



Strategic Planning for Business Success

**A Guide to Figuring Out Where You're Going
and How to Get There**

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Objectives of Workshop

- Increase skills and knowledge regarding strategic planning
- Increase confidence regarding doing strategic planning
- Incite enthusiasm for strategic planning
- Provide information on further resources to learn more about and begin strategic planning



Purpose of Strategic Planning

- ▲ Clarify priorities and set direction to meet those priorities
- ▲ Focus your efforts
- ▲ Builds consensus throughout the organization on who you are, where you're going



General Principles

- ▶ Takes 1 day or $>$ 1 year; involves 1 person or dozens
- ▶ Expand or contract for larger or smaller organizations
- ▶ Process not always linear
- ▶ Not one way to do it



Contrasts

- ▶ **Long-range planning** often looks out decades, for stable industries/economies
- ▶ **Strategic planning** often focuses on programmatic goals, less on detailed financial performance
- ▶ **Business planning** focuses on financial performance, business objectives, & growth strategies
- ▶ Terms are indefinite; all planning styles can be more or less hybridized



Business Planning in Context

1. **Idea:** What if we do this?
2. **Feasibility Study:** preliminary research—is there market interest?
3. **Business Plan**—how will we achieve our goals? What does success look like?
4. **Operating Plan**—detailed work plans



Steps, in Summary

1. Where are you going?
2. How are you going to get there?
3. How will you know when you have arrived?



Steps, in Detail

1. Prepare
2. Describe mission and vision
3. Identify strategic issues, or focus areas, through an assessment of the environment
4. For each issue, establish strategies, goals, objectives
5. Write the plan
6. Implement plan & monitor results



Step 1: Prepare

- ▶ Figure out if you have the resources: time, money, skills, commitment to engage in formal strategic planning
- ▶ Identify any initial strategic issues or questions to address
- ▶ Get buy-in from Board and staff (as applicable) on purpose & fundamental issues to be addressed
- ▶ Assemble planners; establish process (timing, roles & responsibilities)



Step 1: Prepare

✦ **Summary: We have the resources to do our plan and are prepared to begin**



Step 2: Describe mission & vision

▲ Mission: an enduring purpose or ultimate end; may include audience, means and/or values

▲ Vision: an image of the future



Step 2: Describe mission & vision

- ▲ The mission of the Gap Year Association is “To maximize the potential of young adults, through accessible and meaningful gap year opportunities.”
- ▲ The mission of ARCC is “To provide unique, life-changing educational experiences for teenagers in places rarely visited and seldom experienced.”



Step 2: Describe mission & vision

- ▲ The vision of the Gap Year Association is: “A semester of gap year time, with access to college credit & financial aid, for every high school graduate.”



Step 2: Describe mission & vision

- ★ **Summary: we are clear on our mission and vision and what our organization is trying to achieve**



Step 3: Identify strategic issues through an assessment of the environment

- ▶ Assess internal and external environment
- ▶ Identify issues deserving attention
- ▶ Issues can be *problems* or *positive circumstances*



Step 3: Identify strategic issues

- ▶ Determine *Strengths* and *Weaknesses* in internal subject areas
 - ▶ Program effectiveness
 - ▶ Financial performance
 - ▶ Service quality
 - ▶ Management systems & organizational structure
 - ▶ Physical plant; facilities & equipment
 - ▶ Fundraising and funding sources
 - ▶ Governance
 - ▶ Program evaluation
 - ▶ Social capital/reputation
 - ▶ Working relationships, communication, decision-making; morale

Step 3: Identify strategic issues

- ▲ Determine *Opportunities* and *Threats* in external subject areas such as:
 - ▲ Political
 - ▲ Socioeconomic
 - ▲ Technological
 - ▲ Demographic
 - ▲ Legal
 - ▲ Competition
 - ▲ Marketplace (market needs)
 - ▲ Funding



Step 3: Identify strategic issues

▲ Sources of information:

