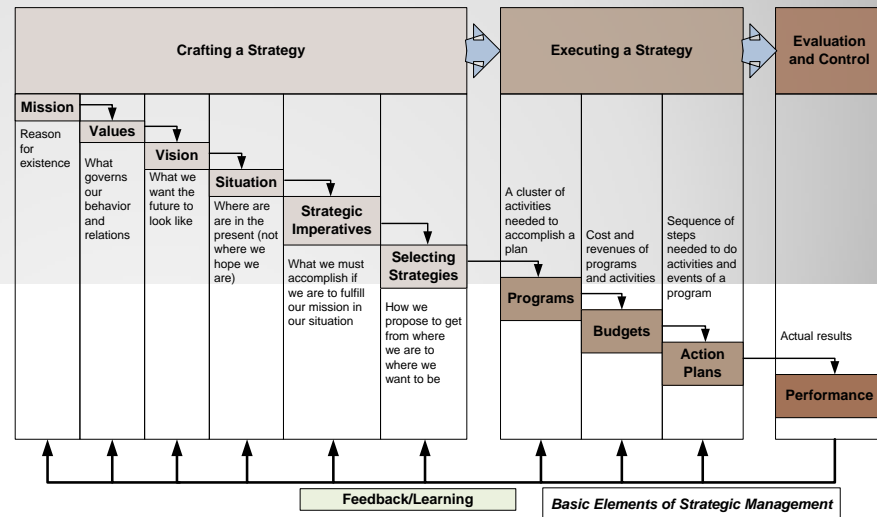




# STRATEGIC THINKING



Leaders

Version 2.0

**Development Associates  
International**  
P.O. Box 49278  
Colorado Springs, CO 80949  
USA  
E-mail: [info@daintl.org](mailto:info@daintl.org)



# Strategic Thinking

## *Introduction to the Course*

### Development Associates International

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Version 2.0

D.A.I. P.O. Box 49278 Colorado Springs, CO 80949-9278 USA  
Tel. (719) 598-7970 / Fax (425) 988-8126  
[www.daintl.org](http://www.daintl.org) / E-Mail: [info@daintl.org](mailto:info@daintl.org)



## Course Description

Strategic thinking is concerned with discovering those paths and actions that an organization and a leader can take that will bring them successfully to their major goals and objectives. It answers the question: what are we to do so that the future is changed in ways that conform to what we believe to be God's will for us and our organization? How do we manage the opportunities, capitalize on our strengths, compensate for our weaknesses and address the threats to our best future? Strategic thinking is discovering, through a disciplined pattern of thinking, what we together believe is God's best future and the steps and resources needed to move from where we are to where we believe God wants us to be.

## Learning Outcomes:

- To discover the roots of management and strategic thinking that lie within Scripture.
- To develop a positive attitude toward strategic thinking as a Spirit-led process, seeing our ministry and work as based upon a creative partnership between God and an innovative decision maker who is rooted in wisdom
- To be able to outline and explain the various elements of the strategic thinking process.
- To write a full strategic statement on the basis of the steps and process learned in the course for your organization or a unit within your organization
- To evaluate your approach to strategic thinking, focusing on those areas where you need the most insight, so as to change your pattern of engaging in work or ministry

## Recommended Reading:

Most required reading is incorporated in the Module units.  
"Learning for Change" by Bruce Britton

## Module Units:

### I. Introduction/Overview

Unit 1: Seeking Success in a Changing World: The Importance of Strategy

### II. The Foundation of Strategic Thinking

Unit 2: Identity: Calling and Commitments

Unit 3: Seeing Visions and Dreaming Dreams

### III. Crafting a Strategy

Unit 4: Help! Everything is Changing: Situational Assessment



- Unit 5: Keys to Unlock the Door to Organizational Effectiveness: Strategic Issues
- Unit 6: How in the World are we going to get from here to there: Strategy Frameworks
- Unit 7: What Do We Plan to Accomplish: Writing Effective Goals

IV. Executing a Strategy

- Unit 8: Implementing Strategy: Components, Resources, and Programmes
- Unit 9: Here We Go – Action Steps, Policies, Culture and Ethics
- Unit 10: Monitoring and Evaluating: Becoming a Learning Organization

V. Leading the Strategic Thinking Process

- Unit 11: So: You’re in Charge of Strategic Planning! (yet to be written)

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**Course Information**

**Introduction & Overview**

You are about to begin studying a course called Strategic Thinking. It is a course that deals with the imperative of exercising insight, discernment and wisdom in responding to the demands of our mission and goals in a changing and oftentimes complex and

difficult context. What is it we will do, intentionally, in a disciplined manner to carry out the tasks God has called our organization to do? What are the priorities that should govern our allocation of effort, personnel and resources? Do we have the resources and talent needed to carry out the mission we believe God has called us to do? Proverbs tells us to “Commit to the Lord whatever you do, and he will establish your plans.” (16:3). In this course we will learn what that means for us in the modern world.

Leaders face three questions in evaluating the prospects of their organization:

- *What’s the organization’s present situation?*
- *Where does the organization want to go from here?*
- *How should it get there?*

Arriving at an adequate answer to the present situation of an organization prompts leaders and managers to evaluate external conditions that bear on the functioning of the organization (both threats to its continued success and opportunities for it to seize), its current performance, its resources, its strengths and weaknesses (its capabilities).

Asking where the organization should go in the future, what it should become and be doing in a few years from now, pushes leadership to imagine the future and make choices about the direction in which the organization should be headed. This includes new programs or projects (or ending some current ones), new capabilities, new expertise and skills, changes in facilities and technology, new people or organizations it might be serving.

The question, how should we get to that future from the present, raises the issue of strategy. To get from where the organization is today to a better future position and performance means the leadership and staff must craft and execute a strategy. That strategy must be capable of moving the organization in the intended direction, growing the organization and its capabilities to be more effective, efficient and more focused in accomplishing its mission.

## The Method

The methodology for this course may be new to you. It is a blend of face-to-face instruction followed by long-distance learning. Most of us are used to studying by going to a classroom, listening to a lecture, taking lots of notes, then taking a test! After the classroom phase of this course you will study right where you live and work. You don’t listen to a lecture and take notes; instead you read the “lecture” and respond to questions in your workbook. This method is unique because it is done at a distance yet is extremely interactive. We hope you will learn more because you are constantly applying what you are learning to your life and work.

## The Authors

This course was developed by Dr. James F. Engel and revised by Dr. David A. Fraser.



**Dr. James F. Engel** is well known in evangelical circles worldwide. He is Founder/President Emeritus of Development Associates International and Distinguished Graduate Professor Emeritus from Eastern College where he founded the Center for Organizational Excellence.

Dr. Engel is recognized for his seminar writings on strategies of world mission, evangelism, and financial stewardship. He probably is best known for the so-called "Engel Scale," documenting the stages in spiritual decision processes. The first among his many books and writings was What's Gone Wrong With the Harvest? (co-authored with Wil Norton), which often is referred to as the book which triggered today's emphasis on receptor-centered evangelism and discipleship. His most recent publication co-authored with William Dyrness is Changing the Mind of Missions, an important study on the future of North American World Missions.

Dr. Engel also has a worldwide reputation in the field of marketing for his texts on consumer behavior and promotional strategy have long been standards worldwide. For the last 30 years, however, his primary concern has been to enhance the effectiveness and integrity of Christian leaders in the Two-Thirds World. He has served as a consultant and trainer with hundreds of Christian agencies in more than 70 countries. Development Associates International (DAI), which he founded, has grown rapidly through its unique and pioneering combination of biblically based, on-the-job curricula in all aspects of Christian leadership with on-field mentors.



**Dr. David A. Fraser** is the cofounder of Development Associates International. Currently he serves as Senior Consultant for Educational Partnerships and Director of the MA program. In the past he has served several pastorates. He was on the faculty of Eastern University as Professor of Sociology and Christian Studies for 22 years where he also served as Dean of the School of International Leadership and Development, Dean of the College of Arts and Sciences, and Provost of the University.

Dr. Fraser's teaching experience includes teaching fellowships at Harvard and Vanderbilt Universities. He served on the faculties of Columbia Bible College and Seminary, Palmer Theological Seminary, and Eastern University. He has taught courses at Fuller Theological Seminary, Azusa Pacific University, Trevecca Nazarene University, and Daystar University College (Nairobi, Kenya). He also serves as an occasional visiting Professor at Nairobi Evangelical Graduate School of Theology (Kenya).

Dr. Fraser holds undergraduate honors degrees from Columbia International University (Bible) and Stanford University (anthropology). His graduate degrees are from Harvard University (sociology), Fuller Theological Seminary (theology and missions) and Vanderbilt University (theological ethics).

Dr. Fraser's recent publications include *Planning Strategies for World Evangelization* (co-authored with Ed Dayton) and *Sociology Through the Eyes of Faith* (co-authored with Tony Campolo). Current research and writing focus on hermeneutics and the cultural world of the New Testament as a basis and model for contemporary issues in incarnating Christian faith in the diverse cultural worlds incorporated in the world Christian movement.

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## **Short Glossary:**

**Mission:** What is it and how does it relate to vision?

While a vision statement is directional and answers the question "Where will we be in five years?" a mission statement is foundational and states the purpose of the organization's existence. It answers the question "why do we do what we do? Why do we exist?"

The organization mission statement should be integrally related to core values and be enduring, sometimes lasting for the lifetime of the organization, with small adjustments along the way to make it congruent with organization vision and the changing world. Mission statements of the past often seem have everything in them and fail to differentiate the organization from neighboring competitors. Today's mission statements dwell less on the detailed "what" organizations do than the "why" they do it. By seeking the 'why' an organization can claim its points of distinction and better communicate the "experience" it offers. Normally effective mission statements have three elements: (1) Purpose (or end state) statement; (2) Primary activity (means); and (3) Target population (for whom we do this activity to achieve this end). For example: East Bay Habitat for Humanity: Inspired by God's love, our mission is to create successful homeownership opportunities [purpose/priority outcome/end] for families with limited incomes [for whom] by building sustainable housing and revitalizing neighborhoods [means-business].

**Core Values:** What are they and why are they important?

Core Values are the soul of an organization. They are what the organization stands for, what it holds dear, what it believes in. Core values inform both mission and vision and as such are indispensable to strategic planning. Core values are often expressed in a group of several statements that begin with phrases such as "we believe," "we care about," "we value," or "we commit to." We cannot get people to "buy into" our values. We can only seek people who are predisposed to share them. They state how or the spirit in which we carry out our work and relate to one another and to outsiders. They set boundaries as to what we will do and what we will not do. They form the foundation for organizational norms, policies and practices.

**Vision:** What is it and why do we need it?

Vision is an image or description of the future. It is a vision first of the organization you aspire to become in the future. It answers the question "If we could create the organization of our dreams and have the impact we most desire, what would we look like five years from now?" It is also a vision of the sort of world that you dream will come about if you are successful in carrying out your mission. "If we secure all the results and change in the world we seek in carrying out our mission, what would that world look like five years from now?" One element of the vision is focused internally on the organization; the other focuses on the population and realities we mean to impact by our activities.

Vision statements are the result of mission statements added to core values and bold goals. Vision statements build community, inspire action and get everyone working together toward the same outcome. Vision statements help organizations soar. Mission statements keep them grounded.

**Situational Assessment:** What is it? Why do we do it?

Situational assessment is a snapshot of those features of the organization and of the larger world that make a difference in mission accomplishment.

Internal analysis looks at the capabilities and competencies of the organization: its staffing, skill levels, technology, products and services, governance, finances, programs, history, stakeholders etc. The question is, 'what are its strengths and weaknesses with regard to carrying out its mission?'

External analysis looks at the larger context: competitors, clients, political context, economic realities, trends, etc. One way of categorizing data sought is PESTLE (politics, economics, social, technological, legal, environmental). The question is, 'what are the opportunities and threats that face our organization in succeeding in our mission?'

SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis then looks at the fit between the organization and its environment. This enables the organization to develop a list of strategic issues that it must consider in selecting goals and strategies for the future.

**Strategic Issues:** What are they?

These are matters that emerge from our situational assessment as we consider the organization's mission and vision in light of its SWOT analysis. What are those matters which, if not successfully addressed, will have major consequences for the organization in its pursuit of its mission and vision? What are the obvious gaps between its capabilities, competencies or resources and the opportunities it might seize in order to fulfill its dream for the future? What threats must be defended against? What weaknesses need to be neutralized? These are normally expressed as a question (for example, 'What sort of student (and how many) must we recruit into the MAOL in order to succeed in graduating leaders who are transformed servant leaders?').

**Critical Success Factors:** What are they?

A critical success factor (CSF) is some feature of the internal or external environment that an organization has a major influence on achieving the organization's central goals. It is something which the organization must do well in order to succeed in its mission and vision. CSFs address strategic issues as well as central operating processes of the organization. There are a number of things that, even if done poorly, will not impact the outcome of mission accomplishment. But CSFs, if done poorly, will significantly hinder mission and vision accomplishment. Often times a CSF will be measured and tracked by one or more Key Performance Indicators (see Success Indicators).

**Goal:** Can I measure it? How is it different from an objective?

A goal is a broad statement of what the organization hopes to achieve and is qualitative in nature. The organization can have short-term and long-term goals. It seeks to set clear goals and measurable objectives. Goals are supported by initiatives that have measurable objectives. Strategic plans with five to seven over-arching goals to be achieved within three to five years are the most efficient to manage. Strategic Goals grow out of strategic issues that are identified as relevant, consequential and critical for the success of carrying out the mission and realizing the vision.

**Strategies:** What are they? How are they different from tactics? Who is involved in setting strategy?

Strategies are statements of major approach or method of attaining goals and resolving specific issues. Strategies begin to answer the question "How will we go about accomplishing our goals?" Strategies describe a general approach or method; they don't describe specific activities or projects. Tactics describe specific tasks that will advance a strategy. (Example: A strategy to increase university enrollment might be to step up promotion; a tactic might be to increase the number of open houses).

In organizations, governing Boards typically approve overall strategic plans, leaving the strategy setting to administrative leadership and the Strategic Planning Committee.

**Initiatives:** What are initiatives?

Initiatives are the programs, projects, plans or activities, prioritized annually, which must be accomplished in order to achieve a stated goal. Individuals or groups are the sponsors of initiatives and responsible for their advancement.

**Objectives:** What are objectives? What's in a good one?

Objectives are specific, measurable statements of what will be done to achieve goals within a time frame of one year or less. Objectives are achieved through work plans or action steps. Work plans delineate who will do what by when, and include measurements of success or desired outcomes, called success indicators.

**Success Indicators:** What are they and why do we need them?

Success indicators track the progress of work plans and document the achievement of strategic vision. Organizations in a strategic planning or thinking process benefit from an agreed upon set of success indicators in order to communicate strategic goal and objective progress in a fairly global sense.

One set of success indicators are called Key Performance Indicators (KPIs). These are outcome measures that are identified as measures of critical success factors. Success indicators range from the relatively trivial (did the food for the celebration show up on time?) to central (did the organization balance the books at the end of the fiscal year?). KPIs are focused on those most important measures of success in reaching outcomes that ensure the organization survives and thrives in its core strategies and mission.

**Outcomes:** What's the difference between these and objectives?

Outcomes are desired changes in attitude, knowledge, behavior or skills sought in a person or group of people. Objectives are the steps taken to obtain the desired outcome. The best objectives are SMART – specific, measurable, agreed upon, reasonable, and time-limited. We like outcome- based objectives because they take objective writing to the next level and identify the change that must occur for the objective to be considered accomplished.

**Alignment:** What is alignment and how important is it?



For an organization to come together and move forward, all the people involved need to have a common understanding of the mission, and practical understanding of the consequences of failure and the benefits of success. Alignment has to do with the degree to which organizational elements are congruent and consistent across units and levels. Alignment refers to the fact that the mission, values, vision, organizational culture, strategy, goals leadership, teams, and individuals are working together toward the same outcomes. Alignment is how closely deeds mirror beliefs and values, how closely the actions of individuals are shaped by the goals and values of the organization. If the culture of an organization is aligned, it reflects the vision, mission, and values in everyday life throughout the organization. Misalignment often occurs when organizations forget why they instituted certain policies and procedures and enact them based on a bureaucratic tradition that has long lost its association with the core value it was created to advance.

### List of Story Names

Alex Campagna – fiery young writer and editor, hired as head of KSM’s writing and design department; quickly fired by Stephen Ogulu

Ayub Campagna – applicant for the job of Director of Accounting for KSM

Bong Kim – Director of Production at KSM; leadership style: implementor

Reverend Caleb: the senior pastor of the First Church of the Elect and Redeemed

Carlos Campagna – brother of Alex Campagna, on Bong Kim’s staff at KSM

Charles Ogulu – Stephen Ogulu’s oldest brother, Chairman of KSM Board of Directors

Dr. Bulus Bulima – Vice Chairman of KSM Board of Directors; first son of the president of Kabuli

Levi Bulima – the second son of the Distinguished President General Ezekial Araphat Bulima

Sister Elizabeth Njoroga – a member of Kingdom Associates

Ellen Marino – a Christian teenager living in Happy Valley,

Evangelical Committee – umbrella organization of evangelical denominations and organizations for the nation of Kabuli

Faith Church – a church plant of the First Church in “Happy Valley”

First Church – unofficial name for the First Church of the Elect and Redeemed; First Church commission: “*Proclaim the Good News to all Generations.*”

Fred Mengistu – Director of Church Relations at KSM; leadership style: motivator/influential

Honorable General Ezekial Araphat Bulima – president of Kabuli

James Stephanos – hired by KSM as Director of Accounting; leadership style: designer/developer; long time friend, fellow clansman & classmate of Victor’s

John – Stella’s nephew; mentored by Victor

KSM – Kingdom Signposts Ministries, publishing arm of First Church; KSM mission statement is “*Fulfilling the Great Commission through the printed word.*”

Kabuli Christian Council – representatives from 46 denominations in Kabuli; prepared a report about the spiritual & physical condition of the people in Kabuli

Kingdom Associates—a new agency formed to address issues in Happy Valley

Maria – Victor Osco’s wife

Miguel – Pastor of Faith Church

Moses Ashadu – on Bong Kim’s staff at KSM; mentored by Victor

Moshulu, the capital of Kabuli

Peter Rubella – long-time WAG missionary in Kabuli prior to revolutionary times; founded KSM and was the original Managing Director

Rajendran Habib – Victor’s friend who volunteered to help KSM with consulting service

Rev. Hezekiah Ogulu – Stephen Ogulu’s father, who ruled his home with an iron hand

Rev. Stephen Ogulu – Victor’s uncle; former pastor of First Church & former Managing Director of KSM; a Head Overseer of the Fellowship & Chairman of the KSM Board; Chairman of the Board of the Elect & Redeemed Church; leadership style: designer/developer

Sampson Kirunge – member of KSM Board businessman, Stephen Ogulu’s Bible School classmate

Samuel Calder – a member of Kingdom Associates

Samuel Costas – a wise and elderly member of Faith Church and Kingdom Associates

Sharon Weganou – new member of KSM Board of Directors; businesswoman

Sister Sophie

Stella Senge – Director of Accounting at KSM; leadership style: motivator/influential; Stephen Ogulu’s sister-in-law

The Fellowship – unofficial name for The Fellowship of the Elect and Redeemed, the 1st church in Kabuli

Victor – Rev. Victor Osco, Managing Director of KSM; former pastor for 12 years; member of First Church; leadership style: team player

WAG – World Ambassadors of God

Wing-Tai Ong – a WAG missionary

# **Strategic Thinking**

## ***Unit 1***

### ***Seeking Success in a Changing World: The Process of Strategic Thinking***



## **Development Associates International**

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***Version 2.0***

D.A.I. P.O. Box 49278 Colorado Springs, CO 80949-9278 USA  
Tel. (719) 598-7970 / Fax (425) 988-8126  
[www.daintl.org](http://www.daintl.org) / E-Mail: [info@daintl.org](mailto:info@daintl.org)

# Unit 1: *Seeking Success in a Changing World: The Process of Strategic Thinking*

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## Readings:

Appendix A: “Analyzing Case Studies”

## Learning Outcomes:

By the end of this unit you should be able to:

- Describe and define what the four basic elements of strategic management are
- Write three or four reasons why strategy is an important tool for Christian leaders
- Identify the major elements that make up the strategic process and indicate their relationships to each other
- Relate strategic thinking to elements in both the Old and New Testaments
- Describe what is meant by strategic “wisdom” and how it applies to leadership and organizations.
- Demonstrate beginning ability to analyze a case study so as to make recommendations for strategy development

## Introduction

You are about to begin studying a segment of a course on **Strategic Thinking**. This unit is titled **Seeking Success in a Changing World**. In this unit we will seek to understand what a “strategy” is, why it is important and what the major elements are in the strategic process. Strategic thinking involves being thoughtful about the things we want to accomplish in the face of a complex and changing world.

The “success” we seek is that of achieving what God wants for this world. Given our gifts and calling, given the mission of the organization of which we are part, given the situation in which we find ourselves, what is the best path for us to take as we move into the future? How can we succeed at the very things God has called us to do and be? What choices must we make? What actions must we take? Strategy is our way of telling ourselves and others what we will choose to do in order to succeed at our calling and in the mission of our organization.

There are a number of ways of defining strategy. As an initial definition we may say: **A strategy is a set of related actions that an organization undertakes that have a major impact on improving its performance and accomplishing its goals.**

In for-profit companies that performance is measured by competitive advantages (which may be return on investment, profit margin, brand loyalty etc.) relative to its competitors. In not-for-profit organizations superior performance is seen in increases in the ability to produce the results and achieve the impact given in its calling and mission.

What we mean by nonprofit organizations are things such as church denominations, charitable foundations, mission agencies, educational institutions, museums, art galleries, musical companies, interest groups, conservation and environmental agencies and many more. For them the measures of success and high performance go well beyond a financial bottom line. These are organizations whose reason for existence is given in their mission and values. They are about changing the world, not necessarily making a profit from it. When they think about performance and goals, they are thinking of the number of people served, the conditions of life changed, the influence on attitudes and policies, the impact they have on the arena that is at the center of their mission.

Strategy is as essential to them as it is to the for-profit companies. Strategic thinking is focused on discerning and discovering the best means for them to have the maximum impact on the concerns defined in their mission. They are about making this world better, a more congenial place for those who inhabit it today and will inhabit it tomorrow. For Christians it is a matter of finding small ways of extending the reality and impact of the Kingdom of God in this age. Christian organizations seek to be part of the answer to their daily prayer: “Your kingdom come. Your will be done on earth as it is in heaven.” (Matt. 6:10) They seek to bring people to Christ and enable their growth in faith.

“Thinking” strategically refers to a set of analytic techniques and skills by which leaders identify, craft, and implement a set of strategies that aim to improve the overall performance of their organization. Strategies are the patterned practices by which an organization accomplishes its goals as efficiently and effectively as possible, given its larger situation and capabilities. To think strategically is to have the ability to adopt or

**Strategy:** “the unique and sustainable ways by which organizations create value” (Kaplan and Norton, *The Strategy Focused Organization*, 2001, p. 2.)

create ways of addressing the common challenges involved in pursuing the mission and goals of an organization. Strategic thinking is a type of “wisdom” that demonstrates a capability to understand a complex situation and see what might be effective yet principled ways of acting. It creates practical solutions for very real life challenges. In that way it is a form of “prudence”: *practical wisdom for life’s tasks*.

It is good to keep in mind that, while “Strategic Thinking” can be a complex thing, all of us do some “strategic thinking” even in our everyday lives. To be sure, some people naturally do more of it and more easily than others. But it is a skill that can be cultivated and improved. We will start with a short case study.

### **Case Study: Facing the Challenge of Happy Valley**

Miguel paced back and forth across the small room one more time. His wife, walking past the door, merely commented, “You are going to wear a path in the floor if you don’t stop pacing like that!” It was said with a smile, and Miguel knew that she meant well, but he was so frustrated at the moment that he just didn’t know what to say or do.

Here he was, pastor of Faith Church, a small fellowship in an enormous slum area on the edge of Moshulu, the capital of Kabuli. Ironically this area was called “Happy Valley.” Yet the poverty level there left almost no one “happy.” He felt that he should be able to make a difference in this place and yet it seemed that the harder he tried, the less he accomplished.

Oh sure, there were many reasons why this wasn’t easy. First of all, his whole congregation of about 30 families was extremely poor as well. Most did not have a job, and even those who did could not feed their families from the salary they received. Even Miguel has to work five days a week doing road repair to pay the rent. The church cannot possibly support a full-time pastor.

Like their neighbors, most in Happy Valley had moved to the capital city from rural villages with the hope of a great job, lots of money and the excitement of city life. Yet, once here they found themselves in run down shacks in “Happy Valley” with thousands of others. There was no running water, little education for the children, electricity only through illegally “stealing” it from overhead power lines, no sewage system and it was a dangerous and violent place besides.

How could one little church make any difference in a vast sea of problems like this? What answers did God have? Where should they start?

Answer Box # 1

*Stop and reflect. What do you think? What advice would you have for Pastor Miguel? Where should they start? What would you do first if you were Pastor Miguel?*

Miguel decided that since he had no idea where to start, he would ask Reverend Caleb for his advice. After all, Reverend Caleb was the senior pastor of the First Church of the Elect and Redeemed who had been responsible for planting the little congregation that Miguel pastored. Maybe Caleb would have some ideas or even be willing to help.

Miguel reached for his cell phone, but it rang before he could even pick it up. Much to his surprise, on the other end was Reverend Caleb. “Brother Miguel,” Caleb began, “You’ve been on my heart all afternoon and I just had to call and ask you how things are going? Is there anything I can do for you? Maybe you’d have time to stop by tomorrow and we could talk and pray together? It’s time we caught up with each other.”

When Miguel got to Caleb’s office the next day he was surprised to find three others already there, Victor Osco from Kingdom Signpost Ministries, and Wing-Tai Ong, a WAG missionary, and Alex a young dynamic lawyer, all member’s of Caleb’s church. Caleb caught Miguel’s surprised look and apologized immediately. “I’m sorry Miguel, but I took the liberty of inviting these friends to join us. We’ve been praying together for several weeks and all find ourselves burdened with the needs of your community. Would you mind if we did some prayer ‘walking’ through Happy Valley this afternoon together and asked God to show us what to do?”

By the next week “Kingdom Associates” had been birthed as an affiliate organization of First Church and eventually was registered with the government as an NGO designed to help the poor in Happy Valley. Members of both First Church and Faith Church began to meet together regularly as a team to pray and discuss how to work together to make a difference.

## Determining a Plan of Action

Though the group was enthusiastic, they spent most of their time sharing good ideas, but having trouble settling on exactly what to do next. One evening Victor spoke up, “Brothers and sisters, what we have done here is very good. We all have been stretched during these days, and God has used our time together. We have heard good ideas, but the question is, ‘what does God want’? What we have to do is stop and pray until we all hear God’s voice as to what exactly to do first!”

Some of the group agreed, however, a visiting Pastor from another church said, “Well, really what we should do is just do exactly what a group I heard about in another city do, they had a strategy that worked perfectly and we can just use that here! I say, if it’s not broken, don’t try and fix it!” The discussion continued long into the night. All agreed that they needed a strategy, but no one could agree on exactly what that was.

Answer Box # 2

*Stop and Reflect: What might be some of the reasons this group is having trouble agreeing on a strategy?  
Is it so important to have a strategy?*



## What is Strategy?<sup>1</sup>

Strategies are ways of taking God's commission and goals seriously. They do so by showing how we plan to carry out God's commission to us and our organization. They also show how we seek to be wise in our evangelism, service ministry or business. They help us insure that we are not harmful to God's intentions or to the people he sends us to serve and evangelize.

A strategy is an overall approach, plan, or way of describing how we will go about reaching our goal or solving our problem. Its concern is not with the small details. Paul's ultimate goal was to preach Christ throughout the world. His own calling motivated frontier evangelism, preaching Christ where there were no communities of Christians (Rom. 15:20). His day-to-day plans would differ, but his strategy remained the same.

Strategy looks for a range of possible "means and methods" and various "operations" that will best accomplish an objective. Strategy is a way to reach an objective. It looks for a time and place when things will be different from what they are now. For the military it might be capturing a key town or city. For a business person it might mean achieving a desired volume in a particular market. For a Christian organization it may mean everything from deciding in what country to serve to the overall approach to reaching a particular group of people.

### Why Have a Strategy?

As Christians, a strategy forces us to seek the mind and will of God. Strategy is an attempt to anticipate the future God wants to bring about. It is a statement of faith as to what we believe that future to be and how we can go about bringing it into existence.

Strategy is also a means of communication to fellow Christians so they can know where we think we should concentrate our efforts. It thus gives us an overall sense of direction and helps to generate cohesiveness. Because it tells us and others what we will do, it tells others what we have decided not to do.

### Some Types of Strategies

There are many different approaches to strategies. Some are based on past success. That is, a particular way of doing things worked so well in the past that the pattern became a "**Standard Solution Strategy.**" Standard Solution Strategies are assumed to be universally applicable. Their advocates use them in all parts of the earth with only cosmetic modifications. To be sure, there are some "generic" *types* of strategies but within them many variations. We are not talking about these generic categories (we will encounter them later) but rather set

Strategic thinking "...is the process of determining: (1) **what** your organization intends to accomplish, and (2) **how** you will direct the organization and its resources toward accomplishing these goals over the coming months and years." (*Strategic Planning Workbook for Nonprofit Organizations, Revised*, Barry, Fieldstone Alliance, 1997, p. 5.)

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<sup>1</sup> Based on and modified from Dayton and Fraser, *Planning Strategies for World Evangelization*, 2<sup>nd</sup> Edition. Grand Rapids: Eerdmans, 1990, Chapter 3.

strategies that are established and applied in virtually every new situation. In some Christian circles they become “sacred” solutions that cannot be changed because “God revealed” them to some founder of a movement.

The problem with these strategies is that they assume all people everywhere are basically the same. Cultural and social differences are not thought to play important roles in thinking strategically. They are not seen as God’s solution for this time and these people. Pride inflates them into once-for-all strategies.

Other strategies come from the notion that the Holy Spirit will provide serendipitous guidance in the moment of action. **"Being-in-the-Way"** strategies assume that Christian partnership with God's activity does not require human planning. In fact, planning is sometimes seen as against the Holy Spirit.

The net effect of this approach eliminates failure. Whatever happens is God's responsibility. Anything that happens is God's will. But it runs into the problem that when two or more Christians appeal to the direct, inspired leading of the Holy Spirit "in-the-Way," they may be in each other's way. A hidden assumption of this approach is that proper spirituality cuts out the need for human forethought.

We are proponents of the **"Unique Solution"** approach to strategy. Like the Standard Solution approach, it recognizes that we learn from the way God has led people in the past. We learn from the success other organizations and programs have demonstrated in seeking to create desirable results in a given arena of human affairs. These successes of the past, successes of the Spirit, are a real resource. We can and must learn as much as possible about what God has done and use it where it is indeed applicable.

But this approach argues that the differences between the situations and cultures of various peoples and nations are also important.

“...strategic planning is clarifying the purpose of an organization, where the organization wants to be in the future and how it is going to get there.” (p. 3, *A Field Guide to Nonprofit Strategic Planning and Facilitation*, Third Edition, McNamara, Authenticity Consulting, 2007)

People and culture are not like standardized machines that have interchangeable parts. We cannot simply use a given approach that has worked in one context in another and expect the same results. Strategies must be as unique as the peoples whom they serve. Strategies must fit the “times” in which we find ourselves.

Further, the Unique Solution approach recognizes with the Being-in-the-Way Strategy that God has new surprises for us. Strategies must be open to new insight and new developments and cannot be rigidly standardized once and for all. Innovative and creative new approaches are constantly bubbling up in all areas of human endeavor. Yet the Unique Solution approach also argues that we risk the sin of sloth (laziness) in not using all we have and are. We are to offer to God our best human efforts. This means sometimes the best creativity is not “in-the-way” but rather in the process of thinking strategically *before* we find ourselves having to make the actual decisions and take the action of doing something.

When God calls us to preach, we do not suppose we violate the leading of the Holy Spirit in carefully planning a sermon: researching the text until we have confidence we understand the author's intention, developing a clear outline to follow, praying for illustrations and examples that will communicate the point of God's word in contemporary terms. We plan the sermon carefully because we seek to speak about

and for God. We can take the Lord's name in vain by invoking the Holy Spirit over our inattention, lack of discipline and forethought, or even laziness.

Just so, while remaining constantly open to God's surprises and extraordinary leadings, the Unique Solution approach believes that we can sketch the outline of a well-thought-out "Solution" to the question of how we might accomplish our goals and mission. We are not ruling out visions, dreams, or sudden convictions. Strategic thinking uses whatever resources are authentically given to us by the Spirit of God. The idea that the Holy Spirit does not use good human preparation in doing the work of the kingdom is inadequate to Scripture and experience.

The Unique Solution Strategy thus seeks to avoid what we see as the two extremes in some Christian approaches to strategy. On the one hand, the Standard Solution approach supposes that we need only one basic strategy: that God has revealed the universal pattern once and for all and that success is "in the plan." The Being-in-the-Way approach, on the other hand, turns out to be an anti-strategy dressed up in a rigid portrait of the Holy Spirit as guiding only when human beings do the least.

The Unique Solution approach argues that God has given us some universal values, goals and guidance as to what we are about in evangelism, business or politics. Yet how and when and where and many other components of a strategy are as variable as are the cultures and social groups God sends us out to serve in our mission and calling. This is not to say that we do not use the experience of the past. Rather, we combine past experience with that which lies ahead. As the times and people change so too must strategies change to serve and evangelize them.

**Answer Box # 3**

*Think about the different types of strategies just described. (Standard Solution, "Being-in-the-way", and Unique Solution)  
If you had a theological background that was more Pentecostal or Charismatic, which of the types of strategies described above would you probably lean toward using?*

*If your theological background was more Anglican, Presbyterian, Methodist and / or evangelical which type of strategy would you probably lean toward?*

*Which type of strategy would you say that you have been most accustomed to using? What drawbacks and benefits can you see from that after reading through this section?*

## The Example of Jesus<sup>2</sup>

Jesus, of course was God; yet he took on the nature of a servant in human likeness (Philippians 2:4-9). Now because he became human and walked just like you and I do, in dependence on the Holy Spirit, we have a good model to follow. Jesus came to give us a model. It's strange to me how often we seem to ignore the actions and model of Jesus. We seem to be more impressed by our own systematic thinking and ideas. But as we watch him, we can see some of the elements that are important when Christ-followers engage in strategic thinking. Let's look at Jesus' approach to evangelizing people in His day.

At this point please stop and think. Turn to your Bible and study the strategies followed by Jesus as he ministered to Nicodemus (John 3), the woman at the well (John 4), the man at the pool (John 5) and the rich young ruler (Mark 10).

### Answer Box # 4

*Stop and read the stories of Nicodemus (John 3:1-11), the woman at the well (John 4:4-26), the man at the pool (John 5:1-15) and the rich young ruler (Mark 10:17-23).*

*For many these are familiar stories. Yet the people and circumstances in each are very different. Look at how Jesus interacted with each one. What are the similarities in the way He did that in each case? What patterns do you see in Jesus ministry with each? You should find four or five things that he did the same in each case. Write those down.*

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<sup>2</sup> Based on a lecture by Jim Engel.

First, **Jesus never used the same approach as he moved from one person to the next.** He didn't reach into an evangelistic tool kit and pull out a single method. Such a tool kit exists by the way and was handed out at a large international meeting not long ago. Jesus realized that evangelism is not a method—never forget this point. He always adapted his message and style to the person and situation. Did you notice that he only used the term "born again" with one person, Nicodemus? What do you think the woman at the well would have said if he had said, "Ma'am, get over there and be born again?" Or how would Nicodemus have responded if he were told to seek living water?

Second, **Jesus practiced prayer and fasting and was fully dependent on the Holy Spirit.** Are we? Now that's a serious question. Frankly, those of us in the developed world tend to think, act and then pray, if indeed we pray at all. Let me give you an example. I have served as a consultant and resource person to many Christian organizations. Not long ago I asked a colleague to think back to the time when we launched a major ministry strategy in parts of Africa. Did we ever pray together? Very quickly we agreed that the only prayer any of us could remember probably was done individually and never corporately as a body. Sadly, much that we claimed as a success did not prove to be lasting. Prayer and fasting. You'll hear this theme coming from me many times. Prayer and fasting is the foundation of all Christian strategic thinking. Both are a tangible reflection of a heart attitude of dependence on the Holy Spirit.

Third, **Jesus always took the time to listen.** Sometimes we get so driven in our efforts to evangelize that we are nearly "bursting" when we decide to approach someone with the gospel. We give them lots of information they have no interest in. You will notice in these stories that Jesus always asked probing questions and sincerely listened to the people's responses. He always listened first because He genuinely cared about that individual. Then He shared something with them about the gospel that was appropriate to where they were.

Fourth, **Jesus always moved from felt need to real need.** Do you know what we mean by "felt" need. It's simple really. It's the thing that the person is feeling is really important to them right now. Once Jesus showed that He cared about the person's felt need He could gently move to what He perceived as the "real" need, their need for a Savior and Lord.

What we see in the practice of Jesus in evangelism is a "unique solution" approach. He used good techniques of communication with all of them, yet he was sensitive to who they were and to the background and issues they brought with them. He was clearly prepared to communicate his message but did it with various means. He did not modify his mission or goals. But he used different means with each.

## Back to Happy Valley

Now it is time for us to join with the Kingdom Associate team and wrestle with the issues they face. At one of their early meetings they were joined by a missionary from WAG—World Ambassadors of God. Here was his statement to the team. "We have a plan for house-to-house tract distribution that is having big results in many places. This is accompanied by a prayer vigil in which God is asked to reveal himself in fresh ways. Thousands have accepted Christ so far. All we need is about 10 committed people to do this in Happy Valley."

## Answer Box #5

What do you think about this WAG approach? *Should the new group called “Kingdom Associates” consider trying this? Why or why not? Write down what your advice would be and why.*

What do you think about using strategies developed by someone else, especially an outside mission agency? Certainly this is an option but God usually has a different approach in mind. Let me put it as clearly as I can: **God usually works with us to create an original strategy** simply because each situation is unique. Uncritical acceptance of someone else’s plan is often only laziness.

You see God is a planner. Psalm 147:4 says "He has decided the number of stars and calls each by name." He’s still active doing that today through us and with us. Remember, he has created us in his image and has made us creators too. He wants our uniqueness and our individuality to be expressed.

In this context we have the wonderful verse of Proverbs 16:1 which says “To human beings belongs the plans of the heart, but from the Lord is the right answer of the tongue.” What this scripture indicates is that we as humans appropriately think about the future and make plans. We have the first word in our initiatives. But the right and final word in our affairs and plans belongs to God. The success of the initiatives we undertake or even the choices we make between various plans are not final. It is not our wisdom and wit that makes the final difference. It is God’s involvement, giving us the right answers in the midst of our thinking through our plans and hopes. It is God who is at work with us in our strategic thinking and planning. If Jesus approached his mission and goals with prayer and dependence upon the Spirit, how much more do we need to do so? Not as a substitute for thinking strategically and making plans, but as the indispensable principle that undergirds all of our strategic thinking. This is not an either/or but a both/and matter.

But there are more examples and connections between strategic thinking and the Bible. We want to take some time reminding ourselves of those examples and of the grounding the Bible offers us for thinking strategically as faithful followers of Christ.

