

A. Strategic Planning

Dramatic changes are occurring in the health care field, as well as in safety net programs for poor and homeless people. The horizon is filled with potential threats from managed care, welfare reform, increasing poverty and homelessness, and decreasing resources. These are compounded by the so-called “compassion fatigue” that may have diminished the number of people willing to put their time, energy and money into making the system work better for people who are poor.

In Part III we discussed the needs assessment and planning process necessary to start up an HCH project. But once the planning honeymoon is over and your project is operating under the shadow of the challenges mentioned above, how do you avoid being paralyzed by uncertainty and pessimism? How do you prevent a slide back into traditional, but ineffective approaches to helping people who are homeless? How does an HCH project identify and analyze the threats and opportunities that surround it, and then respond with a new vision that synthesizes information, ideas and resources to move the project forward?

...the most successful strategies are visions, not plans... Planning cannot generate strategies. But given viable strategies, it can program them; it can make them operational.'

Henry Mintzberg
“The Fall and Rise of
Strategic Planning”
Harvard Business Review

The simple answer to those questions is “strategic planning.” However, that is also a somewhat simplistic answer, easily repeated from the planning textbooks and organizational development workshops. Although it is highly recommended that your HCH project seek advice and assistance from the numerous resources available on strategic planning in nonprofit organizations (see Appendix C), a word of caution is in order. Strategic planning is not a guaranteed recipe for success. In order to be effective, you will need to understand the difference between strategizing and planning, and how to use that understanding to make the strategic planning process work to benefit your project.

To that end, this chapter will discuss the following questions:

- What is strategic planning and why does it sometimes not work?
- What is different about strategic planning in the HCH environment?

- What leadership qualities are necessary for effective strategic planning?
- Who needs to be involved in strategic planning?
- What strategic planning methodologies are effective in the HCH setting?

WHAT IS STRATEGIC PLANNING AND WHY DOES IT SOMETIMES NOT WORK?

“Strategic planning” is actually somewhat of a contradiction in terms, describing two distinct activities. Planning is a formal process involving analysis – breaking the whole into pieces that can be described, quantified and programmed – to provide clear direction for implementation. Strategizing or strategic thinking, on the other hand, is an informal process of synthesis that brings together many pieces of different ideas, experiences, intuition, known quantitative data and qualitative information. It is the visioning act of the organization.

One of the reasons strategic planning doesn’t always yield the desired results in an HCH project is due to the dynamic tension between strategic thinking and planning. Feeling threatened and pressured by the challenges ahead, an organization decides to come together to do strategic planning. But then those who are strategizing feel boxed-in by the planners’ demands for realistic detail, and those who are planning are frustrated by the idealistic, impractical dreaming of the visionaries. This is not exactly the ideal scenario for a productive strategic planning retreat.

Clearly, both activities are necessary to maintain the vitality and effectiveness of an organization. Without clarity of vision, an HCH project could easily take the path of least resistance by providing only medical care that serves as nothing more than a Band-Aid over the gaping wound of homelessness. But the clear vision of HCH as a comprehensive integrated approach to improving the health and lives of people who are homeless will go unrealized if detailed and organized planning is not done to assure that all those comprehensive pieces fit into a cohesive functioning whole. The obvious solution is to find a way to both strategize and plan in the appropriate sequence and with the appropriate players involved. Before going into who should be involved in strategizing and planning, it might be helpful to examine the two activities in more depth. The words of Mintzberg are instructive in this regard.

Strategic thinking...is about synthesis. It involves intuition and creativity. The outcome of strategic thinking is an integrated perspective of the enterprise, a not-too-precisely articulated vision of direction...Such strategies often cannot be developed on schedule and immaculately conceived. They must be free to appear at any time and at any place in the organization, typically through messy processes of informal learning that must necessarily be carried out by people at various levels who are deeply involved with the specific issues at hand.²

What is the purpose of then turning strategy into plans, in other words programming the strategy? Because of their organizational complexity and multiple services, HCH projects are not always easily understood by even those within the organization. Plans can unite the many different services offered by an HCH project, helping members of the organization understand in concrete terms how their roles complement each other and where responsibility lies. Having a plan can help prevent different service components or teams from straying from the unified purpose of the HCH organization, or erroneously assuming that their piece alone constitutes the whole project. Plans also communicate the organization's purpose, direction, services and expected results in order to generate more support from funders, policy makers and the community.

