities it performs. We call these activities **core functions**. The next is to determine how your organization performs them. We refer to the different ways to perform core functions as **strategies**. The following figure is the part of our planning model on page 10.



**Fig. 8. Core functions and strategies produce success**

## Core functions

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Our model presents four core functions of many nonprofit organizations. Your organization might have different ones or more specific versions of them. We define a core function as:

A *core function* is a broad, mission-critical activity to deliver on or support the organization's mission.

One of the core functions shown above is named *serve your clients and generate revenues*. If your organization produces all its revenues from serving its clients, as most companies do, then the *obtain funding* function wouldn't apply. If it supports all its work through grants and donations, you would shorten the client/revenue function just to *serve your clients*—and change *obtain funding* to *obtain grants and donations*.

We advise planners to ***precisely define the purpose*** of each of their organization's core functions. This makes it easier to determine how successful their organization is at performing each function.

### Different types of organizations have different core functions

Many *companies* perform just one function: *serve their customers and generate revenues*. Serving customers produce enough income, so they don't have to secure outside funding from banks or investors. Many *nonprofits* employ the three *audience* functions—*serve their clients*, *obtain funding*, and *build a strong base of support*—but don't do research and development to make advances in their fields.

But the mission of some organizations is to *make advances in their field* or perform other functions whose success doesn't depend on satisfying external audiences. We call them *non-audience* core functions. Many *governmental institutions* perform these types of functions.

And don't assume your organization employs the three or four functions described in this model. Instead, think of core functions as a flexible concept to identify the principal ways your organization carries out and supports its mission. And even if the functions in Figure 8 apply to your organization, don't hesitate to rename them. If, for example, you call your "clients" *customers* or *members*, name your functions accordingly. Or if one of your organization's core functions is to maintain and analyze big databases, you might call it *database maintenance and security*. Assign your core functions specific names.

### Support functions

Your organization performs many activities besides core functions. Two examples are accounting and IT. Because they *support* but don't drive success, we—and pretty much everyone else—call them *support* functions. If a support function turns out to be hampering your performance, you might cite it in your plan's appendix as an issue to address in an annual work plan. But if it's a critical issue affecting your success, you might treat it as a strategic initiative in your plan.

## Strategies

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Your organization's strategies are **how** it carries out its core functions. Organizations often employ several strategies to perform one function. Your organization might serve its clients and produce revenues through two strategies: sell them products and train them on how to use them. We define strategy (which we already defined on page 7), organizational strategy, and strategic initiative as:

A **strategy** is a series of planned actions to perform a *core function*. Planners usually select a strategy from a range of options they determine could carry out the function.

An **organizational strategy** is a series of planned actions to make a significant improvement or change in most of or the entire *organization*. Planners usually select this type of strategy from a range of options they believe could bring about a broad improvement or change in the organization.

A **strategic initiative** is a **major** series of planned actions to make the organization more successful in the coming years. The main body of your strategic plan should consist of about three-to-five strategic initiatives, each having a set of goals and objectives.

Because planners design most strategies for core functions instead of the whole organization, we call them just *strategies*. We refer to the less-common type of strategy that affects the whole organization as *organizational strategies*. An example of the latter one is a strategy to shift from a traditional hierarchical organizational structure to a team-based one.

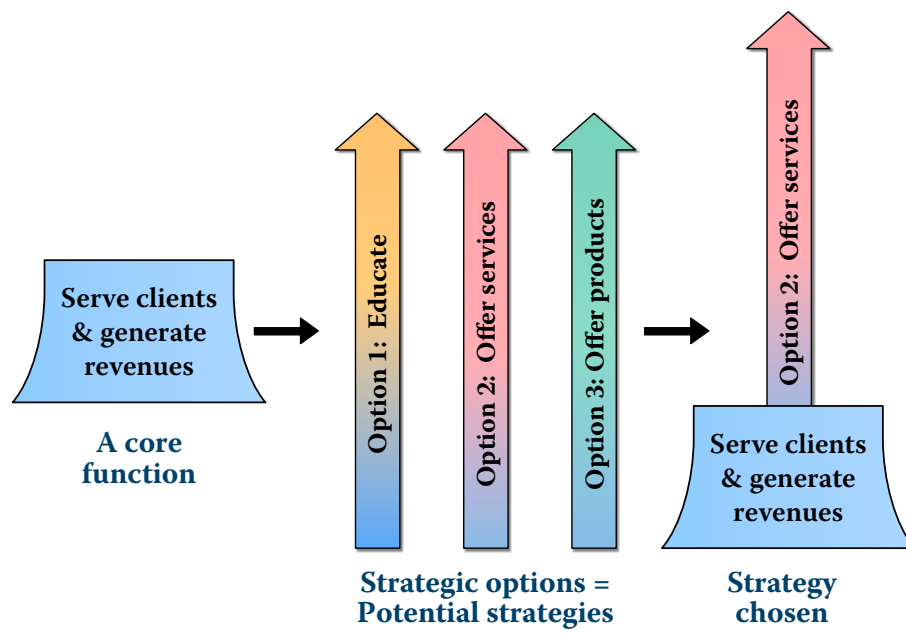
And though a *strategic initiative* could focus on a single strategy of a core function, they usually are broader. One initiative, for example, might affect the strategies of several core functions. They are sometimes called *cross-cutting strategies* or simply *initiatives*.

### Strategic options

A strategy is more complicated than a simple plan to accomplish something. Thus, it's usually best to identify the different ways (options) to achieve something complex and weigh their relative merits before settling on one. For example, you don't need a strategy to go grocery shopping. Though there are many activities involved in getting to the store and stocking up on food, how you perform them is routine. You don't identify your shopping options and weigh their relative merits before heading to the store. You just do it.

But determining who your organization can best serve through its mission and how to do so is more complicated and consequential. So we consider identifying your **strategic options**—the different ways you could perform a function—is essential to design or evaluate a strategy. They include both how the organization carries out a core function currently plus how else it could do so.

As we mention elsewhere in this guide, we worry many organizations have delivered on and supported their missions in the same way for so long that *what they do* has become their mission. Such organizations can feel like they're *out of options* regarding other ways fulfill their mission. We depict what strategic options are below.



**Fig. 9. Relationship between a core function, strategic options to carry it out, and the strategy chosen**

### Two types of strategies

**Audience strategies.** The success of most strategies depends on fulfilling the needs of those they were designed to serve—one’s *target audiences*. The success of the strategies for three of the four core functions in our model—*serve clients and generate revenues*, *obtain funding*, and *build a strong base of support*—depend on satisfying clients, funders, and supporters. We call them *audience strategies*. They are the most common type of strategy for world-changing organizations.

