



Sustainable Strategy Program Great Strategies – Strategic Plan

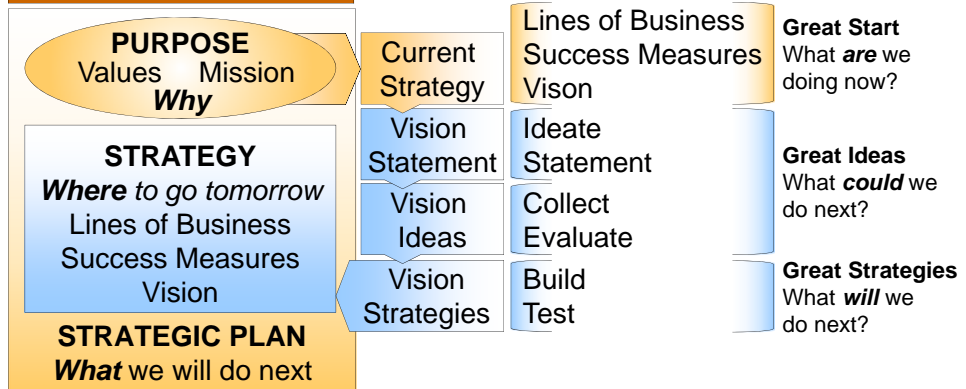


SESSION 1



Announcements
Q & A

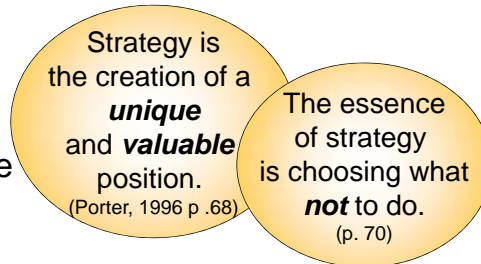
SSP MODEL



Vision Strategies

What is strategy?

- “Strategy is the big picture of how an organization is going to win” (Porter, 2012)
- Three steps (Porter, 1980)



- What is the business doing now?
- What’s happening in the environment?
- What should the business be doing?

The job now is to make great ideas into great strategies

- “You need to pare down your service or product to its essentials, be as specific as possible, strip away jargon and generalities, and resist the urge to globalize and exaggerate” (Brinckerhoff, 2000, p. 60)

Vision Strategies

Build

People

Who are the customers

- Segmentation
 - “groups of customers with common needs, behaviors, and demographic characteristics that can help you target specific groups and tailor your offerings to them.” (Majeska, 2002, p. 202)
 - Everyone is never as good as someone, which is never as good as **you’re the one.**
- BBL: Segmentation focuses you



Common ways to segment (Majeska, 2002, p. 202)

	Definition	Example
Demographic	Identifiable factors such as age, gender, family, size, income, education, etc.	Young professionals, mothers working, youth, seniors, etc.
Behavioral	Actual behavior , particularly use of a relevant service, product.	Daily workouts, once a week classes, seasonal workouts
Lifestyle	Activities, interests, and opinions.	Body conscious yuppie, buddies working out, Christian families