## Nehemiah and the Restoration of the Walls of the Kingdom

We start with one (of many) examples of strategic thinking and the use of strategy in the Bible. The book of Nehemiah has often been seen as a great example of the elements of strategy. Nehemiah was a highly placed official in the palace of the King of Persia. The account does not tell us how he became the trusted “cupbearer” of the King, but does tell us a lot about how he carried out the mission and tasks involved in rebuilding and renewing Jerusalem. At this point, please stop and read the first 6 chapters of the Book of Nehemiah and then answer the questions in the next reflection box:

## Answer Box # 6

*After you have re-read the first 6 Chapters of the book of Nehemiah answer the following questions. Try to understand how Nehemiah thought and acted.*

*What were the personal values and goals which guided every thought and action as he pondered the call from God?*

*What steps did he take from the moment that he first heard God's call to restore the ruined city of Jerusalem? In other words, how did Nehemiah transfer his theology and vision into a strategy which had such profound and far-reaching effects?*

Before we look more closely at this wonderful book and person, we need to remind ourselves on one thing: Nehemiah was a person, just like you and me. He was a human being. He wasn't any spiritual genius or some out-of-the-ordinary saint. He was an ordinary guy who put on his sandals the same way we do. He probably stumbled with God, experienced hard times of doubt and fear and even turned his back on God and felt like a fool afterwards.

The fact that we have this book in the Old Testament seems to be because Nehemiah felt the outcome of his life's work in Jerusalem was threatened with total collapse. The book is a "votive prayer" offering, asking God to remember him and his works for good since so many enemies and forces seem determined to undermine his long range goals for Jerusalem (Nehemiah 5:19, 13:14, 13:31). He feels his efforts and good work will be forgotten, erased by what others will do and the tides of time. We need to remember how much he was like us as we watch him do his work as he sought to do what he felt was the calling and mission God had given him. We will discover a number of the basic elements of strategic thinking as we examine his experience.

**Nehemiah was governed by some basic values that were rooted in God's word and his sense of the Kingdom.** Three values really stand out: (1) a sense of God's destiny for the people of Israel; (2) a commitment to holy living, beginning with prayer, and (3) people were not seen as a means to an end.

(1) Nehemiah had a keen sense of God's purposes for the people of Israel. They were now scattered and living in an impoverished state of disillusionment. He was full of sorrow over the dishonoring of God's name and reputation. The terrible condition of the city of God

and the people of God weighed heavily on him. When he thought of what needed to be done, he wasn't primarily concerned about rebuilding the walls of Jerusalem. This was only a means to a much more important end of restoring God's Kingdom. There was little or no spiritual presence in the remnants of a once great city. A central objective was to recover the word of God and restore it to its proper place at the center of life. By building the walls he was able to close the city gates on the Sabbath and allow the worship of God to be reestablished as central to life.

- (2) Nehemiah took holiness seriously both for himself and for his people. His personal life was above reproach. What was the first thing he did when he heard about the condition of Jerusalem? He let his heart break like the heart of God was broken for this situation and he turned to God in prayer.
- (3) The interests and well-being of the people of God were a central concern—they never were viewed as pieces in the machinery if you get my point. Nehemiah valued them, mobilized them and encouraged their initiative. That's called servant leadership, my friend, which received its fullest expression in the life of Jesus. I have spent about one third of my life in Christian ministry, and I oftentimes felt like I am just a part of somebody else's machine. Everything is fine as long as I do what somebody else expects and don't make any noise. Have you ever felt like that? You probably have because this is a pretty consistent theme wherever I go around the world.

*Core Values are the beliefs, traits and behavioral norms that people who lead or belong to an organization are expected to display as they carry out its mission and activities*

Now let's turn to Nehemiah's approach in tackling the needs he saw. In every sense of the word, he was a skillful and effective strategic thinker. Do you agree with this based on your response to the second question I gave you earlier? Here is what I see.

**First, Nehemiah had a clear sense of mission and vision** which never wavered. He knew where he was going. Even before he leaves the palace of Persia, he has a long list of supplies and equipment he will take with him. Already in his mind he is imagining what Jerusalem and the people of God will look like at some future point, if he succeeds in rebuilding the walls and reforming the life and worship of its inhabitants. His persistent focus on what needed to get done demonstrates his focus on not getting distracted, not giving into discouragement and not doing extraneous though more rewarding or interesting things. That rebuilding the walls was only a means to the end is shown by the strong spiritual emphasis on renewing the people in faithfulness after the walls were rebuilt and the gates re-hung.

Furthermore, he waited upon God. Step-by-step prayer was a basic priority. Never did a sense of urgency overwhelm this commitment to God. He made haste slowly--no simply human timetables for him. This is a profound lesson for us in an era still characterized by urgent calls to finish the task of the Great Commission.

**Second**, he did not give way to the temptation to enter Jerusalem with a plan conceived in the palace of the king. Instead **he started with a careful analysis of the situation**. This is the mark of a wise person, don't you think? He did field research, working at night. Why did he do this? Dr. John R. Stott gave us the answer when he said, "God cannot lead an empty head." It's one thing to know you want to see the city's walls strong and secure. That was the mission and vision. But what will it actually take to do that? How much of the wall needs to be rebuilt? How many stones remain that are useable and how many will need to be cut anew? What is the length of the wall to repair? How thick will it



have to be? Where should the work begin? How bad is the situation and what will it take to remedy? What challenges are likely from within the population of Jerusalem? What about the surrounding peoples who might not take kindly to Jerusalem becoming a secure and walled city again? There are many questions that need some answers if one is to coordinate the materials and workers needed to get the job done.

**Third, Nehemiah took careful stock of the resources that he had and was committed to working with them.** You will have to admit that this was pretty meager—a group of impoverished, disillusioned and demoralized people described as the remnant in the Holy Land. If you think you have it bad, how would you like to have worked with them?

Admittedly Nehemiah did have some funds provided by his king at the outset. Undoubtedly he also could have called on the palace engineers, building contractors and army as well. If he were to follow our thinking today, he certainly would have put primary emphasis on raising the needed funds and resources. But Nehemiah worked with what he had. No appeals to the rich from this humble man of God.

What can we learn from this? Let me give you a biblical principle which I will elaborate later: God wants us to work within the resources we have unless he indicates otherwise and opens the heart of potential providers (Phil 4:12-19). This is not always the case (Paul very actively gathered an offering for the poor of Jerusalem from the Gentiles). What we do need to do is to determine what resources will be needed to accomplish our mission and vision – and what resources (both human and financial) we have at our disposal. .

**Fourth, the strategy (and some action steps) emerged as he involved God's people and wrestled with what had to be done.** He got this family to work here, that family to work there. He was not a boss with his whip. Certainly it would not have been easy working with that discouraged group of people. Can you imagine just how totally discouraged they were, living in the remnants, with nothing? Yet, he trusted them and encouraged them. Look how they responded. One thing that seemed important was that he asked families to build the walls just in front of their own homes. He used their self-interest with the goals of the Kingdom to get the work done. But there is much more to say about his strategy later.

**Fifth Nehemiah constantly evaluated the effectiveness** of what had been accomplished and made modifications as necessary. This even included a revision of the plan to incorporate guards and other means of protection against ever-present enemies.

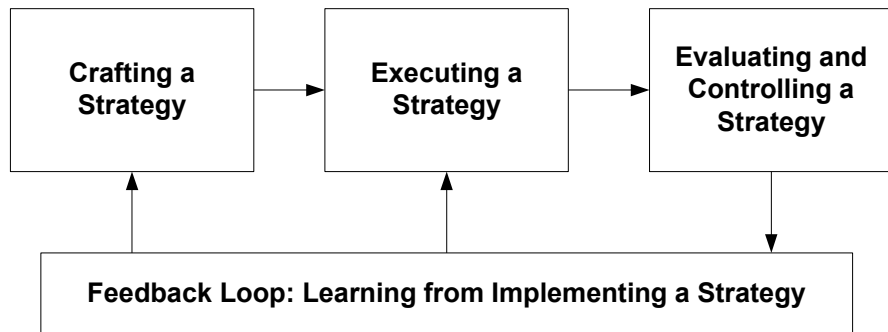
In these elements you have the essence of strategic thinking following the Spirit of God—a *flexible adaptive strategy*—in which God and his people join hands to do his work. I think it would be helpful if you stopped reading at this point and took some time for reflection. So here is a question for you:

Answer Box # 7

*What new things have you learned through this reflection on Nehemiah?*

## A Model of the Strategy Process

Now it is time to pull all of this together more systematically. There are several ways of modeling the strategy process. Most of them are very similar in that, in the end, you need to think about the same sorts of elements. Different writers may give those elements somewhat different names and may locate them at a different point in the process, but they include them all. In general we may say there are four sorts of things that need to be done in order to think and act strategically:



**1. Crafting a Strategy.** This is where much of the “thinking” occurs, though executing and implementing a strategy takes a lot of careful thought as well. But when we craft a strategy we are making key decisions that provide the foundations for what we do in order to give life to our strategic initiatives and objectives. This includes clarifying our mission, reaffirming our core values, envisioning the future, assessing the situation we find ourselves in, developing strategic issues and primary goals and then selecting the most appropriate strategies to accomplish our mission and objectives.

**2. Executing a strategy.** Having selected the strategies we are going to employ, we now work out the details in terms of programmes, resources (budgets included) and action plans. Most strategic thinking and plans fail at this point. This is where the most time and effort is spent: enacting the decisions we made as to what we were going to focus on doing in order to produce the results and create the future we envisioned.

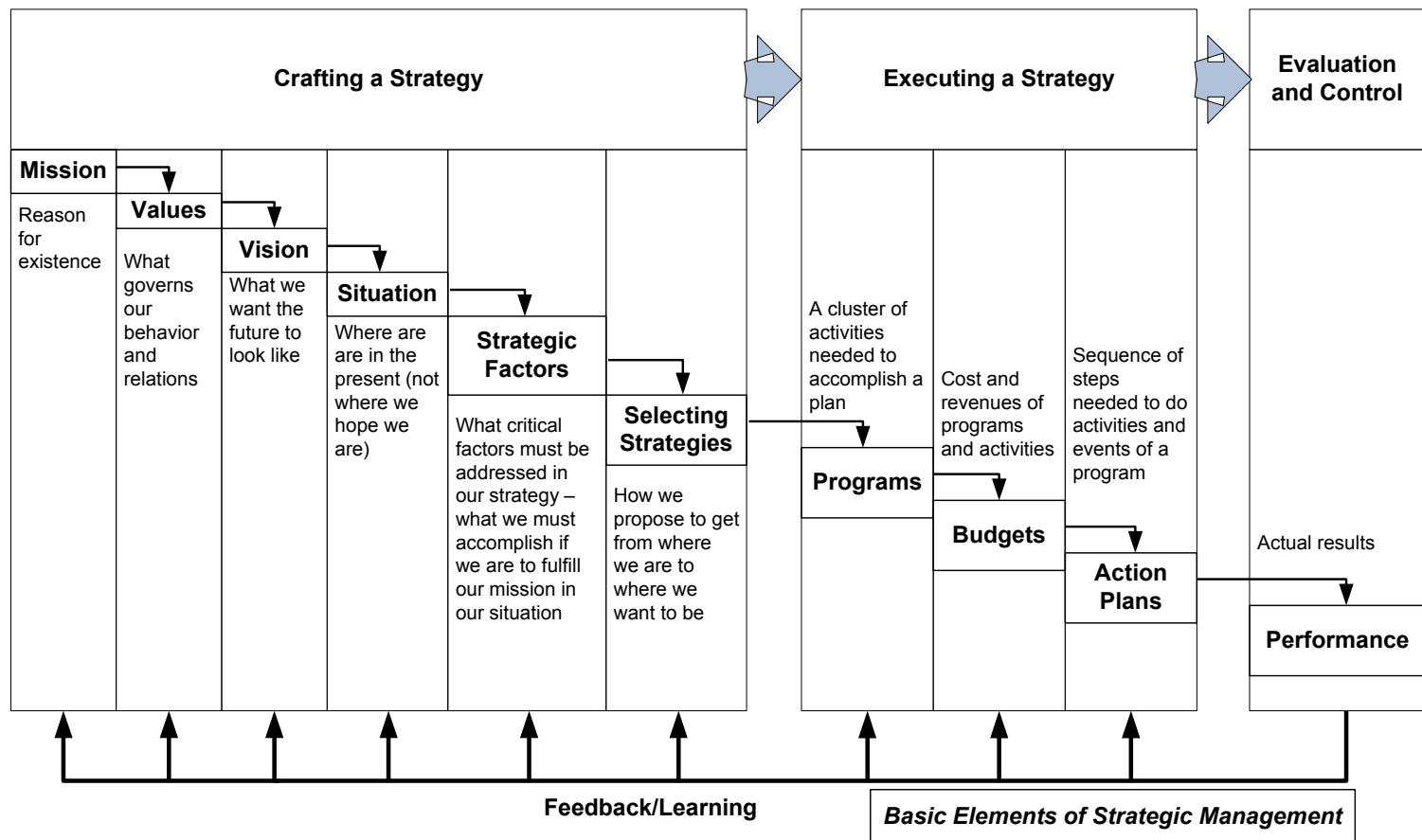
**3. Evaluating and controlling a strategy.** Somehow we need to be sure we are checking on the actual results of our spending money, time and efforts in various initiatives and programmes. Only if we are responsible in discovering what is happening will we be able to correct our strategic thinking in places where it has gone wrong or our execution of the strategy (where we may have the wrong people, the wrong programmes, or the wrong budget allocated). We evaluate the actual performance of our strategies and action plans in order to learn from them so as to become more effective and faithful in the future.

**4. Feedback Loop.** Evaluation and controls are engaged in for one reason: to monitor the results of our decisions and actions in order to accomplish our major goals and thus the mission God has given us. It does little good to gather information on the results of our efforts if we do not use them to change in a more effective direction. We need to become a “learning” organization. It means that feedback on how things are going will affect the assumptions we have, the assessments we have made of our situation, the selection of given strategies, the development of given programs, the overall strategies we have crafted, the human and technological resources we think we need as well as the allocation of funds to get the job done.

On the next page will fill in these elements of strategic management in more detail, giving a broad overview of strategic thinking:

In crafting a strategy we begin with the **mission and values** of the organization. These are the defining elements that tell us why we exist and what we are committed to as a group. This is where we begin the strategic thinking process. We need to know who we are, what we are called to do, and what our basic commitments are. Only after those are clear and affirmed can we begin to think about what we need to do. This is a matter of identity and character.

The second thing that needs to happen is some **vision** of the future. In God's good grace, should we succeed in accomplishing our mission and doing so in alignment with our core values, what would be different in the future? What changes would happen to us and our organization? How would the future world be different than it is at present? This is a matter of discerning what we believe might be God's will for our future. We create a "scenario" that tells us and others what and how a number of major things will be different if we succeed in carrying out our mission with excellence. This spells out a picture of that future that gives us direction and definition in terms of what we need to do now to create that future.



The third major matter is uncovering where we are right now. If the vision tells us where we want to be in several years (usually 3-5 years), **situational assessment** tells us where we are now and what forces and factors are involved in our moving toward bringing the envisioned future into being. This includes an internal assessment (what are our strengths and weaknesses; what are our capabilities as an organization with the people and resources we possess at present; what assets, both tangible and intangible do we have to mobilize in order to create a different future?). It also includes an external assessment (what are our major opportunities and threats; what are the various factors and forces in our time and place that can facilitate or hinder the success of our mission; who might be our allies and partners and conversely our enemies and competitors?). We are trying to get as careful and thoughtful a picture of where we are as possible.

**Strategic factors** are those things which are critical success factors. Without doing them well, we will fail. These identify things we must accomplish if we are to fulfill our mission and bring our vision into reality. They are the things that, if not accomplished, will undermine the possibility of ever saying, "Mission accomplished." When we compare where we are (situational assessment) with where we want to go (vision) we can discern critical issues that must be addressed. Some may be very challenging to address. Others may be much easier to do something about. What we can discern here are primary goals that will need to be pursued if we are to realize our vision. These may deal with internal matters (how we and our organization must change; which strengths can be mobilized and which weaknesses countered) or external matters (what opportunities must we grasp and threats must we defend against). It is here as well that priorities begin to be set: what really are the most important and impactful things to be done? If we must sacrifice some things because of lack of resources, what are those things? It is this that sets the strategic direction and the framework for prioritizing the many good things an organization might do in service of its mission.

**Strategy selection** is the center of strategic thinking. Our worrying about earlier matters was in order that we might craft strategies to move from where we currently are to where we envision our best future to be. Having identified strategic issues and written primary goals that need to be met, we now make decisions about how we will meet those goals. What sorts of decisions, actions and programs will we spend our precious human and financial resources on in order to secure maximum results in line with our mission, values and vision? A strategy answers the question of how we get from where we are to where we want to be. Here we face key choices about direction (our orientation toward growth), positioning (choices between five generic strategies) and then choices that tailor and complement these generic strategy frameworks.

Once we have crafted our strategies, we need then to execute or implement them. The strategies need to become more than words on paper. They need to be embodied in what people are deciding and doing day-by-day and month-by-month. **Programmes** are the most common cluster of activities and personnel that are used in most strategies. They embody the specifics of strategy in everyday organizational life. People are tasked and mobilized to carry out or support a specific programme. Human resources are identified, trained, positioned, organized and supported to carry out different parts of a strategy.

All the parts of an organization and its personnel need to have an associated **budget**. The finances essential to fund technology as well as salaries and program expenses must mesh with the strategies that have been chosen. The budget priorities need to match the priorities set by the strategies adopted. Associated with this is the "business" model, that is, the plan to secure the needed revenues for meeting the essential expenses that will be incurred by carrying out this organization's mission and strategy. An excellent strategy that bankrupts an

organization is itself a bankrupt strategy, a strategy to bankrupt the organization. Somehow the vision and the resources must match in a realistic strategy that is faithful to the mission and values of the organization.

**Action plans** are the detailed written accounts that spell out when, where, who, what, at what cost, with what results, given activities will be enacted. This combines all the prior elements into actions by these people at this time in order to move these specific goals forward. In some organizations this is combined with an “operational” plan which indicates how people, resources and technology are combined and mobilized to run the programs that are designed to carry out the strategy. Operational goals and strategic goals complement each other.

**Evaluation of performance** is where the actual results are monitored. This is the next to last step in strategic management. We want to know: having set things up to run things in this way, are we getting results we thought we would? Is our strategy working? Are our people working the strategy? Do they have the capabilities, training and resources necessary to create the outcomes we have envisioned? This is where we look at the outputs of implementing the strategies we have crafted. On the basis of those results, we will need to adjust and re-adjust what we are doing in order to become more effective in creating the outcomes desired.

**The feedback loop** is where the results of our monitoring the key performance areas are allowed to impact the strategic management of the organization. By real life experience we discover where we are able to do an excellent job (perhaps exceed the goals we thought were realistic) and where we have not yet succeeded in understanding what we need to do to accomplish our major goals and objectives. Over time an organization needs to become a “learning” organization so that it is continually improving its performance in many areas.

In this course, we will not have time to fully develop all the areas of strategic management and strategic thinking. But we will touch on all of them and seek to both understand the basic concepts in each major element and to acquire skills of actually doing the activities in those elements. The major outcome of the course is for each student to write a short, full strategic statement for their organization or for a functional unit or programme of their organization.

The steps are presented in a *logical* sequence. For example, you might have a strategy you would like to consider. You would not move forward to the action stage, however, unless you can determine that (1) it is consistent with mission vision and purpose; (2) the action is realistic given the opportunities and challenge you face; and (3) you have the resources to carry it out. If your analysis is affirmative, then you would move ahead to flesh it out, implement and evaluate.

Having said this, however, it is important to note that this is not a linear thinking process in any particular order. Indeed, you can start at any stage. Perhaps Kingdom Associates has access to research documenting the problems in Happy Valley. They could start by considering many strategic options. These will have to be pulled through the grid of the model, of course, to make sure that a given action is within organizational mission and that organizational resources are available to carry it out. The main point is that **each stage must be given proper consideration in the process, regardless of order.**

We are assuming that spiritual people will constantly be seeking the input of the Holy Spirit. There is no stage in the model where we stop praying. It is a continuous activity. “Lord, what should we do? Are we thinking correctly?” Somehow God enters into our deliberations and sometimes he lets us fall badly. Other times he miraculously pulls us out, but in the process, he is Lord. Do we believe that?

## Back to our Friends at in Happy Valley

### Answer Box # 8

*The word has gotten around about Kingdom Associates. Sure enough they were immediately visited by a group of staff members from a western evangelistic agency based in Kabuli hoping to recruit them to their plan. Alex welcomed them on behalf of the team. During the course of this visit, these colleagues applauded the vision of Kingdom Associates and were very encouraging. Alex listened carefully as they explained how their program could be of help. Staff members will train the Kingdom Associates team in how to be effective in personal evangelism and will motivate and encourage them to be faithful. In addition, a structured training program will be put in place for the new converts to help them grow in their faith.*

*If you were Alex and the team would you accept this offer? Give the reasons for what you would say to this evangelistic agency.*

**First of all, is this is consistent with the mission of Kingdom Associates.** At this stage they have no clear mission statement and sense of direction. An affirmative answer at this stage could commit them to a program which may well be inappropriate for the context and for their mission. The temptation can be strong, however, especially if outside funding is involved, an all-too-common and highly unfortunate reality.

No, Kingdom Associates must start at the very beginning and clarify mission, core values and vision before entertaining strategic options. Even if a clear statement of mission vision and values were in place, however, more thorough consideration might have to be given to this possible plan of action. Even then it would have been premature.

Turn to our model. **What step should be taken next? Obviously we need to have a clear grasp of opportunities and challenges.** Why did Moses send Joshua and Caleb into the promised land as spies? It was done for precisely the reason that God cannot lead an empty head. Situational analysis needs to be further along before making any decisions about strategies to adopt or programmes to embody those strategies.

Even assuming that the “spies” come back with fresh insight, suggesting that God wants the team to join him in Happy Valley, it still would be premature to decide upon a strategy. Kingdom Associates need not only to know the realities and needs of Happy Valley, but their own strengths and weaknesses. As a new start-up organization, they will need to be clear on what are the opportunities (among the many) they can match with the strengths they feel they will have at this stage of organizational development. **What are the strategic imperatives that appear from matching strengths and weaknesses with the opportunities and threats that exist?** What must they do if they are to launch a new ministry and be able to initiate programs and relationships that will have a positive and long term impact?

With a sense of direction and identity (mission, values, vision), an adequate understanding of their situation (where they are and what faces them at present), and what are the key issues or strategic imperatives that must be addressed, **they are ready to create or adopt strategies.** Now the creative juices will flow, making use of the gifts on the team. There are four resources to draw upon here: (1) divine revelation; (2) analyzed experience; (3) human gifts and intuition; and (4) research (analyzed information). When this is grounded in prayer seeking the wisdom of the Lord, dynamic things can happen. Usually we will discover, however, that there is no single right strategy to choose. Often we will test on a small scale to get further insight. So be prepared for uncertainty. This is an inevitable reality in kingdom work. It is at this point clear decisions as to whether a program or strategy, offered by someone else, will do the job. Seeing where we want to go and where we are now, we can plot the path from here to there. Given who we are and what sort of context we find around us, what is the best path(s) to get from where we are to where we believe God wants us in a few years from now?

As the model shows, the next stage is executing or implementing the strategy that has been crafted. This means embodying the strategy in new initiatives, projects or programmes that put human resources, technology, and budget into coordinated action. **How will the strategies adopted be put into action?** This involves the analysis of the human and financial resources we can draw upon. No group can do everything. It must, in the final analysis, do only what is it capable of doing with available resources. In management terms, this is referred to as the principle of concentration: do what you do best. Financial resources always present a challenge. Quite frankly, I have never known a church or agency which says it has enough available funds.

Once we have assembled the personnel and the resources essential for the various programs and functional units, we are in a position to **consider an action plan.** People are assigned to specific responsibilities with timelines and specific goals to accomplish. We now implement the strategy with hundreds of small actions and events, programs and projects, initiatives and partnerships – all in the service of

moving forward toward bringing about key elements of the vision. This will require some clear expectations of what outcomes we might see if God blesses and we achieve what we hope to achieve. You will discover just how difficult this can be. We also must wrestle with the steps required to pull this off. I will introduce you to a systematic way to do this.

Finally, we reach the point where we evaluate what the actual results are due to our actions and programs. In other words, **we evaluate our impact**. This step is often handled poorly in Christian work. In part this reflects the tension between those outcomes only the Spirit can bring about and those which are our responsibility. We cannot ignore this, however, because God expects us to become a learning organization.

You'll hear me using the term **learning organization** a great deal. It's critical. **God wants us to learn from our experience and grow and adjust as an organization**. If we're not learning, we're not following the Spirit. It's like our own lives. There are times where we will fail in major ways. The same happens with strategies. I have been in a situation where I have had to back out of the direction I was heading and begin again. As I look back on it, I say that was a high time in my life because of what God taught me. He said start this way so you will learn some important things, even in failure. Evaluation. We're going to have a lot to say about that. We will do some reading on what a learning organization is and how you can move your own organization to becoming one. What we learn from monitoring the results of our activities and programmes needs to be fed back into revisions to all areas of our strategic management process. As we learn what things work well and what do not, we have the basis and opportunity to correct and strengthen what we are doing, to become more responsible and faithful to our calling and mission.

**Answer Box # 9**

*Moses is the director of a Kabulian Missionary society. He listened to a presentation covering the content of this unit and came to the conclusion that, "this is all western. None of us think like this. I want to do things the biblical way."*

*What is your response to his statement? Do you consider this to be a western approach?*



## Western or Biblical<sup>3</sup>

Planning and strategies, while greatly refined and strengthened in the modern industrial world, are **not a modern or even Western invention**. Joshua followed a strategy in his capture of the city of Ai. The building of the Great Wall of China, the pyramids of Egypt, the great Taaj Mahal – or the planning required for the armies of all the past Empires – all of these show signs of careful planning and forethought.

While some of the exact methods that we talk about come from the western business world, they are also related to the Christian worldview. Because a loving and rational Creator created our world, early science was convinced it was a lawful world. If the world is to some degree lawful, then we can, at least in part, anticipate it and plan for its future. The more we understand how the world and history work, the more we can plan for the future.

**So on the one hand it's possible to say this is a Western approach. Yet, on the other, we must say that developing strategies is not incompatible with the Christian mission nor was strategy a Western invention.** We have more than ample evidence of strategic thinking from all corners of the globe. The West cannot think this is something that it only has developed or perfected.

Planning is a way we can be "as wise as serpents, and as harmless as doves" (Matt. 10:16). Later we will look at strategic thinking as a form of "wisdom" and relate it to biblical wisdom.

## Restoring a Biblical Perspective<sup>4</sup>

From a Christian perspective, **strategic thinking is a relationship between God and the strategic thinker(s) and planner(s)**. It is God Himself who initiates and empowers a process whereby His divine outcomes will be achieved. His goal is to see His Kingdom and reign extended by communities of disciples being "salt and light."

Strategic planning began to be discussed as a specialized topic in the secular business world as a serious attempt to use organizational resources to maximize customer satisfaction and long run return on investment. Authors such as Peter Drucker (a committed Christian) broadened the horizons to encompass the NGO (non-governmental organization) and the not-for-profit organizations and to stimulate proper use of financial and human resources to fulfill organizational mission.

By the 1970s many in the NGO world began to recognize the need for a change in how strategy is both conceived and carried out. There was an awakening in Christian ranks to the fact that God expects us to be concerned with evaluation and effectiveness. Strategic thinking became the "in thing" in designing plans to "finish the task." Numerical growth was the driving force in "reaching" the maximum number in the shortest period of time. It should come as no surprise that secular marketing principles soon were embraced as a means of maximizing the numbers reached. As one might expect, major marketing campaigns also were undertaken to raise the necessary funds.

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<sup>3</sup> Based on Edward R. Dayton and David A. Fraser, *Planning Strategies for World Evangelization* (Grand Rapids, Eerdmans, 1990), ch. 3.

<sup>4</sup> Modified from a lecture by Dr. James Engel.

Much of the wind went out of the strategic thinking sails in the 1990's when we were forced to face some sobering facts. There were countries with large majority churches, such as Rwanda, which were declared to be "reached" when, in reality, Christianity barely scratched the surface of life. A sobering lesson was learned: **If the theological core values underlying strategic thinking are flawed, the strategy itself will be flawed.** Tragically, evangelism all too often was not accompanied by spiritual formation and church revitalization. Furthermore, the leading of the Spirit can be compromised in a climate of strategic zeal and confidence.

One of the most profound lessons I have ever learned in presenting this subject came at the very outset of my career. I will always remember presenting a seminar in Hong Kong that seemed to go well until a thoughtful elder suggested it is far more helpful to start with biblical principles and then to turn to secular insights from a Christian perspective.

**I discovered in the following years that most of the enduring principles in management and strategy have their roots in scripture but, tragically, are far too often applied in ministry from a secular perspective that severs those roots.** Strategic thinking in secular business and professional life relies on human skill, insight and reasoning. In other words, success or failure is determined by actions which are completely humanly designed and initiated.

Strategic thinking in God's kingdom, on the other hand, is a commitment to utilize organizational resources, financial and human, in the best possible way to extend the reign of Christ on this earth in the manner that he and he alone intends. It is an activity of the body of Christ, following the Lord, to determine where he is at work and what our role should be, if any. It is a sin against the Holy Spirit to claim the results of conversion as a reflection of the effectiveness of human efforts. The Holy Spirit alone is responsible for conviction, regeneration, and sanctification (John 16:13-14; Rom 12:3; I Peter 1:2). In short, God and God alone determines the outcomes.

A distinguished colleague, **Samuel Escobar**, aptly labeled much of the missions strategy exported from North America during the previous century as a "**managerial theology**" in which **Christ's call to extend his kingdom is reduced to evangelism measured in terms of numbers who are "reached" accompanied by what appears to be a mania to "finish the task" in a defined period of time.** Therefore, most of the more than 1000 grand plans for world evangelization originated from the West focus largely on proclamation and secondarily, if at all, on personal transformation (making disciples) and social transformation.

A distinguished mission leader, **Jim Plueddemann**, put it well when he pointed out that strategic thinking is **a pilgrimage in which God's people follow the Spirit on a uncertain path. We look to him for guidance while we make best use of our human skills and resources in the process.**

This pilgrimage is often fraught with uncertainty, especially as we follow our Lord's leadership into the unknown. I welcome challenges of this kind because I am an innovator, a pioneer who likes to think "out of the box." Others are uncomfortable with uncertainty. For this reason, strategic thinking is an activity of the body of Christ in which all key players participate by blending our temperaments, talents and gifts. Together we fast and pray to sense what God would have us do. We pool our minds and insights into a strategy which seems appropriate. We put this strategy to the test, evaluating and changing as we go.

Authoritative top down leadership doesn't have much role here. In fact, the best leader in most contexts is a servant who guides, motivates and empowers all on the team to be effective in designing strategies and carrying out what Jesus wants us to do. This is a central theme of our course on servant leadership.

May I again suggest to you that the **strategic thinking process is a pilgrimage.** I have shown you the elements that need to be considered in a strategic process. Any given process may not precisely follow the particular order as outlined, but all elements have to be taken

into account. Keep our decision process model in front of you. Notice how these steps found their way into Nehemiah's strategy to restore the kingdom at that crucial period in history. He was committed to some key values that energized and guided his life. He knew his mission. He evaluated opportunities and challenges. He considered the resources he had and made creative use of them. His plan of action was logically developed and systematically implemented and evaluated. Pretty logical isn't it?

Nehemiah is an exemplar of what the Bible calls wisdom. His decisions and actions demonstrated the sort of insight and prudent judgment that is central to the leader as one who crafts, executes, evaluates and changes a strategy.

### ***Strategic Thinking as Wisdom***

One of the things that makes strategic thinking challenging is that it is a matter of what the Bible calls "wisdom." Wisdom is not a matter simply of some tools, good advice, and practice. It comes with maturity, with long experience on a pilgrimage through life. Many of us are still relatively young, not yet highly experienced in areas where we are called upon to make decisions and take action. So we come to an exercise of "thinking strategically" without all the mentoring from elders and practical life experience that might make our decisions and actions more balanced, insightful and prudent.

Nehemiah was already mature when he was burdened by the report of the devastation of Jerusalem. As he prayed and fasted, God formed a mission and vision in his heart. He began to imagine the city of God rebuilt and the worship of God restored. As he meditated on what to do, he began to make decisions and take actions that showed the clear marks of wisdom. We want to look more closely at the role of wisdom in the life of the believer.

Before we go further, take some minutes to think about the parts of the Bible that major in "wisdom": that section of the Old Testament called "the Writings." These are the books of Job, Psalms, Proverbs, Ecclesiastes, and Song of Songs, known as "the Writings." To be sure, there are wisdom sayings and the portraits of wise decisions and actions in other parts of the Bible. Yet these central wisdom books push us to be reflective and to probe everyday life and our responses to it. Before we begin to think about wisdom, try your hand at saying as succinctly as you can, what is wisdom? How would you define and describe it?

Answer Box # 1

Wisdom can be defined and described as:

Wisdom refers to *sound judgment and insight in human affairs*. It is the ability to understand what is at stake in life situations and the knowledge of what is the prudent and enlightened thing to do in those situations. Wisdom in the Bible is always anchored to the Creator, whose wisdom is embodied in the structures and processes of creation. *To be wise is to be aligned with the design God built into us and into the world such that we are able to walk a path that is truthful, just and successful.*

Wisdom is one of the qualities of God (just as goodness, justice, mercy are). Part of growing in the image of God is growing in wisdom. We know very little of the growth of Jesus as a child. But we are told: “And the child grew and became strong; he was filled with wisdom, and the grace of God was upon him.” (Luke 2:40 NIV) Grace and wisdom are partners in our life.

The sermon or the lecture makes its points directly, cleanly, pointedly. The wisdom literature of the Old Testament, however, draws us in at a different level—pushing and probing, seeking to puncture our truisms and simple-minded formula. The Writings draw us into a dialogue about the meaning of life in the sort of world in which we find ourselves. It seeks to get us to see how things work and what we need to do in order to succeed in the everyday affairs in a fallen world.

The Old Testament Writings always begin with the assumption that this is God's world and his wisdom is expressed and echoed everywhere in it—except where the human, in rebellious rejection of God and Wisdom, has countermanded that order. Everywhere God's reason is present:

*"Do you know the ordinances of the heavens?...*

*Who has put wisdom in the clouds or given understanding to the mists?" (Job 38:33, 36)*

*"The Lord by wisdom founded the earth; by understanding he established the heavens." (Prov. 3:19)*

These words indicate that we exist in a unified universe. We are invited to study our world in a spirit of humility, so we may take our proper place within it, the place we are designed for by our Maker and Redeemer. Only as each of us harmonizes our will and mindset with that of the Holy God who presides over the whole immense variety and diversity of life and history can we discover how

- to manage our lives well (Proverbs)
- to ignite and re-ignite the passion of eros (Song of Solomon)
- to cope with unfair and meaningless tragedies—with a world that does not seem to be well managed (Job)
- to sort out what in life is worth valuing, where in life we can rest and know we have found the permanent and lasting (Ecclesiastes)
- to construct a life-long conversation and intimate relationship with God (Psalms)

In this single universe, ruled over by One Sovereign Lord, human experience is very diverse, even for those who are believers. So the Writings offer us life in contrasting circumstances – e.g., we have the well-managed, prosperous life in Proverbs, the righteous life stricken by disastrous tragedies in Job, and the decaying successful life that is filled with all the good things of the earth yet is marked with hollowness and brevity (Ecclesiastes). Psalms are written from all sorts of life situations, from the joys of victory to the agony of defeat; from periods of prosperity to periods of poverty; from within the Temple of God to the courts of the King and the fields of the shepherd.

What we find in the Writings are words that seek to mentor us into the proper attitudes and feelings we should have as we mature. The focus is the practical affairs of life as we grow, marry, have children, struggle to make our way, deal with enemies and friends, save money, respond to political figures, make loans, work hard to become financially secure – a full range of human activities. *The question behind wisdom is: how can we “fear the Lord,” live faithfully as His people, and make our way in a world that is often difficult and even hostile to His people?*

The answer is by insight, understanding, and wisdom. Listen to Wisdom calling out (in Proverbs 8:12-18):

<sup>12</sup> *“I, wisdom, dwell together with prudence; I possess knowledge and discretion.*

<sup>13</sup> *To fear the LORD is to hate evil; I hate pride and arrogance, evil behavior and perverse speech.*

<sup>14</sup> *Counsel and sound judgment are mine; I have understanding and power.*

<sup>15</sup> *By me kings reign and rulers make laws that are just;*

<sup>16</sup> *by me princes govern, and all nobles who rule on earth.*

<sup>17</sup> *I love those who love me, and those who seek me find me.*

<sup>18</sup> *With me are riches and honor, enduring wealth and prosperity.”*

Wisdom is what is essential for the rulers of human affairs. But it is equally basic for those who simply need to order their own economic activities, organizational matters or family life. We make plans because we want to accomplish important and vital things in life:

*12:5 The plans of the righteous are just, but the advice of the wicked is deceitful.*

*15:22 Plans fail for lack of counsel, but with many advisers they succeed.*

*16:9 In their hearts humans plan their course, but the LORD establishes their steps.*

*21:5 The plans of the diligent lead to profit as surely as haste leads to poverty.*

There are two things that we will underline at this point. In a biblical perspective, wisdom always involves the values and principles of a life that is lived in humility and faith before God. One thing we will work on in unit two is “core values.” These are non-negotiable principles to which we are committed and which set the parameters of life and service for us. Wisdom is oriented toward succeeding in life in a fallen world. At the same time, it defines success always in terms of the fear and justice of God. It is not success at any price. But success that grows out of a life of faithful loyalty to God and God’s values.

The second thing we want to underline is the theme in Proverbs and elsewhere: wisdom is something we must pursue. It does not come automatically or overnight. It is something that is learned, with effort and time. We need to remember that lest we think, in our own folly, that we can shortcut this process of growth and learning. Nor need we be discouraged that we remain students of wisdom. There is always more to learn when it comes to the complexities of thinking strategically (and thus wisely) about organizations and our own lives. Listen to these phrases from Proverbs:

- “If you call out for insight and cry aloud for understanding, and if you look for it as for silver and search for it as for hidden treasure, then you will understand the fear of the Lord and find the knowledge of God.” (2:4-5)

- “The beginning of wisdom is this: Get wisdom. Though it cost you all you have, get understanding.” (4:5)
- “The wise store up knowledge....” (10:14)
- “Whoever disregards discipline comes to poverty and shame, but whoever heeds correction is honored.” (13:18)
- “The heart of the discerning acquires knowledge, for the ears of the wise seek it out.” (18:15)

### A “wisdom” approach to strategy

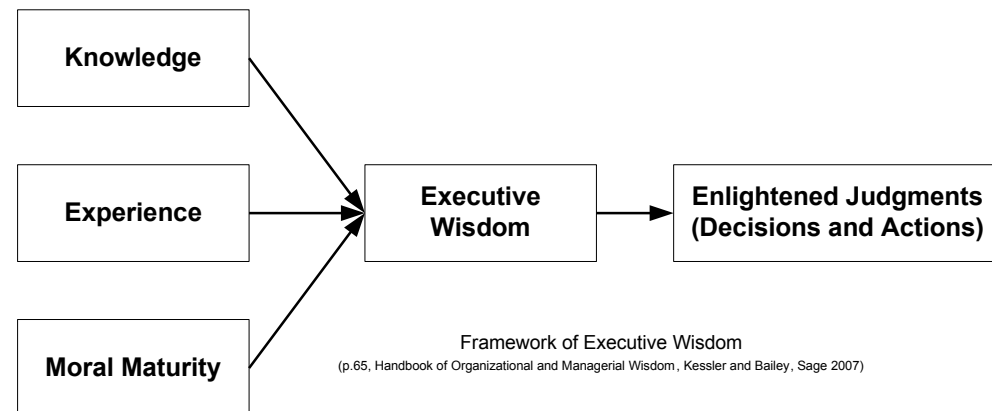
Many processes for doing strategic thinking focus on resources, capacities, and managing knowledge. What often is missing is the inclusion of judgment, intuition and the complexity of the decision-making process itself. Strategic thinking means a leader (and an organization) is mobilizing the best knowledge and judgment as to what is the best path to follow in order to succeed. This involves elements of intuition, the weighing of various alternatives, the assessment of what is likely to happen in the future, the sense of what can be crafted for action given an organization’s current financial, technological and human resources. All of this involves wise judgment by key leaders.

