

Strategic Planning for Nonprofit Organizations





Strategic planning is a process in which an organization determines what it wants to accomplish in the future, what actions need to be taken to achieve these goals and what resources the organization needs to reach its goals, which include people, capital and facilities. The planning process is equally beneficial to organizations in business to make a profit and nonprofit organizations.

Differences With For-Profit Companies

Strategic planning in for-profit companies is focused on how to successfully compete against other companies seeking the same customers. Success is measured in revenue growth and increased profitability, which demonstrates that the company was able to provide an acceptable return on investment for its shareholders. Nonprofit organizations also want to increase their cash flow, but their overall goal is to increase the number of people they serve.

Why Planning Is Necessary

Strategic planning allows the nonprofit entity to utilize its human and financial resources

more effectively. Expenditures are prioritized based on judgments about the impact they will have on improving service quality. Nonprofits often are asked to provide a strategic plan to large potential donors, similar to how business enterprises present their plans to venture capital sources. The strategic plan serves as a guide to the nonprofit's management group and ensures that all members of the team are working toward the same goals, with the same priorities.

Who Should Participate

The organization's executive director and other senior staff members should be involved in the strategic planning process, as well as the board of directors. Key donors may also be consulted, and representatives of the client groups the organization serve. Strategic planning works best when there is an open exchange of ideas and input is solicited from everyone with a stake in the organization's progress.

Mission Statement

A nonprofit organization has a mission statement that defines its reason for being-whom it intends to serve and what good it seeks to accomplish for society. The scope of the mission changes over time. Each year the organization should revisit its mission statement and revise it if necessary so it accurately reflects the organization's current objectives.

Current Environment And Future Vision

The organization scans its current environment for new opportunities to serve the community and tries to anticipate threats, such as the potential for declining donations due to an economic recession. Future vision means looking ahead three to five years, and defining what the organization will look like at the end of that time-how it will have grown and what it will have achieved.

Goals And Strategies

Goals chart a course for taking the organization from where it is now to the more successful future it envisions. A nonprofit organization that serves meals to the homeless could have numerical goals for increasing the number of meals it serves by 20 percent, doubling the

number of volunteers and raising the level of donations by 25 percent. Strategies address what actions are required to reach each of the goals.

Financial Forecast

The financial forecast is an important element of a nonprofit's strategic plan because even though success is not measured in profits, efficient use of cash keeps the organization running smoothly. The forecast helps the organization avoid cash shortfalls that could lead to having to cut back on programs or critically needed services.

- Brian Hill

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