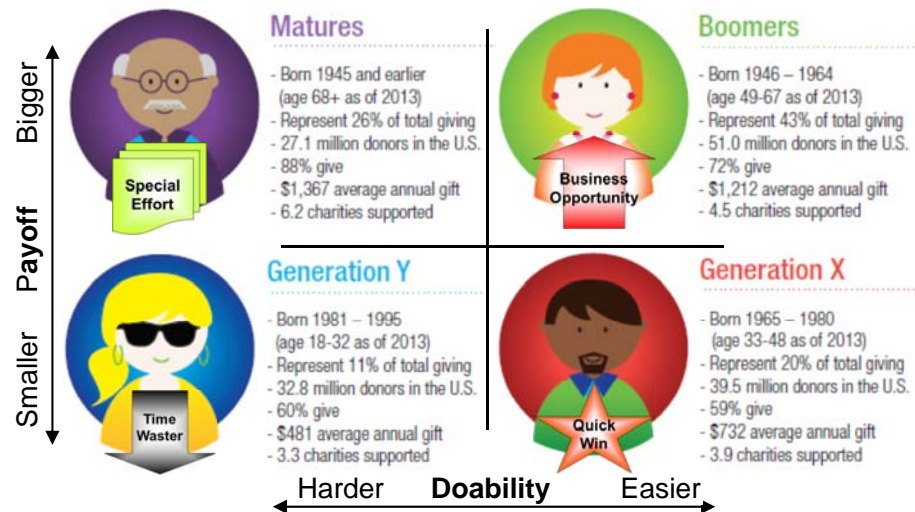
Caveats

- Segment must be large enough to justify the cost.
- Segment must be large enough to use.
- Segment must be profitable enough to use.

	Strategy	Strategy
People	Juvenile girls at risk Living in 60621	

Segmentation and the Payoff Matrix – A case

<https://www.blackbaud.com/files/resources/downloads/08.13.CORP.NextGenGiving.Tipsheet.pdf>



What is it

What is it . . . exactly

- What and how = ends and means = Product

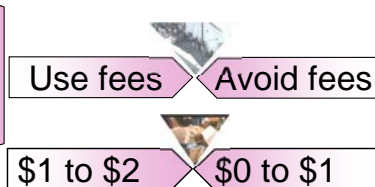
People
Product
Price Client

Product	Preventing pregnancy Peer-to-peer mentoring
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How much does it cost for the client?

- What you & your customer exchange of value financial and/or non-financial (e.g. opportunity cost) for the product, services, or program
- The big Question: customer or charity case

Motivates buyer
Motivates managers
Reduces demand
Improves quality



Public goods
Collection costs
Fundability issues
Ideological barriers

- Warning

Pricing method

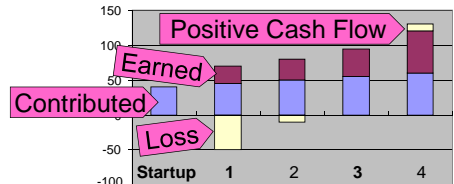
- Cost Plus**
 - Figure out the cost
 - Add a markup (retailers often do 100%)
 - Charge that
- Break Even**
 - Figure out the cost
 - Charge that
- Economic Value to Customer**
 - Figure out what your customer will pay
 - Charge that
- Mission-based**
 - Figure out what your mission says
 - Charge that
- Competition-based**
 - Figure out the going rate, what your competitors charge
 - Charge that give or take

Price to Client: Competition-based

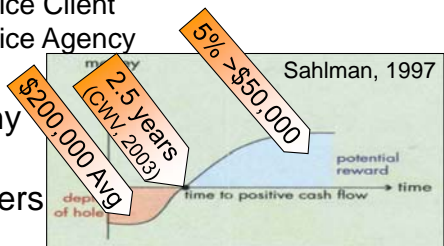
BREAK STRATEGY: Where to go tomorrow? PURPOSE: Why?

Price Agency = Cost to Positive Cash Flow

- People
- Product
- Price Client
- Price Agency



Why it matters



How it works	Prepare	1-Jul	1-Jan	2-Jul	2-Jan	3-Jul
CASH BALANCE	0	-71,645	-80,937	-98,514	-101,985	-103,332
REVENUE						
Contributed	32,355		5,000	5,000	5,000	5,000
Earned			1,500	3,000	4,500	6,000
Total Revenue	32,000	0	6,500	8,000	9,500	11,000
EXPENSES						
Programs	68,000	6,792	23,827	8,721	8,097	8,243
Administration	32,000	2,500		2,500	2,500	2,500
Marketing / Dev	4,000		250	250	250	255
Total Expenses	104,000	9,292	24,077	11,471	10,847	10,998
Cash Surplus/Deficit	-71,645	-9,292	-17,577	-3,471	-1,347	2
CASH BALANCE	-71,645	-80,937	-98,514	-101,985	-103,332	-103,334