In a wisdom perspective, strategy is about *principle-centered judgments* made about the use of resources, capacities and knowledge. Wisdom ties individual work and an organization’s activities to key values, commitments, and purposes. It connects the modern concern with strategic management to the practical, principle-centered approach to everyday affairs we find in the wisdom literature of the Old Testament.

Wisdom is rooted in experience, aimed at achieving effective action in a complex and difficult world, bounded by the fear of God, appreciative of creation’s structures and processes. *For purposes of crafting strategies, let’s think of wisdom in this way: it is making the best use of knowledge, experience and understanding by exercising good judgment.* We are going to focus on two types of wisdom: executive wisdom (the leader) and organizational wisdom (the accumulated intellectual capital and good judgment diffused throughout an organization). Let’s look at three components of this:

1. Knowledge: A critical component of crafting strategy is knowledge. This involves more than knowing “that” (facts, data, or information). It involves knowing “how” – that is the effective uses of information and data to produce desirable results.

A deep understanding of information that is focused on given topics is essential. This may be about the technology and software needed for running a key process well, the financial posture and picture of the organization, the external forces that may transform the opportunities for succeeding in the activities of the organization, or even the competencies, strengths and weaknesses of personnel and the organization as a whole. The leader needs to have a broad and deep *explicit* knowledge of a variety of topics in order to act thoughtfully and effectively. This needs to be more than mastery of facts but the learning of how those facts apply and are relevant to action.



Just as important is the sense of the limits of one's knowledge. There is the humility and awareness that one never knows everything that is pertinent and important about some situation or decision. Wisdom balances between overconfident knowing and overly cautious doubt. The know-it-all stumbles as badly as the excessively cautious who lacks confidence to act. The one is prone to arrogance (I alone have the right vision and the right way). The other to paralysis (We need to study this more; we can't make a decision until we have more information).

Much of the world is unpredictable and some unknowable so that decisions are based on incomplete information and often unfinished digestion of that information. There are always constraints and contingencies in every situation so that one is aware of one's own fallibility in knowing, deciding and acting. Still, strategic wisdom begins with knowing.

2. Experience: The education, training and life experiences of a leader also are critical. This is part of the reason that hiring and promoting of people in organizations focuses in part on the credentials and past positions and accomplishments of a leader.

Wisdom develops through time by a cycle of concrete experiences that produce observations and reflection followed by the formation of some models or generalizations about how things work in a given situation. Over time schema develop which serve to provide ever finer discernments of variability in the environment and what needs to be done in this situation to move forward.

What experience allows is the forming of a capability within the leader. That capability is wisdom: the ability to see the relative salience of events, to detect patterns that configure a situation, to judge the importance of what is going on, and to make confident decisions, even in a context of incomplete information. Experience does not compel wisdom. We all know people who have had lots of "experience" whose judgment and decisions are inadequate (and at times, simply foolish). Experience is the crucible for learning "how" but not everyone who has been through certain experiences learns the lessons and insights that are hidden in that experience.

Wisdom includes the ability of the leader to assess their past experiences constructively and to accumulate a reliable intuition in the strategic thinking process. Intuition is the ability, almost sub-consciously, to "add up" a situation quickly and see the critically important steps that need to be taken if primary goals are to be reached. This is not a matter of "emotion" but rather the ability to draw upon past experience, current explicit knowledge, prior learning and training so that a good decision can be made rapidly in a complex situation. Intuition is not a substitute for knowledge but is an expression of the maturing of the leader in the capacity to use explicit information as well as insight and understanding and non-explicit knowledge to make sense of a situation and know how to improve or solve it.

3. Moral Maturity: All action is taken within a moral environment. In many for-profit companies that moral dimension is defined by notions of the "common good." The company highlights what their product or service contributes to the overall well being of people and the planet. For many not-for-profits that moral environment is often defined by their mission and core values. Non-profit organizations are often directed toward addressing situations and people where change is needed for life to improve or some significant value be realized. Christian agencies and bodies are governed (or ought to be) by the two great commands of loving God and neighbor. They cannot *not* be moral.

Moral maturity in a leader comes as a result of the ability to discern what is right and wrong in given situations. We don't consider a person mature when they are unable to see what is the right thing to do in given situations. They still need further education or experience. At the same time maturity means the character of the leader is shaped so that it shows strength. It is the ability to stick with what is right even when it is personally costly.

For Christians this is a matter of growing spiritually into the image of Jesus Christ. Wisdom involves seeing the relevance and importance of basic principles of life as structured by God and following those principles when decisions and actions are engaged at the level of the individual and the organization. It means not being intimidated or diverted from one's core values, even when a decision or action turns out to be a way around some difficult obstacles or some challenging corruption by compromising one's values.

Moral maturity is more than rule keeping. It involves the judicious understanding of when and why certain rules, principles and policies are in the best interest of the individual and the organization (and the common good). Maturity also means an ability to construct new rules for new circumstances when there are none that fit the changed world a leader may inhabit. Maturity knows the balance between justice and mercy, when and how to draw boundaries and redraw them as needed. It is the matured judgment that is able to embody integrity and instill a sense of ethical mindfulness in all who are part of the organization.

Combining these three elements (knowledge and experience and a moral maturity) enables the leader (and an organization) to develop a framework of principles within which the costs and benefits of decisions can be weighed. The three merge in thoughtful, enlightened judgments about the decisions and actions of an organization. Such decisions are informed, courageous, and show integrity. **Strategic wisdom displays a leadership that is people-focused, principle-centered and servant-leader in style. Organizational wisdom is what is developed over time when an organization becomes a “learning” organization.** We will deal with learning organizations and their features in a later unit.

Wisdom for practical decision-making and action is often called the virtue of prudence. Prudence is a foresight or insight into a given situation, seeing what is at stake and choosing a course of action that is most appropriate. It is demonstrated most clearly in complex situations of conflicting or even contradictory conditions. It is a practical wisdom that achieves decisions and actions that manage to balance the variety of interests and issues at stake. A decision is said to be prudent when it succeeds in framing an issue or situation so that it can find the “best” set of actions that retain alignment with the core values and with the mission of the organization.



**Summary:**

In this unit we have developed a model of strategic management that involves eleven elements. All strategic thinking processes involve considerations of all these elements, even if not in precisely the order we have given. We have underlined the modeling of strategic thinking done by Nehemiah as well as the flexible, sensitive approach Jesus took as he carried out his mission to the lost. We have also argued that strategic thinking is not Western. It is a form of practical wisdom that is modeled in the Bible. Learning to think strategically is one of the ways the Christian leader grows into the image of Christ (who was wise) and becomes more godly (by imaging the wisdom of God in the affairs of work and organizational life). It takes time, knowledge and moral maturity for the leader and the organization to become fully equipped to carry out the calling and commission they have in this world.

***Final Assignment for Unit 1*****Final Assignment**

Think about your church or organization in terms of the model of the eleven elements that make up the strategic management process. Consider each of these elements (from mission to feedback):

- Where do you see the greatest strengths of your organization at this point in time in its strategic management process?
- What are the greatest weaknesses? In other words, what are the specific elements of this process where the greatest amount of change is needed?

As you reflect on this make a covenant with God to seek his specific will and guidance as we proceed through the following units.

## ***Reading:***

### **Appendix A: What to take notes on: Key Elements for Analysis of Cases**

One of the important tools in leadership training and learning how to think strategically are case studies. These are accounts of real organizations and their experience. Sometimes student teams are asked to research and write up such a case study. Writing such a case or analyzing it involves a number of tasks. These are outlined in this reading.

Generally, detailed analysis of a case study should include eight areas:

1. The history, development, and growth of the organization over time
2. The identification of the organization's internal strengths and weaknesses
3. The nature of the external environment surrounding the organization
4. A SWOT analysis
5. The kind of corporate-level strategy pursued by the organization
6. The nature of the organization's business-level strategy
7. The organization's structure and control systems and how they match its strategy
8. Recommendations

To analyze a case, you need to apply what you've learned to each of these areas. We offer a summary of the steps you can take to analyze the case material for each of the eight points we just noted.

**1. Analyze the organization's history, development, and growth.** A convenient way to investigate how a organization's past strategy and structure affect it in the present is to chart the critical incidents in its history - that is, the events that were the most unusual or the most essential for its development into the entity it is today. Some of the events have to do with its founding, its initial products or services, how it makes new-product/service market decisions, and how it developed and chose functional competencies to pursue. Its entry into new initiatives and shifts in its main lines of "business" are also important milestones to consider.

**2. Identify the organization's internal strengths and weaknesses.** Once the historical profile is completed, you can begin the SWOT analysis. Use all the incidents you have charted to develop an account of the organization's strengths and weaknesses as they have emerged historically. Examine each of the value creation functions of the organization, and identify the functions in which the organization is currently strong and currently weak. Some organizations might be weak in marketing; some might be strong in research and development. Make lists of these strengths and weaknesses. The SWOT checklist gives examples of what might go in these lists.

**3. Analyze the external environment.** The next step is to identify environmental opportunities and threats. Here you should apply all information you have learned on industry and macro-environments, to analyze the environment the organization is confronting. Of particular importance at the corporate or industry level is Porter's five forces model and the stage of the life cycle model. Which factors in the macro-environment will appear salient depends on the specific organization being analyzed. However, use each factor in turn (for instance, demographic factors) to see whether it is relevant for the organization in question. Having done this analysis, you will have generated both an analysis of the organization's environment and a list of opportunities and threats. The SWOT checklist lists some common environmental opportunities and threats that you may look for, but the list you generate will be specific to your organization.

**4. Evaluate the SWOT analysis.** Having identified the organization's external opportunities and threats as well as its internal strengths and weaknesses, you need to consider what your findings mean. That is, you need to balance strengths and weaknesses against opportunities and threats. Is the organization in an overall strong competitive position? Can it continue to pursue its current business- or corporate-level strategy profitably? What can the organization do to turn weaknesses into strengths and threats into opportunities? Can it develop new functional, business, or corporate strategies to accomplish this change? Never merely generate the SWOT analysis and then put it aside. Because it provides a succinct summary of the organization's condition, a good SWOT analysis is the key to all the analyses that follow.

**5. Analyze corporate-level strategy.** To analyze an organization's corporate-level strategy, you first need to define the organization's mission and goals. Sometimes the mission and goals are stated explicitly in the case; at other times you will have to infer them from available information.

The information you need to collect to find out the organization's corporate strategy includes such factors as its line(s) of business and the nature of its subsidiaries and acquisitions. It is important to analyze the relationship among the organization's businesses. Do they trade or exchange resources? Are there gains to be achieved from synergy? Alternatively, is the organization just running a portfolio of investments? This analysis should enable you to define the corporate strategy that the organization is pursuing (for example, related or unrelated diversification, or a combination of both) and to conclude whether the organization operates in just one core business.

Then, using your SWOT analysis, debate the merits of this strategy. Is it appropriate, given the environment the organization is in? Could a change in corporate strategy provide the organization with new opportunities or transform a weakness into a strength? For example, should the organization diversify from its core business into new businesses?

Other issues should be considered as well. How and why has the organization's strategy changed over time? What is the claimed rationale for any changes? Often it is a good idea to analyze the organization's businesses or products to assess its situation and identify which divisions contribute the most to or detract from its competitive advantage. It is also useful to explore how the organization has built its portfolio over time. Did it acquire new businesses, or did it internally venture its own? All these factors provide clues about the organization and indicate ways of improving its future performance.

**6. Analyze business-level strategy.** Once you know the organization's corporate-level strategy and have done the SWOT analysis, the next step is to identify the organization's business-level strategy. If the organization is a single-business organization, its business-level strategy is identical to its corporate-level strategy. If the organization is in many businesses, each business or functional unit will have its own business-

level strategy. You will need to identify the organization's generic competitive strategy - differentiation, low cost, or focus - and its investment strategy, given the organization's relative competitive position and the stage of the life cycle.

The organization also may market different products or services using different business-level strategies. For example, it may offer a low-cost product range and a line of differentiated products. Be sure to give a full account of an organization's business-level strategy to show how it competes. Identifying the functional strategies that an organization pursues to build competitive advantage through superior efficiency, quality, innovation, and customer responsiveness and to achieve its business-level strategy is very important.

The SWOT analysis will have provided you with information on the organization's functional competencies. You should further investigate its production, marketing, or research and development strategy to gain a picture of where the organization is going. For example, pursuing a low-cost or a differentiation strategy successfully requires a very different set of competencies. Has the organization developed the right ones? If it has, how can it exploit them further? Can it pursue both a low-cost and a differentiation strategy simultaneously? The SWOT analysis is especially important at this point if the industry analysis, particularly Porter's model, has revealed the threats to the organization from the environment. Can the organization deal with these threats? How should it change its business-level strategy to counter them? To evaluate the potential of a organization's business-level strategy, you must first perform a thorough SWOT analysis that captures the essence of its problems. Once you complete this analysis, you will have a full picture of the way the organization is operating and be in a position to evaluate the potential of its strategy. Thus, you will be able to make recommendations concerning the pattern of its future actions. However, first you need to consider strategy implementation, or the way the organization tries to achieve its strategy.

**7. Analyze structure and control systems.** The aim of this analysis is to identify what structure and control systems the organization is using to implement its strategy and to evaluate whether that structure is the appropriate one for the organization. Different corporate and business strategies require different structures. For example, does the organization have the right level of vertical differentiation (for instance, does it have the appropriate number of levels in the hierarchy or decentralized control?) or horizontal differentiation (does it use a functional structure when it should be using a product structure?)? Similarly, is the organization using the right integration or control systems to manage its operations? Are managers being appropriately rewarded? Are the right rewards in place for encouraging cooperation among divisions? These are all issues that should be considered.

In some cases there will be little information on these issues, whereas in others there will be a lot. Obviously, in analyzing each case you should gear the analysis toward its most salient issues. For example, organizational conflict, power, and politics will be important issues for some companies. Try to analyze why problems in these areas are occurring. Do they occur because of bad strategy formulation or because of bad strategy implementation?

Organizational change is an issue in many cases because the companies are attempting to alter their strategies or structures to solve strategic problems. Thus, as a part of the analysis, you might suggest an action plan that the organization in question could use to achieve its goals. For example, you might list in a logical sequence the steps the organization would need to follow to alter its business-level strategy from differentiation to focus.

**8. Make recommendations.** The last part of the case analysis process involves making recommendations based on your analysis. Obviously, the quality of your recommendations is a direct result of the thoroughness with which you prepared the case analysis. The work you put into the case analysis will be obvious to the professor from the nature of your recommendations.

Recommendations are directed at solving whatever strategic problem the organization is facing and at increasing its future profitability. Your recommendations should be in line with your analysis; that is, they should follow logically from the previous discussion. For example, your recommendation generally will center on the specific ways of changing functional, business, and corporate strategy and organizational structure and control to improve business performance. The set of recommendations will be specific to each case, and so it is difficult to discuss these recommendations here. Such recommendations might include an increase in spending on specific research and development projects, the divesting of certain businesses, a change from a strategy of unrelated to related diversification, an increase in the level of integration among divisions by using task forces and teams, or a move to a different kind of structure to implement a new business-level strategy.

Again, make sure your recommendations are mutually consistent and are written in the form of an action plan. The plan might contain a timetable that sequences the actions for changing the organization's strategy and a description of how changes at the corporate level will necessitate changes at the business level and subsequently at the functional level.

After following all these stages, you will have performed a thorough analysis of the case and will be in a position to join in class discussion or present your ideas to the class, depending on the format used by your professor. Remember that you must tailor your analysis to suit the specific issue discussed in your case. In some cases, you might completely omit one of the steps in the analysis because it is not relevant to the situation you are considering. You must be sensitive to the needs of the case and not apply the framework we have discussed in this section blindly. The framework is meant only as a guide and not as an outline that you must use to do a successful analysis.

# Strategic Thinking

## *Unit 2*

### *We Are Who We Are: Mission and Values*



## Development Associates International

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D.A.I. P.O. Box 49278 Colorado Springs, CO 80949-9278 USA  
Tel. (719) 598-7970 / Fax (425) 988-8126  
[www.daintl.org](http://www.daintl.org) / E-Mail: [info@daintl.org](mailto:info@daintl.org)

## Unit 2: We Are Who We Are: Mission and Values

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### Readings: “Clarification of Mission”

### Learning Outcomes:

By the end of this unit you should be able to:

- Distinguish and state the roles of a properly conceived mission statement and core values of an organization or one of its units.
- Write an initial mission statement for your organization or one of its units.
- State some of the central values that your organization aspires to and actually espouses.

## Introduction

You are about to begin studying a segment of a course on **Strategic Thinking**. This unit is titled **We Are Who We Are: Mission and Values**. It is about understanding exactly what God is calling you and your organization to do so that you can be sure and accomplish His purposes. This is a matter of identity and direction: who you are and what you are focused on accomplishing in your generation.

It is good to keep in mind that accomplishing God's purposes is what Strategic Thinking is all about. Sometimes it is easy to think that, if we do all these mechanics of strategic thinking right, we will surely be successful. Please never fall into that trap because **strategic thinking in Christian ministry and work is very much of a pilgrimage**. It's a pilgrimage together down a road full of uncertainty, because we're trying to create God's original each time.

It's not an easy thing to do, is it? But who said the Christian faith was easy? We will look at some of the most central elements of strategic thinking in this unit. But please remember that, though we must use our minds as one of the ways God has enabled us to work, only God can bring those lasting results that have kingdom impact.

## Devising a Mission Statement

Strategic Thinking begins with a sense of purpose—some problem to solve, some need to meet or opportunity to seize – and a desire to do something about it. A strategy is a way of solving that problem, meeting that need, or grasping that opportunity. In many organizations, that sense of purpose is incorporated into a mission statement. One of the primary strategic tools that you will be designing is a “mission statement.” Stop for a minute and think about your own experience and organization or church.

### Answer Box # 1

*What is a “mission statement”? Are you familiar with that term? Put in your own words what it means if you have an idea?*

*Does your church or organization have a mission statement? Do you know what it is? Can you write it out?*



Our focus in this Unit is on mission statements and their value and how to create or refine one for your organization or church. But before we go further let's discuss why it is important to understand what exactly God has called us to do.

Let's start with outlining key components that make up an excellent mission statement. Well written mission statements:

- Always articulate the purpose of an organization's existence (major result it seeks to achieve: purpose + priority outcome)
- Often give the primary means/activity that is engaged in to achieve the purpose
- Sometimes include the 'to or for whom' the activity is done.

With these distinctions in mind, we join our friends in Kingdom Associates to see how they are doing in coming to agreement on what their calling and mission might be in Happy Valley.

## Case Study...Getting Started in Happy Valley

Kingdom Associates received a governmental charter without difficulty. The purpose of the organization was listed simply as "ministering to the poor in Happy Valley." Its approval was assured given the fact that Levi Bulima, the second son of the Distinguished President General Ezekial Araphat Bulima headed the list of sponsors.

Everything went well during the first meetings of the membership team. Unity began to fray, however, when the newly elected leader, Alex asked for ideas on just where Kingdom Associates should start in Happy Valley. He broke those who were present into six different planning groups and gave them two hours to formulate their suggestions. The room literally buzzed with ideas to the point that Alex had all he could do to call the group back to order.

Sister Sophie spoke on behalf of group one. She put forward a plan calling for house-to-house evangelism with volunteers from First Church and evangelistic literature provided by Kingdom Signposts Ltd. She ended her presentation with this prophetic word—"Jesus gave his Great Commission and it is our obligation to reach everybody with the gospel as soon as possible. Unless they know Jesus, nothing can ever change."

As she sat down strong voices of objection came from group 5, composed mostly of university students and recent graduates, who felt the greatest need was to train as many people as possible with the skills necessary to start their own small businesses. To them evangelism, while necessary, must be paired with concrete social change if it ever is to have impact.

Group 2 was composed of four middle aged women whose great concern was for young mothers who were abused and abandoned by the fathers of their children. They strongly endorsed opening a home where 10-15 of these abused women could live together and cope with their realities. They argued that those who are most destitute should be the very first to receive God's love.

And on it went—one idea after another, all of which had merit. Fortunately Alex had no desire to be a big boss like so many Kabulian Christian leaders. Yet, he knew very well that chaos could not reign. Wisely he allowed each group to present their ideas and adjourned the meeting until a later time.

One person remained in the room while the others went home exhausted and even frustrated. This was Samuel Costas, a retired medical doctor in his 70s. "Brother Alex," he said quietly, "sit with me for a few minutes."

Over a cup of tea they talked for two more hours. Samuel gently counseled Alex (to use his words) that “you never will get there if you don’t have a road on which to travel.” Alex soon understood that Kingdom Associates cannot do everything. It must have a clear statement of mission to guide the kind of brainstorming that took place this evening. Alex, a young man, discovered to his great appreciation the value of a skilled mentor.

### Answer Box # 2

*From what you have read so far, what do you think Alex would say is the main purpose for having a clear statement of mission for an organization or church?*

Alex’s next step was to put in place an informal task force with Pastor Caleb, Wing-Tai Ong, and Victor Osco to help determine the mission of Kingdom Associates. You will remember that these are the three brothers God used to bring Kingdom Associates into being. In addition, he added sister Elizabeth, the wise and respected leader from Happy Valley.

At his suggestion they spent their first times together in prayer and fasting as they deliberated over what this mission should be. Fortunately Victor had completed two courses similar to this one as part of his development process when he succeeded his distinguished uncle as Managing Director of Kingdom Signposts Ltd. He brought some helpful input to the table.

## What is a Mission Statement?

This unit is foundational to all of Strategic Thinking. Our mission, along with our values, provides the foundation to the whole strategic process and accompanies all parts of it. The Mission and the Values define who we are and how we carry out all of our work. Mission defines the focus of our work, the direction we are going to accomplish things in the world. Values tell us the things that guide our decisions, commitments and actions in all we do. It is the spirit and manner in which we do our work as we relate to others in carrying out our work.

Kingdom Associates are at the beginning of this process of deciding “what business” they will be in as they seek to address the enormous array of needs in Happy Valley. They cannot do everything. But they can do some things. By defining their mission, they are focusing and deciding what they will seek to do. They are also deciding what they will NOT do at this time. Because they are a new ministry, it may take some time for them to come to a widely shared sense of mission. As an organization they do not yet have sufficient knowledge and experience (even if they have moral maturity) to do this quickly – or simply to reaffirm a long-standing mission

“An organization’s **mission** is the purpose or reason for the organization’s existence.”  
T.L. Wheelan & J. D. Hunger, Strategic Management and Business Policy, 9<sup>th</sup> Ed. (Pearson Prentice Hall, 2004) p. 10.

that has proven its usefulness in time.

As they think about devising a mission statement, what might they want to include in such a statement? What are the qualities of a good mission statement that can give identity and direction to their decisions and activity?

### ***Elements of a good mission statement***

A mission statement focuses on a need, problem or opportunity our organization seeks to grasp. It is an answer to the question: “Why do we exist?” It answers such questions as:

- Who is affected by this problem? Who has this need? How are they affected?
- If we are successful, what impact would we have regarding this problem or filling this need?
- Whom do we serve?
- What do we do in order to serve them?

Another way of putting it to say that we devise a mission statement by answering three primary questions in order to define the “business” we are in: Who are we seeking to satisfy (‘to whom’)? What is being satisfied (need)? How do we go about satisfying them (means)?

The first and primary element of a good mission statement is a **statement of purpose**. This refers to some end result that will be addressed by the activity of our organization. Think of some of the “mission statements” in the Bible:

*“To seek and save the lost”* (Luke 19:10)

*“To rebuild Jerusalem”* (Nehemiah 2:5)

These are short, to-the-point purpose statements. They state some end result which is sought by the activity of the person or organization. In the one case the ministry of Jesus is characterized as intending to “save the lost.” In the other, Nehemiah’s work will be focused on rebuilding Jerusalem. In both these cases the purpose statement includes a priority outcome, a clear result.

The second element is some indication of the **means** by which the purpose is to be fulfilled. Think of Paul as he unfolds his own identity and goals in Romans 15. He is seeking to establish worshipping communities of Christians in the circle that encompasses the Mediterranean Sea. He has already succeeded, he says, in doing that from Jerusalem all the way to Rome. Now he intends to move on to Spain and when that is done, to do so around in a circle into North Africa. He tells us the means by which he is pursuing this church planting mission:

*“To preach the gospel where Christ was not known”* (Romans 15:20)

The means is by preaching the gospel. Now he includes a third element often found in good mission statements as well: the **to or for whom** this activity is focused: in this case it is places and people where Christ is not known. Paul engages in what we call “first evangelization:” the sharing of the gospel where there is no knowledge yet of Christ and the Church.

The purpose part of the mission statement describes the ultimate result an organization is trying to achieve. It often starts with a verb that indicates some change:

To increase	To support	To eliminate	To provide	To equip
To prevent	To multiply	To transform	To mitigate	To produce
To enhance	To promote	To rebuild	To build	To become

The means part of the mission statement describes the ‘business’ or primary activity the organization is in so as to reach that end result, the priority outcome or purpose. It is often incorporated into the mission statement with words like: by or through. Sometimes the means is stated first with a “so that” or “in order to” coming before the purpose statement. Look at these following statements (the means is underlined):

- We build housing to decrease homelessness
- We produce books and tracts to equip Christian leaders in all walks of life
- We provide theological education so that the Churches of ECWA will have competent, compassionate, Christ-centered leadership
- We exist to plant churches by means of saturation evangelism

Now for more formal examples from real organizations. See if you can identify the various elements of purpose/priority outcome, means, and “to whom”:

International Bible Society/Send the Light Global:

The mission of IBS-STL Global is to advance the Kingdom of God through translating, producing, and distributing Bibles, Scripture materials, and other Christian resources so people around the world may become disciples of Jesus Christ.

The Salvation Army:

The Salvation Army, an international movement, is an evangelical part of the universal Christian Church. Its message is based on the Bible. Its ministry is motivated by the love of God. Its mission is to preach the gospel of Jesus Christ and to meet human needs in His name without discrimination

H. J. Heinz and Company:

As the trusted leader in nutrition and wellness, Heinz – the original Pure Food Company – is dedicated to the sustainable health of people, the planet and our Company.

***Here are two examples with the key elements noted:***

East Bay Habitat for Humanity: Inspired by God’s love, our mission is to create successful homeownership opportunities [purpose/priority outcome] for families with limited incomes [for whom] by building sustainable housing and revitalizing neighborhoods [means-business].

The Hispanic Chamber of Commerce seeks to improve the quality of life [purpose/priority outcome] by providing leadership and promoting Economic Development [means-business] for the Latino Community [for whom] through partnerships [also means] with other community, business, educational, and governmental organizations.

You will notice that the various mission statements you've encountered so far include or leave out a variety of things. There is no single "correct" mission statement. What is important is that it fulfills its important function of giving definition to the central purpose and "business" of the organization. Now let's be sure you understand the difference between a means statement and an end (purpose/priority outcome) statement. Try your hand at the following statements:

**Answer Box # 3**

*What are ends and what are means? Mark each of the following statements as a means or an end:*

- Eliminate the causes of birth defects
- Provide counseling and support to victims of crime
- Make a profit—increase shareholder wealth
- Conduct biomedical research
- Heal the wounds of crime
- Increase the mental health of our clients
- Provide leadership training and legal assistance to migrant workers
- Provide food and shelter to the homeless

(answers on p. 46)

Let's summarize more thoroughly the qualities of good mission statements. The key thing is this:

***A well conceived mission statement distinguishes an organization's makeup from other similar organizations in language specific enough to give the organization its own identity.***

When we look at mission statements, we can give a longer list of criteria that help us to understand why some mission statements are powerful tools in fostering the health and effectiveness of an organization – and suggest things you might want to consider as you write or reassess your organization's mission statement. Among the marks of a well conceived mission statement are that it:

- Can be clearly understood by people internal and external to the organization.
- Succinctly describes the purpose and priority outcome of the organization.
- Succinctly describes the overall type(s) of client/customer served by the organization.

- Provides sufficient focus and direction that members of the Board and staff can reference the mission when making major decisions.
- Succinctly describes the particular need(s) met by the organization.
- Mentions the particular results (new knowledge, skills and/or conditions) that the organization tries to help its clients achieve.
- Differentiates the organization from others in the area.
- Conveys a strong public image.
- Mentions the communities in which the organization works. (optional)
- Mentions any particular strengths and opportunities identified during the situational analysis. (optional)

Take a look at these additional actual mission statements from a variety of organizations in terms of these criteria:

#### Nurse-Family Partnership

The Nurse-Family Partnership supports communities in implementing a cost-effective, evidence-based nurse home visitation program to improve pregnancy outcomes, child health and development, and self-sufficiency for eligible, first-time parents – benefitting multiple generations.

#### Habitat for Humanity

Habitat for Humanity International is a nonprofit, ecumenical Christian housing ministry. HFHI seeks to eliminate poverty housing and homelessness from the world and to make decent shelter a matter of conscience and action.

#### Google

Google's mission is to organize the world's information and make it universally accessible and useful.

### ***A slogan is not a Mission Statement***

Many organizations try to capture the center of their mission and values by using a short slogan as a means of doing so. The example of Google is a case in point. It is very brief and broad and almost slogan like.

Consider the lengthy mission statement of Eastern University (a Christian liberal arts institution):

*Eastern University is a Christian university dedicated through teaching and learning, scholarship, service, spiritual formation, student development and stewardship to the preparation of undergraduate, theological and graduate students for thoughtful and productive lives of Christian faith, leadership and service. Achievement of that mission requires that the university manage effectively and justly the resources with which it is entrusted and that students*

- *appropriate and give witness to a Christian world view – through action and voice;*

- *advance critical thinking, reflection, analysis and communication skills;*
- *develop intellectual curiosity, passion and agility;*
- *demonstrate knowledge and competencies in the arts, sciences and professions;*
- *assume responsibility for justice – especially social, political and economic justice;*
- *assume responsibility for godly stewardship of all resources;*
- *discern the ethical consequences of decisions and actions;*
- *experience genuine Christian community and commitment in a formative environment;*
- *participate in opportunities for meaningful service; and*
- *grow in love of God and neighbors.*

*The mission is confirmed and celebrated when graduates believe their way into knowledgeable action that influences their world in substantive ways.*

This mission statement is too long for the vast majority to remember. Instead the University tries to summarize its key commitments and forming values by the slogan: *Faith, Reason, and Justice*. Those three words are quickly recited by almost any student, staff or faculty member who is asked what Eastern is about. But a slogan is not a mission statement. It is too short to provide the type of direction and definition to enable an organization to make good decisions as to what it should be doing and what its priorities ought to be.

General Electric used to have as its slogan: *“We bring good things to life.”* Lately it has changed this to *“Imagination at work.”* But you would hardly be able to set direction and select strategy on the basis of these short slogans or taglines. They are good for public relations and advertising. They also capture the passion or heart of the organization. General Electric’s most recent slogan indicates that, in all of its businesses and products, it wants to be a highly innovative place where people’s imaginations create new and better products.

This is not to say that a mission statement has to be long or detailed. Some mission statements are very short, even shorter than Google’s. But then they are always supported with additional statements that elaborate and define the organization more clearly. Consider the following mission statements that are almost slogan-like:

3M: “To solve unsolved problems innovatively”

Mary Kay Cosmetics: “To give unlimited opportunity to women.”

Wal-Mart: “To give ordinary folk the chance to buy the same thing as rich people.”

Walt Disney: “To make people happy.”

Merck: “To preserve and improve human life.”

Part of what gives more definition to these short, slogan-like mission statements are the values which companies articulate as guiding principles to govern what they do in carrying out their very broad mission statement. For example one of the companies listed just above, Merck, a company that produces pharmaceutical products and provides insurance for pharmacy benefits, publicly states the following values:

- Corporate social responsibility
- Unequivocal excellence in all aspects of the company

- Science-based innovation
- Honesty & integrity
- Profit, but profit from work that benefits humanity

Beyond articulating values, larger organizations may have a “corporate” level brief mission statement. This then is supplemented in each division or functional unit with a lower-level more specific mission statement in terms of how that unit fulfills the rather broad and slogan-like corporate mission statement.

### ***A short vision statement is not a mission***

Vision statements are used in several different ways. In the next unit you will discover we use it to describe a scenario of the near future: a somewhat detailed picture of how a number of things could and will be different if an organization succeeds in fulfilling its mission. But that is not the way many have thought of a “vision statement.” For them it is a very short, aspirational and inspirational summary. We can call it a vision “sketch” to distinguish it from a vision “scenario.” Some of the mission statements that are slogan-like are more like vision statements of this type. But many organizations have both vision and mission statements. Here are some examples of organizations offering complementary “vision statements” with their mission statements:

#### Mehran Bottlers: (makers of Pakola, a fruit beverage)

Mission: The company mission is to provide its consumer all over the globe with premium quality beverages with a vast variety that guarantees consumer satisfaction and also provide opportunities for growth to its employees and the communities in which they operate.

Vision: Pakola has and will fulfill its promise to provide international quality beverages made with the finest ingredients to its consumers and come up to their expectations at all costs.

#### Anglican Church of Kenya

Vision: A strengthened Anglican Church built on the foundation of the apostolic faith in Jesus Christ with the ability to equip all God’s people to face the challenges of the new millennium.

Mission: To bring all people into a living relationship with God through Jesus Christ; through preaching, teaching, healing and social transformation and enabling them to grow in faith and live life in its fullness.

#### Farm Fresh Produce

Mission: Farm Fresh Produce aims to become the number one produce store in Main Street by selling the highest quality, freshest farm produce, from farm to customer in under 24 hours on 75% of our range and with 98% customer satisfaction.

Vision: We help the families of Main Town live happier and healthier lives by providing the freshest, tastiest and most nutritious local produce: From local farms to your table in under 24 hours.



You can see in this last example that the boundary between mission and vision can blur. But together the mission and vision in this sense can serve to define and set the direction for the organization. This simply underscores the fact that there is no one single correct way to formulate a mission statement. It comes about through the dialog of people who have a sense of common calling and desire to solve some problem, meet some need, or take advantage of some opportunity. As they join hands and develop their organization, they listen to one another carefully and seek to discern what the best contribution the organization can make might be. As Christians this means listening to the Spirit's voice as we seek to clarify our calling and commission not only individually but as a corporate body.

Now I want you to try your hand at writing or revising/reaffirming the mission statement for your own organization. You may have already written it out in Answer Box #1. Now is the time to work on it some more. As you think about what your organization does, how would you characterize it in a short statement that captures its purpose, means and clientele?

Answer Box #4

The mission of my organization is:

\*\*[The answers to Box Three are: 1, 3, 5, 6 are purpose statements; the others are means statements]

## What are Core Values?

A mission statement does not by itself say everything that is foundational for defining our identity or setting the direction in which we wish to go. The mission statement is largely about what we will do and the means we will use. Core values are about our principles which we will abide by as we carry out our mission. They define our character as an organization. They specify how we will conduct ourselves and what sort of organizational "culture" we will create. The values, norms, policies and practices of an organization are all rooted in the central values they are committed to.

Values also are a link between our mission and its strategy and the implementation of that strategy. They give guidance as to policies and practices that will be developed in order to shape decisions and action in the pursuit of major goals or outcomes of the organization. They set some boundaries in terms of what will and will not be done in the pursuit of those goals.

The mission + the values form the foundation and relatively slow changing elements of an organization's identity. While the vision and strategy may change and new activities or programs be added, unless an organization changes its essential mission and values, it will remain

largely in the same business through changing circumstances. It will also continue to implement its actions within a framework of values. Good core values are more permanent than mission. We may change or revise our mission, but values tend to remain stable for long periods.

Values are based on God's word and our understanding of it. These are the very foundation of our ministry and work. These are the foundational building blocks of what we believe. Maybe I could put it this way. These are the values that are **not** negotiable, as we pursue our strategy. In other words, we never threaten these, because these are the things on which we are building. If we compromise or lose these, the organization loses its "soul." These are ministry-anchoring convictions, non-negotiables, the bedrock we build upon.

In saying they are based on God's word, we are not saying that the Bible is the sole source of our core values. We are saying the biblical values are the controlling framework for all of our values. Some values will come from our context and culture – and from laws, mandates and policies that organizations must respond to in their national context. As an organization we always ask whether these extra-biblical values align well with the central values we have gained from Scripture. Sometimes it is better to cease to exist than to compromise.

Sometimes we have not been very good in clarifying these, and hence it is critically important that we make them explicit, and not just assumed. Sometimes the easiest way to determine what a group's core values are is by observation and listening, not just reading their statement of values. Here is an example of "core values":

Whole Foods is a grocery chain selling largely organically grown food. Its values are:

- Selling the Highest Quality Natural and Organic Products Available
- Satisfying and Delighting Our Customers
- Supporting Team Member Happiness and Excellence
- Creating Wealth Through Profits & Growth
- Caring about our Communities & Our Environment
- Creating ongoing win-win partnerships with our suppliers.

Values are: "The constant, passionate, biblical core beliefs that drive the ministry"  
(Malphurs, A. (1996). *Values-driven leadership: Discovering and developing your core values for ministry*. Grand Rapids, MI: Baker Books, p. 34).

Now below in Box 5 is a situation that I want you to think about. Read about the situation there and discern some core values that this group held. They may not have been written down or talked about anywhere and they may be very negative. Core values determine why we do what we do. Sometimes those are good values and sometimes they are not.

## Answer Box # 5

A door-to-door evangelistic campaign was undertaken over a period of time by Christians who were taught to share the plan of salvation in a direct and simple way followed by an invitation to receive Christ. Many people apparently responded positively, and most of the participating churches reported some growth. This fact was glowingly reported to financial supporters worldwide as convincing evidence of what could happen if they contributed financially to support this work. And the funds flowed.

Yet, the picture just a few months later looked very different. Most of the “new believers” exited through the back door of the church and returned to their old way of life. When the agency was made aware of what was happening, the response was, “well, the churches were trained in what to do, and they dropped the ball.” Donors, by the way, were never informed of what happened.

- ✎ From what you read here, what values serve as the foundation of this organization and its ministries? What do they believe about evangelism? About accountability? About the local church? About integrity?

You can learn a lot here. As they have implemented their strategy, one can see certain things they value and others they do not. From their actions it seems that most of their core values are not what we might call “Christian.” They do not value accountability, they do not really seem to care about building the local church but instead blame the local church when the plan doesn’t work. What about integrity with donors? That wasn’t a value was it? Now this is an organization who’s “walk” doesn't really match it's “talk”.

**Core Values ≠ Statement of Faith**

Core Values is not the same thing as your Statement of Faith or Doctrinal Statement. That is also an important thing to have and all churches have that as well as some organizations. Sometimes it is easy to confuse core values with your statement of faith, but they are not the same thing.

## Determining Core Values<sup>1</sup>

There are three components of core values for Christians:

1. **What are your central guiding biblical principles?** What do you really believe beyond the basics of the faith that actually guide what your ministry does?
2. **What are the central features and values which characterize your approach to ministry or business?** These are easier to be specific about. For example, one mission established the operational value that it would never be the first to innovate in a trendy fashion but would adopt change once others have paved the way. Now I'm not saying that that's necessarily good or bad. It is what they decided was right for them. Others would clearly say "We are the path breakers. It is our desire to be at the cutting edge."
3. **What are your principles of empowerment, or what do you do to ensure that all of your staff and volunteers are productive and fulfilled?** In the business world, we use the term "bottom line" and by that we mean what matters the most. In business that is usually "profit" but in ministry we should have at least two "bottom lines." One is: what is our ministry as we follow the Lord? How will we know if we've achieved it? That is a central concern. But there's a second bottom line: are our people productive and fulfilled? People are not simply a means to an end. They are an end in themselves. If this is not in core values, and not practiced, what you will have is an organization where people are dying inside, people that are just being used and "thrown away."

In organizations that are not Christian by identity or intent, one can find core values that are honorable, useful and compatible with Christian identity. Paul gives us guidance by urging us:

"Finally, brothers and sisters, whatever is true, whatever is noble, whatever is right, whatever is pure, whatever is lovely, whatever is admirable--if anything is excellent or praiseworthy--think about such things." (Phi 4:8 TNIV)

So we should not be slow to learn even from such organizations or work within them when we discover that they share many of the same values we do as Christians. You will see some examples below that come from well-known organizations that do not pretend to be Christian. What makes organizations distinctive is not only the particular mission they carry out but their values as well.