**Non-audience strategies.** But there’s another type of strategy whose success doesn’t depend on satisfying audiences, at least not directly. The strategies to perform the research and development (R&D) core function in our planning model is an example. They focus on emerging ideas and methods in one’s field. And their success depends on making advances in them, not satisfying outside groups.

R&D strategies are but one example of what we call *non-audience strategies*. (It’s not a catchy name but it gets the point across.) Naturally, non-audience strategies perform non-audience functions. There are many types of these core functions, particularly in governmental agencies. So don’t assume that your organization doesn’t have them.

*You implement audience strategies in the same way but non-audience ones differently.* So we’ll describe how to implement and evaluate an audience strategy, but, given their variable nature, it’ll be up to you to do so for your non-audience ones.

## Example of how to design and implement an audience strategy

The following example describes how one might design a strategy to improve children's health in remote areas of Afghanistan. We use the five steps in Figure 11 on page 33 to do so.

1. **DESIGN: Build the general framework of your strategy.** First, identify the ways (*strategic options*) you could *serve your clients*. Then you might decide that providing a vaccination program to eliminate polio in rural Afghanistan would have the greatest impact. Next, draft the outline of your strategy.
2. **TARGET: Decide who is best served by your mission.** You next would decide which rural Afghan communities would be most receptive to and benefit the most from your program.
3. **OFFER: Decide what you could offer that would most improve the children's health.** Review your decision in step 1 that vaccinating these children against the polio virus is the best way you could help these children. In this example, we'll assume it is.
4. **ENGAGE: Determine how best to reach and engage your clients—in this case, the village elders who control what happens in their villages.** You'll want to somehow position your organization in village elders' minds as the best organization to provide this vaccine perhaps by hiring healthcare professionals they know and trust. Then you might reach out and build relationships with the elders through the people you've hired.
5. **DELIVER: Decide the best way to deliver your services.** The first step to safely inoculate the children might be to train the local healthcare workers you hired in proper vaccination procedures. Next, you would want to ensure the vaccine is carefully transported to these remote villages and safely stored once there. Your healthcare workers then would inoculate the children. The last phase of delivery might be to *reconnect* with these villages after the children are vaccinated. Your healthcare workers might visit the communities periodically to ensure there are no cases of polio and determine what other vaccines might be needed.

We present another example on pages 49 and 50 in the appendix to evaluate and improve the strategies to perform the “serve clients” function of a solar energy company.

## Map how success arises in your organization

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As we noted on page 8, our model presents three types of success maps to illustrate how success arises in the organization:

- *Organizational map* of the whole organization. Figure 3 on page 10 is an example of one.
- *Functional map*, which includes the strategies to perform a core function along with its key driver of success. Figure 10 on page 32 is an example of one.
- *Strategy map* outlines or describes the steps to implement one strategy. We think most organizations implement their audience strategies in five steps, which we present in Figure 11 on page 33.

### Success maps enable you to drill down into what your organization does

Success maps shift from the general to the specific. The *organizational map* is a broad overview of what the organization does to be successful. A *functional map* displays the name of the function, the strategy(s) that perform it, and its key driver of success. It also lists or describes the steps to implement each strategy.

A *strategy map* shows one of the strategies that performs a core function, the function's name, and its key driver of success. If a single strategy performs a core function, then its functional and strategy maps are the same.

To understand how your organization works, we recommend that your planning team draws detailed functional maps of your core functions. If you don't have the time or, for some reason, are disinclined to do this, then at least draw detailed strategy maps of your underperforming strategies. They will help you identify the weak links in how your organization implements these strategies.

For example, assume a small planning group evaluates a function with three strategies. If it finds that two are performing well, but one isn't, it should draw a more detailed strategy map of the under-performing one. It would use this more-detailed strategy map to identify the strategy's problem.

You also could use a strategy map to determine how your organization might implement a new strategy: describe what the strategy is, who to target, what to offer, how to engage its audience, and how best to deliver what it provides.

### Organizational map: Success map of the organization

Our example of an organizational success map, which is also a visual depiction of our planning model, is shown in Figure 3 on page 10. It shows the conditions that support success, the functions and strategies that perform its mission-critical activities, and the results that drive success.

It provides a broad picture of what supports, produces, and drives the organization's success. But your organizational success map might be different. For example, it might have



additional conditions supporting success, different core functions, and several strategies performing one function.

If you use a standard 8.5” x 11” sheet of paper to draw your organizational map, it will probably just *list* the strategies that perform your core functions. But if you use a series of taped-together flipchart sheets to draw it, which might cover a wall of one of your conference rooms, it would probably describe the five elements of each of your audience strategies in some detail. Starting from the bottom, the four parts of the organizational success map are:

- **Conditions support success.** As we’ve said, we believe six conditions support the success of many organizations. But your success might depend on other ones.
- **Core functions and their strategies produce success.** This model presents a unique way to think about and improve what your organization does. We believe it must perform what we call *core functions* to deliver on and support their missions. Two examples are: *serve your clients* (which often generate revenues) and *build a strong base of support*. But there are usually many ways to perform these functions. We call each way an organization carries out a core function a strategy. Organizations often perform their essential functions in several ways—employs several strategies to do so. Our model presents four crucial functions; you might have different ones.
- **Results drive success.** The model lists four *key drivers of success*. Three pertain to core functions (and their strategies) whose success depends on satisfying the needs of clients, funders, and supporters. We believe exceeding their expectations drives the success of these activities. The mission of some organizations is to make advances in their field. Their success depends on developing emerging ideas and methods in their field, usually through research and development. Your organization might have more specific or different key drivers of success.
- **Success—as you define it.** Most companies use profits or stock prices to measure success. Success for a world-changing organization is usually *the impact it makes as it delivers on its mission*. Though success might be more challenging for values-driven organizations to define, figuring out what success means is critical to planning: if you don’t know where you want to go, how can you design strategies to get there?

### **Functional maps: Success maps of the organization’s core functions**

We described core functions on page 25. They are the broad, mission-critical activities that deliver on or support the organization’s mission. The organizational map on page 10 shows the four most common core functions of nonprofit organizations. A more detailed (and wider) success map might show multiple strategies carrying out one function.

There are many ways that most organizations *could* serve their clients and generate revenues. We call each of these “ways” a *strategy* in our planning model. The following functional map shows three ways (strategies) that an organization serves its clients. We show a functional map to recruit potential clients who might convert homes and businesses to solar power on page 50 of the appendix and explain it on the preceding page.

## Strategy maps: Success maps of the strategies that perform core functions

We described what strategies are on page 27. A strategy map shows the main steps to implement a strategy that performs a core function. As we mentioned on the previous page, the amount of detail in a strategy or functional map depends more on the size of the paper it's presented on (a letter-size paper vs. a series of flipchart pages taped together) than whether it's a strategy or functional map. Figure 11 shows an example of a strategy map.