WHAT IS DIFFERENT ABOUT STRATEGIC PLANNING IN THE HCH ENVIRONMENT?

The organizational structure of HCH projects can limit the effectiveness of strategic planning. For example, when the project is housed within a larger organization, there are several scenarios for what can happen with strategic planning:

- The parent organization allows the HCH project to do strategic planning autonomously.
- The parent organization facilitates strategic planning for the HCH project, encouraging appropriate participation from staff and advisory committee members to reach the best possible outcome.
- The parent organization involves HCH in the overall strategic planning for the organization, recognizing the unique role of HCH services.
- The parent organization facilitates strategic planning for the HCH project, but controls the outcome.

- The parent organization does the strategic planning for the entire organization, with little attention paid to the HCH project.
- The parent organization does strategic planning for the entire organization that is in conflict with the best interests of the HCH project or contrary to the HCH mission.

The first three scenarios are the most desirable. Anything else would likely result in an ineffective and disjointed organization, with low staff morale. In order to avoid a major conflict, such as the last scenario, it is essential that there be mission compatibility between HCH and the parent organization from the beginning.

Other complications to the strategic planning process in HCH projects are related to the many contractual relationships involved. When major HCH services are provided through contract, how does the HCH strategic planning process pull in the contracting organization or contracted staff to reach a unified vision? What happens if staff contracted through another organization are more linked to that organization's vision and mission, and it is in conflict with the HCH vision and mission?

The comprehensive nature of HCH projects also implies a great diversity of staff and board members, ranging from highly trained medical professionals to formerly homeless outreach workers. Without the appropriate methodology and facilitation, strategic planning could alienate those workers who feel intimidated by the process or could create conflict. On the other hand, done correctly, the process can go a long way towards unifying all HCH staff and board members into a common vision that carries over into daily work relationships.

The difference between strategic planning in the corporate world and nonprofit world also bears consideration. HCH projects do not make a product, they work with people – and people don't behave like products. There is a lot less predictability regarding the intervening forces that may enter the environment and how they will affect the ultimate outcomes. Even in the corporate world, predictability may sometimes be over-rated, described by Mintzberg as the "fallacy of predictability:" "According to the premises of strategic planning, the world is supposed to hold still while a plan is being developed and then stay on the predicted course while that plan is being implemented."³

It is impossible to accurately predict the impact of all the variables affecting HCH projects, or even what those variables might be from year to year. Managed care and welfare reform are just two examples of unpredictable forces. Local and state politics complicate the situation even more when the attitude toward homelessness and programs for people who are homeless can change with each election. HCH projects never really know from one year to the next exactly how much funding will be available, or from where.

Projects are often expected to anticipate increases or decreases in need in order to plan strategically, but it is almost impossible to quantify need, and even more difficult to know how the need will change in response to external forces. Little hard data is available to HCH projects regarding magnitude of need or effectiveness of alternative solutions on which to

Strategy making needs to function beyond the boxes, to encourage the informal learning that produces new perspectives and new combinations. As the saying goes, life is larger than our categories. Planning's failure to transcend the categories explains why it has discouraged serious organizational change. This failure is why formal planning has promoted strategies that are extrapolated from the past or copied from others. Strategic planning has not only never amounted to strategic thinking but has, in fact, often impeded it. Once managers understand this, they can avoid other costly misadventures caused by applying formal technique, without judgment and intuition, to problem solving."