Core Values: "The deep-seated, pervasive standards that influence almost every aspect of our lives: our moral judgments, our responses to others, our commitments to personal and organizational goals"

Kouzes, J. M., & Posner, B. Z. (1987). *The leadership challenge: How to get extraordinary things done in organizations*. San Francisco: Jossey-Bass. Pp. 190-191.

<sup>1</sup> Drawn from elements of a lecture by Dr. Jim Engel

### One Example of Core Values

#### Development Associates International

##### **Mission:**

Development Associates International (DAI) enhances the integrity and effectiveness of Christian leaders worldwide so that the Church can fulfill its role in extending the Kingdom of God.

##### **Core Values:**

DAI is committed to effectiveness, integrity, humility, partnering, mentoring, holism, biblical standards and to reaching those with the least access.

- DAI seeks to model leadership that is rooted in **integrity** and **effectiveness**. Proverbs 11:3, Proverbs 10:9.
- DAI's priority is Christian leaders who have the **least access** to spiritual, human and material resources. Matthew 28:18-20, Matthew 25:40, 45.
- DAI seeks to serve, churches, organizations, and individuals with **humility** and respect for their calling before God. II Chronicles 16:9; Zechariah 4:6-10.
- DAI is committed to **partnering** with others who seek to enhance all members of the Body of Christ regardless of their national origin, gender, role, or ethnicity. II Thessalonians 1:11-12.
- DAI affirms that leadership development is a lifelong process done primarily on the job through **mentoring** with our Lord Jesus Christ as the ultimate model and mentor. John 15:4-11.
- DAI will always endeavor to uphold **biblical standards** as the true measure of all leadership and not cultural standards while recognizing as essential the adaptation of language, style and form in communication. II Peter 1:3-8.
- DAI affirms the **holism** of the Kingdom where there is no dichotomy between evangelism, personal and social transformation. Luke 4:18-20, James 2:26, Matthew 21:43.

#### Answer Box #6

*Look at this example of core value. What does this tell you about this ministry? How would core values like these be used by a ministry?*

**What do these tell you about this ministry?** It tells you a lot about what we believe and how we function. For instance, DAI seeks to model leadership that's rooted in integrity and effectiveness. If we don't model it, we've got no ministry!

What's our priority as we look to opportunities? Christian leaders, who have the least access to spiritual, human, and material resources. In other words, we do not want to go on the seminar trail and be just another one of the 900 who have been to major cities where there are lots of programs and resources. We go to places where the need is huge and there just isn't anything like this. As you went through the list it clearly told you a lot about what DAI believes and what it bases its ministry on and what makes it unique.

**Now how do we use these core values in ministry?** Let me give you an example. We started DAI at Eastern University. Right at the beginning we were asked by a major Christian organization to do a strategic thinking course, for their leaders. This was a great opportunity for us because they were willing to pay us a lot to do this and we needed the money to survive as a ministry. We had our core values written down, one of which was "we believe in holistic ministry in which there is no distinction made, priority-wise, between evangelism and social transformation." They saw those core values and said, "We are purely an evangelistic agency, and we don't want you talking about holism in any of the curriculum you create for us."

That immediately put us in a dilemma. What should we do now? My colleague, who is one of the course authors and a name you see in our work, Dr. David Fraser, and I looked at each other and said back to them, "Well, gentlemen, this meeting's over because we're not going to change our convictions. If we did, we would not be true to God." Interestingly enough, they then turned and looked at one another from their side and they said, "Never mind, you include what you feel like you need to, and maybe there is something there for us to learn."

That's a perfect example of how to use core values. When faced with a dilemma use your core values to help you know what to can and cannot do. In this case if we had failed to stand firm there, we could have made money and we could have gotten something done, but we would have compromised our core values in the process.

### **Where should your core values be?**

Where would you put them in your office? Usually if I ask for core values and if there are any, people would say, "Oh, get them out of the files will you? Hey, anybody know where they are?" But core values should be right in front of you, on everybody's desk all the time. We need to have these in front of us guiding our daily thinking and decision making. This is what we are rooted in, and to the extent that we deviate from this, we have gone outside of what God wants us to do.

### **What are your core values?**

Now you have learned about what makes up core values and seen one example of an organization's core values, I want you to identify and clarify the core values, which are central in your ministry, whether it be in your church or organization. Try to name no more than five. One way to do that is to name all that you can think of then pick the five that you think are the most important. Try to identify those things that are clearly non-negotiable.

Values: "The rules or guidelines by which a corporation exhorts its members to behavior consistent with its order, security, and growth"

Quigley, J. V. (1993). *Vision: How leaders develop it, share it, & sustain it*. New York: McGraw-Hill. p. 15

Maybe you already have core values and you just need to look at those and see if they still accurately reflect your organization. If your group or church has never written down its core values then look at what you are doing now and see what core values seem to be reflected by what you are doing? Some of these may not be the values you want.

### Answer Box # 5

Stop and reflect on all we have discussed about core values. Write down 5 core values of your organization or church?

This is not an easy thing to do and is best done in a group. What is important to remember is that core values are critical. Don't let them just be implied, but take the time to write them down and reflect on them with others. Use them as a part of the process of determining what you should and should not be doing as a ministry and visit them often to see if you are living up to the values you have determined to be critical.

Core values have an enormous potential impact on an organization when they are understood, and embodied. Core values:

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Articulate what we stand for</li> <li>• Clarify who we are</li> <li>• Help explain why we do business or ministry the way we do</li> <li>• Determine ministry or work distinctives</li> <li>• Dictate personal involvement and govern personal relationships</li> <li>• Communicate what is important</li> <li>• Embrace positive change</li> <li>• Influence overall behavior</li> </ul> | <ul style="list-style-type: none"> <li>• Inspire people to action</li> <li>• Enhance credible leadership</li> <li>• Shape ministry or work character</li> <li>• Contribute to organizational or ministry success</li> <li>• Guide our business processes</li> <li>• Guide us on how to teach</li> <li>• Inform us on how to reward</li> <li>• Guide us in making decisions</li> <li>• Underpin the whole organization</li> <li>• Require no external justification</li> </ul> |
|--|---|

Just to be clear, core values are NOT:

- Operating practices, though they shape and norm such practices
- Business strategies, though they are a bridge between the mission and the strategies we adopt
- Cultural norms but are our universal, transcultural values
- Competencies, though they guide us in the use of our competencies
- Changed in response to market/ administration changes
- Used simply individually – they are shared values

In sum, the core values of an organization are those values we hold which form the foundation on which we perform work and conduct ourselves. While we have an entire universe of values, some of them are so primary, so important to us that throughout the changes in society, government, politics, and technology they are STILL the core values we will abide by. In an ever-changing world, core values are constant. Core values are not descriptions of the work we do or the strategies we employ to accomplish our mission. The values underlie our work, how interact with each other, and which strategies we employ to fulfill our mission. The core values are the basic elements of how we go about our work. They are the practices we use (or should be using) every day in everything we do.

### ***More examples of Core Values***

We want now to give you several more examples of core values so you can see some of the different ways they are expressed – as well as what some organizations choose to emphasize as they seek to create an organizational “culture.”

H.J. Heinz (see its mission statement on p. 41)

Seven values that define the world and to ourselves who we are and what we stand for: (PREMIER)

- **P**assion...to be passionate about winning and about our brands, products and people, thereby delivering superior value to our shareholders.
- **R**isk Tolerance...to create a culture where entrepreneurship and prudent risk taking are encouraged and rewarded.
- **E**xcellence...to be the best in quality and in everything we do.
- **M**otivation...to celebrate success, recognizing and rewarding the achievements of individuals and teams.
- **I**nnovation...to innovate in everything from products to processes.
- **E**mpowerment...to empower our talented people to take the initiative and to do what’s right.
- **R**espect...to act with integrity and respect toward all.

Allahabad Agricultural Institute and Deemed University (This statement includes a mission statement with the value statement)

The Allahabad Agricultural Institute- Deemed University (AAI-DU) is a united endeavour of the Christian community in India, for promoting rural life and development in conformity with the Christian vision in relation with the humankind and the creation. The University is held in Trust as a common ecumenical heritage by the Christian Churches and Christian Organisations of the country. It seeks to be a national centre of professional excellence in education and service to the people with the participation of its students and faculty members from all over India.

The University upholds and strives to achieve the following:

- a) Responsible stewardship of the environment and its resources.
- b) Sustainable development.
- c) Linkage of Learning and Research to the needs and life of the people.
- d) Justice to the minorities, and other weaker sections of the society, especially to women and the rural poor.



- e) Holistic formation of the human person in, with and through the community for leadership instilled by Christian values.
- f) National Unity and communal harmony.
- g) International fellowship and co-operation in the educational and development ministry in the service of the LORD JESUS CHRIST.

In all of the above, the University helps the young and old without coercion or compulsion to deepen their commitment to a life of service as exemplified in JESUS CHRIST; by means of presentation of the Gospel through teaching, worship and witness in accordance with the Christian belief.

### The United Methodist Committee on Relief (UMCOR)

UMCOR is the humanitarian relief and development agency of the United Methodist Church, a worldwide denomination. Compelled by Christ, UMCOR responds to natural or human made disasters—those interruptions of such magnitude that they overwhelm a community's ability to recover on its own.

- UMCOR's mission is to alleviate human suffering. We provide practical, proactive support to the most vulnerable survivors of chronic or temporary emergencies due to natural or civil causes.
- UMCOR honors cultural differences. We deliver aid to people without regard to race, religion, politics, or gender. We seek input from local communities in identifying needs.
- All people have God-given dignity and worth. The most essential partner in UMCOR's work is the beneficiary, the ultimate end-user of our service. There are no “victims” in our vocabulary. There are only survivors whose courage, along with a humanitarian helping hand, can transform communities.
- UMCOR always works with partners—usually in local settings. Civic organizations, faith communities, school leaders and other local resources are great assets to sustainable recovery and development, particularly after massive traumatic events. They exist close to the beneficiary and will continue to serve as positive influences in the community after UMCOR's work is complete.
- UMCOR is a good steward of our gifts and grants. Private donors can designate their gifts to our programs with the assurance that 100 percent is spent on the programs. The 8.5 million members of the United Methodist Church assure our ability to guarantee this through undesignated giving that underwrites our general administrative expenses.
- UMCOR avoids tying the promise of its relief and development activity to any religious or political viewpoint.
- UMCOR welcomes the good efforts of countless individuals and churches who support us through gifts and prayers and service. We incorporate volunteer action everywhere we can and ask our supporters to accept that sometimes it is not appropriate. We appeal to all volunteers to keep learning as their first objective so that the consequences of their service may become a true benefit.

### *Criteria for Good Core Value Statements*

Perhaps the most important element for core values is that they be effective in shaping the organizational culture and behavior of the people in the organization. That means there is a premium on people being able to recall them or reference them easily. This advantages

statements that are shorter rather than longer. If they can be captured in an acrostic (as H.J. Heinz's PREMIER), that can facilitate recall as well.

At the same time, one wants the core values to be enough to provide guidance and help when making decisions and developing policies and practices. Core values are little more than public relations tools when they are not incarnated into the life-blood of the organizations. When leaders do not model them, breathe them, implement them, hold people accountable to them, core values become an empty set of words. If the values do not shape decisions and practices at the key points of organizational life, they are of no use, whether short and memorable or long and comprehensive.

The compromise between these often is a set of key core values that are elaborated with sub-values when policies and practices need to be developed. In the appendix for this unit you will find H.J. Heinz's policies as an expression and extension of a number of its core values.

### Writing a Well-Written Mission and Values Statement

Now we move from understanding what mission and values are to writing such statements. Writing a good statement takes time and does not always result in the "best case scenario." Sometimes, as in the case of the Larkin Street Youth Services (see the textbox), there may be deep disagreement over the nature and future of an organization. People may not like the clarity of a new focus and its implications for strategy.

Still, it is an important process that will lead to greater effectiveness in the long run. It requires the involvement of key people within the organization. The mission and values function effectively only when they are widely shared and deeply felt by the people who belong to the organization. Especially in non-profits and voluntary organizations (such as churches, NGOs, mission agencies), the energy and alignment of activity

"One of the sources of tension was deep division within the board and staff over the way that Larkin Street could best help its young people. The reality was that many clients could not return home. Many leaders felt that Larkin Street was offering a band-aid approach that enabled kids to stay on the street— "taking care of kids in crisis, meeting emergency needs, and helping them stay safe," as Penelope Douglas describes it. Mary Lester and other board colleagues wanted to be more than "do-gooders." These leaders maintained that Larkin Street's mission should be to help kids get off the streets *permanently*. Others contended that street life was what clients had chosen and that changing Larkin Street's approach would risk losing kids.

"In 1993, after two years of fervent debate, Larkin Street crafted a mission statement that squarely stated the goal of finding more permanent solutions and inspiring young people to move beyond the streets. With only slight fine-tuning, this mission statement continues to guide Larkin Street today. All who followed the board and staff of 1991-1993 are indebted to those who set a course that no one has questioned since.

"The mission clarification and the agency's steps toward professionalization came at a cost. Many staff and volunteers did not want to work in the new framework. In fact, Diane Flannery lost close to 85 percent of her staff. Moreover, the new outcome-focused mission compelled Larkin Street to hold itself accountable for results that were difficult to achieve. Implicit in the new mission was the commitment to provide intermediate and long term housing, education, and jobs. Larkin Street set out to meet this challenge."

William Campbell, *Larkin Street Youth Services: The First 25 Years*, p. 22-23 (2009)

Here's the mission statement that was crafted out of this process:

*Larkin Street Youth Services' mission is to create a continuum of services that inspires youth to move beyond the streets. We will nurture potential, promote dignity, and support bold steps by all.*

grow out of commitment to commonly shared mission, values and vision.

**Purpose/Priority Outcomes + Means + For Whom = Mission Statement**

**Mission Statement + Core Values**

**= Identity and Direction of an organization**

## Writing a Mission Statement.

A Mission Statement is a unique statement for you in your context that defines the playing field for all that you are going to do. **It's your road map.** Mission statements **can and should be written for any group that works together.** It might be in your church. It might be in an organization. It might be a small team, or even just your own ministry. In parts of my life, I have been an individual working as a resource person, and I have had my own mission statement with the same kind of things. So it applies no matter what.

Mission Statements **can and should change**, certainly more so than our core values. This is something that we always have to be thinking about, and we never etch our statement in stone, because it changes as we learn more and we see more of what God wants today. It needs periodic updating and must change as circumstances around you change. At the same time, once a clear mission is defined, it will change more slowly and deliberately than our year to year strategies and activities. As was the case with the Larkin Street Youth Services, there may come a time that you or an organization sees the need to focus the mission somewhat differently from the past. Then a change may well happen.

### Answer Box #6

*Here's the list of considerations or questions that you can ask yourself, which will help you rethink your statement of purpose:*

- *What circumstances existed when the church or organization was founded?*
- *What was the original purpose? What were the primary outcomes you sought to create?*
- *What factors explain the success or failure?*
- *Whom do you serve through your programs?*
- *Why do you exist? What benefits are received by your ministry or program recipients if programs succeed?*
- *(If you are not a local church) In what ways does your ministry complement and enhance that of the local church?*
- *What would happen today if your organization or church ceased to exist? What would be lost?*

*Do not stop and answer these questions right now, just read through them to get an idea of how they could help you determine your purpose*

If your church or organization has been in existence for a while, it is helpful to say what circumstances existed when the church or organization was founded. What was its original purpose? And what factors explain success or failure? You see you might have been founded a good many years ago and what was true then may have now changed. One key element in writing or re-assessing a mission statement is the history of the organization.

The second set of questions here is whom do you serve? Why do you exist? What benefits are received? What's happening? What is really happening in lives? If you're part of an NGO or non-religious organization, you're not a local church. You might ask: in what ways does your organization or ministry complement and enhance that of the local church? This is a reflection of a strong core value that the local church is at the heart of the ministry of God. Now that does not, in any way, say that organizations outside the church are not part of the broad church of Jesus. They are, but they're not the local church. They're to be there in ways that complement and enhance the ministry of the local church.

For many non-religious organizations (market-place, governmental, cultural, artistic) the relationship to the church is indirect. They often provide the larger fabric of civic and public society and services that enrich and enhance human life in general. They express delight in all the powers of the creator put into all of us and provide space to extend and foster them.

The last question helps us do a reality check in terms of our effective impact: what would happen today if your organization or church ceased existence? That one forces you to think through whether you are really accomplishing anything. I remember having an African bishop from a major church who once responded to that question by saying, "What would happen if we go out of existence--not much." When we asked him to explain that, he talked about corruption within the church and other issues that hampered it. That's an honest man!

Now it is time for you to do some serious thinking about answering some of these questions in the context of your own organization, church or team.

**Answer Box # 7**

*What would happen if your organization, church, or ministering unit within a larger organization or church were to cease to exist?*

*What would be lost or absent if this were to take place?*

*And on the basis of what you said in the two questions above, what would be some of the key phrases that would need to go into your mission statement? What is the purpose and priority outcome of your church, organization, or team?*

In asking this question we are focusing on the priority or primary outcomes the activities of your organization says it is trying to bring about. These are the outcomes that will happen if our mission is fulfilled. The best question to ask yourself when it comes to writing this portion of your mission statement that deals with outcomes is:

- ***What specific changes will be observed in the life and behavior of those served through our ministry or work if we achieve our purpose?***

When outcomes are stated in the mission statement we are not looking for outcomes for each program or activity. That would be too much detail. Rather, we are looking for broad indicator(s), which can be used to evaluate whether the organization itself is continuing to be effective. Sometimes that's a tough one to deal with. Think of it this way. A broad category of outcome will be in the mission statement. A specific outcome will be given for each strategy or objective that we write later when its time to make specific plans.

If you go out of existence, these are the outcomes that will vanish. If you had to admit that going out of existence would make little difference, then you are admitting that your purpose to make a difference is not succeeding.

### **Mission Statement for Kingdom Associates**

Now let's let Kingdom Associates have a try at this. Over an extended time, the members of Kingdom Associates team wrestled with what their mission purpose should be. And finally they arrived at this draft.

Answer Box # 8

#### ***Kingdom Associates Mission Statement***

*In response to the Scriptural mandate of love and compassion, Kingdom Associates purposes to minister to those in Happy Valley who do not have the skills or resources to change their destiny, releasing them from the bondage of poverty and enabling them to become productive and fulfilled members of the family of God.*

*What's your evaluation of this statement? Does it give it clear understanding of the purpose do you think? Do you have a sense of the general outcomes they hope to achieve? Do you get an idea of any of their core values of theological purpose in doing this? How do you think it could be improved?*

What did you think of that? I think it's really pretty interesting, don't you? Does it give you an understanding of what they really want to do? That's actually a pretty sophisticated statement and they would have had to have done a lot of careful work on that. There's just no denying it that they would. "In response to scriptural mandate..." Notice how they caught the Biblical basis.

Look at the "to whom" and "purpose": "Minister to those who don't have the skills or resources, releasing them from the bondage of poverty and enable them to become productive and fulfilled members of the family of God." Is it a clear statement of purpose? Look at what's within that. Could they do evangelism? Sure. Will they do social transformation? Of course. Would it make any sense to do social transformation without evangelism? No. That can sometimes be done and people can be helped, but that's also the kind of situation where you see much more happening, such as: many micro enterprises, small businesses that are started up; people getting money from a loan fund and starting to make money. About six, eight years down the line, these are suddenly the wealthy people who may turn around and enslave others. You know why? Because they weren't given kingdom values. They weren't reached for Christ. So you can do more harm than good if you were to do social transformation without there being evangelism. You don't personally have to do the evangelism, but make sure others do.

"Productive and fulfilled members of the family of God." Does that help you understand their desired outcomes? Could it be improved? Oh, I suppose, but I wouldn't know how.

### Church Mission Statements

Sometimes we assume that everyone knows what the job or mission of the church is so therefore we don't need a mission statement if we are a church. Well, it is true that the Bible tells us what the mission of The Church overall is, but what about your specific church? How could you use the process of writing a mission statement to help your church focus and accomplish more?

Take a look at the mission statement of a church as it is written below. This is a real mission statement from a church in the US. Maybe you don't like their statement, but you can learn a lot about some of the core values, purpose and outcomes of this church from this statement.

#### Answer Box #9

*Here is the purpose statement from a large and growing local church.*

*"Our purpose is to proclaim the message of God's grace and truth as a call for revival for the spiritually hungry people, especially the unchurched under the age of 40. This proclamation will come from our local church base which is experiencing that message and is committed to live it out in service and community life—being transformed from an audience of church attenders to an army for lay-driven ministry."*

*What can you learn about the church from this statement?*

All of us who are Christians belong to a local congregation. This example of a congregational statement is an example of what can be done to help even that sort of an organization become more intentional in its faithfulness to God. In the complex and challenging world we are part of, we cannot afford to simply stumble along, repeating what we have seen done in the past by other congregations. We need to listen to the voice of Scripture, the Spirit and our age to discover what we may do to share the love and truth of Christ in ways that change our world.

### Writing a Core Values Statement

The core values are chosen to complement and undergird the mission statement. The reality is that there are a host of possible core values. In thinking about the context of a church or mission based agency, one can think of a large list of true, important and relevant values. The question is: given our mission, our history and context, which of these are critical as shaping and forming principles for governing our decisions and activity together? This is a selection of key qualities. That some important values do not appear is not an indication of their unimportance or irrelevancy.

One must be selective in order to be effective. A mission statement narrows down what we, as a ministry or organization, do, from among all the good things there are to do. So a core values statement narrows down to a critical few things that will help us be faithful and effective, acting Christianly, in carrying out our mission.

Here is a list of possible core values, so you can see some of the range and variety of things that can serve as core values. You will quickly see that even with this partial list, there are too many things to incorporate in a values statement. Effective means selective!

#### Partial List of Possible Core Values:

Acceptance of others	Environmentalism	Learning	Professionalism	Unity/harmony
Accountable	Excellence	Love for others	Quality	Visionary
Atmosphere	Faithfulness	Meeting needs	Racial/Ethnic harmony	Wholeness
Authority of Scripture	Family	Motivational	Relationships	Willingness to
Christ-centered	Fellowship	Multiethnic ministry	Relevance to the culture	change/flexibility
Comfort for the afflicted	Friendliness	Numerical growth	Respect for all	Inspiring worship
Commitment	Grace	Optimism	Responsible	
Community	Hard work	Participatory decision-	Risk-taking	
Creativity	Holiness	making	Sacrifice	
Dedication	Hospitality	Partnerships	Seeker-sensitive	
Discipleship	Humility	Perseverance	Service	
Diversity on	Humor	Positive attitude	Spiritual growth	
nonessentials	Innovative	Practical	Spirituality	
Empowerment	Integrity	Prayer	Stewardship	
Encouraging others	Justice	Priesthood of believers	Teaching	
Evangelism	Leadership	Proactive	Teamwork	

Writing a well-crafted core values statement follows the same sort of process as the mission statement. All the key stakeholders ought to be represented and the leadership present. By reviewing the history and highlights of the organization as well as its mission, the participants should begin to identify key distinctives that make up the identity and ethos of the organization. You may be in an organization or church that already has such a statement. What you will want to do is to examine and understand them – and determine if they are a clear and compelling representation of those values that drive and norm the organization.

Here are some guidelines for constructing your core values statement:

1. When more people participate, more wisdom will be pooled together, and the results will be more trustworthy. Of course this is a matter of having the right people, not just a lot of people. So some wisdom must be exercised in deciding who needs to be contributors to the process of selecting core values and eventually communicating them. You don't want a dominant personality at the meetings.
2. As decisions increase in importance, the number of people who participate in making the decision should increase except in crisis situations. Identifying core values is one of the most important decisions to make. So it is often prudent to err on the side of more in the room contributing to the final result than less.
3. If more people participate in making these decisions, they are more likely to support the final results. They feel ownership of the result.
4. Core values that are identified should be actual, not aspirational. C. Argyris distinguishes between “espoused theory” and “theory-in-use.”<sup>2</sup> Applying this distinction to the concept of values, “espoused values” are those that we say and believe we use, and “values-in-use” are those that we actually use. A core values statement should describe those principles that have actually guided a church or organization throughout its history. The goal is to make these existing, unspoken assumptions explicit. To be sure, if your organization is nearly new, as in the case of Kingdom Associates, you will be initially identifying more aspirational than espoused values. Later on in history, one can revisit the core values to refine them in the direction of espoused.
5. Keep in view the slogan: effectiveness is selectiveness. Once you have identified 10-15 candidates for core values, see what can be done to organize them or hone them down to a more manageable set. This is not a hard and fast rule to follow. Below I will give you several examples of very different ways core values have been developed. You will see some choose to have a longer, more elaborated set of values so that they can use them broadly to develop other policies and practices. Others choose to have a shorter, crisper set of values so that people can print them on their business cards and recite them with little difficulty. For them, it is the ability for all to recall and state them that provides the leverage to influence behavior and culture/ethos throughout the church or organization.

There are other guidelines and suggestions about the actual process of taking a group or organization through developing a mission and core values statement. But we will reserve comments on that until Unit 11 where we will deal with how to engage the strategic thinking process for your organization or church.

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<sup>2</sup> Smith, M. K. (2001). Chris Argyris: *Theories of action, double-loop learning and organizational learning*. *The Encyclopedia of Informal Education*. Retrieved May 07, 2009, from <http://www.infed.org/thinkers/argyris.htm>.



Let's take a look at a number of core value statements from several of the organizations we have met previously:

Eastern University is an example of an elaborated set of seven core values which they call core or foundational commitments:

**The following foundational commitments guide our work as members of the University:**

- **To Excellence in Scholarship and Teaching**  
We believe in the unity of God's truth, whether supernaturally revealed or humanly discovered, and value the search for knowledge and understanding in all areas of life. We are guided by our faith in Jesus Christ, who is "the way, the truth and the life" (Jn14:6). We seek to engage in exemplary and relevant scholarship and original research and publications. We maintain a high priority on excellence in teaching and learning. We value the integration of Christian faith, reason and justice in all academic disciplines and in the development of a Christian worldview.
- **To Excellence in Student Formation**  
We regard students as masterpieces of God's art in formation, both individually and in community. Therefore, we seek to inform and mentor in them the development of habits of mind and character that are essential to knowledgeable, ethical, productive and charitable Christ-like lives. We work to inspire their: spiritual formation in apprenticeship to Christ; interpretation of critical ideas and events through lenses of faith, reason and justice; commitment to excellence as the standard for study, work and service; envisioning of a more just and ethical society; and resolve to influence the course of events in society.
- **To the Whole Gospel for the Whole World**  
We recognize the Bible, composed of the Old and New Testaments, as inspired of God and as the supreme and final authority in faith and life. We submit ourselves to carrying out our mission under its authority and seek to apply Biblical principles to all facets of human aspiration and action, including the centrality of personal transformation. We affirm our conviction that the Church of Jesus Christ, as a visible community of believers inclusive of persons of all cultures, races and nationalities, is central to faithful obedience in living the Christian life and advancing the work of the Gospel.
- **To Responsible Leadership and Stewardship**  
We believe that our complex society needs leadership and management in all institutions that is intelligent, informed, insightful, ethical, strategic and just. We are dedicated to graduating students, whose wisdom, Christian values and skills enable them to lead and manage such institutions, including those that are the most influential. Similarly, we commit to excellence in the leadership of Eastern and in the stewardship of university resources.
- **To Christian Witness**  
We affirm the importance of calling all persons everywhere to personal faith and faithful discipleship in following Jesus Christ as Savior and Lord, including sharing the Whole Gospel to a needy and lost world. We intend for every student to have a meaningful and appropriate opportunity to hear and respond to the call for repentance, faith and obedience to Jesus Christ. We commit to modeling and encouraging in students a life that reflects the Holy Spirit's call for: "love, joy, peace, patience, kindness, goodness, faithfulness, gentleness and self-control" (Gal 5:22-23).

- **To Justice**

We acknowledge with sorrow the brokenness of the world at personal, national, and international levels, and we seek to work for justice, reconciliation and Christian transformation in all arenas of life. We particularly seek to work with and for poor, oppressed and suffering persons as part of our Christian discipleship. As part of the commitment, we seek to provide educational opportunities and financial aid as best we can for those with few or no financial resources to attend a private Christian University. We believe that we are not only to care for people throughout the world but also for the earth itself as responsible stewards of the environment and other physical resources.

- **To Community**

We believe that the way in which we live and work together is important in fulfilling our mission. We desire a campus community of students, faculty, staff and administration that embodies values of Christian witness, caring and compassion, justice and integrity, competence and affirmation. We seek an inclusive student body, faculty, staff, and Board. We commit to treat each member of the campus community with fairness, dignity and respect, seeking a spirit of unity and harmony as we join together to achieve our common mission.

It is not difficult to see from this statement how these core values can be used as guidelines and measures for the activity and decisions as well as policies and practices of this University. This is a school that is nearly 80 years old. Still one knows some of these values are more aspirational than espoused. But they do form a compact set of values that, if followed, will structure and enliven the Christian distinctive of their institution. The explanation of each core commitment is detailed enough that policies and practices will have some clear guidelines to help shape their development and implementation. The problem with them is there are so many and they are not easily remembered.

EarthLink is an Internet Provider. Here's their statement of mission, purpose, and core values:

**Our Mission**

Anytime, anywhere, EarthLink connects people to the power and possibilities of the Internet. We deliver a reliable and personalized experience our customers trust.

**Our Purpose**

- To improve people's lives by giving them the ability to communicate better than ever before
- To enable our employees and shareholders to flourish and prosper

**Core Values & Beliefs**

What's important at EarthLink? We are convinced that the key to creating a truly great organization is an intense focus on the values that guide its people's actions. These are EarthLink's "Core Values and Beliefs". If we don't seem to be living up to them, call us on it!

- We respect the individual, and believe that individuals who are treated with respect and given responsibility respond by giving their best.
- We require complete honesty and integrity in everything we do.

- We make commitments with care, and then live up to them. In all things, we do what we say we are going to do.
- Work is an important part of life, and it should be fun. Being a good businessperson does not mean being stuffy and boring.
- We love to compete, and we believe that competition brings out the best in us.
- We are frugal. We guard and conserve the company's resources with at least the same vigilance that we would use to guard and conserve our own personal resources.
- We insist on giving our best effort in everything we undertake. Furthermore, we see a huge difference between “good mistakes” (best effort, bad result) and “bad mistakes” (sloppiness or lack of effort).
- Clarity in understanding our mission, our goals, and what we expect from each other is critical to our success.
- We are believers in the Golden Rule. In all our dealings we will strive to be friendly and courteous, as well as fair and compassionate.
- We feel a sense of urgency on any matters related to our customers. We own problems and we are always responsive. We are customer-driven.

Again this is another example of a longer list. This time there is not as much explanation. Yet one can see and appreciate the alignment between the mission, purpose and core values. EarthLink is intentional about the sort of organization they want to be and the type of employee behavior they affirm.

One last example: This time a software company that has a short list of core values, with explanation. Take a look at them and see what you think of Adobe's core values (what they call tenets). They are short and clear, short enough to print on the backside of all business cards. At the same time, they are powerful guidelines for shaping decisions, action and organizational culture:

Since its earliest days, Adobe has been committed to a set of core values that were embodied by its founders and remain the cornerstone of our corporate philosophy. These values shape everything we do, from how we develop and market our products to how we serve our customers, employees, and communities. These are the four tenets we live by:

**Genuine**

We are sincere, trustworthy, and reliable.

*Operating with integrity, being ethical, and treating others with respect is at the heart of Adobe's culture.*

**Exceptional**

We are committed to creating exceptional experiences that delight our employees and customers.

*At Adobe, good enough is not good enough.*

**Innovative**

We are highly creative and strive to connect new ideas with business realities.

*Ideas come from everywhere in the company.*

**Involved**

We are inclusive, open, and actively engaged with our customers, partners, employees, and the communities we serve.

*People are our greatest asset.*

By now you know that there are a variety of models and possibilities in crafting and writing a mission and values statement. What is finally important is capturing in a clear, communicative manner who you are and what you are about. Strategic thinking begins and ends here. This is the foundation for all the rest that you will do as you think about crafting, implementing and monitoring a strategy.

Later on in this course we will look more carefully at the way in which values are the basis for developed policies and practices that guide decisions and actions in carrying out the strategy adopted. At this point in strategic thinking, we are concerned only with crafting an initial draft of mission and values.

### The McKinsey 7-S Framework

In concluding this unit it is worth underscoring how important our values and basic commitments are to the operation of our organization. In 1981 Richard Pascale and Anthony Athos published a famous book, *The Art of Japanese Management*. It led later to a model of the elements that make an organization excellent. Peters and Waterman published the model in the bestseller, *In Search of Excellence*. It was used extensively by the McKinsey management consulting group, which is where the model acquired its current name.

The basic meaning is that organizing in a holistic and effective way involves seven factors. They are interdependent and interact upon one another. Leaders need to be aware of all seven when they seek to implement a strategy. The chart on this page is a graphic representation of the 7-S model.

1. **Shared values** are at the center, connecting all elements. These are the grounding values and beliefs that set the terms and boundaries for all the other elements. They set the tone for how things get done and what things will or will not be done.

2. **Strategy** is the decision as to how to allocate scarce resources over time to reach the critical goals identified as essential to the organization flourishing, given the environment, to meet the “competition” and to serve the people selected as the customer or client.

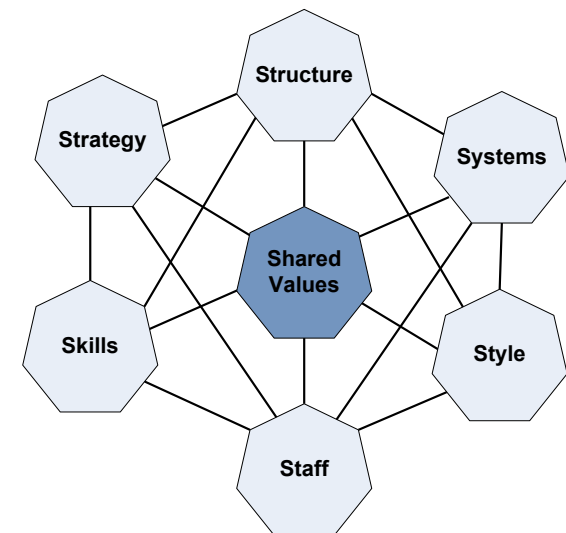
3. **Structure** is the way the organization is set up, the way the units relate to each other (centralized or decentralized), the division of labor and authority.

4. **Systems** are the procedure and routines that characterize the way work gets done, e.g., financial systems, recruiting, training, promotion, performance appraisal, information systems.

5. **Staff** refers to the number and type of personnel within the organization.

6. **Style** means the working ethos or organizational culture where lived values (“values-in-use”) and leadership “styles” function to shape behavior and relationships within the organization as it achieves its primary goals.

7. **Skills** are the distinctive capabilities of personnel of the organization as a whole that undergird and embody the core competencies the organization uses to accomplish its work in a distinctive and effective way.



At the heart is what many refer to as the “softer” side of organizational life (that is not the technology, structure or even strategy) that makes the most difference in the flourishing of an organization. The most important leavening element that knits all elements together in a holistic manner is shared values.

The strengths of this model are:

- Combines the “rational” or “hard” elements with the “softer” cultural, value-based elements.
- Underlines the reality that leaders must take into account all Ss, that all seven are interrelated.
- Provides a model for guiding organizational change.
- Suggests places for analysis when one realizes that an organization is ineffective.

## Summary:

In this unit we have raised the question of the nature and role of the Mission and Core Values. We have seen how basic they are to defining the identity, “business” and direction of an organization. While these statements can be written in a variety of ways, there are some elements that are common in effective statements. The mission statement most often is made up of a purpose or priority outcome, a statement of the main means used, and an indication of ‘for whom’ this mission is done. Core values define the basic principles and commitments that define how an organization carries out all of its relationships and activities. They set the parameters for developing policies and practices that will shape the whole organization. You have been exposed to a variety of examples of mission and values statements. The task that faces you is to evaluate and revise (or develop) the mission and values statement of your own organization.

## Final Assignment

Now turn to your assignment. Really I've given you a tough one here, because I've been in situations where I have led the process of mission clarification with many groups, and it can be painful, and not easy at all. What I've tried to do here is to give you the principles, at least what components need to be in that statement and dealt with by you, starting with core values.

Now I want you to write a mission and core values statement for your church or organization or team. You can do one personally for your own life or ministry but the larger assignment will be for your organization or a division/department within it. You've already done some work clarifying basic values, answered the questions about purposes, and done some thinking about outcomes. Now I want you to prepare a paper covering all that you've done, including explanations where necessary.

May God bless you as you seek his mind and insights for what he wants your organization or your ministry to be.

### Final Assignment

You have done much work clarifying **basic values** and your **purpose** for your church, ministry or organization. Prepare a paper covering all that you have done, including explanations where necessary and answers to all the individual questions asked earlier to help you identify core values and mission. The purpose and outcome, the statement of means and indication of “to whom” –these things, taken together, comprise your complete mission statement. Do your best now to pull all of this together in a short draft mission and values statement for your church, organization, functional or program unit or team. If you want, you might also do one for your life and ministry personally. But as this course moves forward, the strategic statement you will need to develop will be for a whole organization or a functional unit within a larger organization.

## Readings

### *Clarification of Mission*

By James F. Engel



Eminent management theorist, Peter Drucker notes that there are three major areas of decisions lying primarily on top management, all of which affect the ability of any enterprise to survive. They include:

1. Clarification of organizational mission
2. Assessment of present organizational resources and the specific excellence needed for the future
3. Establishment of organizational priorities [Drucker, 1964, p. 196]

In other words, strategic thinking begins with the whole subject of organizational assessment. The objective is to isolate what must be done to capitalize on a changing environment.

#### **Clarification of mission**

What precisely is the mission of the Christian organization? Some would say this is quite obvious. "After all, we are called into existence to glorify God and to do what He calls us to do." No one can disagree with this theological premise, but it begs many important issues.

Turning once again to the words of Drucker [Drucker, 1977, p. 32], we read:

Business enterprises and public-service institutions as well are organs of societies. They do not exist for their own sake, but to fulfill a specific social purpose and to satisfy a specific need of society, community, or individual. They are not ends in themselves, but means. The right question to ask in respect to them is not: What are they? but: What are they supposed to be doing and what are their tasks?

What Drucker is saying is that the only legitimate purpose for any social institution is to meet real and demonstrable needs. These needs, in turn, must be clarified, as well as the specific mission of the organization itself.

One of the problems faced in the Christian world is that the mission or purpose of an organization is usually defined so generally that there is no objective way to evaluate the extent to which it is being achieved. The outcome is that a ministry can exist indefinitely with little or no productivity as long as it can promote funds from a Christian clientele. It is the author's frank estimate that this subjectivity often is used to avoid the tough issues of stewardship. Admittedly, much of the work of God falls into the realm of the mysterious, the ultimate of subjectivity. But the mission He has given both individuals and organizations is not without clear and definable mandates.

Let's take a specific instance which, for now, will be referred to as Organization Z. Here is Organization Z's mission statement:

We believe that all doors are open and that God enables His body 'to go into all the world and preach the gospel.' Our task is to be obedient to this great commission of our Lord Jesus Christ.

There is no question that Organization Z takes seriously Christ's admonition to go unto all the world and evangelize. This is commendable and is certainly needed today as much as ever. But what exactly is Organization Z called to do? Isn't its stated mission the mandate for the whole Church?

The problem, you see, is that Organization Z will inevitably fall victim to the tendency to engage in almost any ministry that seems appropriate to its staff. After all, what is there to restrain it? The likelihood of effectiveness is bleak, however, because the "all things to all people" syndrome can quickly degenerate into sheer busyness.

Any institution, secular or Christian, must concentrate its resources on those things which most contribute to its mission and which it does well. This is the all-important principle of concentration. Nothing, says Drucker, is violated so consistently with such devastating results. [Drucker, 1964, p. 12]

Unfortunately Organization Z while fictitious in one sense, well describes the Christian organizational scene today. I frequently am called on to help an organization clarify its mission. Sometimes this is nearly impossible, given the diversity of activities. Is there any common thread at all?

