

Guidance to strategic planning providers

Context

This guidance is set in the context of clear, research-based evidence over a long period of time that concludes that strategic plans in the sector are not structured to have governance utility.

This understanding has been added to by findings across the Governance Mark assessments in the past three years. The Mark requires evidence that the board owns and has led the creation of the high-level statements within a plan. This is frequently not the case.

This paper works through a process that has been shared with Sport New Zealand partner organisations as they prepare to review and or develop from new their organisational strategy. It is being shared with strategic planning facilitators to help our partner organisations generate a document that the board can use to oversee and add value to the work of the organisation. It does not presume to advise on choice of tactics and operational response; that is unique to each organisation. This, however, is a framework that assists in assessing whether the tactics chosen are a logical response to the board's stated intent.

The board does its work first

The board, as representatives of the owners, acts to generate benefit for them. As a first step the board must specify that benefit. Management will help with process and provide input, but the board must own and lead the work. The board's work is best described as 'strategic thinking', the necessary precursor to the strategic planning detail undertaken by management. This is the board, on behalf of the owners, making clear its intent.

#1 Establish purpose

Lack of clear purpose is a 'do not pass Go' issue for any business in any environment.

A commercial business that does not understand what customer need it is satisfying will not last long. A non-profit organisation that cannot describe the benefit it intends to generate for its community does not warrant time and money from others. Step one is for the board to review its purpose and confirm that it remains the right one and is correctly written.

A purpose is

Purpose is best expressed as: "Organisation X exists so that..." This describes the benefit intended.

A regional sports trust for instance might say:

"We exist so that all people in region X can access and enjoy sport and recreation."

A charity might say:

"We exist so that no child goes to school hungry."

As far as possible the purpose statement should be unique and answer the question, "If this organisation did not exist, would we create it?" That reflection in itself is a useful one. If we wound this organisation up would anyone truly care and if so why?

A purpose is not

Purpose is never related to anything internal. Being great leaders, enablers or advocates are all process or means statements. Having a purpose of being a "world-class organisation" is both simplistic and pointless as it is not an end in itself. Purpose can only ever be about external change; everything else is a strategy or tactic to achieve a higher-level goal. This separation is vital in the boardroom. Purpose is generally fixed over a long period of time. How we get there is mutable in a changing world.

Vision

A vision is not especially useful as a governance statement as it lacks the clarity of the purpose statement. But it is helpful in terms of telling a story to stakeholders. If one is used, then again it should be an externally facing statement describing a desired and usually aspirational future state.

#2 Establish outcomes

Outcomes further describe the purpose. They are the end state of the organisation's actions in more detail. They are about external impact, provision of benefit to the organisation's community.

This is an outcome

By 2024, 65% of children aged 15, in the greater Christchurch area, will be able to swim 200 metres

The *black* text describes the benefit, swimming capability in children of a given age.

The *blue* text is the qualifiers, how many, where and by when.

Ends not means

This is an ends statement, describing the end benefit of the organisation's work. It does not specify how. That could be a shifting set of strategies across coaches, pool access, pricing, and transport, for example. These are means. The separation is important.

Layers of outcomes

Outcomes exist at several levels. Arguably you could have a higher-level outcome here.

New Zealanders have the confidence, knowledge, and skills to enjoy our beaches and rivers in safety

That might be a good outcome for an organisation like Water Safety New Zealand, while swimming 200 metres would be an appropriate outcome for a delivery body in Christchurch. It is worth stating both levels as the higher one is by far the better story.

Too many outcomes are not useful, four or five are recommended.

Intermediate outcomes

There are always valid stepping-stones in a plan. Without financial capability it is hard to deliver. Without good leadership and systems, effort will be diluted. These should be viewed as enabling or intermediate outcomes as they are not ends but means to get there. Often, they are grouped under organisational intermediate outcomes set lower in the plan or best located within a key result area.

#3 What can we control and influence?

An organisation can only be accountable for what it can control and influence.

Aotearoa New Zealand is free of child poverty is an excellent outcome to strive towards and a positive story to tell. But no one organisation can be accountable for this outcome.