The problem is that planning represents a calculating style of management, not a committing style. Managers with a committing style engage people in a journey. They lead in such a way that everyone on the journey helps shape its course. As a result, enthusiasm inevitably builds along the way. Those with a calculating style fix on a destination and calculate what the group must do to get there, with no concern for the members' preferences. But calculated strategies have no value in and of themselves; to paraphrase the words of sociologist Philip Selznick, strategies take on value only as committed people infuse them with energy.⁵

Henry Mintzberg
 "The Fall and Rise of Strategic Planning"
Harvard Business Review

base decisions. In addition to the lack of data due to the difficulty of quantifying homelessness, Mintzberg adds that “(t)he problem with the hard data that are supposed to inform the senior manager is they can have a decidedly soft underbelly. Such data take time to harden, which often makes them late. They tend to lack richness; for example, they often exclude the qualitative. And they tend to be overly aggregated, missing important nuances.”⁴

How can an HCH project ever expect to do effective strategic planning considering the effects of organizational structure, diversity, unpredictability, and lack of hard data? The answer lies in three main elements: the quality of project leadership, the quality of those who participate in the process, and the quality of the actual strategic planning approach employed.

WHAT LEADERSHIP QUALITIES ARE NECESSARY FOR EFFECTIVE STRATEGIC PLANNING?

Innumerable leadership traits are necessary for the successful operation of an HCH project. However, in this uncertain, constantly changing world, more value needs to be given to two particular characteristics of leadership – flexibility and intuition. HCH leaders, whether involved in administration, clinical work or governance, must be flexible in their approach to strategizing and planning. A strategic plan should be considered more of a sketch than a blueprint. Another metaphor might describe the plan as a topographic map rather than a road map. There are no permanent roads, highways or towns. Instead the plan shows the lay of the land. The path you choose may have to be altered if the mountain proves to be insurmountable. Leaders need to know how to change directions gracefully when necessary, making sure everyone in the organization is on the same path and understands the change.

Leaders also need to fine-tune their intuition. There may not be hard data, but leaders who are in touch with the day-to-day work, the multiple needs of homeless people, the tone of the community, and the changing winds of politics, would do well to listen to their own intuition and that of others involved in the work. Sometimes you have to take that “leap of faith” as long as you know it’s based on solid leadership that has a good reputation for reading tea leaves.

In other words, strategic planning is more of an art than a science. It’s a job for creative, flexible, intuitive leaders, not technicians.

WHO NEEDS TO BE INVOLVED IN STRATEGIC PLANNING?

Participants in the HCH strategic planning process should be broadly representative of the areas of service and operations in which the project is engaged. Depending on the size of the project and the approach used, there may be opportunities for different people to be involved at different points in the process. For example, if the community needs assessment has not been updated since the project was first initiated it might be a good idea to interview some HCH clients or hold focus groups to ask people who are homeless about their current needs. People who are homeless may not have the same characteristics and needs as they did when the project first began operating. Homeless or formerly homeless people who participate on the board of directors or advisory committees can offer valuable insight in this regard.

Service systems also change over the years, and it is important to know what new programs are available in the community, as well as what programs have been discontinued. If staff are not completely aware of those changes it might be helpful to do informational interviews or surveys with service providers in key organizations. An ongoing and up-to-date inventory of other services for people who are homeless will assist your HCH project in determining where to put your resources.

The board of directors or HCH advisory committee should be involved throughout the entire process. When applicable, this could also include representatives from the parent organization. The HCH management team (which may include the executive director or HCH coordinator, the clinical director or coordinator, the assistant or associate directors, and the program supervisors or managers) will be key to the entire process. In addition, as many line-staff employees as possible should be involved. Smaller organizations may wish to include everyone, but in larger organizations, it may be necessary to select representatives from each service area or team.

At different points in the process you might also want to involve community members with expertise in particular areas. For example, when you reach the stage of considering what kinds of facilities are needed to implement your new strategic direction, you may need some advice from real estate, architectural and engineering professionals to help set some feasible parameters.

Strategic planning in the HCH context should not be relegated to a small planning committee that comes up with all the ideas and the plan. Most people choose to work for HCH because they are committed to the cause. The more involved they are in helping to determine the organization's direction, the more informed and re-energized that commitment will become. However, it is helpful to have a smaller committee that assists the project director or coordinator in organizing the process, such as interviewing possible consultants or facilitators, choosing an approach that maximizes participation, organizing the logistics of retreats or meetings, and basically keeping the process on track.