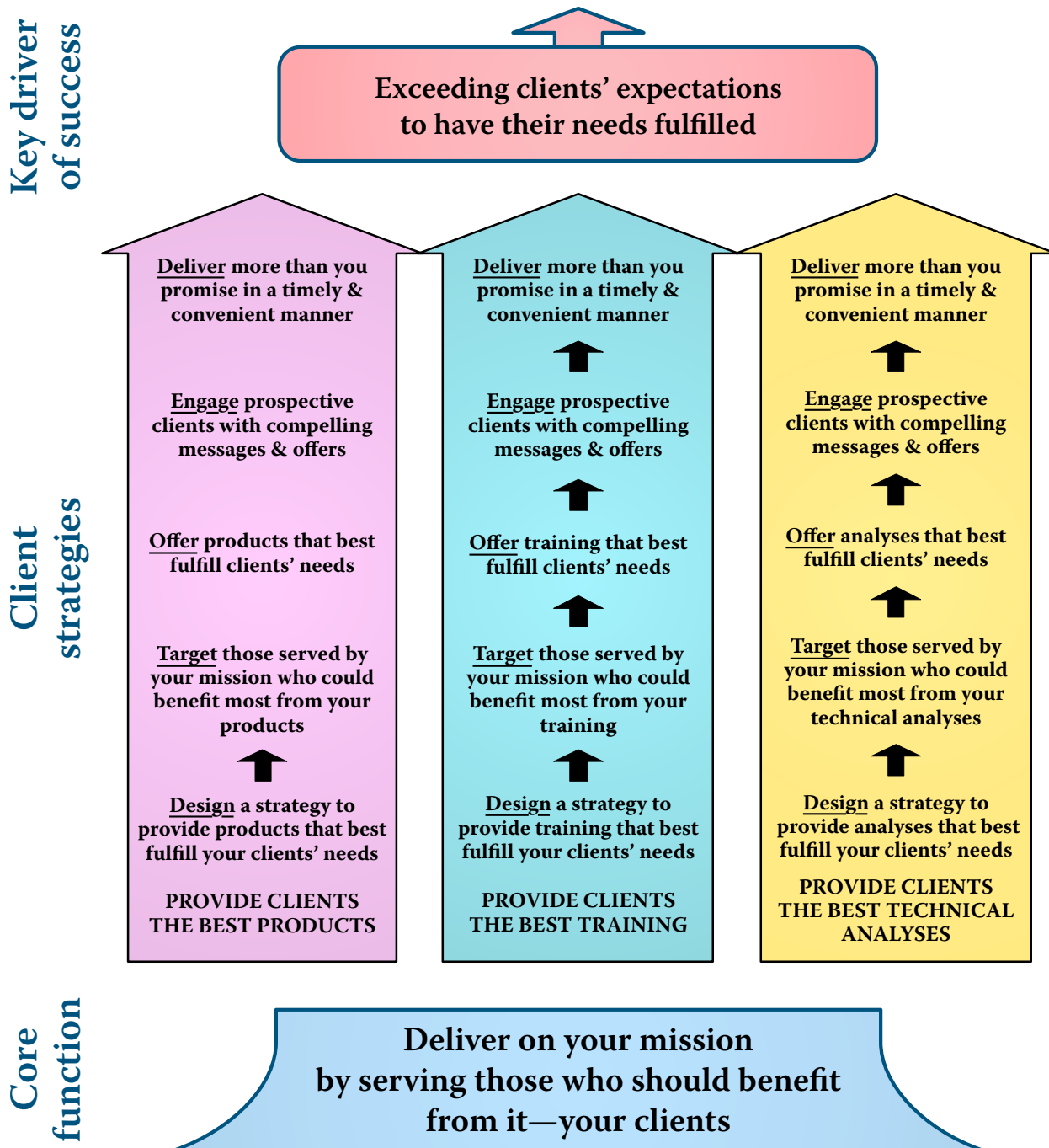


Fig. 10. Functional map of a core function to serve clients performed by three strategies