- ▲ People (Board members, staff, volunteers; clients; funders; competitors & collaborators; community leaders)
- ▲ Other data sources (e.g. reports, statistics, government & industry publications, research data such as pre-test/post-test results)
- ▲ from inside and outside the organization



Step 3: Identify strategic issues

▲ Survey instruments:

- ▲ Interviews
- ▲ Questionnaires (e.g. written program service quality evaluations by clients, questionnaires for staff, management effectiveness surveys & models for managers, governance self-assessment questionnaires for Board members)
- ▲ Focus groups and other group meetings
- ▲ External program assessments & audits (e.g. financial audit, safety review, accreditation review)



Step 3: Identify strategic issues

- ★ **Summary: We have now determined the principal issues facing the organization**



Step 4: Establish strategies, goals, objectives

- ▲ For each issue
- ▲ Can be challenging & time-consuming, non-linear
- ▲ Several tools (SWOT, Competitive Strength Analysis, etc.)



Step 4: Establish strategies, goals, objectives

SWOT Grid Analysis

| | Opportunities | Threats |
|------------|---|--|
| Strengths | Invest: Exploit comparative advantage | Defend: Area of strength but under threat: add resources from organization or from others |
| Weaknesses | Decide: Are you in or out? Either invest, divest, or collaborate | Damage Control/Divest: Minimize organizational damage |



External & Internal SWOT Analysis

| | |
|--|---|
| <p>STRENGTHS</p> <ul style="list-style-type: none"> • Outward Bound is unifying, simplifying, and becoming financially stable to remain viable and relevant • Centers are local, proven, and time-tested • EL'S' record of transforming schools increases credibility and leverage • National Programs can utilize the Centers geographic presence/impact to sell locally • Centers have strong community ties with alumni and supporters • Centers can respond to local needs with OB's program menu, customized as needed • Powerful partnerships have been established with schools, school districts, local agencies, political officials, civic/business leaders, and youth-serving organizations • Fund raising has become increasingly "local" among our donors as they seek to support causes close to home • Diverse programs and locations can deliver a year-round revenue model with less seasonality • OB is at a virtual breakeven before interest payments, evidencing dramatic business model shifts and improvements since the merger • We have a common Educational Framework and curriculum, resources and training to support it | <p>WEAKNESSES</p> <ul style="list-style-type: none"> • There are many "customers"; tuition is paid by parents, schools, donors, etc. complicating replicable, scalable sales and enrollment models • Current Centers rely on a short list of donors; Centers are not well endowed, challenging the long term viability of program delivery • It will be two years before the efficacy of our programs can be demonstrated longitudinally • Until now, Centers have operated independent of national programs with a focus primarily on low-income youth and are not well-positioned or staffed to fully serve all students, alumni, and supporters • Most alumni are returning to their communities with little formal follow up and support; we still are identifying where/how to find alumni • Governance structures will need to be shifted and groomed for stakeholders to remain engaged and committed • Before TN, few of the National programs have found it compelling to expand through Centers • Center facilities are donated and insufficient or represent a significant fixed cost • Centers' ability to attract and retain qualified and diverse field staff has been insufficient • The ability to effectively impart the service ethic on course varies by location |
| <p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Common outcomes and measures will bring credibility and prove the "case" • Alumni represent an extraordinary opportunity to deliver on the last half of Outward Bound's mission statement - "to create a better world" – through their engagement in service opportunities within their communities • Outward Bound's leadership is aligned in its support for this strategic direction • The Anschutz and Stanley grants provide initial support for the development and execution of TN • Reducing and aligning administrative locations will allow OB to streamline national overhead and make Centers the "face" of OB • Veterans (and other special populations) offer a compelling and fundable market to fill any short-term economic-driven enrollment downturns • The Obama Administration is investing in service and youth-focused organizations and opportunities that could benefit OB, particularly with our strong political connections • We are just as relevant as ever • We are finally starting to see the benefits of merging at the program delivery level; by gaining traction in unified training, curriculum, resources, and sharing of best practices in operations and program delivery | <p>THREATS</p> <ul style="list-style-type: none"> • National vs. local fundraising, governance and resource allocation could be contentious • OBUSA continues to operate at a deficit with limited ability in a down economy to run a major growth campaign • OB staff have run leaner and leaner since the merger and managed through multiple restructurings as we worked the business model; we could lose key staff thus impairing our ability to manage future growth • Three of our six Centers are "unaffiliated", and their participation in establishing "full-line" breadth and scalability is subject to independent determination by their boards • National programs have not historically sought a local presence within and through Centers given cultural and market differences • Centers have evolved with little need or regard for avoiding redundancy; the work of standardizing and simplifying process, administration, nomenclature, etc. across affiliated and unaffiliated Centers will require collaboration and careful avoidance of cost escalation • A Centers-based, community impact-driven funding model is unproven vs. classic product lines with known market potential and margins • Economy • Negative affects of decreasing marketing budgets |