Price Agency: Low

Why they write the check

“Value of what you get relative to what you give in exchange for it.”
(Majeska, 2001, p. 223)

- People
- Product
- Price Client
- Price Agency
- Proposition

How to do

Research	<ul style="list-style-type: none"> ▪ Revisit the research about your customer ▪ Describe their ideal package for priorities
BAM	<ul style="list-style-type: none"> ▪ BAM your customer's top priorities ▪ Narrow down to no more than four
Templates	<ul style="list-style-type: none"> ▪ Porter (1998) Cost Differentiation Integrated ▪ Crawford and Mathews (2001) Price Experience Service Access Product
Proposition	<ul style="list-style-type: none"> Convenience Confidentiality Companionship

What's the plan

- People
- Product
- Price Client
- Price Agency
- Proposition
- Plan

Borrow Great Artists...

BAM

- Brainstorming
- Affinity-grouping
- Multi-voting

Models

- 1 Determine problems that need to be fixed including the root causes.
- 2 Develop possible alternatives including best practices from other organizations.
- 3 Decide best alternatives including determining what could go wrong.
- 4 Draft an implementation plan, including completion dates, people responsible.

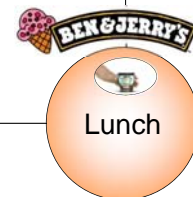
What holds us back

What takes us forward

Plan	<ul style="list-style-type: none"> Develop Options (DD 7/17) First Plan (MH (JP 10/17) Test Plan (JP, DD 1/18) Final Plan (JP 7/1/17)
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Vision Strategies Build In Sum

Strategy	Baby Choices
People	Juvenile girls at risk Living in 60621
Product	Preventing pregnancy Peer-to-peer mentoring
Price Client	Competition Based
Price Agency	Medium
Proposition	Convenience, Confidentiality, Companionship
Plan	Develop Options (DD 7/17) First Plan (MH (JP 10/17) Final Plan (JP, DD 1/18) Implement Plan (JP 7/1/17)



SESSION 2

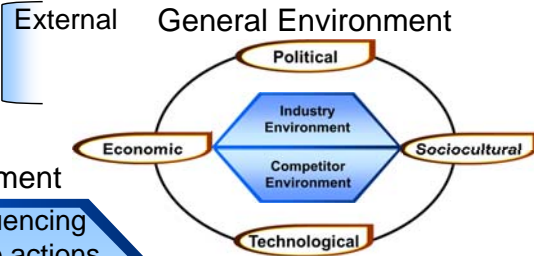
STRATEGY
Where to go tomorrow?

PURPOSE
Why?

GREAT IDEAS PRESENTATIONS

Vision Strategies Build Test

External Analysis
(After Hitt et. al, 2013)



Industry Environment

Factors directly influencing a firm, its competitive actions and competitive responses that could help/hinder your efforts to execute the strategy

“a group of firms producing products that are close substitutes”
(Hitt et al., 2015, p. 52)

All of the agencies everywhere including those in your market that are doing the much the same thing **your strategy** is doing or will be doing.

Industry Analysis 3 questions

Industry Description

- Describe industry in general
 - National Center for Charitable Statistics
 - GuideStar, Charity Navigator
 - census.gov, www.sba.gov/advocacy/847
- Describe industry trends and prospects

Participant Relations

- Describe participants
- Describe relations between them

Stakeholder Influence

- Describe the stakeholders for the strategy
- Describe their ability to influence the strategy

Determine Fit

	Strategy
Industry Description	
Participant Relations	
Stakeholder Influence	
Strategy Fit	

Competitor Environment

Gathering and interpreting information about all competitors that could help/hinder your efforts to execute the strategy

“in the same market, offering similar products, and targeting similar customers.”
(Hitt et al., 2015, p. 136)

Market attractiveness decreases with the number of competitors

Competitor Analysis 3 questions

Who are they?

