



Nonprofit Strategy Leadership and Best Practices for Executives and Board Governance

- Second Edition, January 2017 -

This document provides a clear and practical view of contemporary nonprofit strategy leadership in Best Practice Terms. With a focus on five Best Practice areas, this material brings essential insights to executive teams and boards as well as key stakeholders.

Dewar Sloan
Consultants and Advisors to Nonprofits
www.dewarsloan.com



Background

This is the second edition of our Best Practices review of nonprofit strategy leadership and the broader framework for growth, performance and change. Our previous research on nonprofit strategy leadership provided insights on common concerns and challenges. The key issues we tapped into were:

- *Concerns about the essential working connections between the organization's strategy and the organization's impact.*
- *Concerns about the thoughtful engagement of stakeholders in the everyday work and focus of the organization.*
- *Concerns about the organization's readiness for the future, both near-term and long-term, and the capacity to adapt.*

Probing further, we learned about concerns related to appropriation and accountability from executive teams and board leadership. These pointed to other challenges and issues with sustainability. Taken together, these issues speak to the nonprofit organization's need for a better strategic agenda and a more dynamic approach to **making nonprofit strategy happen**.



Nonprofit Strategy, Evolved

Conventional strategic planning has served many organizations very well over the decades. The commonsense notions of strategy have provided nonprofit executives and board leadership with:

- *Guidance on Purpose, Vision and Mission*
- *Discernment of Priorities, Goals, Objectives*
- *Influence over Decisions and Policy Matters*
- *Measures for Gauging Progress and Impact*
- *Themes for Development and Advancement*

These general ideas of strategic planning trace back many decades, shaped in commercial and nonprofit practice, and across the public sector as well.

What has been missing from this planning approach is a practical framework that connects everyday strategic thought and behavior of the organization. This emerging framework is one that brings together several things:

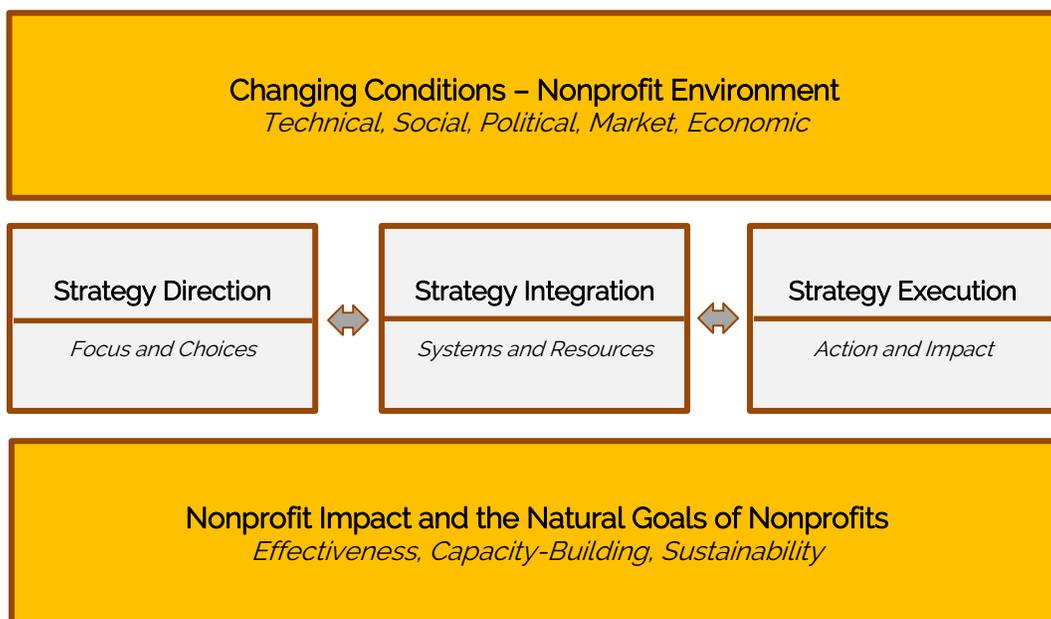
- *The mindset for growth, performance and change*
- *The focus on nonprofit impact and natural goals*
- *The premise that strategy has three key elements:*
 - *Direction ... focus and choices*
 - *Integration ... systems and resources*
 - *Execution ... action and impact*
- *The essential connections of the organization*
 - *The balance of strategy and culture*
 - *The balance of strategy and structure*
- *The "Dual-Dynamic" nature of nonprofit strategy*

These are critical aspects of an organization's **strategic agenda** – a framework that more fully engages people in the work that connects forward planning, decision making, risk management, problem solving, and most important, value creation, over the near-term and long-term.



Contemporary Framework

The **strategic agenda** is a powerful framework for nonprofit boards and executives. It supports the practical disciplines of nonprofit leadership and management, and it serves as a template for both larger and smaller scale organizations. This framework complements other resource, operational, capital, budgeting, investment and foundation planning disciplines. Consider:



This simple framework connects the critical work of **strategic assessment**, the importance of **strategic appropriation** of resources and priorities, and along the way, executive and board attention to **strategic accountability** for outcomes, development, adaptation and results ... across planning horizons.

