

Nonprofit Strategic Planning

Leveraging Sarbanes-Oxley
Best Practices

PEGGY M. JACKSON,
DPA, CPCU



John Wiley & Sons, Inc.

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Preface

The ancient Chinese proverb of “A journey of a thousand miles begins with a single step” could be applied to the strategic planning process. Would you even consider making a thousand-mile venture to a place you had never been without the aid of a good map? Or an airline ticket? Or a travel agent? Or a guide? That’s what many nonprofits do when they attempt to engage in strategic planning without having the foggiest idea of what it is, why they are doing it, or where it will take them.

Nonprofits do have a way to prepare to engage in meaningful strategic planning. Sarbanes-Oxley (SOX) requirements and best practices facilitate the improvement of the nonprofit’s operational systems, procedures, and methods for doing business. Further, engaging in SOX best practices activities will not only help your nonprofit to clean out the cobwebs, but it will help you to learn about how the nonprofit deals with solving problems and establishing important control mechanisms.

Strategic planning is an exciting endeavor that can become even more meaningful when your nonprofit is SOX compliant and ready to meet the future.

PMJ



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PMJ



About the Author

Dr. Peg Jackson is an author, consultant, and nationally recognized lecturer in risk management, business continuity planning, and Sarbanes-Oxley compliance. She earned a doctorate in public administration (DPA) from Golden Gate University in San Francisco and holds the professional designation of Chartered Property and Casualty Underwriter (CPCU). She designed the Jackson Risk Management Model[©] as part of an award-winning doctoral dissertation on risk management techniques. She has written *Sarbanes-Oxley for Nonprofits* and *Sarbanes-Oxley for Nonprofit Management*, both books co-authored with Toni E. Fogarty, PhD. She has also written *Nonprofit Risk Management and Contingency Planning: Done in a Day Strategies*, *Sarbanes-Oxley for Nonprofit Boards*, and *Sarbanes-Oxley for Small Businesses: Leveraging Compliance for Maximum Advantage*. She is a principal with Adjunct LLC in San Francisco, California.



Why Nonprofits Waste Time, Money, and Energy in Strategic Planning

INTRODUCTION

Madeline was the new committee chair for the Prescott Hill Women's Society (PHWS) magazine. As she sat in her first meeting with the Society president, Honoria Newdough, and communications chair, Samantha Skreemer, Madeline was grilled on her knowledge of all things PHWS. The Society president glared at her icily and demanded to know how Madeline intended to use this year's magazine to report on the PHWS strategic plan. "What strategic plan?" Madeline asked.

"*You don't know??*" thundered Honoria.

"Sorry, but I really don't, and I'm not sure that anyone in PHWS does either."

Strategic planning consumes enormous amounts of resources in the nonprofit world annually. This translates into time, money, labor, energy, paper, electricity, use of meeting rooms, preparation of food, and other resources associated with the process. What's the return on this investment? Does anyone even think of the process as an investment and *expect a return*? Probably not.

How many times have you heard people in your nonprofit or in other nonprofits refer to the specific contents of their strategic plan—particularly

when they are about to make a decision? Probably never. It's no surprise that nonprofit boards and leaders rarely mention the focus of the strategic plan or its vision for the nonprofit. It is also very unlikely that they understand how they are going to organize the nonprofit's resources to achieve goals of any kind.

What are some of the reasons why nonprofits engage in a process that often appears to produce few results while consuming significant time, staff, and monetary resources? Considering the relative scarcity of money within most nonprofit organizations, it is counterintuitive to see these organizations routinely squandering money on a process that they don't understand and for which they cannot identify any tangible—or even intangible—benefits. As incredible as this may seem, many nonprofits appear willing, if not eager, to toss good money after bad for the sake of “strategic planning.”

WHY DO NONPROFITS WASTE RESOURCES TRYING TO WRITE STRATEGIC PLANS?

If nonprofits are willing to expend significant sums to create strategic plans that they intend to ignore, then why bother in the first place? Here are 30 reasons why nonprofits squander time, resources, and intellectual capital when they attempt to engage in strategic planning.

1. *The trade literature suggests that every nonprofit should engage in strategic planning.* There are books, magazine articles, web sites, lectures, conferences, and workshops all dedicated to helping nonprofits design strategic plans. The clear message in nonprofit trade magazines is that nonprofits all need to engage in routine strategic planning.
2. *The board expects the nonprofit to do strategic planning, and all of the other nonprofits seem to be drafting strategic plans.* The expectation that strategic planning is an essential component of nonprofit management is correct, presuming that the board and other decision makers understand why it should be done and what to do to make the plan work.
3. *Foundation requests for proposals (RFPs) might request a copy of the nonprofit's latest strategic plan.* Some organizations actually create strategic plans for the purpose of satisfying the requirements of a funder.

4. *Major donors may request a copy of the nonprofit's latest strategic plan.* This is a variation on Excuse 3, but in the case of the high-wealth donor, the nonprofit probably skews the findings of the strategic plan to suit the pitch that they want to make to the donor.
5. *It's a good way to secure a weekend retreat at a nice resort.* This reason may sound facetious, but the reality is that the quality of the plan is not ever contingent on the quality of the surroundings in which it was created.
6. *The nonprofit did not do its homework before the planning process began.* The nonprofit has no idea who its competitors are and how these competitors are faring compared to the nonprofit. Nonprofits do indeed have competitors for funding, board members, management, and other important organizational assets. Effective strategic planning includes environmental scanning.
7. *The nonprofit does not understand current trends in philanthropy.* Foundations and high-wealth donors will support those nonprofits that have gained their trust by solid management practices. The executive director of a historic nonprofit took one of the city's society doyennes to lunch to make a seven-figure pitch for the restoration of part of the nonprofit's building based on its recently drafted strategic plan. The socialite also happened to be an astute businesswoman. She told the executive director that she was not impressed with the way the nonprofit handled its finances. Period. The newly drafted strategic plan could not make up for years of what she saw as financial incompetence. The pitch for seven figures rendered \$50,000.
8. *The nonprofit does not understand why certain nonprofits were funded by foundations, public grants, major donors.* Trends in philanthropy are signaled by the types of nonprofits and programs that are funded through traditional philanthropic channels.
9. *The nonprofit has no idea how it is perceived by its donors at all levels, nor does it have any idea how it as an institution is perceived by the public at large.* Nonprofits waste money and resources on strategic planning if they are not in touch with their donor base, community, and potential funders.
10. *The nonprofit does not have a plan to address contingencies.* What would happen to the nonprofit if a key executive left the organization, or a grant was not renewed, or a major donor stopped contributing?