- Who're our main competitors for the strategy?

How do we compare to them?

- What are our strengths and weaknesses?
- How do we rate compared to our competitors?

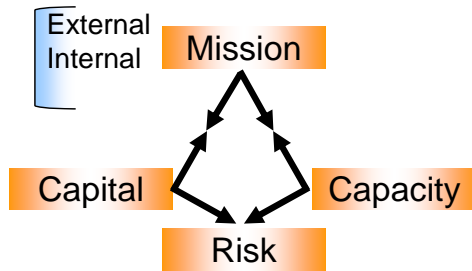
What will they do?

- What will our competitors do in the future?
- Where do we hold an advantage?
- How will this change our relationship w/them?
- How will our competitors respond?

Determine Fit

	Strategy
Competitors	
Comparison	
Response	
Fit to Strategy	

Vision Strategies **Build Test**
Internal Analysis
 (Adapted from Linking mission and money, Miller, 2001)

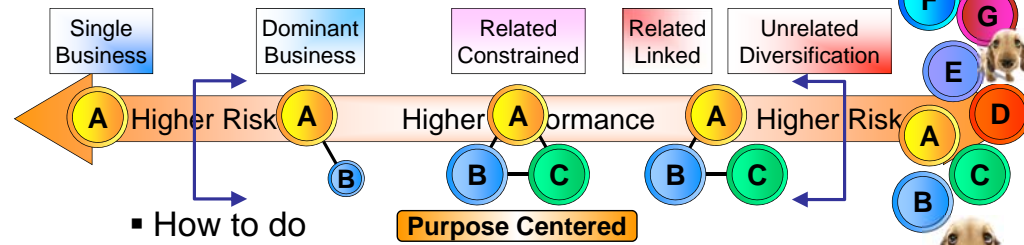


- There is a fixed relationship between the points.
- “The negligence of capital structure is widespread and can exert a greater drag on organizational effectiveness than any of the other points in the triangle.” (Miller, 2001, p. 6)
- Organization level, not strategy level
- End game: Can you pull it off?



Mission An organization’s mission is usually compatible with a significantly larger range of programs than it has the resources to pursue (Miller, 2001, p. 5)
Analyze Mission Drift (Degree of diversification from Hitt et al., 2007)

- Why it matters: Sir Mark Weinberg
- How it works



- How to do
 - Use your Great Ideas MacMillan Matrix
 - Add non-LOBs strategies to your thinking about attractiveness, coverage, and competitive position
 - Add your new LOB strategies
 - Run the whole matrix again
 - What happened, what did you learn?

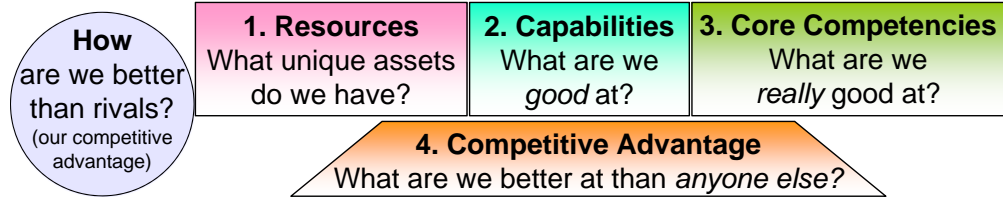
More businesses die from indigestion than from starvation. (Packard et al., 1995)

Capacity “the ability of an organization to operate its business.” (Miller, 2001, p. 6)



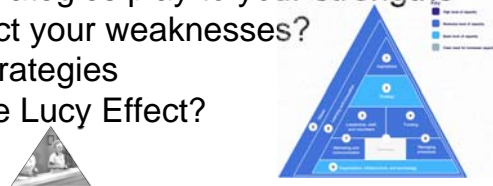
Analyze Organizational Capacity

A. Do your strategies play to your competitive advantage?



B. Do your strategies play to your strengths and respect your weaknesses?

C. Do your strategies respect the Lucy Effect?



Capital Capital structure is the prime determinant . . . to take on program risk. (Miller, 2001, p. 4)