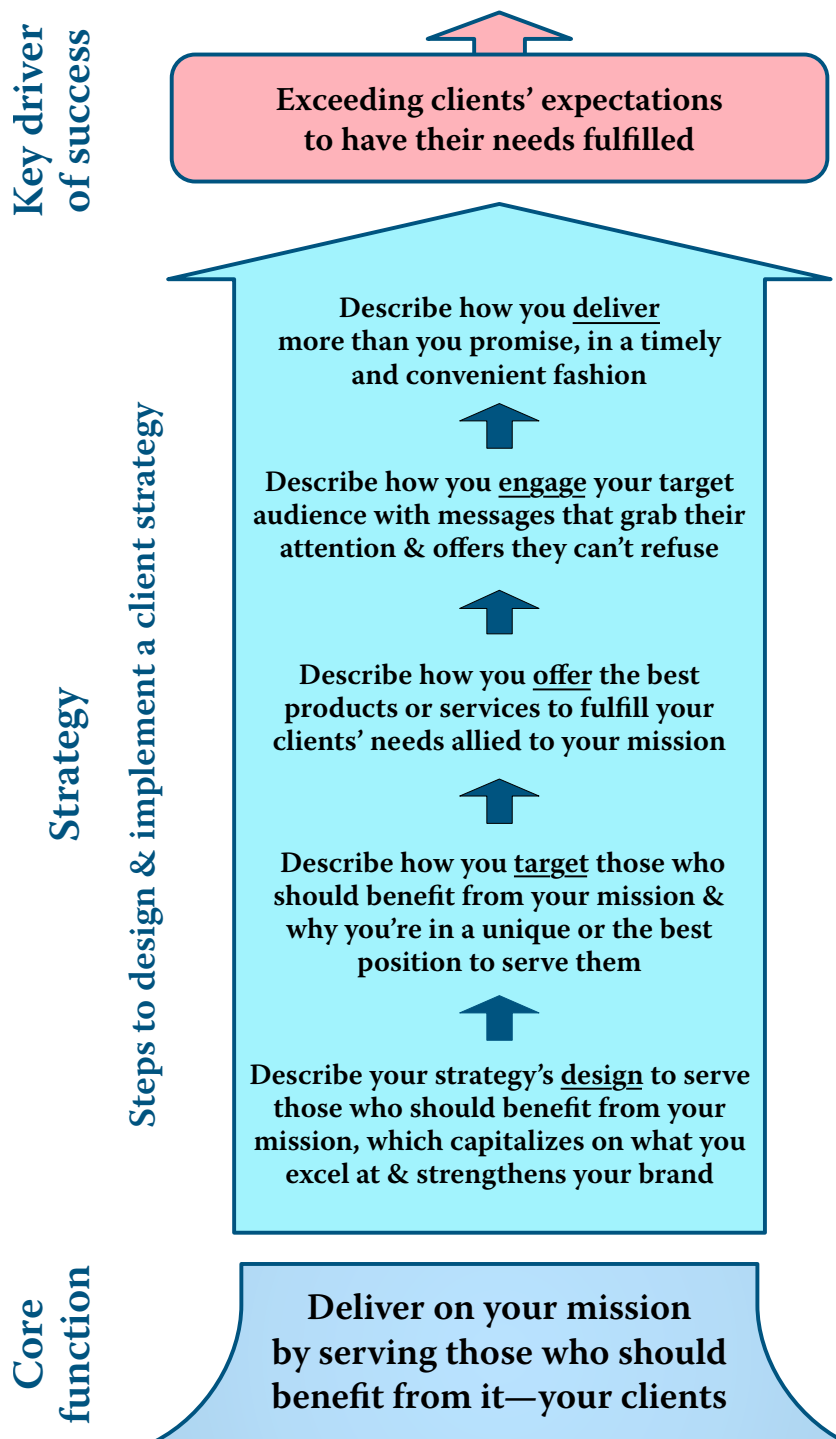


Fig. 11. An example of a strategy map

## Evaluate the success of your core functions and strategies

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As we said in the strategic options section earlier, we recommend that you determine your strategic options for performing a function before you evaluate the strategies that perform it. Once you've done that, determine how effective your current strategies are at performing the function.

Evaluate, for example, the success of an audience strategy by how well it fulfills its target audience's needs. Here are a few ways to do it: If your external survey asked your target audience how well their needs were met, you'd probably have your answer. If not, your group could email or call a random sample of audience members to find out. Another way is to look at whether the target audience's use of what the strategy offers is increasing, decreasing, or staying the same. Another more subjective way is to examine users' feedback—suggestions for improvement and expressions of appreciation or dissatisfaction.

### How to map an audience strategy and identify problems with specific implementation steps

Figure 12 shows the main steps to both analyze a client strategy and design a new one. How you use it depends on the level of detail your team wishes to delve into about how your organization functions. Let's assume your core function to serve clients is performed by the three strategies in Figure 10. Let's further assume that the first two are performing well, but your clients aren't satisfied with your technical analyses—the third strategy.

The small group evaluating this function would use the five steps on the left side of Figure 12 to find the source of the problem with technical analyses. The group would draw a map of this strategy that indicated the source of the problem plus at least a note on how to fix it. The group would present the map and its recommendation to the planning team at the conclusion of step 4.

But the question remains whether to investigate potential problems with the other two strategies that are performing well. The answer depends on how far the planning team wants to drill down into their organization to uncover and address less critical problems.

Once the group evaluates its current strategies to perform a function and figures out how to improve the underperforming ones, it returns to its strategic options. The question the team will need to address is whether to continue, improve, or cease its current strategies, and add any new strategies from its list of strategic options. If it is considering adding a new one—or has decided to do so, the group would follow the steps on the right side of Figure 12 to help it understand the strategy and to implement it.