Step 4: Establish strategies, goals, objectives

Opportunities

- *Unsaturated market, many previous clients*
- *Opportunity for new program development*
- *New locations becoming suitable for programs*

Threats

- *Competition*
- *Economy, social priorities*
- *Unpredictable business misfortunes coupled with lowered organizational resiliency*

Strengths

- *Long history and established reputation*
- *Well-developed programs, policies and procedures*
- *Flexibility due to organizational structure and programming model*
- *High level of employee and customer goodwill*
- *Long-term client base*

Weaknesses

- *Administrative staff turnover*
- *Client, field staff retention*
- *Financial health*
- *Program quality: logistics, educational effectiveness, risk management*
- *Board operations*

Invest:

- *Focus on “same thing, but do it better” strategy*
- *Aggressively reach out to past clients through invigorated marketing campaign*
- *Establish new program offerings and promote to clients*

Defend:

- *Consider merger/take-over option with local competitor*
- *Develop closer relationships with current clients to increase retention*

Decide:

- *Pursue move to permanent facility to add stability*
- *Identify strategies for retaining present clients*
- *Eliminate any efforts to reach out to non-core client types*

Damage Control/Divest:

- *Aggressively pursue financial strength through cost control, aggressive sales targets, and accelerated fundraising efforts*
- *Invest any available resources in improved staff compensation*

Competitive Strength Analysis

Potential to Attract
Resources and Enhance
Existing Programs: Yes

Potential to Attract
Resources and Enhance
Existing Programs: No

| | | Alternative Coverage | | Alternative Coverage | |
|-----------------------|-----------------------------|---------------------------|------------------------------|---------------------------------|---------------------------------|
| | | High | Low | High | Low |
| Good fit with mission | Strong competitive position | 1. Aggressive competition | 2. Aggressive growth | 5. Build up the best competitor | 6. "Soul of the organization" |
| | Weak competitive position | 3. Aggressive divestment | 4. Build strength or get out | 7. Orderly divestment | 8. Foreign aid or joint venture |
| Poor fit | | 9. Orderly Divestment | | 10. Aggressive divestment | |

Step 4: Establish strategies, goals, objectives

| Core Strategies | | | | |
|---|--|---|---|---|
| Strategic issue (as question) | Proposed strategy | Supporting assumptions, facts, values | Possible obstacles to implementation | Triggers for re-evaluation |
| <i>Our semester program enrollment is flat to declining. Do we start offering short-term experiences to corporate clients like international MBA students, not mission-related but maybe lucrative?</i> | <i>Talk with current client universities about marketing programs to Business School, other departments. Develop marketing materials, try a couple Int'l MBA-oriented conferences.</i> | <i>We can build business sustainability by offering our core product—experiences abroad—to a new customer group, even if it dilutes our organizational identity</i> | <ul style="list-style-type: none"> • <i>Need to invest in marketing, selling new service</i> • <i>Need to invest in developing new program, staff skills</i> • <i>Possible staff resistance to new product</i> • <i>Not our core competency</i> | <ul style="list-style-type: none"> • <i>Lack of client interest 1st 18 mo</i> • <i>Takes too much focus off of core product line</i> • <i>Semester program begins to grow again</i> |

Step 4: Establish strategies, goals, objectives

- ▲ Have contingency plans
- ▲ Are plans realistic and achievable?