The experience behind this model is reflected across the five Best Practices that are examined in this report. The adoption of this approach serves larger, complex nonprofit organizations as well as smaller scale organizations, and newer, emergent nonprofit organizations and social enterprises.



Nonprofit Strategy Best Practices

From our original research, we have updated a basic set of Best Practices that are generally associated with nonprofit growth, performance and change. These are defined and expanded under the following subjects, with further details and nuances defined in the following pages:

- 1. Thorough Insights on Strategic Conditions, Frontiers*
- 2. Balanced, Dual-Dynamic Attention and Strategic Focus*
- 3. Proper Engagement of Stakeholders and Influencers*
- 4. Specific Accountability for Resources and Outcomes*
- 5. Balanced Development of Talent and Organization*

The argument for exploring Best Practices is simply this ... there are common themes and principles that shape the success of nonprofit organizations and the programs they manage. The argument against Best Practices is also pretty simple; every nonprofit organization is different, so we need more specific, effective and focused leadership themes. Best Practices provide key insights.

What we have summarized in these Best Practice descriptions is a starting point for executive teams and board discussion. What really matters and why? How do we match readiness with results? Whom do we serve and with what purpose? How do we gauge progress, impact and value-added? Who are we now, and what must we become as we evolve? What stands in our way, today and tomorrow? What matters most to the stakeholders? These questions and others serve as conversational markers for boards and executives.



Best Practices ...

1. Thorough Insights on Strategic Conditions, Frontiers

The well-constructed strategic agenda depends on insights and a thoughtful and reasoned assessment of the served marketplace ...

Consider:

- *Perspectives on Stakeholder Requirements*
- *Recognition of Change Forces and Trend Factors*
- *Assessment of Market, Competitive Conditions*
- *Perspectives on Capacity and Preparedness*

This Best Practice goes well beyond the familiar SWOT and SETP exercises to get at the drivers of nonprofit evolution and impact. Perspective backed with confidence is a hallmark of leadership and strategic insight, and the imperatives that follow.

2. Balanced, Dual-Dynamic Attention and Strategic Focus

Dual-Dynamic attention speaks to the connections between near-term and long-term, considerations in nonprofit focus and change options ...

Consider:

- *Near-Term Attention to Program Goals*
- *Long-Term Attention to Program Goals*
- *Core Programs ... Strength and Impact Areas*
- *New and Next Programs ... Innovation Map*

This Best Practice deals with the challenges of managing for impact and effectiveness today, while getting ready for the strategic challenges of tomorrow. A prospective sense of strategic change is critical.



Best Practices ...

3. Proper Engagement of Stakeholders and Influencers

People make strategy happen, and they endeavor to do so in the context of nonprofit culture and passion, attention and capacity ...

Consider:

- *Commitment to Generating Impact and Results*
- *Service and Advocacy Mindset at Every Level*
- *Collective Energy and the Capacity of Programs*
- *Discernment that Speaks to Options, Choices*

This Best Practice deals with the attention to, the understanding of and the ownership of the strategic agenda by people who make it happen. Stewardship in action is a key dimension of nonprofit leadership.

4. Specific Accountability for Resources and Outcomes

Nonprofit boards and executives are responsible for many things, but especially the markers of progress that guide the journey ...

Consider:

- *Operating Measures for Resource Management*
- *Progress Measures for Program Management*
- *Strategic Measures for Program Development*
- *Progress Measures for Capacity Development*

This Best Practice speaks to the different kinds of measures that connect the imperatives and investments with collective impact and attention to value. Progress making is part of the strategic agenda.



Best Practices ...

5. Balanced Development of Talent and Organization

Talent is often defined in terms of competence, motivation, character and relationships that are engaged by leadership and management.

Consider:

- *Organization – Learning and Development Pathways*
- *Organization – Collaboration, Invention, Dynamic Impact*
- *Individual and Team – The Capacity to Deliver Impact*
- *Executive Staff and Board – Power, Trust and Focus*

This Best Practice speaks to the engagement of specific competencies, motivations and character assets in the organization. Talented people make strategy happen, and their work is essential to the ongoing nonprofit development journey of growth, performance and change.

General Observations

This Best Practice review provides a starting point for conversations about nonprofit strategic planning – for boards and executives. Best Practices help pose the critical questions organizations must ask. They also help shape **aspirational and navigational goals** that nonprofit boards must address. Best Practices shed new light on capacity building, sustenance for change and the collective, sustainable, adaptive impact of the organization.

Successful nonprofit organizations are deliberate in their approach to strategic leadership and planning, and resolved in their interest to **Serve with Purpose**. They deal with social innovation, stakeholder interests and future readiness.

For more information about how Dewar Sloan can help set your Best Practices in motion, please contact bhardin@dewarsloan.com or call 231.929.4545.