No child goes to school without shoes is clearly defined and possibly within the control of a national organisation. It contributes to the higher-level outcome of poverty relief.

While the higher-level story should be told, the board needs to settle on a level of outcome they can control and influence. It also needs assurance that this outcome contributes to the higher level. That may come from evaluation or prior research.

This level of outcome must have a means of measurement associated with it. That requires a benchmark (where are we now?) and clarity on where we want to be at the end of the plan period. Do not attempt to gauge things that are too hard or complex to measure and be careful that the measurement itself does not generate the wrong behaviour.

What is on our dials

Throughout this early phase of the strategic planning process a good question to ask is what will be on the board's dials? What is that handful of high-level things that the board tracks to understand if the chosen strategies are steering the organisation towards the agreed outcomes at an adequate rate? What is the dial measuring – where are we now and where do we want to be?

Then and only then can we start to look at options.

Measurement

Not everything that can be counted counts, and not everything that counts can be counted.

This is not a guide to creating measures. That warrants a lengthy discussion in its own right, but a few comments might be helpful. Firstly, check if it is practical to measure something. As the cost rises, the usefulness of the process lessens. Some measurement is easy but purposeless. Feeding the board simple measures such as web statistics generally has no governance value. The board must set measures as close to the intended benefit to be delivered as possible. For major initiatives it is now common to build in an evaluation budget at the outset. In many cases where the outcome is some time in the future, lead indicators are needed. Customer satisfaction is a good indication of repeat purchase for instance. Measurement gives us the signposts on the strategic road map. Without a useful map, any road becomes as good as the next.

A performance measure is a quantification that provides objective evidence of the degree to which a performance result is occurring over time.

#4 Are we there yet? – strategic choice

This is the question that all parents love on long journeys, and it is valid here. Having set a desired future state, it follows we are not there now and there are good reasons for that. Strategy is a response to challenges, some possibly better understood than others but a fair attempt, nonetheless. The plan must discuss what lies in the way, what range of options have been considered and why the strategies being pursued are the most likely to succeed. Too many plans posit a bright new future and either keep doing the same thing or consider only one option. As is often said, no plan survives contact with the enemy. It will have to be tested and changed over time. This discussion is the core work of any board and can only occur if the building blocks described above are in place.

A plan without a discussion of the inherent challenges is like a wish list sprinkled with fairy dust.

#5 Key result areas

Below the outcomes will be strategy groups or key result areas (KRAs). These are the main drivers to achieve the desired outcomes. For instance, in sport and recreation the provision of quality experiences is often set high in the plan. Simply put, a great service delivers repeat purchase. Organisational capability or the ability to work in partnership in an overcrowded for-value world might be others. These KRAs help design the operational plan and the allocation of resource. They will all ultimately have their own measurement frameworks to guide them within the wider structure of the plan.

At the right cost?

A useful summary of governance in the non-profit world is “the provision of the right benefits to the right people at the right cost”. Too often the last part of the formula is not examined possibly because for value organisations have different value exchange mechanisms. In a commercial transaction there is a simpler link between perceived value and the good or service provided. Here the beneficiary is often not paying the full cost of the good or service. The link with the resource provider (funder) is through one or more intermediaries.

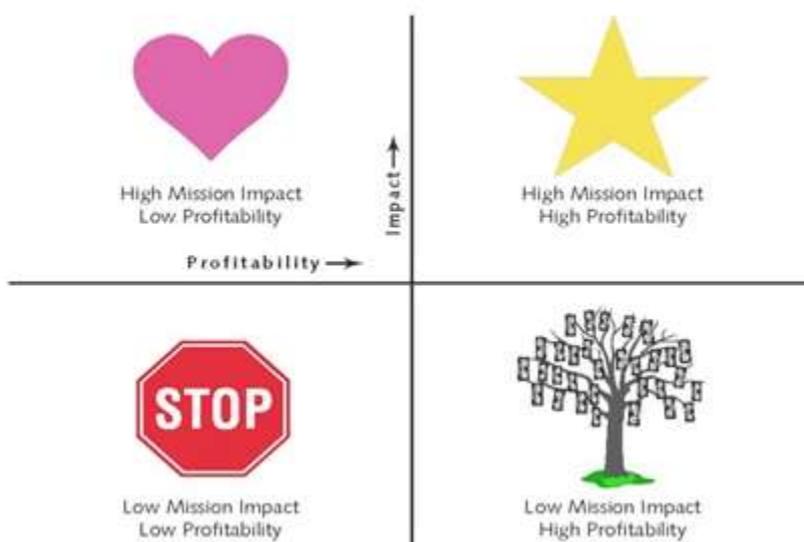
There appears to be an unwillingness to truly examine the relative cost-benefit of strategic options. A lack of clear success criteria will make this a difficult conversation. It is a governance fundamental