Analyze Capital Structure

- “how a firm finances its overall operations and growth by using different sources.” (Investopedia, Capital Structure. 2010)
- Why care?
- Where to start – what to ask

The large number of startup small businesses that fail often do so when they grow, and a prime reason is low liquidity (no cash!). (Miller 2002, p. 1)

Success Measures (\$ in thousands)	2010	2011	2012
Profit & Loss: Contributed Revenue \$	5,981	6,396	7,227
Non-contributed Revenue \$	1,264	1,250	1,281
Total Revenue \$	7,245	7,647	8,509
Total Expenses \$	7,383	7,576	7,949
Excess/(Deficit) \$	(138)	71	560
Balance Sheet: Assets \$	4,993	5,205	5,414
Liabilities \$	1,278	1,318	992
Net Assets \$	3,716	3,887	4,423
Capital Structure: Total Margin \$	(0.02)	0.01	0.07
Current Ratio \$	2.3	2.3	3.1
Working Capital \$	1,631	1,657	2,026
Operating Reserves \$	2,208	2,531	2,812

- How much do you use?
- How much do you have?
- How's your health?

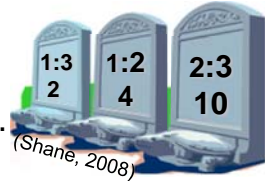


Understand risk orientation

- Not everyone's on the same page
 - "As a result, some organizations are cavalier in their approach to risk, and some avoid any risk *at all costs* (even to the expense of the mission)." (Brinckerhoff, 2000, p. 47)
- Long way to fall
 - The success rate for nonprofit enterprises is the same as small businesses: a large share fail... The difference is it is harder for nonprofits to let go." (Kleiman & Rosebaum, 2007)
- Trussel Quick Test: 20% decline in net assets over 3 yrs
- Contingency Thinking

71% unprofitable
 24% profitable
 5% breakeven
 (Foster & Bradach, 2005)

55% ≥ breakeven
 55% ≤ breakeven
 20% = breakeven
 (Massarsky & Beinhacker, (2002))



Event	Odds	Impact	Trigger	Action

Great Strategies

- Determine Fit

	Strategy
External Environment	
Internal Environment	
Fit to Strategy	

- Use the tools
 - Intuition
 - Pay-off Matrix
 - Weighted Decision Matrix
- Adjust, retry, adjust, move on
- Make the call
 - No
 - Incubate
 - Yes
 - Defer



Criteria	W	T	Finalists					
			A New Home	Student Mathews	Increase PR	Col LGBs	Admin Volunteer	Historical Festival
Serves our primary customers	5	20	15	15	25	5	25	
Supports their transformation	5	25	25	25	5	10	25	
Plays to competitive advantage	4	4	20	4	12	4	20	
Profitable	3	15	9	12	15	15	15	
Fundable	4	20	20	4	4	4	20	
Achievable	3	12	12	12	15	12	12	
Total		96	101	72	76	50	117	

Lengthen your time frame
 Reduce the size or scope
 Reallocate resources
 Obtain new resources

Strategic Plan Presentations

- One: Connect emotionally
- Two: Script it (≤ 8 minutes)

SETUP	CONFRONTATION	CONCLUSION
Introduce the "characters" often in the context of a personal story. Set audience expectations about what they'll get out of the presentation and why they should care.	Detail the problem (villain) and eventually, the solution (or hero) with data, examples, and support point.	Share a story or message of hope, and leave the audience with a clear call to action or "rallying cry."
<i>Imagine if . . . What are we doing now?</i>	<i>What's the problem? What could we do next?</i>	<i>What will we do? Now imagine if . . .</i>