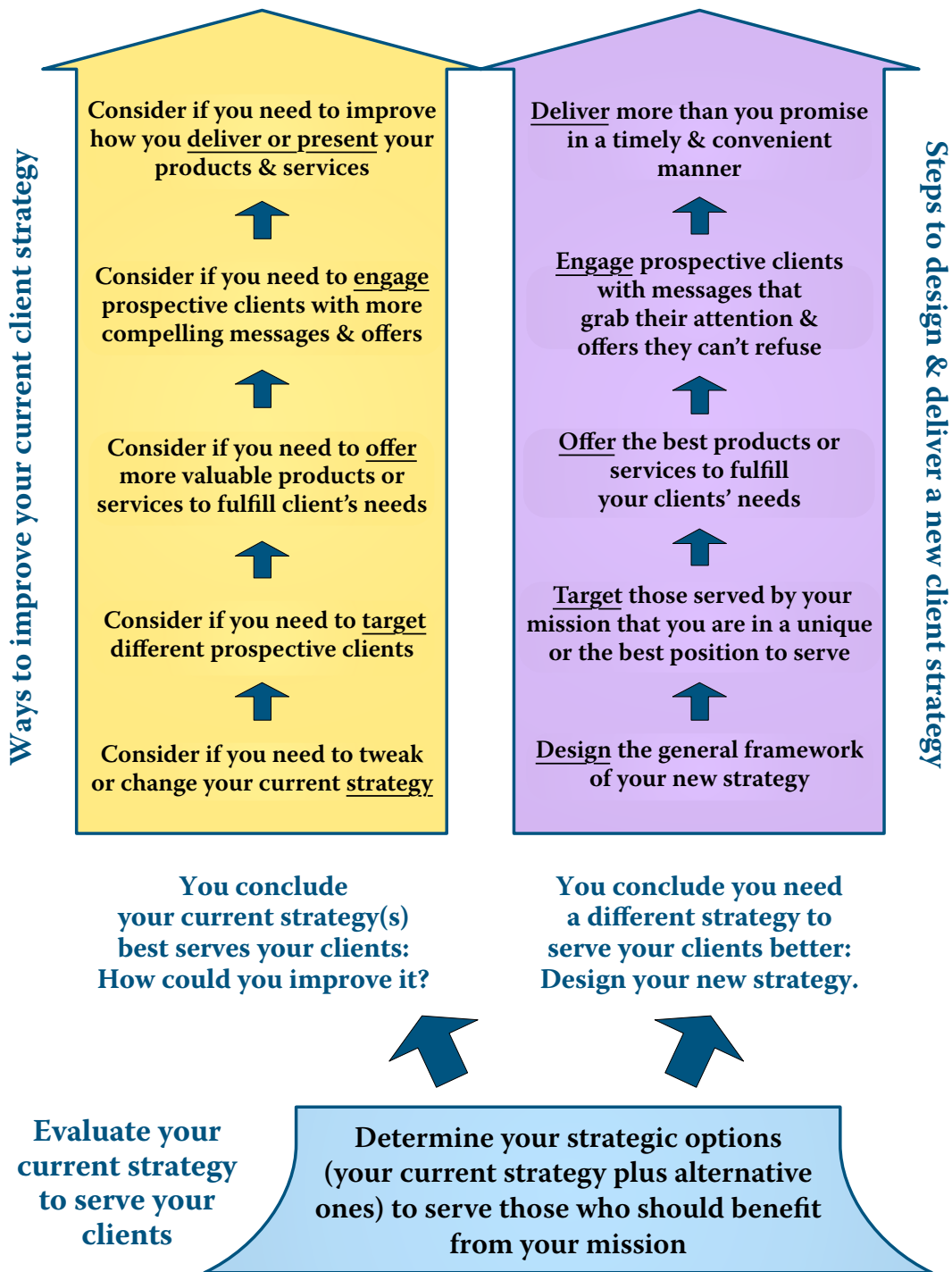


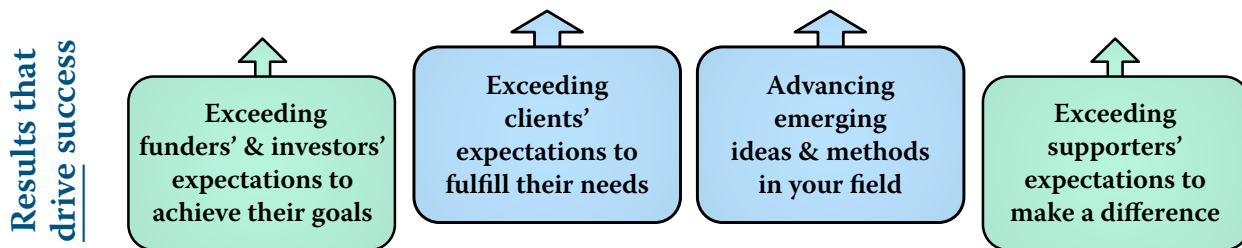
Fig. 12. Steps to determine why a client strategy is under-performing and possibly improve it, plus how to design a new one

## RESULTS THAT DRIVE SUCCESS

We believe the best way to judge success at delivering on and supporting your mission is to evaluate the key driver of success (KDS) of each of your core functions. We define them as:

**Key drivers of success** are the results produced by the organization's core functions that determine its ability to deliver on and support its mission.

The figure below shows the four key drivers of the success of many purpose-driven organizations. The two KDSs for *delivering* on one's mission are blue; the two for *funding and building support* are green. You might have different ones.



**Fig. 13. Key drivers of success for many organizations**

These are the ultimate gauge of success for your organization. In management information systems, a *dashboard* is a single-page snapshot or web page of the organization's real-time performance measures. If your organization uses a dashboard, be sure to include key drivers of success as part of it.

Knowing the state of your key drivers of success is crucial to strategic planning. If your organization has three high-performing KDSs and an underperforming one, your planners should concentrate on the underperforming one.

We think most world-changing organizations believe that *successfully carrying out their missions* is what drives their success. It does, but it's usually too broad or nebulous a concept to measure. So, instead, many organizations measure success with highly specific *performance indicators*. But they're usually too far removed from what actually delivers on and supports the organization's mission to be of much value.

Relying on the number of clients that you serve per month, for example, may be too narrow a measure to gauge success at helping your clients and generating revenues in the process. Perhaps they're dissatisfied with your services, but they need them, and no one else offers them. So, they're stuck with using your services even though they're dissatisfied with them. In this case, relying on the number of clients served per month as your key driver of success would be, at best, misleading.

Dissatisfied clients are but one reason why relying on the number you served, the products and services you provided per unit time, and similar metrics are not reliable key drivers of

success. They are *performance indicators*, but they don't drive your success. Worse yet, some nonprofits measure success based on their annual funding. Funding is an *input* required to pay employees and keep the lights on, not an *output* tied to delivering on one's mission.

### What's the best way to assess your key drivers of success?

The best way to know if you're meeting or exceeding your clients', funders', and supporters' expectations is to **ask them**. An external survey conducted by your consultant or an outside firm is the best way to do this, particularly if it includes one-on-one follow-up interviews. You should commission it early in the planning process. Among other things, it should assess your audiences' satisfaction with your organization and what it does them.

The best way to evaluate the key driver of success for making advances in your field is an external survey of organizations that are familiar with them.

### Is there one leading driver of success for your organization?

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We reviewed the findings of Jim Collin's research on corporations that made the leap from "good to great" in his book<sup>8</sup> with the same title on pages 19 and 20. One of the seven "*essential and distinguishing characteristics*" of these companies was that they identified and focused on the one factor that drove their success—their *economic engine*.



Walgreens, for example, began its journey to greatness with the realization that *profit per customer* was much more important than *profit per store*. Among other things, profit per customer encouraged Walgreens to lease storefronts in expensive downtown locations while profit per store suggested otherwise. Nor did it rely on complicated success formulas that factored in the number of customer visits per day, average purchase, average profit per item, overhead expenses, the effect of sales promotions, and other variables. It just focused on *profit per customer*.

So Walgreens' managers focused on one thing: getting customers in the door to buy lots of high-profit products—period. Concentrating solely on increasing customer profits was its **key driver of success**. If customers bought more high-profit products like cosmetics in a store, Walgreens rewarded that manager regardless of whether *the store* posted a profit. Knowing the one or few things that drive success enables planners to focus their attention on what it matters most to success.

The fewer things you do to deliver on your mission, the more likely you'll excel at them—and the easier it is to define and measure success. This is a key benefit of narrowing your strategic focus. A profit-driven organization's ability to meet and exceed client expectations can drive everything the organization does. But it's often not the case for world-changing organizations. That's why our model has a KDS for each function. Nevertheless, the fewer KDSs you have, the easier it is to track and strengthen them. And if you're lucky enough to have one KDS driving your success, so much the better.

## Moneyball—It's all about getting on base

You might have seen the 2011 movie entitled *Moneyball* starring Brad Pitt, Jonah Hill, and Philip Seymour Hoffman; or read the 2003 book entitled *Moneyball: The Art of Winning an Unfair Game*. Both are about how the Oakland Athletics baseball team and its manager, Billy Beane, changed major league baseball forever—and ultimately won an unprecedented 20 consecutive games at the close of the 2002 season, setting the American League record.

To do so, they relied on the statistical skills and insights of a 31-year-old young man, Paul DePodesta, a graduate of Harvard University with a degree in economics. He figured out that the key to winning major league baseball games are *players who get on base*, usually by hitting singles. To compete against teams with much higher player salaries, the Oakland A's needed a way to identify undervalued players. DePodesta had the analytic, evidence-based method to do so.

According to DePodesta, the key driver of success (*our term, not his*) for major league baseball teams was the pedestrian statistic, *on-base percentage*. It is a measure of how often a batter reaches base for any reason except for an error and a few other reasons outside the batter's control. To maximize the A's on-base percentage, Billy Beane traded his high-salary, high-batting-average home-run hitters for single-base hitters that other teams were happy to unload.

Moneyball is an example of how one result can drive an organization's success, and make history along the way. Many teams followed the A's hiring practices the next year, thus diluting the effectiveness of this strategy within a few years.



## HOW TO FORMULATE YOUR PLAN: WHAT DOES YOUR ORGANIZATION NEED TO DO BETTER OR DIFFERENT TO BE MORE SUCCESSFUL?

The previous steps of this planning process should provide your planning team with a clear understanding of the major strategic issues confronting your organization as well as potential opportunities it might pursue. Your team should understand the key drivers of the organization's success. And it should know where best to focus your organization's energies and resources in the next three-to-five years to make it more successful.