in any setting to ask if this is the best use of time and money and which of these options will make the boat go faster. That conversation of course depends on context. In a high-performance world finding the last 2% is where the cost is. In a participation environment we must be more even-handed in funding benefit creation.

Stop doing things

In the current environment all organisations will be facing tough choices and will need a renewed focus on purpose.

Any strategic process should include a check across current activities. Are they still a good fit under our revised thinking? There is often a tendency to raise more money to do more of the same. Cutting programmes or activities inconsistent with purpose and outcomes is far easier than constantly rattling the can. That may mean letting go of beloved programmes that may feel good and are enjoyed but are no longer the best use of resource. These are tough decisions that are often not faced up to. There are various ways to analyse current initiatives. One approach is to use a matrix of alignment to purpose on the one hand and profitability/subsidy required on the other.



#6 Values

A failure in organisational culture or lived values has put many organisations into the media spotlight for all the wrong reasons of late. The board's role in owning, leading, and maintaining oversight of a desired organisational culture is now being written into governance codes.

It is a central issue for the sector. Any strategy will fail without a functional culture to execute it. It is reasonable to expect a check-in that the necessary culture to enable delivery of the plan is in place. A summary statement of organisational values should be outlined within the strategy. For a deeper understanding of governance accountability for the culture see [The Board's Role in Organisational Culture](#).

#7 Generate the statement of intent

The Governance Mark process requires the board to provide a [statement of strategic direction](#). From this, management and any stakeholder should be clear about why the organisation exists and what it is trying to achieve over the period of the plan. This is the board's document. It can be viewed as the highest-level statement of policy, from which everything else flows.

For providers working with sector organisations, the creation of this document consistent with the narrative above is a required and non-negotiable output.

Consultation and expectation management

Planning for a community-focused organisation requires communication with its ownership, beneficiaries, and stakeholders. The question is how to make this productive and not simply expensive chat. Too many approaches begin with broad consultation, often lacking a framework, and end up with a long list of things that are peripherally linked to a coherent strategy and/or simply cannot be resourced. "A wish list sprinkled with fairy dust", as one commentator so eloquently put it. Consultation is most useful in understanding the environment, clarifying the challenges being faced, and getting feedback on which initiatives work and which do not. It also serves a necessary political purpose especially within federated structures.

The board needs to do its job first. Working within a predetermined structure provided in advance to those you consult with will assist in getting useful feedback. This short advisory is not about facilitation but rather the usefulness of the information that should flow from it. Standard techniques such as [parking lots](#) can help sift the feedback.

Structures based on membership organisations are under pressure. Models designed 60 years ago will simply have to change. Many areas of the sector have been blessed with extra resource over the last 15 years but that alone has not solved the many issues. The solution of providing more money to do more of the same needs to be off the table. Some acknowledgement and introspection around this must be part of the process. The additional reality of the post-COVID-19 world means a likely focus on other parts of the economy in the medium term and little loose change for sport and recreation.

Linkages

Although possibly not part of a strategic plan brief, it is still useful to understand what other elements must be bolted in below the high-level plan.

The operational plan should be organised under outcome classes with annualised targets feeding up. That way the chief executive is reporting on progress against the strategic plan not the day-to-day busyness of the operational plan.