What is involved in removing this organizational fog? Consider these three steps:

1. Mission definition
2. Assessment of the viability of the mission in the current environment
3. Assessment of ministry effectiveness as it relates to overall mission

### **Mission Definition.**

In the mid-1970's, I was engaged as a consultant to Open Doors International (ODI), a ministry begun by Brother Andrew shortly after World War II. In the course of initial meetings in Holland, the fundamental question was asked, "What is Open Doors International all about? What is its mission?"

The temptation was to say, "We are Bible smugglers." After all, Brother Andrew took the title of "God's Smuggler" after his success in bringing Bibles to the persecuted Church in Eastern Europe. But as discussions proceeded, it became clear that much more was involved. In the first place, a variety of resources was being provided to the politically repressed Church--including commentaries, books, and discipleship materials. In addition, these materials were always personally delivered to guarantee that they reached their intended destination.

Later it also became evident that some of the staff had concerns which transcended the repressed Church in Eastern Europe. For instance, concern was expressed about the need to prepare the Church in threatened countries for the suffering which seemed imminent. Likewise, there was a burden to take the lessons learned from the repressed Church back to the free world. Experience had shown, they felt, that suffering builds a kind of New Testament Christianity which, if understood, could be a catalyst for revival in churches in the materialistic West. You see, ODI proved to be far more than a Bible smuggler.

Here is Open Doors' statement of mission (or vision) which emerged over time. (The reader will now recognize that the author took the prologue only and created Organization Z, as discussed above. Let it be made clear that ODI did not fall into those same pitfalls.)



### The Mission Statement of Open Doors International

*We believe that all doors are open and that God enables His Body “to go into all the world and preach the gospel.” We, therefore, define our ministry to be:*

- 1. Provision and personalized delivery of Bibles, materials, training and other aids to build the church, which is the Body of Christ, in the restricted countries of the world, and encouragement to get it involved in world evangelization.*
- 2. Motivation and training of the Church in threatened countries to be prepared to cope with persecution and suffering which may be imminent.*
- 3. Motivation, mobilization and training of the Church in the free world to identify with and become involved in assisting the suffering Church, believing that their burden will be lifted in the same measure in which we share their suffering.*

This particular statement is one of many which could have been chosen, but it illustrates some important points:

1. It does not define the mission of Open Doors in terms of past or present ministries. Instead, it looks for the common denominator. Focusing on Eastern Europe has been its historic function, but Open Doors was not called into existence solely to deliver Bibles only to that part of the world. That need could disappear if restrictions are relaxed. Rather, the purpose is to provide motivation and assistance to the suffering Church worldwide, whatever form it takes.
2. The mission statement embraces ministry distinctives. Needs are identified in countries closed to the Gospel, and materials are personally delivered to their point of need.
3. It captures the mind of its founder and key staff in broadening the original focus to encompass both the threatened Church and the Church in the free world.
4. The mission statement is sufficiently precise in that both present and proposed ministries can be evaluated against it. Would it be appropriate, for example, for ODI to engage in church planting in Eastern Europe? There may well be a need for such an activity, but it is not within their mission as presently defined. This restricts the tendency to stray from original purpose. Would provision of food and emergency supplies to the Church in Poland be legitimate? The answer is positive, as this lies within the mandates of provision of aid and encouragement.

Mission, therefore, is determined and clarified only as one looks for the common denominator underlying all that is being done. If an organization's overriding mission is not clear, clientele will be uncertain as to why it exists. In addition, staff are free to operate “pot luck” if they so desire.

#### **Mission Viability.**

Once a mission statement has either been determined or clarified, the next requirement is to focus on its viability in the contemporary environment. No parachurch ministry has divine permanence, and it is possible that the answer given could be negative. Would that be a sign of failure? Perhaps. But if the Church became motivated to assume the organization's functions, this could illustrate the remarkable success of an institution “working itself out of a job.”

Here is the crucial question to ask: *If your organization were to cease existence, what difference would it make?* Or, put differently, if your organization had not been founded, would you bring it into existence today? By focusing on the residual which would remain if a ministry ceased, it is possible to achieve sharp insight into whether or not there still is an environmental niche for that organization as it is presently defined.

Once I asked a major Christian publisher in East Africa what difference it would make to the local church if his books no longer were available. As usual, this publisher claimed to be an “arm of the local church.” His answer? “I wouldn't have the slightest idea, and I don't even know why you asked!” There was no need to proceed further. The evaluation in my notes was, “Another mission without a mission.”

Returning to Open Doors International, quite a different answer was given. If ODI ceased to function, would the suffering Church still need aids and motivations? Admittedly there are a number of other organizations involved in this type of ministry. But needs far surpass what present groups can do. And what about the motivational ministry to the threatened Church and to the Church in the free world? Here a bit of investigation was necessary, but the answer was overwhelmingly positive.

It must be emphasized, however, that the environment changes rapidly in turbulent times. An organization that is viable today may not be viable tomorrow. In that case, there must be changes in purpose, actual ministry, or both. The worst possible outcome is continuation of status quo. Nothing could fall further from Christian stewardship than such an action. This is especially true when it is accompanied by continual fund raising, even though ministry has atrophied.

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Drucker, Peter F., 1977. *An Introductory View of Management*. New York: Harper & Row.

## Appendix A: H.J. Heinz Company – Mission/Values/Operating Principles

**Mission/Vision:** Be the world's premier food company, offering nutritious, superior tasting foods to people everywhere. Being the premier food company does not mean being the biggest but it does mean being the best in terms of consumer value, customer service, employee talent, and consistent and predictable growth.

Uses the Acronym PREMIER to identify –

Seven values that define the world and to ourselves who we are and what we stand for:

- **Passion**...to be passionate about winning and about our brands, products and people, thereby delivering superior value to our shareholders.
- **Risk Tolerance**...to create a culture where entrepreneurship and prudent risk taking are encouraged and rewarded.
- **Excellence**...to be the best in quality and in everything we do.
- **Motivation**...to celebrate success, recognizing and rewarding the achievements of individuals and teams.
- **Innovation**...to innovate in everything from products to processes.
- **Empowerment**...to empower our talented people to take the initiative and to do what's right.
- **Respect**...to act with integrity and respect toward all.

*From these values a number of policy and principles have been articulated.*

### **Global Code of Conduct**

Our longstanding Global Code of Conduct sets high standards for conducting business in a legal and ethical manner. Employees are expected to comply with the Global Code of Conduct and other Company policies in an effort to prevent harassment, discrimination, conflicts of interest, insider trading, antitrust violations and other unacceptable behaviors. To ensure compliance with the Global Code's tenets, Heinz utilizes an online training program to certify and train employees around the world.

Corporate policies are also posted on the Company's intranet and circulated to employees via e-mail and through supervisors. Managing directors and presidents of all Heinz affiliates must certify annually that these policies have been shared internally and that employees and operations are complying with them.

Heinz has an anonymous, 24-hour multilingual Ethics and Compliance hotline that is staffed by an independent third party to supplement our open communication culture. Heinz takes these calls seriously, and an internal team investigates each call in a timely manner. Based on the findings, the calls may result in actions including counseling, training or other disciplinary actions up to and including termination of employees who were found to have violated Company policies. Employees are encouraged to first raise concerns with their supervisors or the Human Resources Department. The hotline has proven to be a valuable additional resource for employees to share information.

**Global Operating Principles** To convey to Heinz's employees globally and to the public Heinz's values and commitments.

In order to continue to be one of the world's premier food companies, Heinz has developed these **Global Operating Principles**. Heinz respects its employees, and these Global Operating Principles are intended to promote the safe and fair treatment of all of its employees. Heinz requires that its operating Business Units protect the environment and respect the cultural, ethnic, religious, political, and philosophical differences of people around the world. We recognize that Heinz must be responsible for its Global Operating Principles and we will review our performance with a view toward continued progress and improvement.

These Global Operating Principles apply to the H. J. Heinz Company and all of the facilities owned by, and all employees of, Heinz and its Business Units throughout the world (the "Company"). Heinz has also developed a set of guidelines for firms with whom Heinz and its Business Units worldwide have a contractual relationship, including contractors, suppliers of goods and services, co-packers, and joint venture partners. These Supplier Guiding Principles are set forth separately in a statement of principles for such business partners.

Heinz's Global Operating Principles reflect our values, commitments and expectations to employees and the public. We developed these principles based on three widely respected documents: The Sullivan Principles; the U.N. Global Compact, and the International Labor Organization's Human Rights Principles.

The Heinz principles express our unwavering commitment to safe and fair treatment of all employees, environmental protection and respect for cultural, ethnic, religious, political and philosophical differences among people. Our Global Operating Principles apply to all Heinz employees and facilities. Each Heinz affiliate is required to certify compliance and agree to monitoring by internal auditors.

The needs, health, and well-being of our consumers are paramount. Heinz is committed to providing high quality, safe, and "pure food" products for all of our consumers, which include our own employees and their families.

We value the environment and are dedicated to protecting it. We recognize the relationship of our food processing operations to the environment, and we aim to be efficient in the use of energy, raw materials, water, and packaging.

Our shareholders, customers, and business partners expect that Heinz will conduct its operations ethically and responsibly. Heinz and its employees share these values. Heinz insists on honesty and integrity in all aspects of its business and expects the same in its relationships with its business partners. Heinz prohibits any illegal payments to any person, organization, or government.

All Heinz employees will be treated fairly and with respect. Heinz is committed to providing a safe and healthful workplace for its employees. Heinz will encourage pride in the workplace and in its products. Heinz employees are required to comply with all applicable laws and regulations and to avoid personal activities and financial interests which could conflict with their commitment to their job.

Heinz believes in being a responsible corporate citizen in the communities in which it and its Business Units operate. Heinz values its contribution to the development of the communities where Heinz has operations.

Heinz-owned factories and facilities will operate in compliance with applicable laws and regulations in every country in which Heinz operates. In countries where specific laws are not well defined, Heinz will implement standards that govern its operations which are consistent with these Global Operating Principles.

- Minimum Age for Employment – Heinz and its Business Units will not knowingly hire anyone under the age of 16. If the local law requires a higher minimum age limit, Heinz will comply with that requirement.
- Forced Labor – Heinz will not utilize forced labor or involuntary prison labor.
- Abuse and Harassment – Heinz does not tolerate any form of physical or sexual harassment or abuse of its employees.

- Equal Employment Opportunity/Diversity – No person or group of people should be made to feel unwanted or unwelcome in a Heinz workplace because of discrimination or stereotyping. Heinz encourages and fosters a diverse global workforce. Heinz believes that its employees should be employed and advanced on the basis of their ability to do the job. It is therefore the continuing policy of Heinz to afford equal employment opportunities to all qualified employees and applicants. In accordance with this policy, all personnel decisions, including, but not limited to, those relating to recruitment, hiring, training, promotion, compensation, and benefits, will continue to be made based solely upon an employee's or applicant's qualifications, skills, and abilities and without regard to any condition or characteristic that is not job-related. In addition, every Heinz location is required to have a policy prohibiting illegal discrimination, including harassment, and an accompanying set of policies establishing a procedure for reporting and investigating complaints, prohibiting retaliation, and providing for appropriate disciplinary action for violations.
  - Freedom of Association – Heinz recognizes and respects each employee's right to associate with any legally sanctioned organization. The rights of labor unions must be respected.
  - Work Hours, Work Week and Payment of Wages– Heinz will comply with all applicable local laws.
  - Training– Reasonable efforts will be made to provide appropriate job training for every employee.
  - Promotion– Preference for any promotion opportunities will be given to employees based on merit, performance, and other equitable standards.
  - Communications – Heinz will take appropriate steps to communicate these Global Operating Principles to its employees, including posting these Principles in the local language in an accessible place. All Heinz locations will encourage constructive communications among employees and management– without fear of reprisal– regarding issues that impact their jobs or the Company in general.
  - Occupational health and safety must be managed as an integral part of all operational performance.
  - All Heinz facilities are required to comply with Heinz policies and national and local safety laws.
  - Each Heinz-owned manufacturing location is required to implement the Heinz Safety Process, and manage by its principles.
  - Management must measure performance against safety goals that are related to the Heinz Safety Process, and incorporate safety objectives into annual business plans for safety.
  - Each Heinz-owned manufacturing location must have access to a dedicated and trained safety professional accountable to the location's operational manager and must facilitate the implementation of the Heinz Safety Process.
  - All Heinz-owned locations will develop the capability to provide occupational health care, whether internally or externally.
  - Each occupational health care facility will comply with all applicable national or local laws, if more stringent than Heinz Occupational Health requirements.
  - All internal facilities for occupational health care will be managed and evaluated against the Heinz Occupational Health process.
  - \* Occupational health and safety performance will be reported through Heinz's global "Operational Risk Management Report."
  - All Heinz facilities are committed to offering secure workplaces providing for the safety of employees and the Company's products.
- The following commitments regarding the environment will be required from each Heinz manufacturing location and operating Business Unit.
- Each Heinz manufacturing location is required to establish and implement an Environmental Management System that is structured in accordance with ISO 14001:2004 standard.
  - Compliance with applicable legal requirements is the minimum standard for operating performance.

- Environmental impact must be minimized by the efficient use of energy, raw materials, water, and packaging. Annual environmental objectives, targets, and goals must be set with a focus on continuous improvement in environmental performance, manufacturing efficiencies, and shareholder value.
- Plans to report and handle environmental emergencies must be established, maintained, and updated. Key responsibilities must be assigned to responsible employees.
- Employees must be trained to understand their role in environmental control and process improvement.
- Each Heinz Business Unit must ensure that its suppliers and contractors help to identify and reduce the environmental effects of their operations.
- Environmental performance will be summarized by each Business Unit.
- Food safety and quality must be managed as an integral part of the entire supply chain process.
- Heinz facilities and suppliers are required to comply with Heinz policies and with national and local law regarding food safety.
- Each Heinz facility is required to implement a consistent quality risk management process focused on continuous improvement and prevention.
- Compliance with quality and food safety requirements and processes will be continuously measured and included as part of the annual business objectives and reviews.
- Systems to trace movement of ingredients, packaging, and products throughout the supply chain are critical components of the food safety system.
- All Heinz locations and facilities will have in place a plan for handling crises, such as accidents, natural disasters, or criminal acts.
- All Heinz locations and facilities will have emergency plans for evacuations, spills, and natural disasters.
- Crisis plans and emergency plans will be well documented and rehearsed and all lists of key personnel and responsibilities will be up to date and accessible.
- All emergency signals and plans must be understandable by all employees.
- Heinz is committed to accurate and truthful communications in its business, including financial reporting.
- Heinz recognizes its role as a responsible corporate citizen in the area of corporate charitable contributions.
- Heinz seeks out opportunities to contribute assistance to worthwhile causes in the communities in which Heinz and its Business Units operate.
- As part of the implementation of these Global Operating Principles, these Principles will be incorporated into policies and procedures governing the operations of Heinz and its Business Units. Heinz's operating Business Units will be expected to certify to Heinz management their compliance with such policies and procedures and submit to monitoring by Heinz and its designated agents (including any third parties).
- When Heinz becomes aware of actions or conditions which are inconsistent with these Global Operating Principles, such actions or conditions will be reviewed and appropriate corrective measures will be implemented by Heinz management.

## **Communication Guidelines**

As a leading international food and nutrition company, H. J. Heinz Company has a responsibility to help consumers make informed and healthy choices about diet and lifestyles relative to their health, well-being and overall nutrition.

Heinz has established guidelines for all of its units and affiliates worldwide related to the marketing of its products, including the use of public relations campaigns, consumer education efforts and the purchase of advertising time and space during television or radio broadcasts, in newspapers, in-store promotions, magazines and periodicals or in other forms of electronic communications, including internet-based media.

These media offer direct communications either to large groups of consumers or to targeted segments of the population, including young children, teens and parents.

It is important that all of the Company's communications reflect Heinz's commitment to family-oriented values and its long-standing commitment to proper nutrition and consumer well-being. Heinz must convey these commitments through responsible advertising and messages which promote the healthful consumption of the Company's products.

Consumer education, communication, public relations, marketing and advertising are defined as any activity undertaken on behalf of any Company brands, products or businesses to communicate with consumers (of any age), customers, the media or other publics. This encompasses communications in the forms of: paid advertising (in any media, including but not limited to television, radio, newspapers, periodicals, billboards, or the internet), news releases, public service announcements, public relations campaigns, brochures, books, booklets, videos and films, Web sites, on-pack promotions, interactive software, sweepstakes and premiums.

All communications must be honest, truthful and not misleading, conform to accepted principles of fair competition and good business practice, and be prepared with a sense of social responsibility.

All communications from Heinz to consumers should take into account the level of education, knowledge and maturity of the audience for which it is intended.

Recognizing that young children often have difficulty in understanding the difference between reality and imagination, care must be taken to communicate truthfully and in an accurate manner and in language understood by young children.

Products that are inappropriate for children should not be advertised or promoted to children.

Advertising, communications and marketing activities should showcase positive social behavior, such as friendship, kindness, honesty, justice, generosity, respect for others, exercise and eating in moderation.

Minorities and other groups should be included as positive role models. Social stereotyping must be avoided.

Parents remain the primary influence in child development. Any Heinz communications must contribute positively to the parent-child relationship.

Products should be shown used in safe environments and in safe situations.

Care must be taken to portray Heinz brands and products in ways that illustrate proper nutrition and healthy lifestyles. Following are guidelines to assist with developing appropriate messages:

- When portraying eating occasions, the appropriate serving size should be utilized when showing what is being consumed or about to be consumed.
- Menu or snack selections should be shown in the context of a balanced and healthful variety of foods; over-consumption of individual foods must not be encouraged.
- Recipes utilizing Heinz products as ingredients should be healthful, with lower-calorie versions suggested where appropriate.

- Healthful, active lifestyles— as opposed to sedentary activity— should be portrayed throughout product and brand communications.
- Partners— either business partners or charitable organizations — should be ones who encourage healthy lifestyles and proper nutrition.
- Communications materials should show diversity in size and shape of healthy consumers.
- Advertisements representing mealtime experiences should depict the role of the product within a balanced diet.
- The amount of food product shown should be within reasonable levels for the situation depicted.
- Communications should not mislead as to the benefits of the product.
- Co-promotions with alcoholic beverages should be limited to brands marketed solely to adults and to brands that do not contain the Heinz name.

Communications media should not be directed solely to preschool children.

Heinz brand names and trademarks should not be licensed on products marketed solely to preschool children, with the exception of infant feeding products or toddler foods.

Any in-school programs should be strictly educational, not commercial, and only of a public service nature. They should reinforce healthy lifestyles and healthy dietary behaviors, encourage knowledge of nutrition and cooking, and should complement the school curriculum.

Exclusive vending machine contracts with schools that require the promotion of Heinz brands or products should be avoided.

Portrayals or encouragement of behavior that is inappropriate to children (such as violence or sexuality) or that is frightening to children is to be avoided.

Creation of "clubs" should be done with care and should not be communicated in a way that leads children or youth to believe they are joining a "club" if the activity is limited to the purchase or the acquisition of a product or premium.

Sweepstakes, redemption programs and contests should not produce unrealistic expectations of chances of winning or inflated expectations for prizes or merchandise.

Television commercials should not appear in any specific program or any episode of a program that is:

- Blatantly violent
- Immoral as to sexual content or drug abuse
- Overly graphic in displays of brutality and suffering
- Blatant in portraying anti-social behavior and drug abuse which stimulates imitation

Advertising agencies should be instructed to pre-screen any program or a single episode in a program series which, through prior knowledge of content or past performance, may not fit the Heinz advertising policy.

An endorser should— directly or indirectly— possess qualifications or experiences related to the product or brand.

All product endorsers (real or fictional)— including live or animated characters— should display high moral standards and exhibit healthy lifestyles.

Data collection on Web sites and in other interactive media should be done with clear disclosure.

Data collection, including personal information (such as screen names and e-mail addresses), from young children must always involve parental consent.



Interactive games or other Web sites that collect information on users in passive means (navigational tracking tools, browser files, etc.) should disclose this tracking activity.

Privacy policies are required on all Web sites for both adults and children.

It is the responsibility of all Heinz marketing, public relations, advertising, communications, art, promotions and packaging departments worldwide to ensure that their programs and activities conform to these guidelines. Likewise, they are responsible for communicating the guidelines to all agencies, freelancers and other suppliers who may be developing or promulgating consumer education, communications, public relations, marketing or advertising materials or programs.

H. J. Heinz Company's Senior Vice President— Corporate and Government Affairs and Chief Administrative Officer is responsible for supervision and administration of these guidelines. The Vice President— Corporate Communications is responsible for monitoring and updating the guidelines.

# Strategic Thinking

## *Unit 3*

### *Seeing Visions and Dreaming Dreams*



#### **Development Associates International**

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D.A.I. P.O. Box 49278 Colorado Springs, CO 80949-9278 USA  
Tel. (719) 598-7970 / Fax (425) 988-8126  
[www.daintl.org](http://www.daintl.org) / E-Mail: [info@daintl.org](mailto:info@daintl.org)

## Unit 3: “Seeing Visions and Dreaming Dreams”

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### Learning Outcomes:

By the end of this unit you should be able to:

- Distinguish between the various types of “vision” statements and write a vision statement
- Begin the process of assessing your situation or context so that your vision is well related to the realities of your world
- Assess your vision statement in terms of the criteria that mark a powerful, compelling vision statement

## Introduction

You are about to begin studying a segment of a course on **Strategic Thinking**. This unit is titled “**Seeing Visions and Dreaming Dreams**.” The topic of this unit is the vision statement that is developed as an expression of the mission-values of the organization or ministry. God is in the change business. The past does not determine the future. It is the future, imagined and pictured, that provides key elements to provide us with direction and priorities for the present. How will we, our organization and the world be different in the future were we to succeed in carrying out our mission in line with our values? That is the major question we will be asking in this unit.

Vision cannot be separated from mission and values, though it is different. In short terms, we may say:

**Mission:** Defines the fundamental purpose of an organization or an enterprise, basically describing why it exists, and states its primary means and priority outcome.

**Values:** Defines those principal commitments that are shared among the stakeholders of an organization. Values drive an organization's culture and priorities.

**Vision:** Defines the desired or intended future state of a specific organization or enterprise in terms of its fundamental outcomes and/or strategic direction. Vision accepts the mission and values and paints a picture of the future in terms of a changed present due to success in carrying out the mission in terms of its core values.

For a number of years “visionary” leadership has been the motif and mantra of much discussion of leadership. The visionary leader has been seen as the ideal leader (the designer-developer style). Visionary leaders are ones who see a desirable and worthwhile future and articulate a vision that energizes and mobilizes organizations.

But as we have learned, no single style of leadership has a corner on perfection – and experience tells us very different styles of leadership play their role not only on a team but even as the top leader. One does not need to be a visionary leader in order to carry the mission and values of an organization effectively into the future. Even visionary leaders can conceive of a future and move the organization in that direction, only to wind up in complete disaster. Being visionary does not in itself guarantee success.

Nor need one be a visionary leader in order to craft a vision for an organization. But there are some who are better at this than others. Yet it is a skill that can be learned. Still, there is no single, infallible way to create the right vision for an organization. Leaders differ in the ways vision emerges. Some work very rationally and objectively. Others are more intuitive and subjective. Some seem to have what can only be called a sudden revelation or insight. Others pick up a vision that is already present but which has had no champion or implementer. There is no one single right path to forming or discovering the right vision for an organization. But we will spend some time on a number of things that, if done, will help you develop greater clarity and consensus around a good vision.

## Some Examples of Mission-Values-Vision Statements

Let's begin with looking at a couple of examples of vision-mission-values statements. These are only examples. As we shall discover organizations develop these elements of their strategic statement in quite different manners. But it helps to see a couple of examples before we think more systematically about vision statements and their qualities and role in strategic thinking.

## InterVarsity Christian Fellowship (USA) [www.intervarsity.org](http://www.intervarsity.org)

### **Purpose:**

*In response to God's love, grace and truth:* The purpose of InterVarsity Christian Fellowship/USA is to establish and advance at colleges and universities witnessing communities of students and faculty who follow Jesus as Savior and Lord: growing in love for God, God's Word, God's people of every ethnicity and culture and God's purposes in the world.

**Vision:** Students and Faculty Transformed, Campuses Renewed and World Changers Developed.

### **Values:**

#### 1. CONTEXT

College and University: We are called to be a redeeming influence among its people, ideas and structures.

#### 2. FORMATION

Scripture: We encounter the living God through scripture and are transformed by the Holy Spirit as we read, study, teach and obey His Word.

Prayer: We express our faith, love and dependence on God through lives of prayer and worship.

Spiritual Formation: We cultivate intimacy with God and growth in Christ-like character through personal and corporate spiritual disciplines, empowered by the Spirit.

Community: We promote authentic relationships and redemptive communities marked by God's grace and truth.

Discipleship of the Mind: We engage in learning and thoughtful Biblical reflection in every area of life.

Leadership Development: We develop women and men to serve as leaders at every level of InterVarsity and ultimately for the Kingdom of God, honoring God's gifts and calling in them.

#### 3. EXPRESSION

Evangelism: We proclaim and live out the gospel with love and boldness, calling people to repentance, faith and new life in Jesus Christ.

Whole Life Stewardship: We proclaim Jesus as Lord over all creation and culture, striving to integrate faith, life and vocation in serving Him.

Ethnic Reconciliation and Justice: We pursue ethnic reconciliation by practicing mutual empowerment, grace and truth and by promoting personal and systemic justice.

Church: We partner with churches in campus ministry and equip students, faculty and staff to be lifelong active members in local congregations.

Missions: We serve God and partner with His people to extend His kingdom cross-culturally on campus and around the world.





## Answer Box # 1

Looking over InterVarsity’s mission-vision-values statement, what would you say is strong about this statement?

What would you say is weak or needs improvement? Do you have any suggestions about how to improve it?

Here’s an example of a mission-vision statement with only implied values:

**The Diaper Bank** [www.thediaperbank.org](http://www.thediaperbank.org)

*The Diaper Bank (TDB) centralizes the fundraising and distribution of free diapers to poor families through existing service providers, including local food pantries, soup kitchens, daycare centers, social service agencies and shelters. Through its extensive Diaper Distribution Network (DDN) of more than 50 agencies, TDB provides over 200,000 free diapers monthly to poor and low-income families in New Haven, Bridgeport, and Hartford, Connecticut (USA).*

**Vision:** *The Diaper Bank’s long term vision is a community where everyone’s basic needs are met. To accomplish this in the short term we provide diapers to needy populations. To effect long term community improvement, we work to increase awareness of the issues facing vulnerable populations.*

**Mission:**

*The Diaper Bank’s mission is threefold in scope:*

- 1) to ensure that families living in poverty have an adequate supply of diapers for their infants and toddlers;*
- 2) to raise community awareness that “basic human needs” include diapers and that these needs are not being met for children living in poverty;*
- 3) to advocate for policy reform so that diapers are included in the definition of and provision for the “basic human needs” of families.*

## Answer Box #2

Looking over The Diaper Bank’s statement, what would you say is strong about this statement?

What would you say is weak or needs improvement? Do you have any suggestions about how to improve it?



### What is a strategic vision?

Vision lays out some desired future state. It is a short statement of the major things an organization or ministry would like to achieve. A mission statement typically describes an organization’s *present* primary activity and purpose (who we are, what we do, who we do it for, and why we are here). A vision statement portrays an organization’s *future* scope (where we are going). A Chinese proverb says unless we change direction, we are likely to wind up where we are headed. Vision is about the right direction in which to head.

Very early in the strategic process, the leadership and its staff must begin to wrestle with the path their organization will take. They must also begin to conceive of what changes in its operations, programmes, and processes will improve its ability to fulfill its mission and produce its priority outcomes more completely (and cheaply). The view and conclusions about an organization’s future direction and activities constitute a **strategic vision**.

Nothing drives an organization quite as effectively as an attractive, worthwhile, achievable vision for the future. A clearly articulated strategic vision communicates the organization’s aspirations to all stakeholders and steers the energies and efforts of all involved toward a common envisioned future. A successful leader is one who marshals the people, capital, and intellectual resources of an organization to move it in the right direction. Vision is an expression of that direction and serves to marshal people in pursuit of a future they believe God wants.

To be sure, vision arises out of a lot of knowledge, insight and intuition. In

Vision is where tomorrow begins, for it expresses what you and others who share the vision will be working hard to create. Since most people don't take the time to think systematically about the future, those who do, and who base their strategies and actions on their visions, have inordinate power to shape the future.

-Burt Nanus

putting this step in the process of strategic thinking third, we do not mean it is done without interaction with other steps. To dream a dream for an organization happens when one is grounded in understanding that organization’s mission and values but also its capabilities and context. Vision is a signpost pointing the way for all who want to understand what the organization is and where it wishes to go. But it depends in part on the answer the question: “where are we now?” That question is taken up in Unit 4. But vision and situational assessment are mutually interdependent.

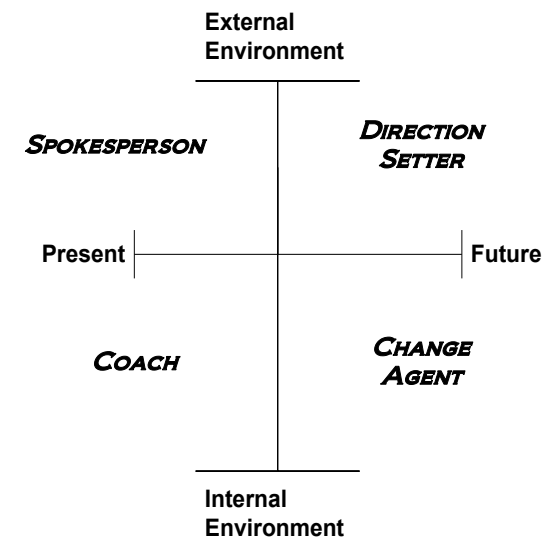
Vision provides the criteria for relevance as one assesses the situation. What one assesses and how it is evaluated depends upon where you wish to go and what you want to do along the way and when you arrive. Situational assessment tests the realism and assumptions built into the vision. Is it a pipe dream, an idealistic fantasy: unrealistic, unattainable, uninformed or undesirable? Or is it the right vision for the right time? Does this vision set us out in a direction that has the potential for realizing the mission and creating a future that we long to see actualized? In all of this, the leadership doing the visioning and strategizing remain basic.

### *Strategic Leadership*

Strategic leaders deal with a rapidly changing world. In doing so they must balance a number of roles.<sup>1</sup> These can be pictured as dealing with the present and future and with the external and internal environments.

1. **Direction Setter:** In this role strategic leadership answers the question, “What is the direction forward? Toward what does the organization need to direct its resources, energy and talent in order to succeed in its mission?” This is the role normally attributed to the visionary leader, the designer developer. You must be able to set a destination that will be recognized by others in the organization as a good place to go. That means they can see the connection between the mission/values they hold and the projected future embodied in the vision. They must be able to see what is proposed as progress (whether increased efficiency, effectiveness, new programmes, or a new standing in the community or some other advantage). What the direction setter does is to provide so compelling a portrait of the future that it mobilizes others to desire the same future.

2. **Spokesperson:** Strategic leadership must communicate its vision to the external stakeholders. This requires a leader who is a skilled speaker, wise listener and embodiment of the organization’s values and vision. By negotiating with other organizations and advocating the position and posture of his or her own organization, the spokesperson builds networks of relationship that provide useful allies, sources of information and support for the organization as it carries out its mission and vision.



Based on B. Nanus, *Visionary Leadership*, p.13

<sup>1</sup> Burt Nanus, *Visionary Leadership: Creating a Compelling Sense of Direction for Your Organization* (San Francisco: Jossey-Bass, 1992), pp. 10-15.



3. **Change Agent:** Visions always entail internal changes. The role of change agent is to catalyze and create urgency for changes necessary if the vision is to be realized. This requires the ability to anticipate developments in the external world, to promote experimentation, to set priorities and to empower people to work in new ways and new structures. This role balances prudent risk-taking and flexibility with the operational stability essential to continue to meet deadlines and keep prior commitments.

4. **Coach:** Commitment to the success of the vision means commitment to the people who must live it and carry it out. Coaching and mentoring are essential parts of team and capacity building. The strategic leader is one who empowers individuals in the organization. This requires the authenticity of living the vision as a leader, setting the example for all who will actually bring the vision into being. It means respecting others, building trust, facilitating the improved capacities and performance of others, helping them to learn and grow. It is the pattern of modeling and mentoring.

These four roles are held in balance by strategic leaders. They may be better at one role or another, but all four roles need to be played as the organization is positioned and propelled into an uncertain and unclear future. In this unit we are primarily concerned with the role of direction setter and the question: How do we bring into being the right vision for our organization? How do we know it is the right vision? Who should be involved in this creation? How then do we communicate it so that it is understood and received as a worthwhile and desirable future?

### *What a Vision is and is Not*

A vision is an imagined picture of the future. It is a mental model of a future state or process, a group, or an organization. As such it is a “fiction” – that is, it is a world that exists only in the imagination, a world built out of aspirations and plausible speculations. It is hope, fabricated into a faith statement about the future. It is often grounded in reasonable assumptions about the future and realistic judgments about what is possible and what are simply taken as given facts. It is a future state whose reality depends upon what we do in the present to make it happen someday.

This implies that a vision is idealistic. It stretches beyond simply projecting current trends and realities to reach for a new thing. Visions have power to inspire and energize people because they call for effort to create something clearly and demonstrably better than the present. Good visions are manifestly desirable as well as bold and worthy challenges for people to undertake and even sacrifice for.

When we think of effective vision statements that have been transforming and compelling, then we think of qualities such as:

<b>Good Qualities</b>	<b>Explanation</b>
Appropriate	Suits the organization’s mission/values and capabilities as well as the challenges of the day
Graphic	Paints a picture of the kind of organization that the leadership and management is trying to create and the role it would like to play in the world
Directional	Is forward-looking, describing the strategic course that leadership has charted and the kinds of changes that will help it to prepare for the future, provides the basis for agenda that create focus and hope for the future

Focused	Is specific enough to give managers guidance in making decisions and allocating resources
Flexible	Is not a once-for-all-time statement but is capable of being adjusted as the situation changes and outcomes show need for change
Feasible	Is within the realm of what the organization can reasonably expect to achieve in the timeframe
Desirable	Indicates why the chosen path makes good sense in terms of the mission and values and is in the long term interest of its major stakeholders
Easy to communicate	Is explainable in 5-10 minutes and, ideally, can be expressed in a simple, memorable slogan that is easy to remember
Challenging	Sets standards of excellence and reflects high ideals (to reach them requires great effort) and calls for sacrifice and emotional investment by those involved in realizing it

Visions are not some magic bullet that cures all organizational ills. No matter how excellent they may be, they may inspire an organization to take the wrong direction. They may not be the right vision for the right time. If they are inappropriate to the organization, the time, the cost or pain of transformation, they will fail. Equally they may be poorly communicated or poorly implemented. So even well crafted visions can be overly ambitious, unrealistic or just overtaken by changes that were not anticipated or understood. Visions can fail to fulfill the hope they inspire.

When we speak of vision we do **not** mean:

- A prophecy: In articulating a vision, we are not making a prediction about the future. We are portraying a possible and desirable future which will only happen if we are able, together, to reshape the realities of the present and bring that future into being. There may be a number of things that prevent the actualizing of a vision. I envisioned myself as the number one tennis player in the world when I was young. But it was not a prediction. There were several thousand others who had the same vision (and more talent and training!).
- A mission: While the mission and the vision should be like a hand and glove, mission states the purpose of the organization, not its direction. Mission can be shared by many (how many mission agencies see evangelism and church planting as their mission) but their visions will vary. Farmers have had a common mission since animals were domesticated and plant cultivation developed. They seek to grow enough food to feed their family and to bring surplus to market at a profitable price. But any particular farmer will have a different vision (some to pass on twice the land they now hold onto their children; another to develop a market stand to sell produce; another may wish to make enough money to get out of farming).
- A truth or revelation: Visions are neither true nor false. They are possible directions for the organization. So they can be better or worse than alternative visions, safer or riskier, more or less appropriate. But they are not true or false. Nor are they “factual” in that they deal with possible and desirable realities. They are based on assumptions, speculation, and value judgments. They may be grounded on a lot of factual information about the organization and the current situation, but they themselves are things that may never be realized as originally imagined.
- A final statement: Visions are not once-for-all, finished statements. They should be seen as part of a dynamic process where change is expected. Visions are tested as are the assumptions on which they are built as we seek to bring them about. Since they can be better or

worse, one should expect re-visioning to happen as the organization and its environment continue to change. In cases of wild and wonderful success, we may find ourselves standing at the very place our vision directed us toward, with the imagined picture now reality. Now what? A new vision is needed!

Take a look at the following statement from the Langham Partnership (this is a foundation that grows out of the ministry of Dr. John R.W. Stott of All Souls Anglican Church in London). It distributes literature, sponsors doctoral students and holds events that train pastors in expository preaching:

### **Langham Partnership** [www.langhampartnership.org](http://www.langhampartnership.org)

***Our vision** is to see Majority World churches being equipped for mission and growing to maturity through the ministry of Christian leaders and pastors who*

- *sincerely believe,*
- *diligently study,*
- *faithfully expound and*
- *relevantly apply the Word of God.*

***Our mission** is to work in partnership with churches in the Majority World*

- *in distributing and generating evangelical literature,*
- *in providing doctoral scholarships for seminary teachers and*
- *in developing national movements that will foster expository biblical preaching.*

### **Our Convictions**

*The ministries of the Langham Partnership International are all based on a set of core convictions, clearly articulated by John Stott and summarised below, which he calls the “**Langham Logic.**”*

- *God wants his church to grow up to maturity.*
- *The people of God grow through the Word of God.*
- *The Word of God comes to people mainly (not exclusively) through biblical preaching.*

*The logical question, and the major challenge that motivates all our ministries, then follows: What can we do to raise the standards of biblical preaching?*

### *Two Sorts of “Vision” Statements*

As was the case with mission statements, we can find two sorts of vision statements. Both serve as a guiding image of success for the future. But one is more detailed, concrete and specific than the other:

**1) A short, slogan-like simple statement** that seeks to capture the essence of a future aspiration often without a timeframe. This type of vision statement we call a **visionary “sketch.”** It is like a watchword. It is a word or phrase that serves as a guiding principle or action guide

for a group. It is usually no more than a sentence and serves as a general “call to arms” to struggle for the idealized future. In artistic terms, this is a sketch, not a portrait. Think about these short vision statements:

Caterpillar: *Be the global leader in customer value.*

The Heinz Vision: *To Be the World's Premier Food Company, Offering Nutritious, Superior Tasting Foods to People Everywhere.*

eBay: *Provide a global trading platform where practically anybody can trade practically anything.*

Levi-Strauss: *We will clothe the world by marketing the most appealing and widely worn casual clothes in the world.*

Nike: *To bring innovation and inspiration to every athlete in the world.*

Greenpeace: *To halt environmental abuse and promote environmental solutions.*

Mayo Clinic: *The best care to every patient every day.*

Trinity Church (Mich.): *A community of Christ pursuers passionately living to engage others with His life-changing hope and truth.*

Moolchand: *To be an integrated, global healthcare service provider, recognized for integrity, quality of care, service and innovation.*

IBS-STL (International Bible Society-Send the Light): *To get God's Word into the hands of more people, in more countries, more efficiently, so they may become disciples of Jesus Christ.*

What we have in this sort of short vision statement or sketch is a general image of a desired state of affairs without a timeline or more detail. What fills them out is more detail in other parts of their strategic thinking. But here the intent is a short, crisp, succinct phrase that captures the essence of their central aspiration for the future. It is often memorable and can be recited easily. It is like a short values statement.

### Answer Box #3

Try your hand at this: write out a short, visionary watchword for your organization or church (or write the one you know already exists). Make it as clear and short as you can. It need not be accurate at this point.



### learning

Now look back at the qualities of “good vision statements” on pp. 77-78 and evaluate your statement. How does it measure up? How might you re-write it to fulfill more of the qualities of good vision statements?

