# 4 Steps for Strategic Planning:

## Unique Financial Challenges Organizations Face When Creating a Strategic Plan

*By Chris Frye, CPA*

Any organization who has initiated a strategic planning discussion, or better yet, implemented a strategic plan, has overcome a huge hurdle. In the not so distant past, it was not uncommon for strategic planning to be viewed as an activity reserved only for large for-profit organizations. Nevertheless, strategic planning has now developed into the rule, rather than the exception for all organizations.

### 1 Key Performance Indicators

The biggest financial challenge most organizations face when developing a strategic plan is honing in on the most important key performance indicators (KPI's). Often, an organization will focus on too many KPI's, or ones that do not directly align with its overall mission and goals. This can make it difficult for the organization to focus its efforts, and the metrics requiring the most attention may be inadvertently neglected. Organizations should identify a small group of key financial metrics and set realistic goals, timeframes, and a system to monitor and measure the outcomes.

### 2 Processes, Customers, and Employees

Another key fallacy of strategic planning is focusing *only* on the financial aspect of the organization. While an important part of the overall strategic plan, the financial picture is just one piece of the puzzle. KPI's should also be established for the organization's processes, customers, and its employees. For a non-profit, this could mean tracking the time to process a membership application (process KPI), number of constituents served per week (customer KPI), or training hours per employee (employee KPI). These metrics can be just as important as the financial indicators in determining whether a non-profit achieves its goals and effectively carries on its exempt purpose.

### Strategic Planning Checkpoints

1. Elicit feedback from all stakeholders involved.
2. Establish the most important key performance indicators (KPI's) to focus on. Don't limit yourself to financial indicators. Keep in mind your customers and employees.
3. Set realistic goals and timelines for meeting the goals.
4. Monitor progress and hold individuals accountable.
5. Update your strategic plan to accommodate changes over time.

## 3 Identify Stakeholders

The key to developing an effective strategic plan is gathering input from all of the stakeholders involved. One group, whether it is management or the board of directors, should not dominate the discussions. Employees outside of management who play a key role in the day-to-day operations of the organization should be included in the discussion. Constituents, such as donors, members, or students should have a chance to voice their opinions as well. A strategic planning retreat is a popular method of bringing together all of these groups in a single location to facilitate a meaningful discussion.

## 4 Plan of Action

Documenting a strategic plan on paper is a great start. Placing that plan into action is even better. Key metrics should be monitored, measured, and assigned to an individual who can be held accountable for the result. Strategic planning is not a "one and done" activity. It is an ongoing process that should be constantly changing and evolving to meet the new challenges that arise over time. It can be beneficial for the organization to align itself with a trusted advisor, such as a CPA, who can help the organization monitor critical strategic activities and serve as a sounding board for ideas and concerns the organization develops.

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