Step 4: Establish strategies, goals, objectives

- ▲ Write goals & objectives for the organization
 - ▲ Here or in separate operating plans
 - ▲ Take into account the strategies you identified
 - ▲ Address all relevant aspects of the organization
 - ▲ Goals are broad results
 - ▲ Objectives are specific, measurable, time-bound outcomes
 - ▲ Distinguish between process (“means”) and product (“ends”) outcomes



Step 4: Establish strategies, goals, objectives

Goal: Improve Financial Health

Objective: Increase sending schools

| Sending schools | |
|-----------------|-----------------|
| Year | Sending schools |
| 2016 Actual | 6 |
| 2017 Actual | 5 |
| 2018 Actual | 7 |
| 2019 Actual | 6 |
| 2020 | 7 |
| 2021 | 8 |
| 2022 | 9 |
| 2023 | 9 |
| 2024 | 10 |



Step 4: Establish strategies, goals, objectives

- ▶ **Goal: Improve quality of program operations**
- ▶ **Objectives:**
 - ▶ **Improve logistics operations**
 - ▶ **Further develop educational structure and curriculum**
 - ▶ **Improve retention of quality program staff**
 - ▶ **Focus on our core business**



Step 4: Establish strategies, goals, objectives

Objective: Improve staff retention

| Field staff retention rate | |
|----------------------------|------------------------------------|
| Year | Average number of seasons employed |
| 2017 Actual | 1.3 |
| 2018 Actual | 2.0 |
| 2019 Actual | 1.9 |
| 2020 | 2.0 |
| 2021 | 2.5 |
| 2022 | 2.8 |
| 2023 | 3.0 |
| 2024 | 3.25 |

Service Quality Evaluation Averages

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | Avg | |
|---------------|-------------------------------------|-----|-----|-----|-----|-----|-----|-----|----------|------------------------------|-----|-----|-----|-----|-------------|--|
| 2019 | | | | | | | | | | | | | | | | |
| Actual | 4.2 | 4.3 | 4.7 | 4.6 | 4.6 | 4.6 | 4.7 | 4.8 | 4.8 | 4.7 | 4.6 | 4.3 | 4.4 | 4.5 | 4.5 | |
| 2020 | 4.4 | 4.4 | 4.7 | 4.6 | 4.6 | 4.6 | 4.7 | 4.8 | 4.8 | 4.8 | 4.6 | 4.5 | 4.5 | 4.6 | 4.6 | |
| 2021 | 4.5 | 4.5 | 4.7 | 4.6 | 4.7 | 4.7 | 4.8 | 4.8 | 4.8 | 4.8 | 4.7 | 4.6 | 4.6 | 4.7 | 4.7 | |
| 2022 | 4.6 | 4.6 | 4.8 | 4.7 | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 | 4.7 | 4.7 | 4.75 | |
| 2023 | 4.7 | 4.7 | 4.9 | 4.8 | 4.9 | 4.9 | 4.8 | 4.9 | 4.8 | 4.8 | 4.8 | 4.8 | 4.7 | 4.7 | 4.80 | |
| 2024 | 4.8 | 4.7 | 4.9 | 4.8 | 4.9 | 4.9 | 4.8 | 4.9 | 4.9 | 4.8 | 4.9 | 4.9 | 4.9 | 4.8 | 4.85 | |
| A | Pre-program information from us | | | | | | | | H | Effectiveness of Instructors | | | | | | |
| B | Pre-program information from school | | | | | | | | I | Instructor Sensitivity | | | | | | |
| C | Pre-program presentation from us | | | | | | | | J | Quality of Group Experience | | | | | | |
| D | Program area | | | | | | | | K | Safety/Risk Management | | | | | | |
| E | Program structure | | | | | | | | L | Quality of Food | | | | | | |
| F | Curriculum and Activities | | | | | | | | M | Quantity of Food | | | | | | |
| G | Program Coordinator | | | | | | | | N | Equipment | | | | | | |