WHAT STRATEGIC PLANNING METHODOLOGIES ARE EFFECTIVE IN THE HCH SETTING?

There are many methodologies for strategic planning — some better than others. Your project will want to find a method that effectively transforms the dynamic tension between strategic thinking and planning into a productive process, and takes into consideration the unique characteristics of HCH projects. Most effective strategic planning methodologies accomplish the integration of strategic thinking and planning by starting with “visioning” and looking at the “big picture.” They then methodically move into more detailed, realistic and concrete thinking, leading to the elements that will be included in the plan itself. Eventually the long-range nature of the plan is broken down into annual goals and objectives that will lead toward the desired long-range results.

One particularly effective methodology from the Institute of Cultural Affairs (ICA) is called the Technology of Participation (ToP).⁶ Its effectiveness in the HCH context stems from the emphasis on participation, especially with large and diverse groups, and the acknowledgment that our own behaviors and attitudes can sometimes be major barriers to implementing our strategies. The ICA's ToP strategic planning process is similar in some ways to other strategic planning approaches, except for the following three unique elements:

1. The flow, or sequence, of the steps
2. The use of the ToP methods to involve the group
3. The emphasis on implementation as part of the process

OVERVIEW OF THE TOP STRATEGIC PLANNING PROCESS¹

The ToP Strategic Planning Process consists of five steps:

1. **Mapping out the practical vision** – What will our organization look like five years from now?
2. **Analyzing the underlying contradictions** – What stands in the way of the realization of our vision?
3. **Setting the strategic directions** – What arenas of activity will resolve the contradiction and release the practical vision to come into being?
4. **Designing the systematic actions** – What specific actions will implement the strategic directions?
5. **Drawing up the implementation timeline** – What steps are required to implement this action? How will they get done? Where? By whom? By when?

The Sequence of the Steps

The ToP Strategic Planning Process begins by having the entire group create a statement of their common, **practical vision** for the organization. This provides a common focus and direction for planning. Unlike some approaches that start by naming the problems facing the organization, ToP Strategic Planning assumes that a situation can only be interpreted in the light of a vision.

Thus, the second step in the process is to name the **underlying contradictions**. These are situations, both internal and external, that obstruct the realization of the common vision. This is the point at which ToP Strategic Planning differs from goal-oriented approaches. It allows groups to “work smarter” by removing roadblocks, rather than just “working harder” trying to accomplish their vision without a clear focus on what blocks or contradictions exist.

The third step is setting the **strategic directions**. These are projects, programs, campaigns and agendas that address the underlying contradictions, paving the way for the vision to come into being.

Designing the **systematic actions** is the fourth step. Specific actions are described that will implement the strategic directions. They are prioritized in terms of urgency and importance.

The fifth step, drawing up the **implementation timeline**, consists of the “action detailing.” Those systematic actions scheduled for the first quarter implementation are fleshed out in terms of the nitty-gritty details. These details include what steps are required, who will do them, what resources are needed and what the victory will look like. The ToP Strategic Planning Process is not finished until this step is done.

The second step of analyzing contradictions is crucial if you are to avoid sabotaging your plan with existing contradictions that go unidentified or unacknowledged. Yet many strategic planning methods jump directly from “Where do you want to be?” to “How do you plan to get there?” Down the road, many organizations can’t figure out why their seemingly beautiful plan never got off the ground, because they didn’t anticipate possible roadblocks and how to prevent them.

To better understand the importance of this step, consider the following strategic directions identified by the staff of Management Support Services of the Amherst H. Wilder Foundation as being the most frequently mentioned by nonprofit organizations:⁸

- Grow: become large and powerful, diversify services and funding sources
- Team up: merge, consolidate, develop joint programming, or share services with other nonprofits
- Downsize: reduce the scope of services to fit financial or other constraints
- Focus or specialize: do a few things very well, find a niche
- Become entrepreneurial: earn income to offset declining revenue or to subsidize other services
- Obtain government contracts: provide services mandated by government agencies
- Professionalize: increase staff skills and credentials
- Deprofessionalize: provide services using mutual help, social supports, client-to-client methods, or volunteers
- Go out of business: call it quits if your organization is no longer viable or has fulfilled its mission

Any one of those strategies could prove successful or unsuccessful, depending on how well the underlying contradictions are identified. For example, an HCH project that has subsisted on private funding and volunteer support might decide to pursue the strategy of obtaining government contracts. However, if they fail to acknowledge their lack of inter-

nal systems for accounting or personnel, or do not have a computerized information system, they could be prevented from either obtaining those contracts or from successfully implementing them. The strategic direction they need to concentrate on first is developing systems – financial, personnel, computer, etc. – that would position them to successfully acquire and implement government contracts.

