

*The Complete Guide to*

# **Business and Strategic Planning**

**for Voluntary Organisations**

**THIRD EDITION**

**Alan Lawrie**

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# Introduction

**D**eveloping a strategy or a business plan for a voluntary organisation should be a creative and dynamic process. It should be an opportunity to stand back, review progress and generate a new sense of purpose and direction. It should ensure that the organisation is strong, clear about its priorities and able to make a convincing case for support. However, all too often planning is seen as a chore that takes people away from providing a service. The plan that is produced is a collection of targets, budgets and intentions that have little grounding in reality.

This book's starting point is that strategic planning is an essential and useful process for any organisation. It is about much more than producing a neat and tidy document. This edition focuses on the process of putting the plan together and on turning the ideas and strategies in the plan into action. Generating paper plans is easy compared with the hard work of managing change and making plans work in action.

## What this book is about

- 1 It aims to help voluntary organisations make clear decisions about their future direction and priorities.
- 2 It introduces some tools for strategic planning and management.
- 3 It explains how to draw up and use a business plan.

## Why think about business plans?

There are several good reasons to think about business plans.

- 1 The tougher funding climate and the growth of a 'contract culture' have led some funders to require the production of a 'business plan' before they consider a funding application.

Business plans have their roots in the private sector and are an essential requirement in persuading lenders to back an enterprise. In recent years, like many other management concepts, they have crossed from the profit-making sector to the not-for-profit sector.

- 2 A recognition by many voluntary organisations that the constant rate of change and consequent uncertainty means that the organisation cannot stand still.

Many managers and increasingly some trustees are expressing the need to clarify the aims of their organisation, to decide what is and is not a priority given the limited resources that exist and to set out a direction for the organisation's future. This kind of management is different from dealing with the day-to-day demands of making sure that the organisation continues to operate. Strategic management is hard. It requires clear thinking, clarity of purpose and the capacity to win others' commitment to the process and convince them that it is not some academic or 'pie in the sky' exercise.

- 3 The arrival at a point where decisions have to be made about the organisation's future.

A director of one charity described her role as like 'riding a roller coaster that never arrives anywhere, but only gets faster'. Changes in legislation, new funding, short-term priorities and new ways of working mean that organisations often just react to external events and become pulled into activities that either do not fit with the rest of the organisation or are a departure from their original aims. Those charged with the management and direction of the organisation need to take a grip on what they are doing. They need to decide where they are going, not simply respond to external events.

All organisations are going somewhere. The future direction could be about the organisation getting bigger or smaller, working in a particular way or doing more or less of a particular activity. The main theme behind this book is that the people who are charged with managing a voluntary organisation need to ensure that they set the direction and agree strategies for where they want to go.

*“If you don’t know where you are going you are sure to end up somewhere else.”*

Mark Twain

Developing a plan for a voluntary or not-for-profit agency is different from producing a plan for a commercial agency. In the voluntary sector measures of success are more complicated than making a profit. Often voluntary agencies have to meet the needs of different interest groups – users, funders, volunteers, supporters – all of whom might have different and even competing expectations.

## **Strategy in the voluntary sector**

The following issues often need to be tackled during strategic planning in the sector.

### **Not being funder led**

Often, despite their best intentions, voluntary organisations bid for and take on projects and activities because funding is available rather than because it meets their goals or needs. A trustee of one agency described how ‘we’ve jumped on whatever funding bus happens to be passing – over the past few years we have been about detached youth work, counselling, drugs misuse prevention, social inclusion and now crime reduction. We have cut our cloth to fit whatever funders are into. As a result we have lost what we are about!’

### **Being more than a collection of projects**

Over the past few years many organisations have experienced a shift from being core funded to bidding for specific projects. Usually the projects are fixed term, have their own identity within the organisation and sometimes little relationship to the other projects or activities in the organisation. As organisations move towards being project based it is important that the host organisation has a clear direction and strategy that connects all the projects together.

### **Gaining a longer-term vision**

Increasingly visions are short term. Policy agendas change fast, new structures, programmes and funding streams are launched and funding programmes rarely last beyond a few years. Such turbulent change makes any long-term planning difficult as organisations jump from one issue to another. Short-term survival becomes the order of the day. In such an environment retaining a sense of a longer-term vision and values is key to ensuring that the organisation keeps its integrity and purpose and does not just jump onto the passing bandwagon.

### **Being able to say ‘no’ to ideas, opportunities and demands**

Often trustees and workers can feel guilty about saying ‘no’ to opportunities and ideas that could take the organisation to a new place. However, new ideas do need to be rationally and objectively considered. Do they really meet a need? Have we the capacity to do it? Are the risks manageable? A clear strategy can help an organisation to evaluate new ideas and avoid being sidetracked.

### **Organisational sustainability**

Good strategic thinking and planning can help to build a longer-term future. It is important that strategic thinking goes beyond the short-term perspective of some policy makers and funders and asks questions such as what will happen after a fixed term project ends? and how will the organisation create lasting change rather than temporary solutions?

## Being all things to all people

In any organisation there is a danger of trying to cover too many areas and spreading the organisation too thin. Strategic planning is an opportunity to clarify purpose, agree priorities and review activities. This can stop drifting or failing to deliver by trying to do too many things at once.