Step 4: Establish strategies, goals, objectives

- **Develop action steps for the goals & objectives**
- **Develop financial projections for each year of the Strategic Plan**



Financial Projections 2020-2024

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|---------|---------|---------|---------|---------|
| Ordinary Income/Expense | | | | | |
| Income | | | | | |
| 4100 · Program Income | | | | | |
| 4110 · Grant Funded | 37,500 | 41,250 | 45,375 | 49,913 | 54,904 |
| 4120 · Client Funded | 374,686 | 412,155 | 453,370 | 498,707 | 548,578 |
| Total 4100 · Program Income | 412,186 | 453,405 | 498,745 | 548,620 | 603,482 |
| 4300 · Fund Raiser Event Income | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| 4400 · Donations | | | | | |
| 4460 · Board/Staff Giving | 1,000 | 5,500 | 7,000 | 7,500 | 7,500 |
| 4470 · Alumni/Parent Giving | 1,500 | 1,725 | 1,984 | 2,281 | 2,624 |
| 4480 · “Friends of” Giving | 2,500 | 2,875 | 3,306 | 3,802 | 4,373 |
| 4490 · Other Donations | | | | | |
| Total 4400 · Donations | 5,000 | 10,100 | 12,290 | 13,584 | 14,496 |
| 4600 - Cancelled Program Fees | 1,800 | 1,980 | 2,178 | 2,396 | 2,635 |
| 4900 · Miscellaneous Income | | | | | |
| 4910 · Rental Equipment | 350 | 385 | 424 | 466 | 512 |
| 4920 · Merchandise Sales | 6,695 | 7,365 | 8,101 | 8,911 | 9,802 |
| Total 4900 · Miscellaneous Income | 7,045 | 7,750 | 8,524 | 9,377 | 10,315 |
| Total Income | 431,031 | 478,234 | 526,738 | 578,976 | 635,928 |
| Total Expense | 430,127 | 469,068 | 516,662 | 567,924 | 623,816 |
| Net Ordinary Income | 904 | 9,166 | 10,076 | 11,052 | 12,112 |
| Other Income/Expense | | | | | |
| Other Income | | | | | |
| 9100 · Interest Income | 354 | 407 | 468 | 538 | 619 |
| Total Other Income | 354 | 407 | 468 | 538 | 619 |
| Net Other Income | 354 | 407 | 468 | 538 | 619 |
| Net Income | 1,258 | 9,573 | 10,544 | 11,590 | 12,731 |
| Indirect Expense to Total Expense Ratio | 0.56 | 0.56 | 0.56 | 0.55 | 0.53 |

Step 4: Establish strategies, goals, objectives

- ★ Summary: we have now developed a set of goals and specific objectives (including financial objectives) and action steps that address the issues we've identified and cover all relevant areas of the organization.**



Step 5: Write the Plan

- ▲ Determine who writes, how review process works
- ▲ Write, revise, approve
- ▲ Components:
 - ▲ Executive summary
 - ▲ Mission/vision/values
 - ▲ Organizational description
 - ▲ Issues
 - ▲ Strategies
 - ▲ Goals, objectives



Step 5: Write the Plan

- ✦ **Summary: We now have a written plan outlining our mission, issues, goals, objectives and action steps.**



Step 6: Implement plan & monitor results

- ▲ Develop annual budgets, operations/work plans
- ▲ Evaluate plan & results regularly
- ▲ Repeat



Step 6: Implement plan & monitor results

- ★ Summary: We have a system to regularly assess the progress on and relevance of our strategic plan**



Strategic Planning: Summary

- Prepare
- Describe mission and vision
- Identify strategic issues
- Establish strategies, goals, objectives
- Write, implement, monitor



Amazing Gap Year, Inc.

Business Plan Table of Contents

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 - a. Organizational Resilience
 - b. Customer Service Satisfaction
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- IV. Strategies**
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 - i. Goals
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