Underlying contradictions may also be related to behavior or attitude. Let's say the organization decides on the strategy of "Team up: merge, consolidate, develop joint programming, or share services with other nonprofits." And let's say in this organization the service teams have evolved into extremely autonomous and somewhat competitive entities. If the organization is not demonstrating a "team-up" attitude already, it is doubtful the strategy will succeed. If the attitude is identified, however, there may be opportunities for training and team-building that could set the stage for future collaboration with other organizations.

The element of participation in the ToP approach is accomplished through a variety of organized methods: the "Focused Conversation" method, the "Workshop" method and the "Event Planning and Orchestration Technique." Each of these methods involves a combination of individual work, small group interaction and total group involvement, especially designed to elicit participation from all involved in a comfortable and creative way.

As already mentioned, there are many different approaches to strategic planning and many skilled facilitators and consulting groups that specialize in this area. The ToP approach is given as one potentially good fit with HCH projects. It is also possible to do strategic planning using facilitators from inside the organization, as long as they have expertise in the process and know how to remain neutral. Attempting a do-it-yourself approach without expertise (for example, calling a retreat to "figure out our goals" with no further idea of how to go about it) is asking for frustration and possible internal conflict. Not only do you end up without a strategic plan, it could also diminish support for entering into a future strategic planning process.

For this reason it is extremely helpful to use a proven approach with a skilled facilitator. This does not mean the facilitator has to be there every step of the way. Remember, strategic planning does not all happen in one weekend retreat. It is an ongoing process, with different levels of intensity, different kinds of thinking and different people involved depending

on the point you are at in the process. For example, you may have committee meetings to plan the process, a one or two-day retreat with all the board and staff to get it started, work in small groups or committees on particular areas in the interim, with another retreat at six months to refine the plan based on the committee work. There are numerous ways to pace the process and your organization may have to try several approaches before finding the right fit.

We human beings seem predisposed to formalize our behavior. But we must be careful not to go over the formalization edge. No doubt we must formalize to do many of the things we wish to in modern society. That is why we have organizations. But the experiences of what has been labeled strategic planning teach us that there are limits. These limits must be understood, especially for complex and creative activities like strategy making.

Strategy making is not an isolated process. It does not happen just because a meeting is held with that label. To the contrary, strategy making is a process interwoven with all that it takes to manage an organization. Systems do not think, and when they are used for more than the facilitation of human thinking, they can prevent thinking.”

Henry Mintzberg
 “The Fall and Rise of Strategic Planning”
Harvard Business Review

NOTES

- 1 H. Mintzberg, The Fall and Rise of Strategic Planning. *Harvard Business Review*. January-February 1994, pp. 107, 112.
- 2 H. Mintzberg. 1994, p. 108.
- 3 H. Mintzberg. 1994, p. 110.
- 4 H. Mintzberg. 1994, p. 110-111.
- 5 H. Mintzberg. 1994, p. 109. Reference made to P. Selznick in *Leadership in Administration: A Sociological Interpretation*. New York: Harper & Row, 1957.
- 6 L.J. Spencer. *Winning Through Participation: Meeting the Challenge of Corporate Change with the Technology of Participation*. Dubuque, Iowa: Kendall/Hunt Publishing, 1989.
- 7 L.J. Spencer. 1989, pp. 95-98.
- 8 B.W. Barry. *Strategic Planning Workbook for Nonprofit Organizations*. St. Paul: Amherst H. Wilder Foundation, 1992, p. 46.
- 9 H. Mintzberg. 1994, p. 114.