The planning team should review the strategic issues and opportunities it identified in Step 2. Hopefully, it addressed most of them in subsequent steps. For those that weren't, the team will need to assess their relative importance given what else the strategic plan will need to address.

**Strategic initiatives.** We believe the most effective strategic plans are built around three-to-five strategic initiatives. They should fix the organization's most critical problems and capitalize on its most promising opportunities. Your organization should accomplish them in three-to-five years.

Building your plan around six or seven initiatives shouldn't doom it. But creating a laundry list of a dozen or more strategic initiatives defeats the purpose of strategic planning—strategic focus. Concentrate your organization's energy and resources on *the vital, few things* most critical to its success.

**Goals.** Each strategic initiative should have a small number of general goals, perhaps—*again*—three-to-five. By this stage of planning, your team should know organization's capabilities. Thus, it should propose goals that *stretch* the organization in healthy ways instead of arbitrary ones it can't accomplish. **Stretch goals** are excellent motivators.

**Objectives.** Each goal should have a small number of *specific objectives* that, when achieved, contribute to achieving the broader goal. (If you prefer *broad objectives* and *specific goals*, label them as such. There's no consensus in the management literature on this nomenclature.)

**Action plans.** Each strategic initiative should have an *action plan* to implement it. Your organization's leader should assign a leader and small team to each initiative. They should draft an action plan outlining its major steps, timeline, and needed resources. The leader will be responsible for its success.

**Appendix.** The plan's *appendix* is the repository for the historical and strategic information used or generated by the planning team. It's likely to be viewed as a treasure trove of valuable information by your organization's next planning team. This section of the plan can be as long as you like, but we've found a 50-to-100-page appendix provides sufficient background on most plans. One of the most valuable nuggets of information are the key findings, if not the raw data, of your internal and external surveys.

### **Strategic review process**

To guide the plan's implementation and ensure it adapts to changing conditions, we've developed the strategic review process shown below. Strategic planning contains a quandary. Without a clear plan, organizations lose focus and dabble in too many things.

But if an organization adheres too rigidly to its plan, it runs the risk of having the world pass it by—not recognizing when strategies become outdated, and opportunities are ignored because they aren't in the plan. Organizations that wait three-to-five years to evaluate their performance and strategies are particularly vulnerable.

This model introduces *adaptive planning*. In the last step of the model, planners design their organization's strategic review process. About every two years, leaders conduct a formal *strategic performance evaluation*, including whether the organization attained its milestones and goals. After reviewing the organization's performance, situation, and strategies, leaders often recalibrate the plan's goals and strategies.

During intervening years, leaders conduct similar but less thorough *annual reviews* of the same things. This strategic review process enables your organization to strike the right balance of maintaining its strategic course, adapting to changing conditions, and seizing promising but unplanned-for opportunities.



Fig. 14. Our strategic review process

## One last thing about our planning model

We mentioned in the introduction that this model doesn't include some of the old strategic planning standbys: SWOT analysis, trend analysis, and environmental scan. In their place, we focus on what supports, produces, and drives your organization's success. In doing so, we cover much the same ground as these other analyses and scans, but in a way more germane to your success.

The sixth and last step of our planning process directs planners to consider any additional factors affecting success they might have overlooked. It is here that they consider any factors that might have slipped through the cracks of our model but would have been caught by other analyses or scans. We believe, however, that planners will have already considered most, if not all, the key strategic issues affecting their organization's success when they reach this last step of the planning process.

## CLOSING THOUGHTS AND SUGGESTED READING

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Over thirty-five years ago, Kenichi Ohmae, who was then the managing partner of McKinsey & Company for Japan, wrote *The Mind of the Strategist: The Art of Japanese Business*. We consider it the best book ever written on strategy. Identifying and improving one's key drivers of success is its central theme.

Since then, it seems few planning writers have recognized the importance of key drivers of success. The whole trend in strategic planning appears to have shifted from an organization's results to its general issues. A survey of recent planning models would suggest that conducting a SWOT analysis, and broadly scanning your environment for social and political trends, is more important to success than understanding clients' needs and competitors' strategies. We disagree.

Maybe this explains why the consensus among planning experts is that now 90% of strategic plans either are never implemented or fail to achieve their goals. Having used and eventually abandoned many of the current planning models for corporations, nonprofits, and public institutions; we decided to build our own for world-changing organizations from scratch.

Though we borrowed a few ideas and methods from others, we developed most of the ideas and methods in this guide ourselves. Thus, we cannot recommend a planning book to use as a reference for this model. Its overall structure and flow are unique. Ohmae's *Mind of the Strategist* offers excellent strategic insights, but neither was it designed for values-driven organizations nor intended as a guide to strategic planning.

Though we consider Henry Mintzberg the most brilliant thinker in management today, his books on strategic planning, though superb, are not critiques of the field. By not picking winners and losers among the current crop of planning models, he wisely avoids slighting many of his colleagues—but offers little direction about the best way to do strategic planning.

Over the years, we have turned to *Applied Strategic Planning: How to Develop a Plan That Really Works* by Goodstein, Nolan, and Pfeiffer more than any other methodological book on planning. Their planning model is more helpful than others we've used, their advice is sound, and they are good writers. But our planning model is different from theirs.

Russ Ackoff, another brilliant thinker in management and planning, developed a unique approach to planning several decades ago, which he describes in *Creating the Corporate Future* and his later books. If your organization needs a radical break from its current way of doing things, Ackoff has designed a way to do it that seems to have worked well for many large organizations. But we worry that his method is too internally focused to help most world-changing organizations, most of whom would benefit more by better understanding their audiences and competitors than envisioning their ideal future and trying to make it a reality.

Recently, Harvard Business Review published a series of planning books by Kaplan and Norton that received excellent reviews. These authors have helped corporate leaders shift their focus away from being fixated on just their bottom lines to their organization's intangible assets that impact success down the road. Being a fan of good illustrations that depict seemingly complex concepts, we particularly like their representations of balanced scorecards and strategy maps.

But, again, there's a *but*: most organizations have much bigger fish to fry than ensuring they recognize, cultivate, and reap strategic advantage from their intangible assets over time, such as their human capital and organizational knowledge. We know Kaplan and Norton's planning model runs much deeper and has many more benefits than that, but it seems best suited to large corporations preoccupied with improving their bottom lines, instead of organizations grappling with the complexities of trying to bring about real change in the world.

If we were to recommend three books on strategic planning to read, they would be:

1. Kenichi Ohmae's *The Mind of the Strategist: The Art of Japanese Business* published in 1982.
2. Goodstein, Nolan, and Pfeiffer's *Applied Strategic Planning: How to Develop a Plan That Really Works* published in 1993.
3. Kaplan and Norton's *Strategy Maps: Converting Intangible Assets into Tangible Outcomes* published in 2004.