We have listed a number of the positive qualities we see in strong, compelling vision statements. Here are some of the shortcomings that afflict them:

Shortcomings	Explanation
Vague or incomplete	Is short on specifics about where the organization is headed or what it might do to prepare for the future
Not forward-looking	Does not indicate whether or how leadership intends to alter the organization’s current focus in terms of structures, processes, products, clients, technology or geographical area.
Too broad	Is so umbrella-like and all-inclusive that the organization could head in almost any direction, pursue almost any opportunity or focus on any activity
Bland or uninspiring	Lacks the power to motivate company personnel or inspire stakeholder confidence about the organization’s direction and future prospects.
Not distinctive	Provides no unique organizational identity; could apply to organizations in several arenas (or at least several organizations in the same business or activity)
Too reliant on superlatives	Does not say anything specific about the organization’s strategic course beyond the pursuit of such lofty accolades as <i>best</i> , <i>most successful</i> , <i>recognized leader</i> , <i>global or worldwide leader</i> , or <i>first choice of clients</i>

You might want to look back at your statement and see how your statement stands up against these criteria. Short, watchword-like visions are more susceptible to being vague, too broad and too reliant on superlatives. Consider some of our examples:

1. Caterpillar: *Be the global leader in customer value*. “Customer value” is not distinctive (it could apply to organizations in almost any for profit arena). In addition it is very broad and vague and relies on a lofty accolade (“global leader”). While it could be filled in with many more specifics, it is not very compelling.

2. Nike: *To bring innovation and inspiration to every athlete in the world*. This is one of the most successful sports apparel companies in the world. Its vision statement is motivating yet at the same time it is extremely broad. It is hard to think how it gives guidance to Nike’s direction.

3. Mayo Clinic: *The best care to every patient every day*. This health care company is known as one of the very best in the world. This short vision statement has a superlative in it – and yet one catches the vision quickly. It asserts an aspiration of quality and high standards to which its performance and history give credibility. It is not vague or too broad (such as “Be the global leader in health care” is). Short does not necessarily mean a statement with shortcomings.

**2) The second type of vision is a longer, more detailed account** that images for a variety of areas future states or outcomes, often with a time date. This sort of vision we call **a visionary “scenario.”** It is more like a play book that spells out the major moves the organization intends to make. The visionary sketch usually has a very broad focus, thinking in large terms. In artistic terms, this second approach is not a sketch but a portrait with some real detail. The visionary scenario breaks that focus down into more specifics, providing a number of arenas

where the future is envisaged and portrayed. In addition, often several scenarios of the future may be developed and key elements of each scenario may be synthesized into a single scenario.

Consider the following example from Development Associates International (see its mission-values statement Unit 2, p. 49):

**DAI’s Vision:** [www.daintl.org](http://www.daintl.org)

*DAI believes that God desires a Church led by people who accurately reflect the values of His Kingdom, more than the values of their local culture. By God’s grace these leaders seek to:*

- *Love God more than they love power or position,*
- *Know Christ and continually grow in understanding His ways, so they are*
- *Equipped to respond to global crises, war, poverty and dramatic change.*

*Leaders with these qualities are fundamental in sharing the gospel with the least accessed people of the world. They are not just born; they develop over a lifetime of discipleship, education and mentoring.*

*DAI envisions Christian leaders who demonstrate by their lives and leadership that they:*

- *Serve as leaders to enable others to use their gifts, build effective teams, delegate wisely and cultivate servant leadership in others.*
- *Lead effective learning organizations that have clear vision, utilize research well, set realistic goals and continually evaluate results in order to learn from successes and failures.*
- *Demonstrate integrity and accountability in their personal lives and organizational ministries, especially regarding finances.*
- *Show a commitment to a lifetime of spiritual formation and living a balanced lifestyle.*
- *Live a life of humility resulting in a greater commitment to building God’s Kingdom than to building their own kingdom.*
- *Practice justice by leading ministries that result in social transformation, the empowerment of men, women and the poor, plus the evangelization and discipling of people with the least access to the Gospel.*

DAI is an agency that is dedicated to enhancing the integrity and effectiveness of Christian leaders worldwide. In this vision statement, one finds a focus on the type of leader envisioned for the future. It is much more of a scenario, giving much more direction and guidance in terms of the sorts of future outcomes it will devote resources, personnel and programs to achieving. It is too long to be easily recited or remembered.

This agency uses both formal and non-formal methods in seeking to train and mentor Christian leaders. Vision statements can be developed not only at the organization or corporate-wide level, but for functional units or divisions within the agency as well. The DAI MA programme, developed such a vision statement for use in developing its specific programmatic strategies. This statement was written in 2009, so it has a three year horizon. The starting point at that time was an educational programme and curriculum that was five years old with nearly 500 active students in seven partnerships, meeting in nine countries.



EMPOWERING KINGDOM LEADERS

I find the great thing in this world is not so much where we stand, as in what direction we are moving: To reach the port of heaven, we must sail sometimes with the wind and sometimes against it – but we must sail, and not drift, nor lie at anchor.

-Oliver Wendell Holmes

**DAI MA program Vision:***By 2012—*

- *1000 of the right students*
- *Being well facilitated by using adult learning techniques in a blended delivery system*
- *Using a contextually appropriate, transformative curriculum*
- *In partnership with like-minded educational institutions that have a high degree of ownership*
- *Being well served by DAI staff and systems*

*In order to accomplish this vision we must: (strategic goals)*

- 1. Initiate and sustain healthy, compatible, active **partnerships** with key Christian institutions of higher education in the Majority world from which accredited degrees are granted.*
- 2. Recruit, orient, and maintain motivated, gifted Christian **leaders as students** into cohorts that graduate 80% of their group within four years of beginning the program.*
- 3. Recruit, orient and retain qualified **facilitators** who are skilled in adult learning and cross-cultural instructional contexts.*
- 4. Develop, deploy, evaluate and revise a high quality MA **curriculum** focused on leadership effectiveness and integrity within a Christian and biblical perspective.*
- 5. Design, staff and equip an **administrative and leadership team** to manage and improve all aspects of the MA program, supported by appropriate technologies and good policies and practices.*

What you can see in this example is that the programme unit for formal education (MA Programs) in DAI has stated a scenario for 2012. It has five areas for which it has envisaged general future states, corresponding to its main components involved in running a Masters programme. This provides focused and specific guidance for developing annual objectives and outcomes for each area. With the timeline of 2012, it is clear that the MA group will eventually need to re-vision their functional unit. In the meantime, they can track changes in each of the five areas to mark progress toward this scenario vision.

What this statement includes are some specified strategic outcomes or primary goals (under “*In order to accomplish this vision we must*”). We will work on strategic issues in Unit 5, where mission-values-vision (units 2-3) and the assessment of the situation (unit 4) are brought to bear on understanding the key issues that face the organization if it is to accomplish its mission and vision.

Here’s another example of a longer vision statement that brings focus onto a number of activity areas that this organization wishes to emphasize as it thinks strategically about its aspirations:

**Hilton Hotels Corporation:** [www.hiltonworldwide1.hilton.com](http://www.hiltonworldwide1.hilton.com)

*Our vision is to be the first choice of the world’s travelers. Hilton intends to build on the rich heritage and strength of our brands by:*

- *Consistently delighting our customers*



- *Investing in our team members*
- *Delivering innovative products and services*
- *Continuously improving performance*
- *Increasing shareholder value*
- *Creating a culture of pride*
- *Strengthening the loyalty of our constituents.*

What is evident in this statement is that the first sentence serves as a kind of visionary sketch. Hilton’s overall image is captured in a value-vision-slogan in their branding logo: “be hospitable.” What Hilton has done is to elaborate its vision statement by combining it with some of their principle values and indicating seven areas of focus that can guide decisions and strategy in creating a future where Hilton branded hotels are “the first choice of the world’s travelers.”

There are some vision statements that fall intermediately between the sketch and the portrait or scenario. One of the Linux open source computer operating system software companies is an example. It is too long to be just a sketch, but not yet a scenario:

Red Hat vision statement: *To extend our position as the most trusted Linux and open source provider to the enterprise. We intend to grow the market for Linux through a complete range of enterprise Red Hat Linux software, a powerful Internet management platform, and associated support and services.*

The strengths of the scenario method of crafting a vision are that:

- It can be quick.
- It stimulates big picture thinking, helping people consider major shifts in emphasis or direction.
- It engages people rapidly in the process of thinking.

The weaknesses of this method:

- It is not particularly good at fine-tuning an organization or its strategies.
- Some groups have difficulty determining how to get from their present to the envisioned future.

Either the visionary sketch or the visionary scenario is legitimate. Both can serve an important role in bringing strategic focus and impetus to an organization. In fact, an organization may have both. It is certainly the case that strategic thinking forces the question of what changes are planned for. Whether captured in a sketch or a scenario, the vision expresses in brief compass the changes that the organization sees as a portrait of what success in the future will look like.



### *Components of a vision statement*

We have been arguing that a vision imagines the future in terms of what it would be like were we as an organization or a unit of an organization to accomplish our mission. It is a picture, painted in words, saying what would be true if we succeed in accomplishing the major outcomes that are enshrined in our mission statement – a sketch or a scenario of the future. It is a guiding image of success.

#### Vision: Internal

The internal vision statement is a picture of what the organization will look like when it is operating efficiently and effectively to support the external vision. This involves the scope and scale of its programmes and services; its image and reputation; its funding, technology, board, staff, partnerships, and facilities. This envisages the sorts of changes that will happen to the various components of the organization itself as it changes in line with the success of its mission. Some examples:

- We will achieve a diversified funding base which will adequately support all our programs.
- All victims of felony assault will receive information and counseling from one of our staff or a volunteer within 24 hours of the incident.
- All of our faculty members will have a computer less than three years old and will be trained to function adequately on Microsoft Office and email.
- We will have a single facility where all of our staff can be stationed.

#### Vision: External

The external vision statement focuses on the client or constituency to be impacted. It is a picture of the ways in which the organization plans to change the world. This part of a vision statement tells us what will happen to the people we serve. While the internal vision does not tell us to what end we want more or better staff, new buildings, better use of technology, a different, more effective board, the external vision gives us a picture of the reason for all those things.

- All people with disabilities have ongoing and effective use of critical technology tools that are adaptable, accessible, affordable and available.
- Students graduating from all our programs express a 90% or higher satisfaction with the course of study and services they received.
- Our Sunday attendance has increased by 35% with the majority of newcomers from ages 25-40.
- Of those making professions of faith, 80% are continuing on in that commitment 12 months after their step of faith.

Vision statements vary in whether they express both internal and external desired future states of affairs. But they can have both or one and not the other. Look back at the vision sketch statements on p. 80. What strikes you about what they portray about the future? Are they internal or externally focused? Do they envisage what will be or something that is being done? What do you learn from this? Compare them

with the vision sketch used by InterVarsity (p. 73). What do you notice? Take a look now at the two examples of vision scenarios (DAI and Hilton – pp. 82-84). What do you see there?

You now have the major outlines of what vision statements are and their various qualities and possibilities. It is time to lay out some of the steps to take that will help you craft a vision.

## Crafting a Good Vision Statement

Who should be involved in the crafting of a vision statement is an important consideration. Drafting a vision statement usually begins with intuition and ideas as well as information on the external environment and internal capabilities. It involves discussion and debate. Board and staff members are good members to involve in this process. You want key stakeholders in the organization’s future to be present when you are envisaging that future. You may even want to do a vision retreat, where a day or so is set aside to work through the information and ideas people have.

Conflicting ideas should not be a problem since people will often spur each other on to more daring and challenging visions. The challenge is to create a vision statement that embodies the positive qualities of a powerful and compelling vision – and is able to motivate people because of its desirability. If it is grounded sufficiently in reality, people will begin to believe it can and will happen. As the vision begins to become reality, people’s notion of what is possible will expand. As people believe they are following a dream of a better future that is valuable, they will see their sweat and frustrations for the organization as worth the sacrifice.

The first place to start is with the current vision. Most organizations are driven by a picture of a desirable future, even if it is not written down or consciously stated. Step one is to do a “vision audit.”<sup>2</sup>

**1. The Vision Audit** seeks to document the current vision by answering key questions:

- a) What is the current stated mission or purpose of your organization?
- b) What is the major contribution or value the organization provides to society?
- c) Within its type of sector or industry, what is the unique position of this organization among similar organizations? A newcomer? A recognized leader? A stable and well-resourced organization? Does it have a unique product, programme or contribution that sets it apart from other similar organizations?
- d) What are the values and organizational culture that govern the behavior and decision making in it?
- e) Does the organization have a clearly stated vision? If so, what is it?

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<sup>2</sup> Burt Nanos, *Visionary Leadership*, p.190-95.

- f) If the organization continues on its current path, where will it be heading over the next decade? How good would such a direction be?
- g) Do the key people in the organization know where the organization is headed and agree on the direction?
- h) Do the structures, processes, personnel, incentives, and information systems support the current direction of the organization?

The vision audit is seeking to understand the current posture and operating profile of the organization. It seeks to determine whether there is at present a commonly shared vision that is well supported by the way the organization works. It asks the key question: if the organization continues on its current path, will it wind up where it wants to be in the next decade? Does it have the right vision, widely shared, rooted in its values and mission, related to its capabilities and position in the larger world? Does it have the right vision for the right time? Or is it time for re-visioning? Or perhaps for the first time, stating a clear vision?

What I want you to do now is to spend some time doing a vision audit for your own organization.



**learning**

Answer Box # 4

Conduct a “vision audit” for your organization. On a separate piece of paper, see if you can state clear answers for each of the eight questions (a-h) listed above.

As you may have discovered, securing clear and accurate answers to each of these questions is not always simple, especially the last three questions. To fill them in some research may be needed. We will talk more directly about “internal assessment” in the next Unit. What you need at this point is the first approximation to a good answer. You may find that you will need to look at those questions more carefully when you work on situational assessment. The vision for the organization will have to be evaluated and reconsidered in the light of conclusions reached in situational assessment. Is it realistic and relevant, given what you learn about the organization’s capabilities and the environmental constraints? It may turn out that the vision you have created and the direction you seek to take will not work well given internal and external realities.

**2. Vision Context** considers the environment that provides the basis for realistic possibilities.

Unit 4 will delve into this in much greater detail. Already you will see that units 3 and 4 go together in that each depends to some degree on the other: vision tells us what we need to prioritize and consider in our environment; situational assessment tells us what is realistic and achievable in our vision.

In crafting a vision statement, one must begin to do an environmental scan. A vision must be realistic and credible, not just desirable and attractive. It is a choice of one possible future out of a number of alternatives. One of the ways that choice is made is by reflecting on what might happen in the world that would affect the fate of the organization.

Earlier we noted that visions are not prophecies. We cannot and need not predict the future in order to create a vision. What we are attempting to do is to understand the range and nature of possible outcomes. In thinking about the possible developments in the environment, you are looking for those important changes that are coming that might have significant impact for an organization of your sort. There are both opportunities that are unfolding and threats that might undercut your current programmes or products. A vision needs to be “robust,” that is, likely to be effective and relevant in a wide range of possible environmental conditions. Martin Luther King’s vision of a world of racial equality was a vision relevant in times of peace or war, economic growth or decline.

You do need to pick a time horizon. It is hard to imagine much less predict what the world will be like in 25 years (and in some cases even in 5!). But usually you want to think ahead about 10 years. That gives you long enough to think deeply about changes in the environment and anticipate significant shifts. But it is short enough so that your assumptions and speculations will not be as wrong or distorted as ones with a longer horizon.

There are a number of things that might be considered in considering changes: in the needs and wants that the organization serves, in the stakeholders of the organization, in the larger world (political, economic, educational, cultural, social, technological) and other matters. Below are a set of considerations that are worth asking as well:

<b>External Considerations</b>	<b>Internal Considerations</b>
Is the outlook promising if the organization simply continues to maintain its current strategic course and current programmes and products?	What are the aspirations of the organization? What standing ought it to have in the midst of other such organizations?
Are changes underway in the environment that are acting to enhance or to weaken the prospects of the organization?	Will the current operations and programmes/ products generate enough growth and revenues in the next years to sustain the health and growth of the organization?
Which, if any, new clients or geographic locations should the organization get in position to serve?	What organizational strengths ought to be leveraged in terms of adding new “products” and programmes or getting into new businesses/services?
Which emerging opportunities should the organization pursue? Which are ones that should not be pursued?	Is the organization stretching its resources too thin by trying to do too many things?
Are there any clients or geographic locations currently served that the organization ought to cease serving?	Is the organization’s technological focus too broad or too narrow? Any changes needed?

Having peered far and wide into the future, your list of possible or probable changes needs to be assessed for importance. Which of the anticipated changes are most likely? Which carry the most significance of impact upon your organization and its continued effectiveness? A priority one item would be an item that, if it happens as expected, would have the greatest impact on the organization. A priority four item would be one, if it happens as expected, would have the least impact. You and your colleagues take the list of changes you think are coming and rate them in terms of priority. This produces a list of items that need to be considered as you begin to create scenarios.

**learning****Answer Box # 5**

Given what you know at this point in time, what do you think are the most important things in your context that might have greatest impact on the ability of your organization to achieve its vision?

### **3. Implementing a Vision**

Once a vision statement has been crafted (and re-crafted in the light of further information developed in a full scale situational analysis), it is time to implement it. Visions are empty dreams when they are not widely shared and acted on. This engages the three other roles mentioned earlier:

**A. Spokesperson:** Vision must be shared. Communication is one of the important tasks in implementing a vision. Showing its implications, articulating its challenge, drawing its relevance to the mission and values – these are tasks for the leader. Visions are not for the bookshelves or the file cabinets. They are meant to be shaping and guiding images of success against which progress can be measured.

This is not simply an internal but an external matter as well. The vision is part of an identity forming and branding element of an organization. It says not only what it stands for and what it does, but where it is going: the way in which it will seek to change the world. By appropriately disseminating the vision, trust and confidence can be enhanced. Memos, annual reports, press releases, organizational retreats, interviews, letters, pamphlets, a new logo – there are innumerable ways in which the vision can be epitomized and expressed.

Leaders communicate most eloquently by personifying the vision. Leaders live the vision by making their actions and behavior consistent with it. In doing so, they gain an inordinate ability to create a sense of commitment and urgency around a vision. By keeping commitments, by consistency in informal and informal settings, in public and in private, by what they express interest in, by the questions they ask and by how they organize their staff and physical surroundings, leaders create a compelling model of vision-driven leadership.

**B. Change Agent:** Change is always a challenge in organizations. Once a vision is chosen, the inertia of the organization can erode the vision’s ability to reshape and guide it into the future. The leaders must think and act strategically in implementing a vision. Several considerations will need to be settled.

With whom will you, as leader, form strategic alliances in order to strengthen the pursuit of the vision? These may be internal or external. In small organizations, the leader may not need to think as “politically” about where power centers are and where there are potential pitfalls where visions may slowly die. In larger organizations, strategic alliances are critical to effect real change.

Then you will need to insure that the vision is elaborated into goals and objectives. The vision itself does not dictate a strategy or program. But when goals and objectives are being formed, it is important that they have strong and clear links with the vision and its fulfillment.

In line with the adopted goals and objectives, there is the securing and aligning of various resources so that there is credible energy and physical capital mobilized at the key elements of the vision. Technology, physical facilities, human capital, budgets, reporting and accountability methods – all of these need alignment with the vision.

One key to organizational change is change in the culture or climate of the organization (we will look at this topic in Unit 9). Organizations tend to seek stability because the people within them see their lives as complicated every time new change occurs. Change upsets established relationships and has the potential to reduce the power and influence of some in favor of others. Information and decision-making may be rechanneled. Certain expertise and skills may become obsolete. Change is often seen as a threat rather than an opportunity.

Leading change is partly a social matter (figuring out how to by-pass or isolate centers of inertia) and partly a cultural issue (connecting the values of the organization to the vision and to the changes required by it). Fostering an organizational culture or climate that values innovation and change is one way to facilitate the implementing of a vision.

Questions to ask: what values are aligned with the new vision? What is the best way to organize for achieving the vision? How will performance in support of the vision be recognized and rewarded? What new policies and operating processes are needed? Are there new partners and external alliances needed in carrying out this vision? What new skills need to be acquired or developed?

**C. Coach:** As coach the major role of the leader is to encourage and empower other people. This is a critical role in terms of enabling others to enact the new vision. This is not the facilitating of the development of general capabilities, but the releasing and aligning of capabilities to support the vision.

Some of this is done one on one. This can become part of a mentoring relationship: a broad, long term relationship that seeks to encourage and impart wisdom from one level of leadership to another. But it can also be done within a team or in even large groupings. In fact the way people are organized into teams and working groups is a component in developing the alignment essential for carrying out the vision. But the leader needs to ensure that the development and reward of the skills and practices that are critical for implementing the vision occur.

Not all of the coaching needs to be done by a single leader. But those who are responsible for retuning the practices and skills of those involved may well need training and coaching in accomplishing those tasks.

## Revisoning the Organization

Early in the process of strategic thinking, the leaders and staff of an organization must wrestle with the issue of what path needs to be taken in the future and what changes in the current products, structure, policies, technology and clients will be needed in order to improve its ability to achieve its mission. An organization’s conclusions about its aspirations for the future point it in a given direction. Vision provides a view of “where we are going” and rationale for the why this makes good business and mission sense. A strategic vision charts a strategic path and molds the organization’s identity. It helps to steer the common activities of an organization in a common direction.

But it is a mistake to conclude that this is a task once done, forever completed. It is a task that must be continued with no end. As the world and the organization changes through time, the mission-values-vision must be revisited again and again, if only to reaffirm. Visions can overstay their usefulness and power to mobilize energy behind a compelling and worthwhile cause.

Organizational learning also creates a matrix within which the vision needs to be reformulated and sharpened. The very act of implementing a vision through crafting, implementing and evaluating a strategy will give impetus to improvement in the vision. We will discover that we did not understand the trends and the future developments as clearly as we had hoped. We may learn that the capabilities and resources of our organization are not yet mature and rich enough to realize the great vision we have crafted. We may have reached the destination of our vision years ahead of when we dreamed it possible.

There are many things we learn as we seek to carry out the calling, commission and vision God has given us for our world. One result is that we need to redo our vision, to confirm or revise it for a new day and new opportunities.

### Summary:

In this unit we have explored short, slogan-like vision statements (vision sketches) and longer, more detailed portraits of a desirable future (vision scenarios). We have outlined some of the qualities that mark both effective and ineffective vision statements. Visions are the primary statements in a strategy that point out the direction the organization intends to go in the future. Done well, such statements can inspire, generate hope and enthusiasm, provide a sense of meaning and worth among those who share it. We also considered the four roles that a leader must play in articulating and propagating a vision: direction setter, spokesperson, change agent and coach.

**Final Assignment:**

Considering all you have learned about vision statements, revisit your organization’s vision statement (or the one you have written), and evaluate in terms of the criteria of a powerful, compelling vision (see pp. 77-78 for details; you might look at pp. 94-95 for a different but complementary check list for effective vision statements):

Answer Box # 6

Write your vision statement here:

Now score it with 1= very strong; 2= Strong 3= Adequate 4= Weak

Quality	Score	How might you change it to make it stronger?
Appropriate		
Graphic		
Directional		
Focused		
Flexible		
Feasible		
Desirable		
Easy to communicate		
Challenging		

Total =



## Appendix A: Examples and Exercises

### 1. Examples of vision-mission-value statements:

#### The Community Driven Institute [www.help4nonprofits.com](http://www.help4nonprofits.com)

At Help 4 NonProfits and the Community-Driven Institute, our **vision** is for a healthy, compassionate, vibrant world.

Our **mission** is therefore to ensure the Community Benefit Sector has what it needs to create that world:

- Convening the Sector: Bringing together all levels of the sector to aim for that amazing world
- Engaging the Sector: Encouraging all levels of the sector to feel the immense potential we have to create that amazing world, and to believe in that potential
- Mobilizing the Sector: Encouraging all levels of the sector to take action to make that amazing world a reality
- Supporting the Sector: Ensuring the sector has the means - whatever it takes - to make our world a healthy, compassionate, vibrant place for all



#### Moolchand MedCity <http://www.moolchandhealthcare.com>

**Our vision:** To be an integrated, global healthcare service provider, recognized for integrity, quality of care, service and innovation.

**Our mission:** To consistently deliver excellent and compassionate medical care to our customers throughout their lives.

#### Our values:

- **Uncompromisable ethics**  
We will aspire to maintain the highest ethical standards at all times
- **A passion for excellence**  
We do not settle for mediocrity and take pride in whatever we do. Our passion for excellence will show in our technology, processes and care
- **Unmatched quality**  
We will relentlessly focus on constant improvement and development of systems which integrate our learning. We will never forget that people trust us with their lives

- **Dedicated to innovation**  
We strive to seek innovative or creative solutions and aggressively leverage technology. In many cases, technology will improve the quality of peoples’ lives
- **Leverage teamwork and partnerships**  
We work in collaboration, across boundaries; to deliver ‘more’ than we can do in isolation
- **Strive for leadership and growth**  
We will systematically focus on attaining leadership positions in order to leverage scale, deliver superior clinical outcomes and attract talent
- **Reward merit**  
We will foster an environment which rewards excellence in ideas, clinical care and service deliver. This will help create an institutional DNA which incorporates excellence
- **Customers and partners first**  
We will treat our customers and partners as we would wish to be treated. We will always try to exceed their expectations
- **Be responsible stewards**  
We will be conservative stewards of institutional resources and aggressively seek to create financial strength in order to guard our stakeholders. We will manage institutional resources as we would like others to manage our personal resources
- **Treat people well**  
We will help our employees grow and create a supportive environment for them

## 2. Exercise for creating a vision scenario

### Vision Exercise

- Headline news: Your organization has been written up 10 years from now for receiving an award for excellence: (25 minutes)**
- What is the headline of the article?**
- What does the article say about the organization’s achievements?**
- What would be a featured quote about the organization and who would be saying it?**
- Draw a picture or describe a photograph that would appear with the publication (include a caption).**

## 3. Checklist for vision statements:

### Check List for vision statements:

Our vision statement . . .

- Clarifies purpose and direction for the organization (can be used to guide decision-making)
- Is comprehensive, focusing on more than one aspect of the organization
- Is written in present rather than future tense (e.g., “we are” rather than “we will be”)
- Is easy to read and understand

**Is Future Focused**

- It describes what we want the organization to look like in 20 years (a preferred and meaningful future state)
- It describes where the organization wants to go (but not how the organization will get there)
- It describes the organization’s future in positive terms (instead of describing what the organization does not want)

**Is Reflective of Our Organization**

- It builds on our organization’s history and culture
- It emphasizes the uniqueness of our organization
- It reflects our organization’s values
- It is inclusive of the organization’s diverse population (reflects more than one or two viewpoints)

**Is Inspiring and Descriptive**

- It captures the desired spirit of the organization
- It provides a motivating force, even in hard times
- It kindles excitement and fosters commitment and dedication
- It gets people’s attention
- It creates a picture in the readers mind of what the organization will look like

# Strategic Thinking

## Unit 4

### *Help! Everything is Changing: Situational Assessment*



## Development Associates International

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Version 2.0

D.A.I. P.O. Box 49278 Colorado Springs, CO 80949-9278 USA  
Tel. (719) 598-7970 / Fax (425) 988-8126  
[www.daintl.org](http://www.daintl.org) / E-Mail: [info@daintl.org](mailto:info@daintl.org)

## Unit 4: Help! Everything is Changing: Situational Assessment

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### Learning Outcomes:

By the end of this unit you will be able:

- To describe the basic tasks involved in doing situational analysis as part of strategic thinking
- To demonstrate the ability to write a timeline analysis of your organization.
- To do a preliminary SWOT analysis of your organization.

## Introduction

This unit is entitled **Help! Everything is Changing**. This unit is all about **understanding the situation in which an organization finds itself** at a given moment in time. Research into its internal characteristics as well as an environmental scan is required in order to make sense of pertinent factors that make up an organization's current situation. Strategic thinking focuses on the future within an ever changing context. Situational assessment seeks to understand the context within which strategies must function.

An effective strategy will do a number of things simultaneously:

- Communicate a compelling purpose to others
- Envision a worthwhile and achievable future
- Connect organizational strengths with environmental opportunities
- Exploit current success while exploring new opportunities
- Generate more resources than it uses
- Coordinate and guide activities
- Respond to new conditions over time
- Provide the basis for learning how to be more effective in the future

The challenge for strategic thinking is change: the external environment is changing and so too are the organization's own capabilities and resources. Understanding the internal and external factors that create conditions for success and failure are crucial to crafting an effective and realistic strategy. Because these change over time, an organization must regularly assess its internal capabilities and its external environment to see whether adjustments or changes in strategy are needed.

To survive and be successful over time, an organization must be in tune with its external environment. There must be a strategic "fit" between the organization and its environment – what the environment needs or wants and what the organization provides; what the organization needs and what the environment can provide.

Strategic thinking must deal with uncertainty. Uncertainty is the degree of complexity plus the degree of change going on in an organization internally and in the environment externally. Environmental uncertainty is becoming more acute as globalization continues apace. The rate of technological change as well as changes in politics, legal conditions, the economy and culture challenge our best efforts to stay faithful to our mission and relevant to our context.

In strategic thinking there are three central questions that must be answered as clearly and carefully as possible in strategic thinking: What's the organization's present situation? Where does the organization need to go from here? How best can it get there?

Situation analysis is also called taking stock, environmental scanning, or simply data gathering. It involves gathering key information about both the external environment and the organization's internal environment.

Units 2-3 worked on the second question: *Where does the organization need to go from here?* The framework for a full answer to that question is provided by the mission-values-vision. Knowing those three elements does not provide a *complete* answer since it may turn out that, as one considers the present situation, there are unrealistic aspects in the vision that may need revision.

Unit 4 focuses on the first question: *What's the organization's present situation?* This question forces leadership to evaluate the external conditions within which it operates, the trends, threats and opportunities that exist for it to create the outcomes it desires. It must evaluate the organization's capabilities and resources, looking for strengths and weaknesses in dealing with the external environment. If you are planning a journey or setting a path, you need to know not only where you want to go, but where you are now.

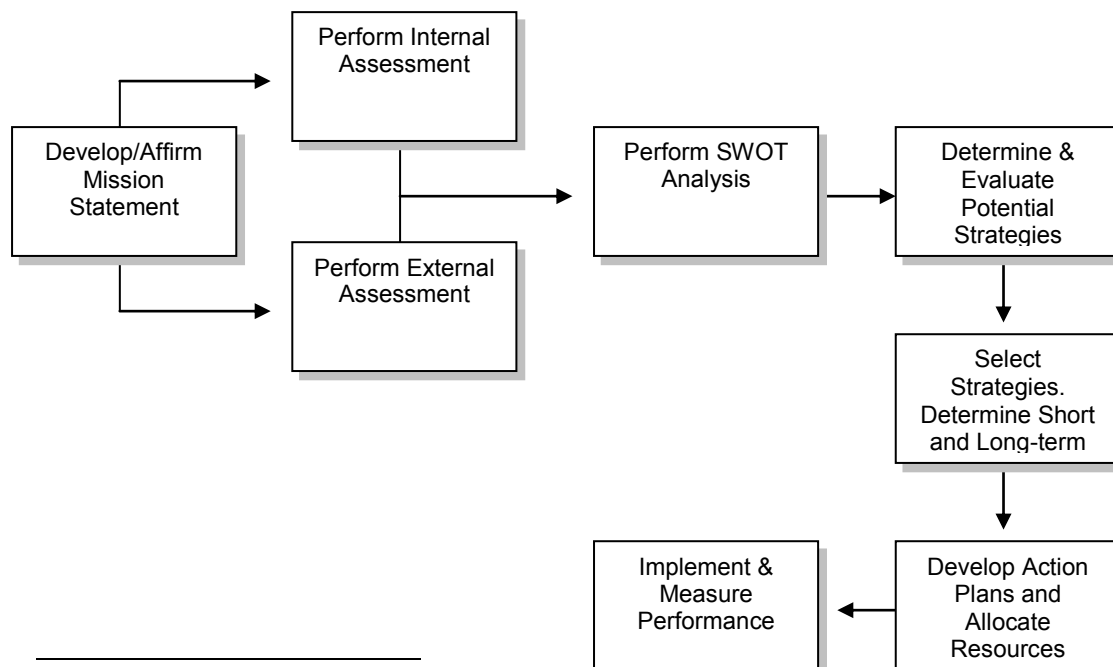
Units 5-6 form the central units of this module: *How can it best get there?* These units work on setting key strategic outcomes or primary goals by understanding the strategic issues facing an organization and then selecting strategies to address those issues and reach the key outcomes. These units culminate the process of strategic **thinking** and initiate the process of strategic **action** as it is translated into budgets, assigned responsibilities, programmes and action steps.

To do these things, strategy must be rooted in a realistic understanding of the organization and its context. Situational analysis is the means by which the strategist comes to understand the position and status of an organization within its context. Research is needed to document and describe key environmental aspects that must be taken into account in a strategy.

The most common pattern for strategic thinking in recent years can be captured in the chart<sup>1</sup> on the left. It all starts with the mission statement (and for us values and vision as well). The next step is to do both an internal and external assessment and then perform a "SWOT" analysis. In this unit we will not only be introduced to SWOT analysis but an alternative, SOAR. But more of that later.

### Strategic Thinking and Your Situation

Being strategic means making conscious choices about how you use your limited resources to achieve your purpose in response to a dynamic, changing environment. A strategy is a broad overall priority or direction adopted by an organization to



<sup>1</sup> From "Strategic Inquiry → Appreciative Intent: Inspiration to SOAR: A New Framework for Strategic Planning" by Jacqueline Stavros, David Cooperrider & D. Lynn Kelley (2003). Accessed May 10, 2009 <http://appreciativeinquiry.case.edu/research/bibPublishedDetail.cfm?coid=5331>

achieve its purpose – it defines where you invest your resources now and over the next few years. To do this you must understand your situation.

There are *some dilemmas* in situational assessment.

1. You will never have perfect or complete information. So you have to decide when enough is enough. You need to have enough of the right information, information that is accurate enough to gain a sufficient understanding of what is going on to allow you to make good choices about strategy.
2. Information will conflict with each other. So you need assess the value and accuracy of your information. You will have to decide what information/data you have is most accurate and most significant in understanding your situation.
3. Information gathering is time-consuming and your time is limited as you work to improve your effectiveness. So you have to decide when you've run out of time. The task of learning is never ending. How much is enough? How precise must the data be? You can always invest more time and resources in expanding the database or in getting certain data even more precise.

We will organize the inquiry or discovery phase into three steps: the history, scope and distinctive of the organization, gathering new information, and summarizing the information.

But first let's revisit our friends in Happy Valley as they struggle to move forward in meeting some significant needs that surround them. Their case may be different from your own in that this is a start-up, a new organization in the phase of initial development. So their need for information and situational assessment will differ from a longer established and much larger organization. In addition, their mission goals and vision may be quite different from your own organization. Nonetheless, let's look in on them and see what we can learn before looking more broadly at what is needed for an assessment of the situation.

### ***Case Study: Looking at Happy Valley through God's Eyes***

Kingdom Associates International now has become officially launched with a clear and well-thought through statement of its mission and purpose:

*In response to the Scriptural mandate of love and compassion, Kingdom Associates purposes to minister to those in Happy Valley who do not have the skills or resources to change their destiny, releasing them from the bondage of poverty and enabling them to become productive and fulfilled members of the family of God.*

Now the time came to move forward on the road map provided by this mission statement.

God spoke in a surprising way during one of the first of many prayer sessions. Samuel Costas, a wise and elderly member of the group, quietly said "I think God is telling us something important. The example of Nehemiah came to my mind quite vividly and I saw him on his mule going around the walls at night. And God seemed to say, 'get off your knees now and go to Happy Valley. Walk around. Listen. Talk with people. Do this in a prayerful way expecting your eyes to open to the needs. Talk over what you have learned and what you think you should do. Then come back to me. And you will know.'"



In her usual way Sister Sophie said “amen brother” and others followed. Pastor Caleb was among the last to respond and his words surprised them.

Quickly several research teams were formed. One group led by Samuel Calder took the assignment of assembling published evidence on economic and social conditions in Happy Valley. They also were assigned to talk with leaders within the community.

The second team coordinated by Alex agreed to focus on youth and young adults and agreed to walk throughout the community to observe, talk and listen. Sister Sophie and her friends took on the same assignment with women of all ages. And Pastor Miguel’s team focused on the spiritual and economic needs of men.

Elizabeth Njoroga wisely suggested that each team join hands with at least a few members of Faith Church. As she put it, “you will not be welcomed if you come in all by yourselves. Also, you won’t really understand what you see. Be our guests and let us be your eyes and ears.”

Answer Box # 1

*✍ What do you think Samuel Calder’s team could learn from leaders, publications and other similar sources?*

You could learn a lot about population, religious believes, employment statistics, health needs, cultures and ethnicity, the list goes on and on. There is a lot of general information available about general conditions and trends in the larger environment.

Answer Box # 2

*Now think about the other groups, the one led by Alex, Sister Sophie, and Pastor Miguel. Assume you have never been in Happy Valley and now you are walking through the community and simply listening and observing. What do you think could be learned?*

Well, some of the social conditions are certainly observable. Look at the condition of housing. When I worked over the years with the research unit of Daystar University in Kenya, we learned that one of the best indicators of household income in Eastern Africa is whether the house has a metal roof. Now a Westerner like me would never think of that.

You look at people's faces. What's going on in the streets? Does there seem to be a sense of optimism or defeat? You can learn a lot just by listening and watching faces, the kinds of conversation that's going on, whether people gather, and what they talk about.

You can learn a lot about how people spend their time. Are the families together? What are the men doing at night? Are they at the beer halls? Where are they? What do the older children do? This will tell you what their felt needs are as they define it. Oftentimes you see heavy emphasis on sports. I remember working once with a Christian publisher. He said "We can't distribute any of our materials in this community. Nobody wants to buy anything," and they were almost giving them away. I said, "Well how do you distribute them?" "Well, we have this little shop at the church." I said, "Have you ever thought about setting up a little stand outside of the sports stadium?" "Oh, that's an interesting idea." Well they did that, and they found out that they had some material that people wanted and then helped them.

I certainly would attend Faith Church and see what is going on there. What is the age distribution? That will tell you a great deal. Is it mostly older? Then you've learned about interest in Christianity and potential receptivity. Is it mostly women? Frequently the answer to that is yes. If so, where are the men? The men, in those cases, may have written off Christianity as a woman's religion and they don't see much in there that's attractive to them.

Obviously this is very limited. You can't learn everything just by observation. You can't learn about their dreams, hopes for the future, and so on. Nevertheless, this is a research tool that everybody should use. Walk around. Pray. Listen. Ask God for special insight. Ask him for a sense of the spiritual realities. What's the spiritual temperature? What do you see, as Paul did, on Mars Hill where he said, "I see that you are worshipping many gods." Do you see signs of that? Well you're learning, if you do. All of this gives you some guides for further investigation.

Do you remember the story of Joshua and Caleb. They went in to do research and find out what the situation was in the promised land. Others went as well, but they did not go in with faith and vision. Joshua and Caleb went in with faith and vision and they saw it through God's eyes. Now that's what we're going to see that the Kingdom Associates team did.

### ***Case Study: Following the Model of Joshua and Caleb***

Three research teams were formed to enter Happy Valley following the biblical approach of Joshua and Caleb—true believers seeing the opportunities and challenges through God's eyes. As the teams worked, they realized they needed to probe more deeply than simply securing anecdotal stories and random observations. Samuel Calder's team came across a research tool in published materials. This is what they discovered that gave them some pertinent questions to ask as they sought to understand Happy Valley.

## **Analyzing the Challenges and Opportunities<sup>2</sup>**

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<sup>2</sup> This is a research tool developed by John Lewis of Mission Aviation Fellowship. This is a few questions out of a much broader set of questions, which they use in that ministry when they look at a new area titled it "Analyzing the Challenges and Opportunities."