*'My organisation is brilliant at making priorities. We've got hundreds! Each time we have a planning meeting we get more!'*

Director of a local voluntary organisation

## Not simply doing something because you have always done it

Tradition and history play a part in any organisation. Precedents are set. Budgets and work plans are drawn up on the basis of the past year's performance. Once something is imbedded in an organisation's structures and routines it can become a permanent fixture. It is useful to occasionally spend time reviewing why we do things and challenge if they are the best way of using limited resources and energy.

## The culture resists change

A voluntary organisation can be a complex place. Often its workers have a relationship to it that is different from other workplaces: a personal or emotional relationship and commitment to the organisation's cause. This can be very positive, but sometimes makes change difficult. Often there are contradictions. A worker in a campaigning organisation describes this: 'we have a very radical mission – as an organisation we are all about changing the world – but internally, it's different simple changes like reducing the number of meetings are met with incredible resistance!'

## Funders and business plans

Increasingly, funders, commissioners and purchasers ask or expect to see a business plan as part of the bidding process. Contact with a range of funders identified six main issues that they expected to see addressed in the business plan:

### 1 To understand the idea behind the organisation or bid.

The plan should set out the 'big idea' behind the organisation. What is the vision that holds the organisation together? How is it different from others? It needs to set out a compelling picture of what the organisation is aiming to do and also what it stands for.

### 2 To ensure that the plan has been fully worked out.

Increasingly funders need convincing that an organisation's strategy and intentions have been thoroughly and objectively worked out. A secretary of a charitable foundation described how 'increasingly, our funding panel want to know that an organisation has properly thought through what it wants to do rather than being led by its interest or passion'.

### 3 To check that the organisation is being realistic.

The plan needs to balance being ambitious and realistic. All commitments and targets must be backed up with costings and measurable plans.

### 4 To ensure that the organisation has thought about possible risk.

Every plan involves some sort of risk. A business plan needs to show that the main potential risks have been identified, analysed and that action has been taken to prevent them. The plan should show that the organisation has systems, processes and contingencies to prevent and monitor risks and enable it to act should they occur.

(continued)

## Funders and business plans (continued)

### 5 To check that the organisation has the capacity to deliver.

A programme manager for a government initiative commented that: 'plenty of organisations have brilliant ideas that are relevant and worthwhile, but the plan needs to convince us that the organisation has the management ability and experience to turn an idea into something that delivers'. The plan needs to show that the organisation has the systems, people and structures to manage properly.

### 6 To understand the longer-term picture.

The plan needs to show that the organisation is not just going from one event or funding opportunity to another. The plan should show that as well as having short-term plans that the organisation has a longer-term vision.

## Why do a business plan?

There are many reasons to put off or avoid doing a business plan or think strategically:

- Just continuing to operate on a day-to-day basis is enough of a struggle.
- The language of organisational planning can be off putting.
- The word 'business' is objectionable to some people.
- It is difficult to plan in a period of constant change.
- The fear of finding that the 'goal posts keep moving'.
- The lack of skills or resources to implement the plan.

The following six points explain the thinking behind this book and might suggest reasons why voluntary agencies should spend valuable time on the process of creating a business plan.

### A paradox about planning

There is a paradox about planning. The harder it is to plan the more important clear planning becomes. Uncertainty about funding, lack of clear direction, a reliance on what was done in the past as the basis for deciding what to do next and a vision that stops at the end of the current financial year means that an organisation can easily become motionless. It spends its time hoping that things will get better. In effect, it becomes governed by what it did in the past rather than what it wants to do in the future. It becomes predictable and paralysed in a rapidly changing world. At some stage someone needs to be bold enough to suggest a direction to go in and to agree a plan for achieving it.

### Direction planning rather than a detailed blueprint

In the 1960s and 1970s large corporations and public agencies invested heavily in corporate planning. These planners produced comprehensive ten-year documents that even in more stable times became quickly out of date or even were out of date the day that they left the printers. Our capacity to predict the future accurately is very limited. This book is concerned with helping organisations clarify their long and short-term goals, explore future possibilities and make a case for why others should have confidence in their organisation. It is the process that is important rather than the product.

### The process and the results matter rather than the name

The idea to produce a business plan sometimes causes cynicism amongst staff. Is it just another imported management fad that someone has picked up on a course? How the process is managed and how people are involved in it has a considerable bearing on the result. An interesting idea to consider is the difference between first order change and second order change. *First order change* is when an organisation can accommodate a change within its manner of working and operating. It adapts and incorporates. *Second order change* is when an organisation has to radically change its way of operating, its culture and style. Many business plans get stuck at first order change. A plan is produced by a few people; it is published, briefly discussed, filed away and quickly forgotten about. This book is concerned not only with producing a credible plan, but also with ensuring that the plan feels real and relevant to people in the organisation. Whether it is called a business plan, a strategic plan or a forward plan is not important.

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# **Business and Strategic Planning**

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**THIRD EDITION**

This best-selling management guide provides an accessible introduction to the process of strategic planning. It demonstrates how a business plan can give you an opportunity to generate a new sense of purpose and direction in your organisation. This new edition has been fully redesigned and updated, and focuses on the process of putting a plan together and turning it into *action*.

Features new to this edition include:

- a section on social enterprise
- more data on organisational development and role
- material on full cost recovery
- additional information on implementation
- further sections on turning the plan into action and on performance management.

Incorporating new case studies and exercises, this book is essential reading for all those who want to make clear decisions about their organisation's future direction and priorities.

Alan Lawrie is an independent consultant and trainer who specialises in strategic planning and organisational development.

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