At the risk of sounding self-serving, we think most organizations would benefit more from the ideas and methods in our *Strategic Marketing Guide* than from these planning books. We've incorporated the key ideas from our strategic marketing model into this planning model and guide.

If our approach to strategic planning helps you better carry out, fund, and build support for your mission and work, then your next step may be to harness the full power of strategic marketing. Our guide on the topic is a good place to start.

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- \* — *Recommended*
- \*\* — *Highly recommend*



## APPENDIX

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### Role of strategic marketing in strategic planning

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The implications of the linkage between strategic marketing and strategic planning are profound. Almost all strategic planning models ignore the ideas and methods of strategic marketing. Though the field of strategic planning is still struggling to reach consensus on a suitable model, strategic marketing's ideas and methods have been tested and verified in the marketplace.

Organizations should avail themselves of what this field offers (including branding), particularly in designing audience strategies. Not doing so ignores decades of research and development in this well-established discipline.

There's only one problem—strategic marketing is a foreign language to most values-driven organizations. Few understand and use terms like target audiences, positioning strategies, and branding. But it's as vital to their success as profit-driven companies. Several marketing theorists have translated corporate strategic marketing into ideas and methods that nonprofit organizations can use. We went a step further.

*Our strategic marketing and branding guides  
translate corporate strategic marketing into ideas and tools  
to help world-changing organizations  
accomplish, fund, and strengthen support for what they do.*

The titles of these guides are *Strategic Marketing Guide: How to Better Understand, Engage, and Serve Those Who Determine Your Success* and *Branding Guide: How to Stand Out from the Herd of Organizations in Your Field*.

### Four deadly sins of marketing

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Below are the four deadly sins of marketing. Because the success of audience strategies depends on effective marketing, these offenses can plague audience strategies as well.

- **Mass or generalized marketing.** Mass marketing assumes that **most people and organizations** will want what you offer. The broader the swath of audiences you try to appeal to, the more generic and blander your brand and offerings. Mass marketing only works for huge organizations with broad-based offerings like Coke. The more you narrow your marketing focus to specific audiences, the more that you can tailor your products and services to their particular needs and preferences.
- **Not standing out from the herd.** If you don't distinguish your organization and what it offers as different from and better than others, you'll blend into the herd of organizations with similar-sounding names and missions in your field.
- **Not providing the most valuable and attractive offerings.** If you don't offer the best quality and most appealing products and services, audiences will find someone who does.

- Not effectively reaching and engaging your intended audiences. *If you build it, they will come* is magical thinking. You must go after your target audiences with compelling messages that address their needs and desires.

## What a solar energy company's planning group might recommend to the planning team to improve the "serve clients and generate revenues" core function

Assume that a solar energy company appoints a planning team to craft a new strategic plan. A small group of planners is assigned to evaluate its *serve clients and generate revenues* core function. The group determines that the company employs two strategies to perform this function—though no one had thought of what the company does in these terms until they started using our planning model.

This group discovers that while its "on-site solar conversion assessment" strategy is doing fine, the company's "seminar" strategy is not. Of the several alternative strategies it considers, the group thinks offering *webinars* to people interested in solar energy and possibly converting to it is the most promising.

After considering the steps to put the strategy in place and carry it out, the group is convinced that the webinar strategy has real potential. Because people have to take time out their busy schedules to drive to a seminar, many who are interested in solar energy don't attend them. In fact, the group's research reveals "solar enthusiasts" are less likely to drive anywhere than most people.

Their research also shows presenting webinars is far less expensive than in-person seminars. Thus, the group recommends the company pilot free webinars even if they're "loss-leaders" for its more lucrative site-evaluation business. A pilot test of webinars could reveal if they drive enough business to site evaluations to more than compensate for the cost of them.

As for the seminar strategy itself, the group finds the company is targeting the same type of people and businesses as it did ten years ago. Likewise, it's relied on mailing fliers as its primary marketing channel during this time. We're happy to report that someone on this non-existent team read and discovered the *geoclustering* marketing tool in our *Strategic Marketing Workbook* (on page 16).

As a result, the group learned that firms like PRIZM, ACORN, and ClusterPlus 2000 have combined location and lifestyle information (census information, car registrations, magazine subscriptions, and purchases) to *tell you more than you may have ever wanted to know about an area's typical residents*. Firms like these have classified communities into *target-marketing relevant groups* such as Toys & Tots, Estate Summits, The Great Outdoors, Raisin' Grandkids, and Shooting Stars.

When the whole planning team reconvenes, the group will present its findings and recommend the company pilot a webinar service to target-specific audiences and test digital vs. snail-mail marketing channels.