<b><u>LIVES—won to Christ and growing in maturity</u></b>				
1. What % of Christians make-up of the general population?				
① 0-1%	② 1-3%	③ 3-10%	④ 10-20%	⑤ More than 20%
2. What is the growth-rate among Christians over the past couple of years?				
① 0% or less	② 0-1%	③ 1-3%	④ 3-5%	⑤ More than 5%
3. To what degree are individual Christians or Christian families maturing in their faith and becoming change-agents? (Ex. impacted by prayer, forgiveness, compassion, personal holiness, etc.)				
① No evident change occurring yet.	② A little – 1-2 examples of spiritual growth with impact on others can be given.	③ Some – 3-5 examples of spiritual growth with impact on others can be given..	④ Quite a bit – 5-10 examples of spiritual growth with impact on others can be given.	⑤ Much – More than 10 examples of spiritual growth with impact on others can be given.
<b><u>CHURCHES—planted, growing and reproducing themselves</u></b>				
1. What percentage of the population has access to a local church?				
① 0% of population –There are no churches.	② Less than 10%	③ Between 10-20%.	④ Between 20-50%	⑤ Over 50%
2. How many of the local churches are actively involved in reproducing themselves?				
① None	② 0-5%.	③ More than 5%	④ More than 10%	⑤ More than 25%
3. To what degree are churches involved in outreach and ministry?				
① No church involved in outreach.	② Some local outreach occurring.	③ Considerable local outreach including some cross-cultural efforts.	④ Several churches support local missionaries involved in cross-cultural ministry	⑤ Several churches actively planting cross-cultural churches.
<b><u>COMMUNITIES—transformed with Kingdom values and people receiving basic human needs</u></b>				

<p>1. How well are the basic human needs (water, nutrition, health, education) of the poor being addressed as result of Christian ministry?</p>				
①	②	③	④	⑤
None – no ministry occurring with this result.	A little – Can give examples of 1-2 cases of meeting basic human needs.	Some – Can give examples of 3-5 cases of meeting basic human needs.	Quite a bit – Can give examples of 5-10 cases of meeting basic human needs.	Much – Can give examples of more than 10 cases of meeting basic human needs.
<p>2. How well are dissimilar groups, tribes, peoples, etc., getting along and working together in harmony as a result of Christian witness or ministry?</p>				
①	②	③	④	⑤
No cooperation – some open hostility may exist.	A little - Can give examples of 1-2 cases of real change in values regarding working together in harmony.	Some - Can give examples of 3-5 cases of real change in values regarding working together in harmony.	Quite a bit - Can give examples of 5-10 cases of real change in values regarding working together in harmony.	Much - Can give examples of more than 10 cases of real change in values regarding working together in harmony.
<p>3. How much are other local values moving toward Kingdom values as a result of Christian witness and ministry? (Ex. Decrease in alcoholism, adultery, wife abuse, child labor, corruption, hoarding, pollution, etc.)</p>				
①	②	③	④	⑤
No examples can be thought of.	A little - examples of 1-2 transformed values can be given.	Some - examples of 3-5 transformed values can be given.	Quite a bit - examples of 5-10 transformed values can be given.	Much - examples of more than 10 transformed values can be given.

Answer Box #3

*If you were going to start a ministry in a new area, and you gathered information answering all of the questions using this tool would this be helpful to you in deciding what type of ministry to start. Why or why not?*

*What other information would you want to know?*

**First Category: Lives won to Christ and growing in maturity**

It's always helpful to know what percentage of Christians make up the general population. About the only way you will find that out is most likely on the basis of the numbers that are consistently attending church. They aren't the only ones that say they're Christians, but those who are serious about it are probably indicated more by consistent church attendance.

What's the growth rate among Christians? You'll have to do some inquiry there among existing Christian entities. In our case study in Happy Valley, obviously, we know pretty well that the church is miniscule and the growth rate is minimal.

To what extent are individual Christians or Christian families maturing in their faith in becoming change agents? What the survey is saying is this is shown by whether there is discipleship taking place. The first couple questions deal with evangelism. But do we see a maturing church? If our answer is no, it could be that this is the opportunity where God wants us to work, if indeed this is in our area of skills and call and mission. So make sure we find this out. All too often we go in and we ignore the existing church. We should not do that!

**Second category: Churches planted, growing, and reproducing**

This gives further information. What percentage of the population has access to a church? How many churches are involved in reproducing themselves? A life of outreach shows a number of things. It's one measure of growth. It measures obedience and vitality. To what degree are churches involved in outreach and ministry? Especially cross cultural, among different ethnic groups who are there.

**Third category: transformational questions**

To what extent is the community being transformed with kingdom values? Are people having basic human needs met – water, education, health care, income generating activities? Is Christian ministry involved in meeting these needs, in offering the “cup of cold water” to the thirsty?

Right now in Happy Valley there are hardly any needs being met by anybody, let alone Christians. But we have to find out more. How well are dissimilar groups, tribes, etc. getting along and working together? This is so important. All too often we find division. Maybe one of the best things we can do is to help bring harmony. In all of this you're learning what the opportunities and challenges are. How much are other local values moving towards kingdom values as a result of Christian witness and ministry? Wow! Is that important.

Some time ago I was engaged to do a detailed study of the impact of the “Jesus film.” I had the privilege of heading that survey. It was done through the channels of Development Associates where we assembled a research team that worked in the country of Malay and also in the southern part of India. Basically we went to people who were considered having made some kind of commitment to Christ through the film. We talked to them a year later to find out how their lives had changed.

The most exciting thing we found from that was that outside observers, as well as the people themselves, talked about the sharp reduction in adultery, child abuse, wife abuse, crime, drugs, alcoholism – a range of observable changes. That happened as a result of the discipling process set in place by the Jesus film. That's important information isn't it? See, if that isn't happening, it should be. Where the gospel is really planted, there should be spiritual transformation in terms of maturing and spiritual growth and social transformation. So this gives you a guide, not a very long one, but it gives you something to get your arms around here as you begin to think about Happy Valley.

### How do we get this Information?

There are four basic tools that you can use to find out this and other information. (A later course in this series, “Introduction to Research Methods,” introduces the tools of research in detail.) These four tools are:

1. Information gathered by others is always useful. If we wanted to know what the economic and social situation is, go first of all to public information. Maybe there’s been a study by the UN, maybe by UNESCO, maybe by an NGO, or maybe by government. There is a lot of information available in places where you would least expect it, so start there. You may get data about income, employment, the extent of AIDS, what have you. Secondary information can often save you hours and hours of research.

2. Interviews and focus groups: Asking somebody who knows is always a good start. Ask an opinion leader, someone who is very knowledgeable. Try when we’re going into an area that we do not know, to have very wise people from the community right there with you to interpret what you are seeing and hearing. Sometimes you can gather a small group of 5-9 people and ask them basic questions, as a focus group, to sense the range of opinion and insight. Focus groups are a type of structured interview using a number of people simultaneously to gather information.

3. Observation is a simple tool in many ways. It was the tool used so wisely by Jesus. Amazing how he could look and sense, how he observed and listened to things in his language. It’s a tool we all use, and it can be of wonderful value.

4. Survey questionnaire is basically a structured conversation. What it means is that we have thought through the information we want, and we’ve either written down questions or we have them so firmly in mind that we can ask it and record the information.

### ***Case Study: The Results of the Happy Valley Research***

Here is a summary of the report from the research teams that entered into Happy Valley. One, looking at assembling published data a second focusing on youth and young adults, one meeting women and the last one, which was working with men. Look at that they found as they went through.

#### **Economic Conditions in Happy Valley**

- There are three taps with running water to serve the whole area and there are no sewage facilities other than a neighboring drainage canal.
- Housing mostly is a combination of plywood and scrap metal.
- Three small elementary schools are operating, funded by the government, but absenteeism runs high.
- Only about one fourth of the homes have regular access to electricity,
- Drunkenness is a major problem and drug usage also is common among younger people.

- Many of the women have been forced into prostitution among the ever-present tourists, because they are the sole source of income for the family. AIDS is has now become a big problem.
- There are no continuing opportunities of any kind for vocational or technical training for the unemployed except for a handful of attempts by NGO's to train men to run small businesses.

### **Spiritual Understanding Survey Results**

- Nearly everyone said they believe in God or some form of divine being. But only the Muslims (about one fourth of the total) said there is one supreme God.
- Just under 30% have heard the name Jesus. More than three fourths of these said, when asked, that he is a Christian's God. Eleven percent however, answered that Jesus is the only way to God.
- When asked what would happen after death, there was great uncertainty. Everyone agreed that their good works would be evaluated and that eternal outcomes are based on their merit. But over two-thirds fear death.
- Most know that the Bible is a book about Christianity. Only 5% have ever read much of it, although 15% claimed to have been given a scripture portion or a tract.
- When asked about their felt needs, there was widespread agreement:
  - Having enough food for my family each day.
  - Finding a steady job.
  - Keeping healthy enough to live and work.
  - When asked what life will be like six months from now, most found it difficult to even think in these terms. There seemed to little hope that things would change for the better.

What should Kingdom Associates do? There is no way they can answer that question yet. From what we know, we can be sure that there are opportunities to work here that could make a big difference. But what they will wind up actually doing will depend upon many other factors like the resources they have, their skills, and so forth. Choosing a strategy is not just about the mission-vision we have and the great need we see as we scan our environment. It is also a matter of our own internal capacities and resources. Kingdom Associates need to know more than just the needs that cry out but also what they can do competently and well. Try to do everything and we usually wind up doing nothing well.

At least now we have a clear picture of the situation. We can't address everything. The question is, God, what would you have us do? Based on the information here, people are not spiritually ready for the usual evangelistic campaign where you go in with tracks and a plan of salvation. There needs to be carefully lived out and visible Christianity first.

Now Kingdom Associates is one little group, but they are people who can see through the eyes of Jesus, who can get on their knees now and pray. Obviously, they can only do a small amount as a team themselves. There are so many needs that they could start anywhere. How are they going to decide? What are they going to do? We'll find out in the next unit.

When you get information like this, it's very easy to get pessimistic. It's very easy to be overwhelmed. Here is where a team of people is a critical necessity. You need to have a cross section of the body of Christ who can look at this through Christ's. It's good to keep in mind that he didn't try to do everything. He didn't try to meet every need of the poor. Nor can you. But He can lead you as to what He wants you to do.

Kingdom Associates are an example of the fact that organizational work or ministry needs to be rooted in what is true, what is the case. If strategy is a form of wisdom, wisdom is always rooted in knowledge and understanding. What situational analysis is about is coming to an understanding of ourselves, our organization and the world in which we operate. So how do we do that, especially if we are an organization with more history and larger size than the newly initiated Kingdom Associates?

### ***History, Scope and Distinctives***

The place to begin situational assessment is with understanding the organization. Preparing a short summary of the events that shaped the organization, listing its specific programme activities and services, and drawing an infrastructure profile will give you a snapshot of the organization. This will provide a valuable element in doing the internal assessment. In particular, we are looking for the strengths that the organization possesses and can mobilize most effectively in increasing its impact in the future. But we also want to see two things:

1. Trends within the organization itself or in the external world that have major impact on the ability of the organization to sustain itself and to be effective and stable as a ministry, agency or business. Eventually, we need to be sure we are tracking those elements where changes can have major impact for better or worse.

2. The growth of organizational wisdom over time. Is the organization acquiring, communicating and using what it is learning from experience? Is the organization becoming a "learning" organization? Is it becoming more effective and efficient as it becomes clearer about what the center of its mission is, what its primary strengths are, what opportunities face it? Is it becoming better at thinking and acting strategically and faithfully in terms of its mission and values?

The history of the organization can often be done using a timeline that displays key events. This would include date of founding, original mission, dates when key programmes began, shifts in strategic posture, key personnel transitions (such as when the founder left, when the CEO changed), formative or traumatic events. You are looking for those events that are particularly formative. Out of this one can often begin to note particular strengths that people want to carry into the future.

It is sometimes useful also to discuss the stages of development of the organization. Each stage brings new challenges. The startup stage means addressing issues such as: clarifying the mission, building basic services, finding a funding base, acquiring key personnel, and putting basic administrative and governance systems in place. After an organization has grown, the stage just after the founder leaves is particularly critical. Will it need a different board? Will the new leadership sustain the founder's vision? Sometimes an organization is in a stage of stability and the needs have to do with re-igniting the original passion that invigorated its early days.

On the next page is an example of one way to do that: to draw a timeline of the organization and list key events both internally and externally – and summarize some key lessons from it. The example is the AIDS Service Organization (ASO).



**Case Example: Aids Service Organization<sup>3</sup>**

Time line	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
List key organizational events and shifts in priorities, placing events in chronological order																
<p>1988 Organization founded; Ken Brown, director</p> <p>1989 First federal grant for prevention – hotline and outreach started</p> <p>1993 First federal care grant – Case management services and support groups started</p> <p>1997 Satellite office opened (SE section of the city)</p> <p>2000 Joseph Chin, new executive director</p> <p>2000 First Strategic plan completed</p> <p>2001 Collaboration with City Clinic begins – prevention outreach expanded</p> <p>2002 Federal care award increased –care services expanded (transportation vouchers, benefits counseling)</p> <p>2002 City Health Department Award received to fund unemployment support services</p>																
List key external events impacting the organization																
<p>1995 First HIV prevention community planning group/Title I CARE council convened</p> <p>Late 1990s: Dramatic improvement in medical treatment for HIV/AIDS</p> <p>2000 City population decreasing along with rising unemployment</p> <p>2003 Federal policy change and funding cuts</p>																
Lessons from History: Keys to stability and growth								Lessons from History: Recurring themes that show causes for instability								
<ul style="list-style-type: none"> <li>Consistent and excellent staff leadership</li> <li>Steady involvement of volunteers (until recent years)</li> <li>Good relationships with government funders</li> <li>Collaborative relationships with other health service providers</li> </ul>								<ul style="list-style-type: none"> <li>Heavy dependence on federal funding since late 90s</li> <li>Few new board members in last several years</li> <li>Constant change in city politics and service planning</li> </ul>								
What have we accomplished since the last strategy process?								What have not accomplished since our last strategy process?								
<ul style="list-style-type: none"> <li>Expanded services city-wide</li> <li>Increased investment in staff development &amp; training</li> <li>Acquired new funders and increased annual campaign</li> </ul>								<ul style="list-style-type: none"> <li>Didn't solve problems with City Clinic</li> <li>Haven't reduced dependence on federal funding</li> </ul>								

<sup>3</sup> From Michael Allison and Jude Kay, *Strategic Planning for Nonprofit Organizations*, 2<sup>nd</sup> edition (John Wiley & Sons, 2005), pp. 153-54. This is a non-profit agency engaged in addressing AIDS prevention and care in a large urban city in the USA.

What ASO has done is to capture key points in their history and attempted to summarize what they have learned about their experience through the timeline in order to understand their own tendencies and practices. This can be written up in a narrative format rather than portrayed graphically. The purpose of this review is to understand the history and trajectory of the organization, to gain insight into the development of its present posture, position and practices.

ASO is clearly aware that one of its significant challenges (threats) is its dependence upon federal government funding. Though it is now fifteen years old, its sources of revenue have not yet diversified sufficiently so that cuts in federal government funding can be compensated for with other funding. In 2003 a change in the priorities of the government funding meant a significant drop in funding. So it will need to think about what to do in the near future to shift more of its funding to a wider set of resource providers.

What is also needed is some sense of trends as well. With the history, we get a general overall picture with key turning points or major developments that have shaped the organization. With programme profiles we will look at more specific functional units. What also need to be captured along the way are key trends in funding, staffing and the people who are the major beneficiaries of the organization's service or product. ASO has not done as much analysis of these aspects. There is some of it implicit in the timeline but it is not captured systematically in terms of trends that need to be tracked.

**Answer Box #4**

*Using "Appendix A: Time Line Analysis" create a short history of your organization.*

*Use the date of its founding as the beginning date and add dates up to the present:*

*Who was instrumental in the founding?*

*What have been key turning points or changes in its history?*

*What have been the most important events that shape its current work or ministry?*

*When was the last time (if ever) a full strategic planning or thinking process was done?*

*What have you accomplished in your last strategic plan? What was left undone?*

*What have you learned from this about things that produce stability? Instability?*

*Are there any trends (internal or external) that you need to pay attention to because of their impact?*

The second piece is to profile the services and programme activities of the organization. These items should be noted not simply by their name and short description but by indicating levels of activity and scale (such as numbers of staff involved, number of clients or people served, cost per unit of activity, geographic area served, total expenses per program, main sources of revenue). One can include key financials, looking at the growth of the funding and expenses of the organization over those years as well, especially if there were very important financial events. Later on a more detailed assessment will be made of the "infrastructure" of the organization.

Below is an example of a simple program profile. One can get much more detailed than this, but ordinarily at this point in time, it is sufficient to have a snap-shot:

Name of Program/Department	Master of Arts in Organizational Leadership (2008)
Program/Department Purpose	To provide a high quality, faith-based MA degree in Organizational Leadership in partnership with Christian institutions of higher education in the majority world. Our purpose is accomplished when Christian leaders are transformed and both demonstrate and mentor servant leadership in their contexts as a result of completing the MA program.
Description of current scope and scale of activities	Currently: 3 ½ full time devoted to coordination; 9 Coordinators (approximately 1/3 <sup>rd</sup> time); 439 students in 22 cohorts in 8 countries meeting twice yearly; 36 facilitators from 16 countries. Managing 14 currently developed courses in English and French with revisions underway in three courses. Annual budget: US \$720,000 (\$200,000 additional revenue from student fees and tuition). Fundraising required: approximately \$1500/student per year. Future horizon: plans seek to have 1000 active students in the program by 2012. The MA is currently in a growth mode.

This snap shot gives a quick summary profile of the formal educational programme of DAI (the non-formal side is much larger by a factor of nearly four). One can use this to see how it relates to the mission-values of DAI as well as to understand the level of staffing, funding, complexity and current mode (significant growth in the next four years). Additional detail might come to the table in discussions about the effectiveness and staffing of this programme as it is looked at more carefully in a full scale internal assessment. One would want to know for each and all programmes or departments: is this programme or department high quality? Is this cost of operations for this unit appropriate?

Some of the evaluations of a program (and a ministry or business) must be done by the process of “benchmarking.” Benchmarking is a comparison of a unit, department or organization with similar other entities who are in the same “business.”

Answer Box #5

*Try your hand at outlining one of your programmes or functional units (such as communications or finances):*

Name of Program/Department	
Program/Department Purpose	
Description of current scope and scale of activities	

The third sort of information is an infrastructure profile. This provides data on the basic management and operational functions that support current programs and strategies. It includes the fundraising, facilities, financial resources and management, and board governance. An analysis of the sources and uses of funds and the financial condition is needed as well. All of this gives a basic overview of the aspects of the organization that will be essential information needed to assess strengths and weaknesses of the organization. You can see by the list of types of information, that such a profile may require a longer and more detailed report than the short snap-shot profiles we are using.

### ***Gathering New Information***

Having profiled the organization, one must decide what additional information is needed in order to understand the situation it finds itself in now and is likely to be in in the near future. Information comes from internal stakeholders (board, staff, volunteers), external stakeholders (clients, funders, strategic partners, community leaders, and other key informants), and “objective” data such as financial statements, program statistics, government or civic reports, trend reports. Key experts used as informants can help with securing data on the external developments and trends.

There are two dangers in this process. One can collect too little information. If one relies too much on what people already know, one may make decisions with a distorted viewpoint because of the bias built into people’s perceptions. Oftentimes insiders are more negative about their own organization than outsiders. On the other hand, one can collect too much information. One can get lost in the blizzard of information that it is possible to collect.

What is essential is that you reach a point of confidence where you can fairly say to yourself that you have enough of the right information to make reasonable decisions. Someone will have to set limits and boil the information down by returning repeatedly to the reason for collecting information. The key information that is developed will then need to be interpreted, framed and evaluated. Debate over the importance and relevance of different sorts of information will be part of the process of coming to some consensus over the current and likely future situation of the organization.

In looking at the external environment, one useful organizing scheme is to think about gathering information according to the acronym PESTLE – (See Appendix B for a full worksheets with lists of types of factors that might be considered).

- **Political**
- **Economic**
- **Social**
- **Technological**
- **Legal**
- **Environmental**

Some just stay with PEST (the first four categories). What you need to decide is what parts of the external environment are most important to assess because of their actual or potential impact on the ability for my organization to succeed in carrying out its mission-values-vision? How will I gather the key information needed (secondary documents; primary information gained by interviews, surveys, focus groups)? Over time you will get better at knowing what parts of the external environment need to be monitored and followed. Part of that is learned

simply by looking at your history and discovering what forces and factors have had major impact in the past on your ability to be effective – or to hinder the progress of your work.

What is missing in the PESTLE list is a focus on other organizations of the same sort or type as yours. Who else is in the same type of “business” you are in? If you are in a market-place business, the question is one of competitive advantage: what is the competitive position of your organization in relationship to your competitors? What makes your business and its products distinctive and gives you certain advantages in attracting customers and clients? If you are in a non-profit ministry or agency, the question about other ministries, churches and agencies shifts. But the purpose is the same: who else is seeking to serve or attract the people that are your focus? What is distinctive about your organization that would mean people are more likely to see you as credible, competent, and capable of serving them well? What is it you do well that serves them well? How are you positioned among the alternative organizations?

### Summarizing the Information

Once the information about the internal and external worlds is gathered and available, it needs to be organized in a way that will facilitate priority-setting. This may be done by summarizing the data in terms of mission, finances, administrative capacity and governance. Or it might be summarized around emerging key strategic issues that have arisen as one has probed the past and sought counsel about the present and its dynamics. Or one can use instruments such as the SWOT (Strengths, Weaknesses, Opportunities, Threats) or SOAR (Strengths, Opportunities, Aspirations, Results) to summarize key parts of the data.

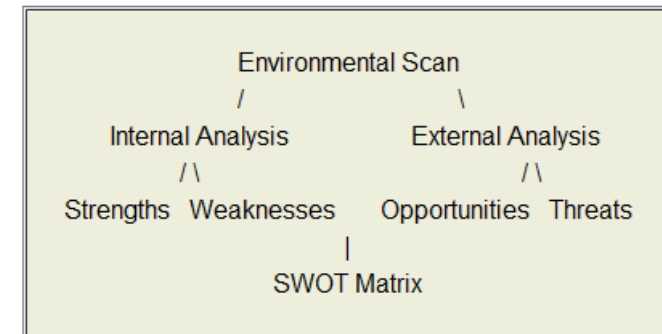
We will start the summarizing using SWOT analysis since it is the most commonly used method of situational analysis. Simply compiling the information is not *analysis*. We now need to say what the significance and relevance of the information we have collected mean for organizational functioning and opportunities. SWOT analysis is one way of charting relevance and significance. The relationship between the data gathered and SWOT analysis can be seen in the following chart:

### SWOT Analysis

Once the basic information is assembled, it is time to summarize it in terms of those features of the internal and external environment that are most relevant to accomplishing the mission and vision.

- Are there things the organization should consider doing differently, more of, less of, the same?
- Are there things the organization should consider stopping or eliminating? Something that should be started?
- What are the critical decisions and discussions that need to happen?
- What are the key strategic issues and outcomes that need to be given higher priority?

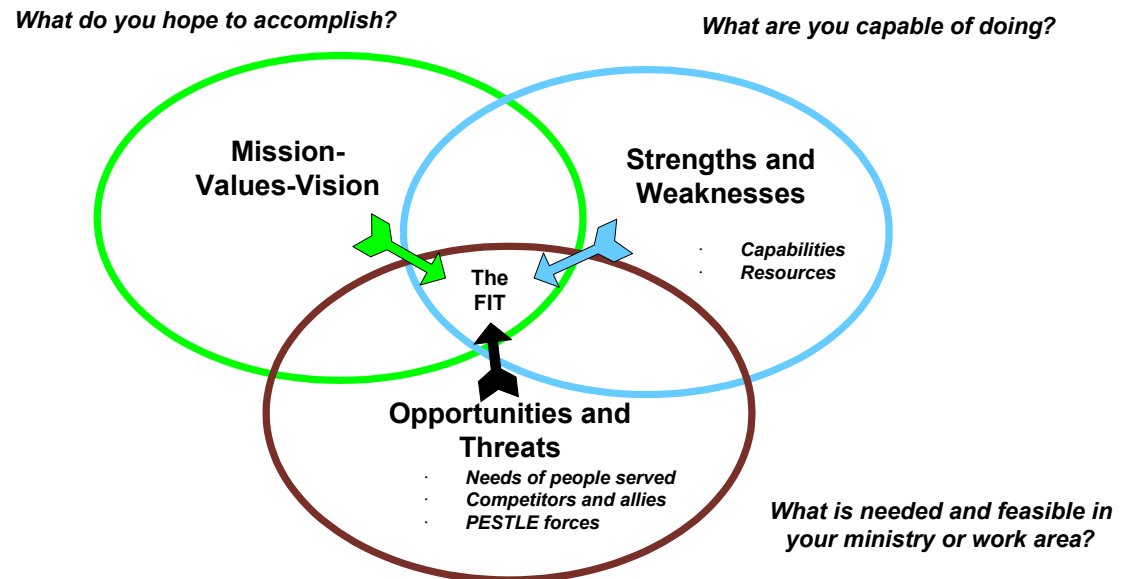
#### SWOT Analysis Framework



SWOT is one way of analyzing the information that has been gathered. All the data and opinion need now to be focused in terms of the very reason for which the information was developed: to assess its relevance for understanding the situation the organization finds itself in. SWOT Analysis is an acronym for looking at:

- **S**trengths: Attributes of the organization that are helpful to achieving the mission-vision (What do we do well?)
- **W**eaknesses: Attributes of the organization that are harmful to achieving the mission-vision (Where can we improve?)
- **O**pportunities: External conditions that are helpful to achieving the mission-vision (which we need to exploit).
- **T**hreats: External conditions that are harmful to achieving the mission-vision (which we need to guard against).

The range of information gathered about the organization and its external environment should be focused on determining SWOTs. Things are considered strengths and weaknesses, given the mission and vision relative to the external environment. You are looking at all of your staffing, funding levels, facilities, programmes, technology, reputation, governance, communications, leadership and management – all of them in terms of how well they “fit” the mission and vision we have, given our current and likely future environment. Where is the fit between who we are and what we do well and the opportunities that face us? The chart characterizes what this analysis seeks to find.



### Case Example: Missionary Aviation Fellowship

MAF is a service agency that traditionally provided aviation services for churches and mission agencies in regions of the world that were underserved by alternative means of transportation. They have reconfigured and refocused through the years. In 2008 they were about a \$35 million agency in expenses. They deploy about 55 airplanes in more than two dozen countries. They serve well over 1000 partners. Their summary is as follows: “In its global efforts to overcome barriers, MAF operates the world's largest fleet of private aircraft used for the public good. In fiscal year 2008, the MAF fleet of 55 aircraft executed 36,831 flights, logged 2.7 million miles, transported 120,343 passengers, and delivered 10.3 million pounds of cargo all on 1,700 rough, unimproved dirt and grass airstrips as well as waterways.”

Now a basic, quick profile and their SWOTs

**Our Mission:** Sharing the love of Jesus Christ through aviation and technology so that isolated people may be physically and spiritually transformed.

**Our Purpose:**

To multiply the effectiveness of the Church using aviation and other strategic technologies that overcome barriers in reaching the world for Christ.

**We value:**

1. Servant hood and Stewardship.
2. Partnership and Cooperation
3. Care and Compassion:
4. Excellence and Integrity
5. Standards and Safety
6. Flexibility and Creativity

**Our Vision:**

That all people have access to both the Gospel and the resources that advance God's Kingdom.

**Ministry/Programme Focus:**

- **Evangelism and Church Support:** Connecting missionaries and local pastors with unreached people, transporting national church workers to isolated villages, and theological education by extension.
- **Community Development:** Supplying and transporting Christian staff and supplies for health and community improvement projects, village enhancements such as water wells, and small MAF-built hydroelectric plants.
- **Medical Assistance:** Providing medical emergency evacuations, transporting medicines and health workers to the sick and injured.
- **Crisis Relief:** Transporting food for the hungry and critical relief supplies and agency personnel to disaster areas.
- **National Training:** Educating pilots, mechanics, avionics technicians, radio and electronics specialists, and administrative and support personnel.

**Tools We Use**

- **Aviation:** Flying supplies, food, people, livestock, and other cargo aids greatly in the development of communities.
- **Information Technology:** Establishing and maintaining radio, email, and other communications tools in remote areas. These have become essential tools for thousands of local humanitarian and mission workers.
- **Learning Technologies:** Responding to the needs of the emerging church by providing vision, leadership and the necessary technology for training leaders through Distance Education and digital Bible resources. MAF-LT provides training and consulting as well as leadership in collaborative LT projects.



- **Other Tools:** Logistics services for managing materials and resources, estate planning for responsible Christian stewardship, and other valuable services.

**Finances (FY2008 compared with 2007)—**

**SWOTS:**

**STRENGTHS**

- Experienced and well-motivated staff.
- MAF is well positioned organizationally for meeting growing communication and transportation needs in countries where we serve.
- Good relationships with local church and mission organizations.
- Highly respected technically by host governments and NGOs.
- Commitment to safety

**WEAKNESSES**

- Inadequate staff for meeting specific needs in areas of IT, maintenance, COM (Chief of Maintenance), CP (Chief Pilot), Management.
- Tendency to overextend ourselves in an effort to meet needs we face.
- Inadequate and deteriorating infrastructure on program level.
- Dependence on traditional funding stream.
- Few technically skilled national staff.

<b>SUMMARY CONSOLIDATED STATEMENT OF POSITION</b>		<b>SUMMARY CONSOLIDATED STATEMENT OF POSITION</b>	
<b>ASSETS</b>		<b>ASSETS</b>	
Current Assets.....	\$12,208,075	Current Assets.....	\$12,354,935
Fixed Assets.....	37,279,160	Fixed Assets.....	35,726,301
Other Assets.....	10,457,432	Other Assets.....	13,004,660
<b>Total Assets.....</b>	<b>59,944,667</b>	<b>Total Assets.....</b>	<b>61,085,896</b>
<b>LIABILITIES AND NET ASSETS</b>		<b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities.....	\$3,899,546	Current Liabilities.....	\$4,322,521
Noncurrent Liabilities.....	16,573,108	Noncurrent Liabilities.....	15,904,346
<b>Total Liabilities.....</b>	<b>20,472,654</b>	<b>Total Liabilities.....</b>	<b>20,266,869</b>
<b>Net Assets.....</b>	<b>\$39,472,013</b>	<b>Net Assets.....</b>	<b>\$40,859,029</b>
<b>Total Liabilities and Net Assets.....</b>	<b>\$59,944,667</b>	<b>Total Liabilities and Net Assets.....</b>	<b>\$61,085,896</b>
<b>SUMMARY CONSOLIDATED STATEMENT OF ACTIVITY</b>		<b>SUMMARY CONSOLIDATED STATEMENT OF ACTIVITY</b>	
<b>REVENUES</b>		<b>REVENUES</b>	
Contributions.....	\$23,968,374	Contributions.....	\$21,375,767
Program Revenues.....	13,063,870	Program Revenues.....	12,145,103
Other Income.....	(2,147,348)	Other Income.....	2,168,884
<b>Total Revenues.....</b>	<b>34,884,896</b>	<b>Total Revenues.....</b>	<b>35,689,754</b>
<b>EXPENSES</b>		<b>EXPENSES</b>	
Program Activities.....	\$27,920,445	Program Activities.....	\$26,312,306
Fundraising.....	3,877,815	Fundraising.....	3,643,651
General and Administrative.....	3,758,888	General and Administrative.....	3,493,057
<b>Total Expenses.....</b>	<b>35,557,148</b>	<b>Total Expenses.....</b>	<b>33,449,014</b>
Net assets of \$39.5 million include \$37.2 million reflecting the value of the MAF fleet, hangars, and buildings worldwide including the campus in Nampa, Idaho, plus \$2.1 million as reserves for self-funded insurance on the fleet and for staff medical coverage, as well as annuities through the MAF Foundation.		Revenues exceeded expenses by \$2.2 million as we invested in new aircraft and components in the amount of \$2.3 million. These fixed asset expenditures are not reflected as expenses but will be depreciated over time.	
<b>Change in Net Assets.....</b>	<b>\$(672,252)</b>	<b>Change in Net Assets.....</b>	<b>\$2,240,740</b>
<b>Net Assets Beginning of Year.....</b>	<b>\$40,144,265</b>	<b>Net Assets Beginning of Year.....</b>	<b>\$37,903,525</b>
<b>Net Assets End of Year.....</b>	<b>\$39,472,013</b>	<b>Net Assets End of Year.....</b>	<b>\$40,144,265</b>



OPPORTUNITIES

- Growing need/demand for communication and transportation in countries we currently serve.
- Growing need/demand for communication and transportation in countries we do NOT currently serve.
- PACTEC (Partners in Aviation and Communication Technology) provides entry platform for service [used in countries where being identified as Christian is a sensitive issue]

THREATS

- Growing global animosity towards America/Americans.
- Political instability in many countries we currently serve.
- Lack of Avgas [Aviation Gas/Petrol] (three programs shut down in past year for periods of time due to lack of fuel).
- Growing issues related to taxation by host Governments.
- Several programs are only one family away from closure (weakness?).
- Rising operational costs (fuel, insurance, customs, etc.) resulting in narrower profit margin or inability of national users to afford service

From this portrait of MAF one can begin to sense that there are specific areas that might be addressed as they move forward in seeking to fulfill their mission-purpose-vision. Their finances show some erosion, year to year. Still they have healthy overall net assets that provide a degree of stability. They recognize the fact that the needs they face are much larger than their capacity to meet them all. Rising costs and lack of fuel is a destabilizing factor. So they have a number of things to consider as they set priorities and select strategies for moving forward.

The question is: what to do with each of these categories of realities? One way of remembering this is by the acronym USED:

- How can we **U**se each Strength?
- How can we **S**top each Weakness?
- How can we **E**xploit each Opportunity?
- How can we **D**efend against each Threat?

Thinking strategically means deciding what to do with each of these. Probably the most important nexus is between strengths of the organization and opportunities (and threats). We can summarize how organizations respond to this analysis by the following chart:

SWOT Strategy Grid

	Opportunities	Threats
Strengths	<b>INVEST</b> Use and invest strengths to take advantage of opportunities	<b>DEFEND</b> Strengths are used to ward off threats so they don't undermine key goal achievement
Weaknesses	<b>DECIDE</b> Take advantage of opportunities by overcoming weaknesses or rendering them irrelevant	<b>DAMAGE CONTROL/ DIVEST</b> Overcome threats by minimizing weaknesses and avoiding threats



>**S-O** strategies pursue opportunities that match the organization’s strengths. These are the best strategies to employ, but many organizations are not in a position to do so. Companies will sometimes pursue one or several of the other three strategies first so as to be able to apply Strengths-Opportunities strategies at a later date.


>**W-O** strategies overcome weaknesses to pursue opportunities. Your job is to match internal weaknesses with external opportunities and list the resulting Weaknesses-Opportunities strategies.



>**S-T** strategies identify ways that the organization can use its strengths to reduce its vulnerability to external threats. Your job is to match internal strengths with external threats and list the resulting Strengths-Threats Strategies.


>**W-T** strategies establish a defensive plan to prevent the organization’s weaknesses from making it susceptible to external threats. Your job is to match the internal weaknesses with external threats and record the resulting Weaknesses-Threats Strategies.

Appendix C provides you with a worksheet for working on these sorts of strategies, listing your most important strengths and weakness as well as opportunities and threats. From them you can begin to think about possible strategies. Once you have a number of identified possible strategies growing out of your SWOTs, you can begin to fill in the initial details. Here are some worksheets to use as you begin to move from strengths to opportunities or weaknesses to threats:

<b>STRENGTH</b> <i>(Brief description of unique core competency)</i>	<b>OPPORTUNITY</b> <i>(How can we leverage the strength)</i>	<b>INDICATED ACTION</b> <i>(Suggested action that will allow us to seize the opportunity)</i>
		

<b>OTHER OPPORTUNITIES</b> <i>(A major trend or circumstance that if properly addressed could significantly enhance the ability to realize the aspiration)</i>	<b>INDICATED ACTION</b> <i>(Key action steps to be considered in constructing the plan)</i>
	


<b>WEAKNESS</b> <i>(Brief description of a critical capability or competency that is either lacking or unacceptable)</i>	<b>THREAT</b> <i>(Implication to the plan if weakness is not addressed)</i>	<b>INDICATED ACTION</b> <i>(Suggested action that will mitigate the threat)</i>
		

<b>OTHER THREATS</b> <i>(A major trend or circumstance that if not properly addressed or mitigated could negatively impact the ability to realize aspirations)</i>	<b>INDICATED ACTION</b> <i>(Key action steps to be considered in constructing the plan)</i>
	

**An Alternative Scheme: SOAR**

SWOT is not the only way to summarize and focus the information, nor is it perfect. Some have noted that the tendency of such analysis is to become more focused on weaknesses and threats than to emphasize strengths and opportunities. Appreciative Inquiry, an

important methodology used by many non-profits, stresses a more positive approach to summarizing and focusing information. Their acronym is SOAR:

- **S**trengths
- **O**pportunities
- **A**spirations
- **R**esults

What both methods are seeking to do is finding the “fit” between the organization, given its profile and competencies, its external environment, and its mission and vision. Here’s what proponents of the method say about it:

“Appreciative Inquiry (AI) is a vision-based approach of open dialogue that is designed to help organizations and their partners create a shared vision for the future and a mission to operate in the present (Srivastva & Cooperrider, 1990). Today’s organizations can benefit from an appreciative approach of inquiry, which invites organizational members to learn and value the history of their organization and its culture. The AI approach allows them to build on their strengths (the positive core), discover profitable opportunities, visualize goals and strategic alternatives, identify enabling objectives, design strategies and tactics that are integrated with their most successful programs and supply chain partners, and implement a strategic plan that is a dynamic, continuous, and living document.”<sup>4</sup>

Again:

“AI allows for the strategic assessment process to take on a life of its own starting with an inquiry to discover what has made the organization a success in the past and present. The process helps to build a sustainable competitive advantage for the future by identifying the organization’s Unique Value Offering (UVO). This phenomenon occurs through an on-going dialogue with the identified stakeholders of the organization. Through this dialogue, appreciative ways of knowing and learning about an organization’s history and core capabilities are enriched.”

SOAR puts more stress on the process of dialog with all the stakeholders of the organization. The focus is on discovering, through inquiry, what factors and qualities were at the heart of past success for the organization. Through this the phase of strategic thinking that deals with “taking stock” or “situational analysis” dwells on the positives, seeking to build on them. As such it seeks to overcome or at least minimize some of the common problems that have afflicted strategic “planning” in the past.

It uses Appreciative Inquiry’s 4-D process in thinking through the strategic possibilities for an organization:

A cycle of activities that guide members of an organization, group, or community through four stages:

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<sup>4</sup> “Strategic Inquiry → Appreciative Intent: Inspiration to SOAR A New Framework for Strategic Planning” By Jacqueline Stavros, David Cooperrider & D. Lynn Kelley from [www.positivechange.org/downloads/Strategic\\_Inquiry\\_Appreciative\\_Intent.pdf](http://www.positivechange.org/downloads/Strategic_Inquiry_Appreciative_Intent.pdf) accessed May 18, 2009.

1. **Discovery** - finding out about moments of excellence, core values and best practices.
2. **Dream** - envisioning positive possibilities. Long term objectives and strategic alternatives are developed in this phase.
3. **Design** - creating the structure, processes and relationships that will support the dream (In this phase short term objectives, tactical/functional plans and integrated programs flesh out nearer term plans).
4. **Destiny** - developing an effective inspirational plan for implementation (In this phase strategy implementation, deployment, control and continuous improvement are put in place).