Coming back to the 'right cost' consideration, the annual budget should be organised under outcome statements and then against the key result areas. It is inevitable that some initiatives will not have an acceptable cost-benefit ratio over time. Management and board need financial reporting that identifies such initiatives.

The organisation has a strong accountability to its owners and stakeholders. It follows that progress towards achievement of outcomes is the primary instrument of feedback. That is the story being told to attract resource and that is the story to report back on – not just in the annual report but on a regular and planned basis across all stakeholders.

Registered charities now must deliver an annual Statement of Service Performance. If all the above is in place that becomes a very simple exercise. In time it is anticipated that this formal requirement will extend to incorporated societies.

Checklist

If you are leading or involved in a strategic planning process, here is a simple checklist to ensure the resulting document will align with the requirements of the Governance Framework for the Sport and Recreation Sector in New Zealand. Although there will be overlap in time sequencing of tasks, the general order should be:

#1 The board

Is the board owning and engaged with the process – not necessarily doing all the lifting but understanding that they must do their job (strategic thinking) first?

#2 Purpose

Have we reviewed and refreshed or reconfirmed that our purpose statement is the right one and correctly expressed?

#3 Outcomes

Have we laid out in outcome terms the change(s) we are trying to make in the world, starting at the highest level – the story we tell?

Have we defined the level at which we have control and influence and set outcomes appropriately?

#4 Problem definition

Have we structured a process to define the problem(s)? Why are we not there yet?

#5 Consultation

Have we designed a bounded and purposeful consultation process to glean information on the environment, challenges and options within it?

Have we made sure the 'more money' conversation is off the table, at least for now?

Do we have a strategy for managing expectations?

#6 Strategic options

Have we considered multiple options?

Have we run a cost-benefit analysis of the options?

Have we settled on a small number of strategic or key result areas that lead the plan?

Have we analysed our current activities and programmes to see what we should stop doing?

#7 Culture

Have we outlined the type of culture we want to deliver on the strategy?

#8 One page

Can we boil this down to a one-page board-owned statement of intent?

#9 Tell the story

Finally, does the plan tell our change story in a compelling way?

Terminology

Strategic planning documents can be full of acronyms, buzz words and jargon. They are often used without discernment, appearing in the wrong places and at the wrong level of the plan. There is no correct list of terms, but it would be helpful if the sector used some consistent phrases at the various levels in the plan.

The first three are the board's domain on behalf of the owners.

Vision

An aspirational statement about a desired future state. Never about the organisation itself but about positive change in the world.

Purpose (Mission)

The key statement. Why we exist. The nature of the change we are trying to make in the world. Again, it should never be about the organisation. Complete the sentence: XYZ exists so that...

Outcomes

Outlining the specific benefit from the perspective of the recipient, either the individual or a group within the community. Again, always external, and never about the organisation itself. Start at the highest level. For high performance sport this includes national identity and social cohesion. For the broader sector, personal wellbeing, certain skills, and community development, for example. This will come down to those things that can be controlled, influenced, and measured that feed into the higher level. These are the organisation outcomes that provide the foundation for assessment of performance.

Key result areas

The main groupings of strategy that link up to and feed into the outcomes. These address the challenges between the present and the desired future state. These then flow into the operational plans. They will each have a set of measures. Organisational capability belongs at this level.

Misused words

These terms are often used incorrectly in a plan;

Output. Something produced; could be an event, a product. Many coordinated outputs within a strategy will contribute to an outcome.

Tactic. Low-level action, a specific programme, type of approach or initiative.

KPI. Key performance indicator. Simply a measure, not an end in itself.

Further resources and reading

If nothing else, please read this article:

[Why your current strategic plan is probably little use as a governance tool](#)

Sport New Zealand resources:

[Planning in Sport](#)

[Nine Steps to Effective Governance](#)

see *Step 4: Provide Strategic Leadership*

Another good article:

[What is the board's role in strategic planning anyway?](#)

If you want to understand how not to do measurement this is an engaging short book:

Muller, J Z. *The Tyranny of Metrics*. Princeton, NJ: Princeton University Press, 2018