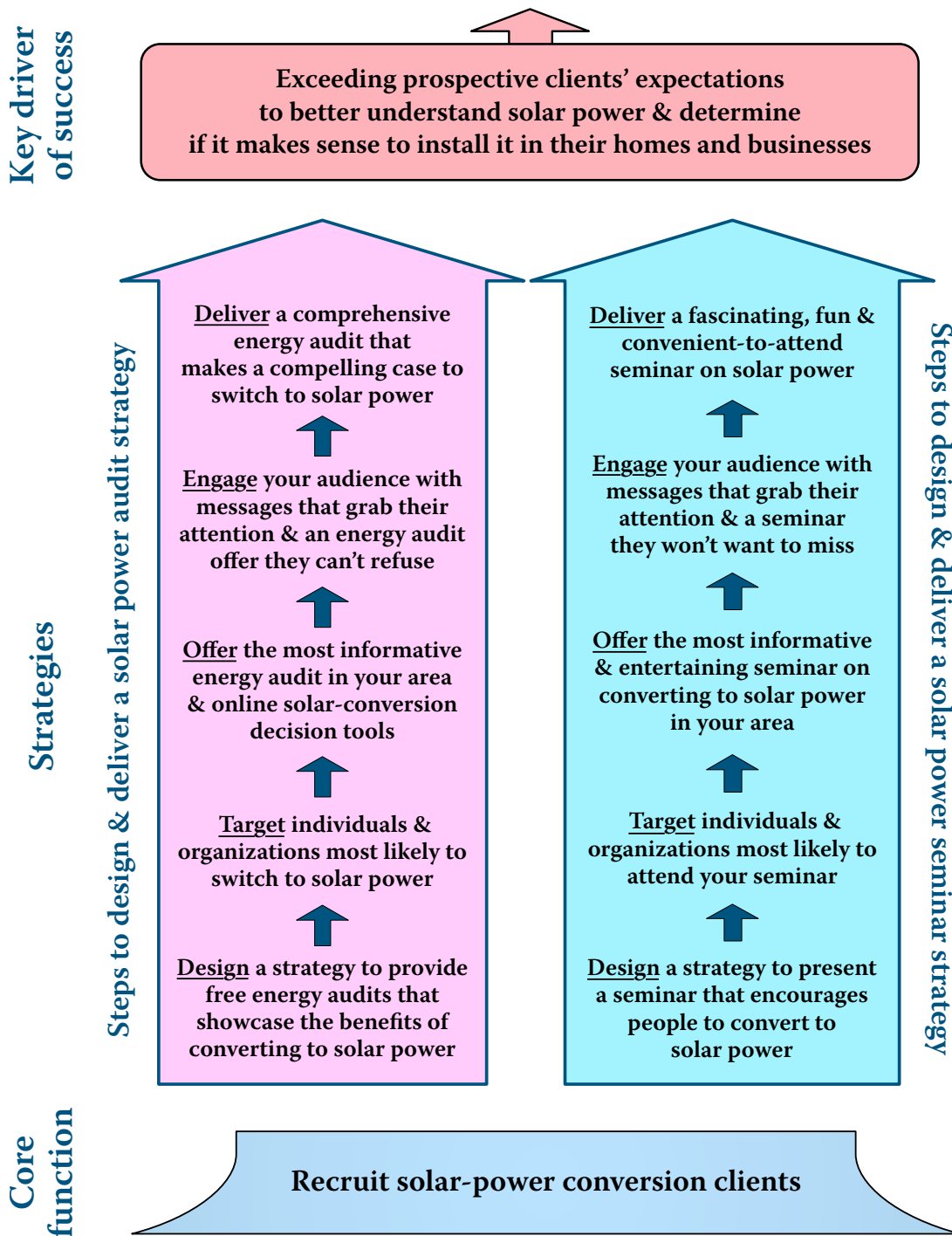


Fig. 15. Functional map of a core function of a solar-power company

## ENDNOTES

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- <sup>1</sup> **World-changing organizations** are committed to making the world a better place—whether in a local community, a region, or the world. Many are **nonprofits** and **governmental institutions**. But others are **companies** striving as much to make a difference as turn a profit. When we refer to *organizations* in this document, we mean *world-changing ones* unless we specify otherwise.

They range from small organizations working in local communities to global organizations like the U.S. Agency for International Development (which I consulted for) and The Nature Conservancy (which I worked for) that work in 100 and 30 countries respectively.

*What do these seemingly diverse organizations have in common?* Most of them are trying to solve complex problems (e.g., social, societal, environmental, and scientific—to name a few); understand and serve a variety of audiences with different agendas (e.g., clients, funders, and supporters); seek support from diverse interest groups; and manage an idealistic, independent, and often iconoclastic workforce.

These are just some of the things they have in common. And it is up to an organization to determine if it is sufficiently committed to making a difference in the world to refer to itself as “world-changing.” If so, they may wish to avail themselves of what we offer.

To avoid repetition, we sometimes refer to them as *values-driven*, *mission-driven*, and *purpose-driven*. Use the term “values-driven” most often because, as we explain in our *Guiding Statements Guide* and elsewhere, we believe their core values drive everything they stand for and do.

And we often refer to the people who work in and support them as **conscience-driven** because their inner sense of what’s right and wrong compels them to work for and support these organizations.

- <sup>2</sup> Candido and Santos. “Strategic Implementation.” Kaplan and Norton, *Strategy Maps*, xi and 6. Kaplan and Norton, *The Execution Premium*, 3. Kiechel, W., III. “Sniping at Strategic Planning.” Mintzberg, *The Rise and Fall of Strategic Planning*, 25.
- <sup>3</sup> Ohmae, page 42. His idea of *key factors for success* pertains to large corporations. He advocates concentrating resources of capital, people, and time on key functions or operating areas decisive for success. To identify one’s key factors for success, he recommends dissecting a market as imaginatively as possible to identify key segments (which we call *segmenting* and *targeting* in our strategic marketing guide) and figuring out what distinguishes winners from losers.

Once identified, he advises gambling the company’s resources on the key factor(s) to gain a quick advantage. (This advice is somewhat analogous to what we recommend in Step 3, which is to focus on what you excel at and possibly the one thing you can be best at in the world—your *hedgehog concept*).

- <sup>4</sup> Ohmae, page 269.
- <sup>5</sup> We grant you permission to use our guides or any part of them for non-commercial purposes free of charge, including distributing printed versions of them, if you acknowledge they were written by Jonathan Reed, Ph.D. of The Center for World-Changing Organizations. We licensed the stock images from iStock and Fotolia. We used OmniGraffle to design the figures.
- <sup>6</sup> Ries and Ries, *The 22 Immutable Laws of Branding*, 22 and 26.
- <sup>7</sup> Collins. *Good-to-Great*.
- <sup>8</sup> Ibid.

*Never doubt that a small group  
of thoughtful, committed people  
can change the world.*

*Indeed, it is the only thing that ever has.*

— Margaret Mead

## OUR SERVICES AND RESOURCES

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### Consulting and Training Services

We offer a full range of consulting services on planning, marketing, and organizational development—design, surveys, facilitation, implementation, and evaluation. We offer training programs on many subjects. See our *Catalogue of Services* on our website for details.

### Planning and Facilitating Retreats and Board Meetings

Retreats and board meetings are the best times to gain strategic insights and forge strong bonds among leaders. We can help you plan and facilitate these gatherings. We also can help you set their goals, design creative ways to achieve them, and ensure discussions are honest and respectful. Topics can range from emerging opportunities to resolving underlying issues.

Probably the best topic is *“How can we make our organization more successful?”* We’d welcome the opportunity to explore it with your leaders and board from an hour-long meeting to a weekend retreat. They’d consider what success means to their organization; what supports, produces, and drives it; and how to strengthen the forces behind it.

### Keynote Addresses

Topics for our keynote addresses include world-changing strategy, marketing, and leadership, which we tailor to your organization; inspirational stories to motivate staff; and other topics.

### Your Resource Library for Making a Difference in the World

**#1 Strategic Planning Guide: How to Design More Effective Strategies to Deliver on and Support Your Mission** ~55 pages

**#2 Strategic Planning Workbook** ~40 pages (not pictured below)

**#3 Guiding Statements Guide: Core Values, Mission, and Vision** ~25 pages

**#4 Strategic Marketing Guide: How to Better Understand, Engage, and Serve Those Who Determine Your Success** ~50 pages

**#5 Strategic Marketing Workbook** ~50 pages (not pictured below)

**#6 Branding Guide: How to Stand Out from the Herd of Organizations in Your Field** ~25 pages

**#7 Leadership Guide: How to Build a More Successful World-Changing Organization** ~75 pages

**#8 Manager’s Survival Guide: 5 Keys to Guide World-Changing Staff and Projects**~30 pp.