What is powerful in this process is that it blurs the boundaries between the distinct steps that we have been learning. It integrates the vision step more integrally. In addition it concentrates attention on what we would call S-O strategies in the SWOT process. One can conceptualize their process in terms of the following chart:

<b>Strategic Inquiry</b>	<b>Strengths</b> What are our greatest assets	<b>Opportunities</b> What are the best possible opportunities
<b>Appreciative Intent</b>	<b>Aspirations</b> What is our preferred future	<b>Results</b> What are the measurable results

We have chosen in this unit to develop the SWOT process. It is the most widely used. We believe the SOAR model has some real virtues to it. But we are not convinced that the virtues it tries to capture and emphasize are missing from more traditional approaches to the strategic thinking process. Nothing is set in stone in any of this. As leaders and organizations, we continue to quest after the wisdom essential to succeed in the calling and mission we feel passionate about. Getting from the present to a better future can be done in several different (and equally valid) ways. The same is true of finding good action patterns and programs through the process of strategic thinking.

## Summary

Now what have we done in this unit? You have been introduced to some patterns of how to analyze the opportunities and challenges you face. We have not talked yet about looking at your resources, though some of that was touched on in doing a profile of your organization. That will come later on when we consider budgeting as part of strategic thinking. Understanding the external opportunities and threats as well as internal strengths and weaknesses (SWOT) provides an organization with critical knowledge. Strategy needs to be realistic, relevant and flexible. By researching the environment as well as one's own capabilities, realism and relevance can be built into a strategy. PESTLE is one model for highlighting things we might want to consider in such assessment. We also looked briefly at SOAR, the appreciative inquiry alternative to SWOT analysis.

## Final Assignment

### Final Assignment

God has given each of us a ministry and/or a position in an organization. Working with several other key individuals who are knowledgeable about the organization or ministry, create an initial SWOT analysis. Create SWOT and then suggest at least one strategy or response for each box in the SWOT matrix: S-O, S-T, W-O, and W-T strategy.

This may mean you will need to take time to gather more documents and history of your organization. Seek to do your internal profiles and then some clear external assessment before completing your SWOT for your organization. The SWOTs will only be as good as the knowledge and understanding on which they are based.

You will need to do this on separate pages. Remember there are some worksheets to help you in the appendices to this unit.

As you think initially about the SWOT matrix and possible responses, what do you think may be the most important thing your organization might decide to do in the light of this preliminary analysis? Can you prioritize these four possible strategic responses?

**Appendices: A. Time Line Analysis**

Time line	
List key organizational events and shifts in priorities, placing events in chronological order	
List key external events impacting the organization	
Lessons from History: Keys to stability and growth	Lessons from History: Recurring themes that show causes for instability
What have we accomplished since the last strategy process?	What have not accomplished since our last strategy process?

Important trends to pay attention to:

**Appendix B. PESTLE Analysis Worksheets**

<b>Category of factors:</b>	About your organization. <b>How might the factors listed on the left impact your business/ministry or part of the organization?</b>	H - High M - Medium L - Low U - Undetermined	Time Frame: 0 - 6 months 6 - 12 months 12 - 24 months 24 + months	Type:  Positive + Negative -  Unknown	Impact: Increasing > Unchanged = Decreasing < Unknown	Relative Importance: Critical Important Unimportant Unknown
<b>Political</b> <ul style="list-style-type: none"> <li>• Trading policies</li> <li>• Funding, grants and initiatives</li> <li>• Home market lobbying/pressure groups</li> <li>• International pressure groups</li> <li>• Wars and conflict</li> <li>• Government policies</li> <li>• Government term and change</li> <li>• Elections</li> <li>• Inter-country relationships/attitudes</li> <li>• Terrorism</li> <li>• Political trends</li> <li>• Governmental leadership</li> <li>• Government structures</li> <li>• Internal political issues</li> <li>• Shareholder/ stakeholder needs/ demands</li> <li>• _____</li> <li>• _____</li> </ul>						



<ul style="list-style-type: none"> <li>• _____</li> </ul>						
<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Home economy situation</li> <li>• Home economy trends</li> <li>• Overseas economies and trends</li> <li>• General taxation issues</li> <li>• Taxation changes specific to product/services</li> <li>• Seasonality/weather issues</li> <li>• Market and trade cycles</li> <li>• Specific industry factors</li> <li>• Market routes and distribution trends</li> <li>• Customer/end-user drivers</li> <li>• International trade/monetary issues</li> <li>• Disposable income</li> <li>• Job growth/unemployment</li> <li>• Exchange rates</li> <li>• Tariffs</li> <li>• Inflation</li> <li>• Interest and exchange rates</li> <li>• Consumer confidence index</li> <li>• Import/export ratios</li> <li>• Production level</li> <li>• Internal finance</li> <li>• Internal cash flow</li> <li>• _____</li> <li>• _____</li> </ul>						
<p><b>Social</b></p> <ul style="list-style-type: none"> <li>• Consumer attitudes and opinions</li> <li>• Media views</li> </ul>						

<ul style="list-style-type: none"> <li>• Law changes affecting social factors</li> <li>• Brand, company, technology image</li> <li>• Consumer buying patterns</li> <li>• Major events and influences</li> <li>• Buying access and trends</li> <li>• Ethnic/religious factors</li> <li>• Advertising and publicity</li> <li>• Ethical issues</li> <li>• Demographics (age, gender, race, family size,)</li> <li>• Lifestyle changes</li> <li>• Population shifts</li> <li>• Education</li> <li>• Trends</li> <li>• Fads</li> <li>• Diversity</li> <li>• Immigration/emigration</li> <li>• Health</li> <li>• Living standards</li> <li>• Housing trends</li> <li>• Fashion &amp; role models</li> <li>• Attitudes to work</li> <li>• Attitudes to people doing certain types of work</li> <li>• Leisure activities</li> <li>• Occupations</li> <li>• Earning capacity</li> <li>• Staff attitudes</li> <li>• Management style</li> <li>• organizational culture</li> <li>• Changes to education system</li> <li>•</li> </ul>						
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<ul style="list-style-type: none"> <li>• _____</li> <li>• _____</li> </ul>						
<p><b>Technological</b></p> <ul style="list-style-type: none"> <li>• Competing technology development</li> <li>• Research funding</li> <li>• Associated/dependent technologies</li> <li>• Replacement technology/solutions</li> <li>• Maturity of technology</li> <li>• Manufacturing maturity and capacity</li> <li>• Information and communications</li> <li>• Consumer buying mechanisms/technology</li> <li>• Technology legislation</li> <li>• Innovation potential</li> <li>• Technology access, licensing, patents</li> <li>• Intellectual property issues</li> <li>• Global communications</li> <li>• Inventions</li> <li>• Innovations</li> <li>• New discoveries</li> <li>• Research</li> <li>• Energy uses/sources/fuels</li> <li>• Communications</li> <li>• Rate of obsolescence</li> <li>• Health (pharmaceutical, equipment, etc.)</li> <li>• Manufacturing advances</li> <li>• Information technology</li> </ul>						

<ul style="list-style-type: none"> <li>• Internet</li> <li>• Transportation</li> <li>• Bio-tech</li> <li>• Genetics</li> <li>• Waste removal/recycling</li> <li>• Email</li> <li>• M-learning</li> <li>• E-learning</li> <li>• Collaboration tools</li> <li>• Software changes</li> <li>• RSI</li> <li>• _____</li> <li>• _____</li> <li>• _____</li> </ul>						
<p><b>Legal</b></p> <ul style="list-style-type: none"> <li>• Current legislation home market</li> <li>• Future legislation</li> <li>• European/international legislation</li> <li>• Regulatory bodies and processes</li> <li>• Environmental regulations</li> <li>• Employment law</li> <li>• Consumer protection</li> <li>• Industry-specific regulations</li> <li>• competitive regulations</li> <li>• _____</li> <li>• _____</li> <li>• _____</li> </ul>						
<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• Ecological</li> <li>• Environmental issues</li> </ul>						

<ul style="list-style-type: none"> <li>○ International</li> <li>○ National</li> <li>○ Local</li> <li>● Environmental regulations</li> <li>● Customer values</li> <li>● Market values</li> <li>● Stakeholder/ investor values</li> <li>● Staff attitudes</li> <li>● Management style</li> <li>● organizational culture</li> <li>● Staff morale</li> <li>● Staff engagement</li> <li>● Global factors</li> <li>● EU based factors</li> <li>● _____</li> <li>● _____</li> <li>● _____</li> </ul>						
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**Appendix C: SWOT Matrix for identifying possible strategies**

	<p><b>Internal Strengths (S)</b></p> <p>List 4-5 internal strengths</p> <p>1. <span style="float: right;">3.</span></p> <p>2. <span style="float: right;">4.</span></p> <p>5.</p>	<p><b>Internal Weaknesses (W)</b></p> <p>List 4-5 internal weaknesses</p> <p>1. <span style="float: right;">3.</span></p> <p>2. <span style="float: right;">4.</span></p> <p>5.</p>
<p><b>External Opportunities (O)</b></p> <p>List 4-5 external opportunities here</p> <p>1.</p> <p>2.</p> <p>3.</p> <p>4.</p> <p>5.</p>	<p><b>S-O "Max-Max" Strategy</b>                  Strategies that <b>use strengths</b> to <b>maximize opportunities</b>.</p>	<p><b>W-O "Min-Max" Strategy</b>                  Strategies that <b>minimize weaknesses</b> by <b>taking advantage of opportunities</b>.</p>
<p><b>External Threats (T)</b></p> <p>List 4-5 external threats here</p> <p>1.</p> <p>2.</p> <p>3.</p> <p>4.</p> <p>5.</p>	<p><b>S-T "Max-Min" Strategy</b>                  Strategies that <b>use strengths</b> to <b>minimize threats</b>.</p>	<p><b>W-T "Min-Min" Strategy</b>                  Strategies that <b>minimize weaknesses</b> and <b>avoid threats</b>.</p>

# **Strategic Thinking**

## ***Unit 5***

### ***Keys to Unlock the Door to Effectiveness: Strategic Issues***



## **Development Associates International**

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D.A.I. P.O. Box 49278 Colorado Springs, CO 80949-9278 USA  
Tel. (719) 598-7970 / Fax (425) 988-8126  
[www.daintl.org](http://www.daintl.org) / E-Mail: [info@daintl.org](mailto:info@daintl.org)

# Unit 5: Keys to Unlock the Door to Effectiveness: Strategic Issues

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## Readings:

Cases in Appendix B-D: Seventh Day Adventists, FANRPAN (Southern Africa) and Elmhurst College

## Learning Outcomes:

By the end of this unit you should be able to:

- Articulate how effective ministry requires a blend of divine revelation, intuition and creativity, research and analyzed experience.
- Distinguish operational and strategic issues
- Identify strategic issues by writing them out and displaying the characteristics that make them strategic
- Write down five to nine strategic issues that face your organization



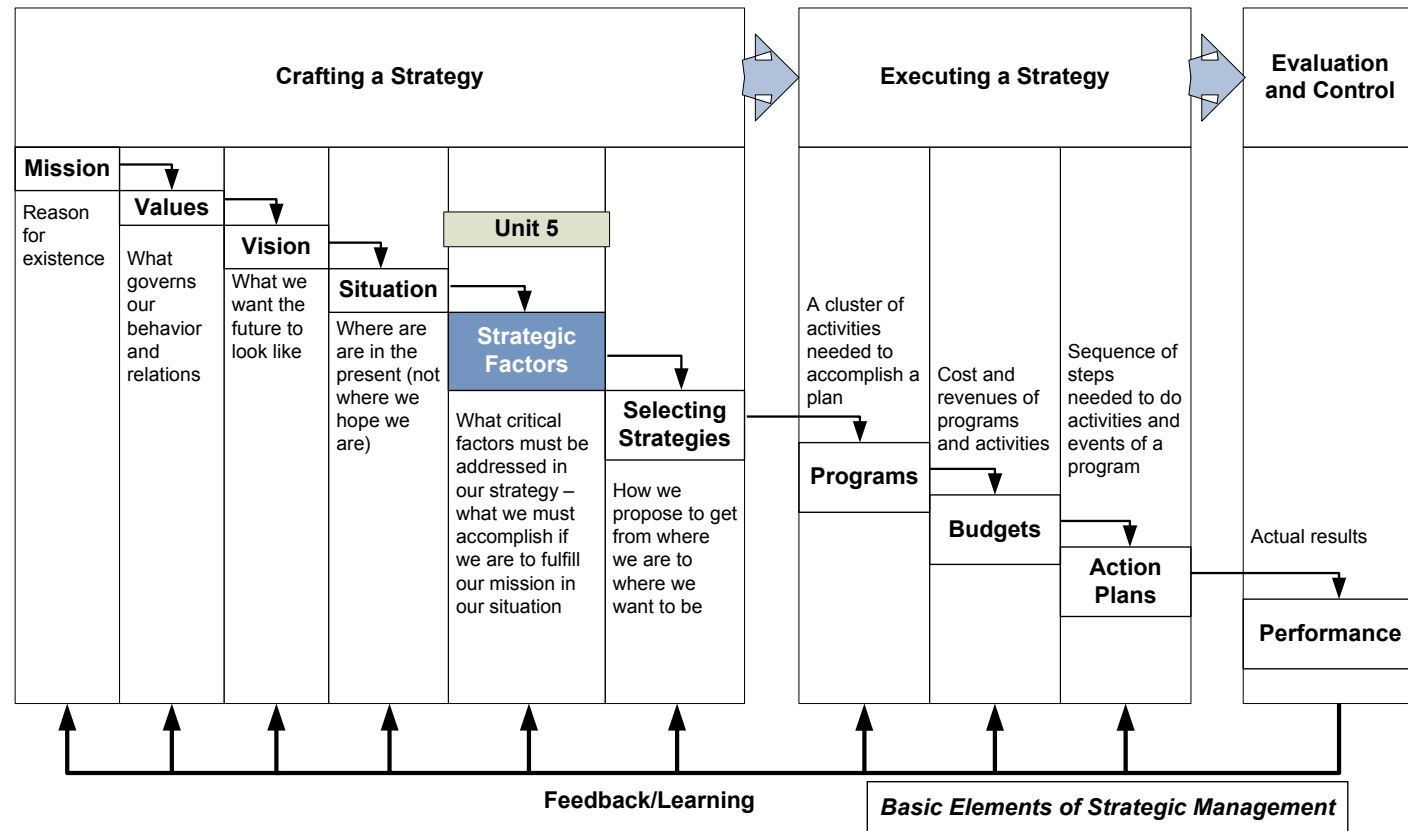
## Introduction

You are about to begin a unit in the module, Strategic Thinking. This unit begins the most difficult and yet important task in strategic thinking: setting priorities and making choices between alternative courses of action. To this point we have worked on clarifying and affirming our mission, values, vision and then our situation (both internal and external).

Now the task is to find the “keys that unlock the door to effectiveness.” Strategies are about making adjustments to our decisions and actions in order to find the path that enables us to achieve our mission most effectively and efficiently (at a viable cost that allows us to continue to survive and thrive in the future).

We have been gathering information and sorting it, seeking to understand who we are (mission-values), where we want to go (vision), and what are the conditions under which we must travel (situation analysis). Now we must sort all this information in the light of possible alternative ways of getting from where we are to where we want to go, given our understanding of our strengths and weaknesses and the existing (and likely) opportunities and threats. What strategic path is the best fit for the maximum impact?

What we will be looking at in this unit are strategic factors: what are the strategic issues confronting us as we think through the factors and forces that face us in accomplishing our mission and vision? How do we set priorities that will frame the key issues that strategies will need to address? What must we do well in this next period of time if we are to accomplish our mission well?



The graphic to the right portrays where we find ourselves in the process of strategic thinking. We have assessed our current state. We may have revisited our vision to be sure it was realistic and relevant as we profiled our organization and scanned the environment. Now we are at the point of identifying and prioritizing the gaps that exist between where we are and where we believe God is leading us to go.

In the next unit we will work on the strategies and creative initiatives to close those gaps. What all the arrows in the graphic are meant to portray is that these first five steps are interdependent and interactive. What you discover at one step may lead to a reassessment of what you have decided at another step. We are now at the point of identifying strategic issues. Once we have identified them, we can then articulate our primary goals.

At present we are seeking to discern the most strategic decisions we may need to make as we move from our SWOTs to a set of strategic factors and outcomes. What makes a decision strategic? We can generally say it is a decision that is:

1. **Consequential:** Commits substantial resources and demands a great deal of commitment of people at every level.
2. **Directive:** set precedents for lesser decisions and future actions throughout the organization.

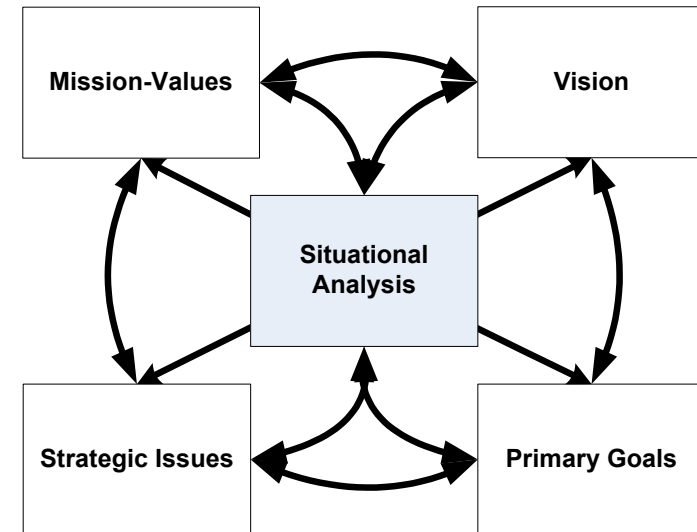
To be sure, some strategic decisions are reaffirming prior ones as still relevant and effective for the present. But often times we gain new knowledge and understanding of what is going on around us. In addition new challenges are created with shifts within our organization due to personnel or funding changes. These may require setting new strategic priorities.

A strategic issue is a fundamental policy choice or change challenge that affects mission, financing, structure, processes, management, product or service level and mix, clients or users. The purpose of this unit is to learn how to identify the set of strategic issues that face the organization. We will frame them as questions or concerns which will need to be dealt with when we craft or select the strategies we will follow in order to carry out our mission and vision.

## Case Study: Which Way Do We Go?

Discussion at the Kingdom Associates Team meeting started even before the prayer. Picking up where they had left off last time the discussion was heated about which of the other groups they should work with that had been identified as also working in Happy Valley. The possibilities included:

- The German medical team
- A Catholic young people's ministry
- The North American NGO working in community organization.
- The church plant by the Redeemed Brethren, an offshoot from the First Church of the Elect and Redeemed.



- Earn to Learn, a small NGO working to empower women.

Samuel Calder rose to his feet and said, “There is no way I can work with the Redeemed Brethren. They are nothing but sheep stealers. And look at their leader Pastor Daniel. Remember how he tore us apart when he started that hand raising among our young people at First Church? And I want nothing to do with those Catholics or liberals from Germany either. The next thing we know they’ll be starting their own churches too.”

A few others expressed similar concerns but, to their surprise, an invited guest rose to her feet. Ellen Marino, a Christian teenager living in Happy Valley, asked with a quiet voice, “Do any of you know these people personally? I do. I was a prostitute for four years and have AIDS. These Germans brought me to faith in Christ and are helping me to survive. And I know many of the kids who are part of the Redeemed Brethren and the Catholic programs. They have the very same vision you do.”

Samuel was still on his feet. He paused with his head down and replied, “No, I don’t know them and I am ashamed for what I said. Forgive me God.” Over the next few weeks meetings were held with these groups and everyone was unanimous that they should work together in as many ways as possible.

Obviously these new working relationships would take time to develop. But the Kingdom Associates team began meeting with leaders of each, and strong relationships began to develop. Out of that a real spirit of unity became evident

Answer Box #1

Stop and Reflect. What qualities and actions did it take on the part of the Kingdom Associates team to enable them to take steps to work with these other groups.



learning

After Samuel’s humble act of publicly asking for forgiveness the discussion moved on to what to do next. Alex passed around a sheet of paper entitled “**Building A Strong Incarnational Christian Presence in Happy Valley**”. It listed the five broad areas that they had earlier agreed must be considered as a result of their environmental scan. These were candidate areas of activity and outcomes to be addressed in working in Happy Valley:

- Reaching the youth and young adults.
- Coping with severe unemployment.
- Helping to strengthen the local church, Faith Church.

- Setting women free from their bondage to prostitution.
- Building a sense of hope through helping residents cope with their own realities.

Elizabeth spoke up in her usual quiet way. “We seem to have few resources as a group to really impact the last two of those. The other groups do have a lot of expertise and resources there. Of course they are still incredibly important issues, but I think we can support what the other groups are doing in those areas as much as possible and meanwhile I’d recommend that we really concentrate on the first three.”

Lots of discussion and even more prayer followed but by the end of the meeting all were agreed that the priorities for Kingdom Associates would be:

- Reaching the youth and young adults.
- Coping with severe unemployment.
- Helping to strengthen the local church, Faith Church.

As Alex locked up the meeting hall for the evening, he marveled at how the evening had gone, “Yes, God has begun to show us what he wants us to do,” thought Alex. “He really is leading us!”

### Answer Box #2

Stop and Reflect: We’ve listened in on Kingdom Associate’s meetings and watched as they have decided what kinds of work they should be involved in to make a difference in Happy Valley. Reflect on how they made those decisions and your own experiences in ministry or work. What are the different things that work together to help us decide what to do? Some are uniquely spiritual and some come from our own gifts. Name three or four factors that help a group decide what to do in ministry or work, especially when they are first starting out.



### learning

We don’t know a lot about the process that Kingdom Associates followed other than that the discussion resulted in consensus as to three areas of activity and outcomes that would be given priority. This came from their research on Happy Valley that gave them some knowledge and understanding of its realities and possibilities. At the same time, as Elizabeth noted, Kingdom Associates is in a very early stage and does not have many resources. She was seeking a fit between the capabilities of KA and the situation that exists in Happy Valley. She was looking for just those things which, if done, would mean KA would be effective in carrying out its mission.

One critical strategic issue had to do with other organizations, already there, already doing ministry. There are other organizations already working in Happy Valley that seem to be providing services and solutions to the last two of their initial list of five potential areas of need. So it probably was not a difficult task to focus, to narrow down to the other three. But it was a strategic decision. With these three areas given priority, Kingdom Associates is ready to move to the last step: crafting or selecting strategies for each of these three areas. What might it do in these three areas which, if done well, would achieve the positive impact KA hopes to see?

The process of setting priorities for different activity or program areas is difficult. It is difficult because there are different ways of discerning what is wise and prudent for an organization. Not only do people hold different ideas and give different weights to the various options, but we bring at least four sorts of important sources of insight as we seek to discern what to give priority to: revelation, research, intuitive creativity, and analyzed experience. Dr. James Engel reminds us of these sources of insight in the comments that follow.

### Determining What God Would Have Us Do<sup>1</sup>

So, what would Jesus have us do? Well, we're getting it narrowed down. Strategic thinking in Christian work and ministry is this kind of interesting process between God and us. As we're coming together and joining God where he wants us to be, he's giving us the opportunity to participate and be creative, making our own choices. This is very exciting stuff. So how do we, as decision makers, really decide?

I think there are at least four different categories of input that come together as we are making these kinds of decisions and it helps to recognize them.

- **The first of these is divine revelation through scripture, miraculous disclosure, and the intervention of the Holy Spirit in our thinking.** I think all these blend in some kind of neat and exciting way. I have had experiences where one or more of us in a work group has had a dream that we should do something. I will never forget when, a few years ago after this ministry of Development Associates was started, my colleague and the president of this ministry, Jane Overstreet, said, "I think God wants us to work in the Middle East." Back then I didn't see any way at all that we ever could. But I had this sense that Jane was given a word from God that would come true. And not long ago, the doors opened unbelievably, miraculously, with no intervention on our part to enable us to work in that part of the world. So I do believe that God works in all of these ways and has to be taken very seriously.

Now, I've also seen terrible abuse of this. I was in a situation with one ministry, where one of the leaders, in a team said, "God has shown me that this is what we should do." And he outlined about 10 things. But no one else felt it was really of God. They couldn't say it, but I was the outside consultant, and I said, "I do not believe this is of God. I don't know where this has come from, but I do not think this is of God." The others agreed. The result: I was fired as consultant. They went ahead and did what he said and the ministry fell apart. Now I'm not putting myself up as having such great insight. I am simply saying this can be abused. Here is where we have to be considerate of the Body of Christ. There needs to be confirmation from those around us, confirmation from the Word of God and, if there isn't, then you should have the wisdom to stop and reconsider.

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<sup>1</sup> Based on a lecture by James Engel.

- **The second thing is from the research of our situation to determine what opportunities and challenges exist.** Remember the example of Nehemiah. In the last unit we worked on SWOT analysis as a way of seeking knowledge and understanding as a key component of the wisdom that is essential for strategic thinking. We need to be realistic about who we are and what needs to be done as well as the conditions that exist under which we must decide and act. We need to “research the walls” as Nehemiah did.
- **A third component is human intuition and creativity.** We deal with this issue in our leadership course. I remember an important lesson I learned early in my career as a marketing consultant, working with some big ad agencies. I had an opportunity to work alongside veterans in what we call Madison Avenue in the USA, the top ad agencies. There I saw some decision makers who just seem to have a sense of what to do. Now this was partly based on experience (and I’ll say more about that in a moment) but mostly it was simply an intuitive sense. I am talking about people’s God-given abilities and gifts.

Maybe it's an ability to see the whole picture from an insightful point of view. Or sometimes we talk about people who think outside the box. You know what I mean by that? They get beyond the borders of an issue or challenge and they see it from a different perspective, and suddenly they have an answer. What I'm saying is this whole thing of human ability and uniqueness is critical here.

In the leadership course, we talk a great deal about understanding ourselves. We see that we are all created different. There are some like myself who think “outside the box”. I'm an entrepreneur and innovator. That is not better than anyone else's gift. It just happens to be how God has created me. There are others who are very detail oriented, who need to have all the facts first. Thank God they're there, because it forces us to think systematically. There are others who are very concerned about relationships and how these have to be given central consideration. I think you see the picture, that the Body of Christ is a beautifully intricate creation of God.

So let's recognize that wonderful creativity can emerge from the whole human interaction. Certainly the Holy Spirit uses that, doesn't he? He uses even me and others in the areas where he has gifted us. In other words, He uses his creation.

Some idea can be mentioned that seems totally wild at times, and you have probably seen that happen, haven't you? But yet it sticks with us. As we think about it, we say, "Yes, I think that's of God."
- **Fourth is analyzed experience.** Notice I did not just say just experience but analyzed experience. There's a difference. This is not one year of experience multiplied by 20 years, where we make the same mistakes over and over and never seem to learn. No, this is evaluating what you've done. Thinking about it and learning from it. Analyzed experience is a conscientious and ongoing effort to learn the lessons of the past. As we acted and carried out last year's strategy, we evaluated what happened and this is what we learned. This is what we did best and this is what we didn't do well at all.

We become a learning organization. Now you heard me use that term before. We learn from our own experience and we also learn from the history of Christian witness. Do not doubt that. Analyzed experience calls for us to use the lessons from history, not just our own but even that of others.

I discovered very early on in my work the writings of a man named Rollin Allen, who talked about the spontaneous expansion of the church. I became a pretty eager student of church history. I began to get back and see what happened when suddenly there were revivals and what can be learned from them. There are a ton of lessons that we as the Church have learned both from good things like awakenings, revivals, reformations as well as times of horrible failure. I am still learning and we all need to be. Use your own experience

personally. Combine that with the experience of others. Analyze it and say, 'based on what we've learned here, what is God saying to us about the way forward?'

Think about churches and agencies involved in evangelism and church planting. Maybe today we should rule out a lot of different kinds of evangelistic programs. Let me give you an example. Take tract distributions. I have seen whole communities declared evangelized because a tract was put in every home. This was done by well meaning people. Praise God for them. But we have gone back and done an evaluation later only to find that almost all of those were thrown away and not even used. Now that's a lesson we learned. To repeat that and continue doing it and claiming without evidence that we have reached a community is an outright deception. That's not acceptable in Kingdom work any longer. It's high time that we learn our lessons.

Think of the example of Rwanda. I thank God for that country. It has a wonderful Christian history. It even was one of the seats of the famous East African Revival. Early in the 90s it was declared as being our best example of mission success. People were holding it up as the best job missions had done. That judgment came due to the fact that nearly 85% were church members. Now anybody with an eye to history would have immediately been alerted that there is nothing in history that says that God intends for us to be a majority church. When Christians have become a majority church, we often become an impotent church. That should have scared us.

A majority church easily slips into being a passive entity that has deviated from the narrow way. There's no basis whatsoever for an assumption that a vital church proclaiming and manifesting the Kingdom will ever become a majority church. The lessons of history would say it will mostly be a minority with an impact way beyond its size.

In Rwanda what happened was that the church ended up being involved in one of the worst examples of genocide in the modern era. The very church that mission analysts were rejoicing about was guilty of turning on its own membership and killing each other over tribal differences. The Rwandan churches turned out to be "a mile wide, but only an inch deep."

So we should never repeat that again, never make that same mistake. Rather learn from history and then not make the same mistakes.

When all four of these things – revelation, research, intuitive creativity and analyzed experience – are working well together we are using everything God has given us to really determine what He would have us do. That is all he asks!

**Answer Box #3**

Take a little time to think through your own organization or ministry. Can you think of the role each of these four sources has played in the past in deciding the mission, vision and activity of the organization? Do you think that profile of determining God's will has been a weakness or a strength in terms of its success? Why?

**learning**

## Identifying Strategic Issues

The previous work we have done in strategic thinking has identified a number of sources of information that help frame an organization's strategic issues. In addition, as you have worked on your own organization, you undoubtedly have already begun to identify important issues that affect the fate and functioning of the organization. The SWOTs in particular turned up a number of key areas of insight. In addition, if you were already engaged in a strategic thinking process when you started this course, there may have been some important issue or issues that prompted that process.

Focusing on strategic issues has advantages. Since it is a focus on *issues*, not *answers*, it avoids the conflict that can develop over solutions. Often conflicts are over problems or challenges that have not yet been clarified. Too often the discussion becomes a power struggle about solutions rather than a problem-solving conversation. In addition, identifying major strategic issues creates the necessary tension for change. Unless people feel the need for change, they will usually choose the status quo. Discovering key strategic issues focuses attention of key decision makers on what must be addressed and why change is essential.

By stating what makes an issue *strategic* yields clues as to possible solutions. Reviewing the SWOTs, the mission-values-vision and the history of the organization is one way to indicate the importance of the issue. Such a review reveals clues as to what might be done to "resolve" the issue. As an organization confronts an issue in terms of what it knows are its situation, the consequences of not addressing it become much more vivid and real. The strategic process itself will become much more real and seem much less academic.

For Kingdom Associates the issue that faces them is initial entry into a new ministry. They are attempting to decide what they might do that would have the greatest value and impact for the Kingdom in Happy Valley. Their strategic process has to address initiating a new programme. New programmes have only one chance to create a "first impression." So it is very important for KA to get it right at the beginning. If they do, it will open many more doors in the future because of the reputation that develops.

For many of us the challenge is larger since we already have a number of programmes and geographic locations where we are already at work. We must evaluate on-going programmes and functional units that have been in place for some time. We may have so much information and history that it gets hard to see the forest because of all the trees. We simply get bogged down in all the details and alternative ways of seeing things so that it is difficult to separate the essential from the supplemental.

There is something that helps narrow down strategic issues that are critical to mission success. These are *generic success factors* in given activity areas that provide a beginning framework for thinking. It is the case that a given situation can raise other matters to higher priorities. In addition, if the generic success factors are well in hand, then other success factors gain importance. Here are some examples:

1. Real Estate Developer: Two factors that are common to all land development companies are acquisition of land and maintenance of liquidity. Nothing is more central to success than having the right piece of land and being financially liquid. If everything else is average, such a company will do fairly well. It does need to build on the land with quality. It must meet environmental and other local land-use regulations. But the strategic issues that determine doing well are these two. Knowing this, the leadership will never purchase land without going to the property and walking over it to see all its features. It will also track credit markets and other financial information with close attention.



2. Software: One might initially think—writing elegant and efficient “code” is the secret. But there are many elegant computer programs that sit on a shelf, rapidly going obsolescent. The two key generic strategic issues are an efficient distribution system and a strong after-sales support system. Establishing a presence in the software market is not largely a matter of writing the “best” code. In fact, that can actually detract from becoming a major player in the marketplace. Too much money and time spent on making the software “perfect” can mean a loss of market. Anyone who has lived for some time with operating systems and software programs knows that it often is not the “best” programs that dominate the marketplace.

3. Online education: From the student’s point of view there are three strategic issues in online delivery of educational courses: technology (the software, the ease of connection to the internet, the laptop or pc being used), the instructor who is managing the course and the student’s previous use of the technology. We can predict higher learning outcomes and retention rates among students where the technology is better than average, the instructor is responsive and skillful in using the online environment and the student has had significant prior experience with computers and online environments. Get these three factors in good order and the online education will succeed. This means that the support and training of students with less experience in the use of technology may be a critical factor once the technology and the instructors meet high standards. It also means students with a lot of prior experience will not be happy when the technology being used to deliver the online experience is mediocre.

4. Sheep farming: Studies indicate that a farm devoted to making a profit from producing lambs for market include three generic strategic issues: 1) Having a low unit cost of production (measured as a ratio of all production from a flock and all costs associated with the flock). 2) Having enough size to be efficient (larger volume flocks are more efficient since the input of labor remains largely the same). 3) Adding value to the base production of the flock (feeding lambs to weights heavier than traditional weaning weights). These are factors that can be controlled by the farmer (the price of lambs is normally beyond the individual farmer’s control). By paying close attention to them and adjusting them, the sheep farmer can succeed at a higher level.

What the generic strategic issues are will vary by the “industry” one is in as well as the current situation and anticipated future changes that are coming. The internal strengths and weaknesses create a profile that will enable those who are crafting strategies to see a number of the most important things that must be done to succeed in the mission. It all depends. As in the example of the online education program, the programme may be strong in two of the three crucially important factors and weak in one. If it serves a student clientele who have poor internet connections, older computers and software, an environment where virus protection is minimal, and a history of only limited experience with the use of such technology, then support and training of students rises in importance for that program’s success. It becomes a strategic issue and must be addressed in the strategies adopted.

### **Strategic Factors and Issues**

It is not uncommon that a leader or manager is completely focused on the flurry of daily tasks. There is no time or ability to think about the long-term. It is taking 100% effort just to keep things together. We find ourselves “fighting fires” rather than thinking more broadly and long term about what changes might make significant improvements in what we are doing and how we are doing it. Too often we find ourselves

immersed in the details and the daily rather than the big picture and the longer term. Strategic thinking is concerned with the big picture and the longer term.

### *Strategic vs Operational Issues*

What do we look for when we are seeking to identify and frame strategic issues? Issues fall into three large categories: a) Current issues that are urgent and require immediate action; 2) Issues that are likely to require action in the near future but can be handled as part of the organization's regular planning cycle; and 3) Issues that require no action at present but need to be monitored continuously. We will need to categorize the issues that emerge in this process in terms of their time urgency. This is one tool to help us sort out what are the strategic issues.

This time frame also helps us separate "operational" issues from "strategic" issues. A number of the issues that emerge in the strategic thinking process will turn out to be operational rather than strategic.

Think of a small business that is flourishing. After a great deal of success in a mid-size city area, the organization decided that the key to additional growth and success was expanding into other markets. The question as to whether to expand and add new geographical locations is a strategic issue. The decision to make this change creates a lot of operational issues: renting an office, buying furnishings, installing a phone system and PCs, hiring local talent. The one is longer term and more consequential. The other is day-to-day and concerned with implementing the strategic decision. The one is strategic; the other tactical. They do not exist separately for every strategic decision will require tactical implementation. The implementation needs to be aligned with the strategic decision.

Strategic issues are matters for the Board and leadership to address – such matters as market positioning, product development, adequacy of capital, return on investment, general policy matters not dictated by law. Operational issues are such matters as labour relations, distribution, operating environment, production, and policy implementation. Strategic thinking is big picture thinking that considers future scenarios. Thinking strategically involves creating a vision for where you want to be in 2, 5 or 10 years.

Operational planning focuses on adjusting and developing controls, increasing efficiencies and reducing time and costs. The purpose of an operational plan is to effectively execute the goals identified in the strategic plan. Operational planning will determine where to focus attention and where you can take a step back.

Think of the issue of technology in an organization. The realization that we are experiencing inefficient work flows, poor communications internally and with clients, poor record keeping, low levels of morale and client satisfaction due to ineffective technology is a strategic issue. On the other hand, when we look at the lack of enough desktop or laptop computers and the lack of office network connectivity for our employees, we have identified an operational issue.

Consider a Credit Union Bank. Operational or tactical level thinking and planning deals with how to make systems, people and processes more efficient and effective. Strategic thinking and planning in the credit operation needs to address how the credit organization will need to be staffed, structured, trained and its operations coordinated in order for the department to be ready for the changes that will occur in the company and in the marketplace in the coming months and years.

This distinction is important because many who may be involved in the strategic thinking process are more likely to identify operational rather than strategic issues. This is quite natural. For many of us the operational issues are the ones that have the major impact on our day-to-day work. We want to see something done about them!

It is important to identify operational issues in this process since acting on them will often energize the strategic process itself. People can see some immediate results of their time and know the organization is serious about dealing with issues that face them everyday. In addition, getting the operational issues identified (and addressed) clears the way to focus on the larger strategic issues. For more information and a worksheet that can be useful to identify and separate strategic from operational issues, see Appendix E.

In the appendices we have included a number of organizations that have identified strategic issues that they face. You may want to look through them. Appendix B provides a short statement of strategic issues for the Seventh Day Adventists; FANRPAN in Appendix C offers an example of a Southern African organization that has identified strategic issues. Now try your hand at the following exercise:



Answer Box # 4

See if you can identify which are strategic issues (S) and which are operational (O) from the following list:

Action/Decision	S	O	Action/Decision	S	O
1. Cut costs by purchasing new software			8. Reorganize the structure of the organization to make it more centralized		
2. Change the mission of the organization			9. Shut down a division or product line		
3. Add a new product line or division			10. Acquire another organization by purchase or merger		
4. Upgrade all desktop computers and improve the network			11. Secure a credit line from a bank so as to ensure cash flow		
5. Change the firm that audits us			12. Change the name of the organization and "rebrand"		
6. Hire or appoint a new CEO			13. Institute job descriptions for every position and annual performance evaluations		
7. Expand by adding two new cities as "markets"			14. Change the worship service from traditional to contemporary music and forms		

(answers to this exercise appear on p. 162)

### Identifying Strategic Issues: Framing Issues

There are a number of ways of synthesizing all the insight, information, intuition and inspiration into a short list of key strategic issues. These are things we must address or we are unlikely to succeed in the mission about which we are passionate. The heart of strategic thinking is to be found here. Strategy is focus. It is focusing on the most important decisions and actions that are keys to success. But how to focus? How to decide what is priority? How do we get consensus from all the important people who will be leading, managing and carrying out the strategy?

In this unit we introduce you to several ways of identifying strategic issues and factors. Each approaches the task of identifying and clarifying key strategic factors and issues. They differ in the process and thoroughness of doing that. The first is how to get agreement on strategic issues for the future. The first is a simple exercise for all involved in the process of strategizing:

<b>Individual Strategic Issue Identification</b>							
<i>Instructions: List one item you consider to be a strategic issue. Use a separate worksheet for each of five to nine issues</i>							
1. What is the issue? Phrase it as a question that the organization can do something about and that has more than one answer:							
2. Why is it an issue? How is it related to the organization's SWOTs and to its ability to meet its mission, vision, or some other important facet of its purpose?							
Strengths	Weaknesses	Opportunities	Threats	Mission	Values	Vision	Other
3. What are the consequences of not addressing this issue? What makes it a priority?							

You will find a copy of this same form in Appendix F. You will note that the instructions limit you to identifying 5-9 issues. That is because you are in a narrowing down, focusing exercise. As you review your timeline history, other information gathered, your SWOTs, you are looking to discern those few issues that, if not addressed, will create significant difficulty in accomplishing your mission and vision. You are searching for those key areas of activity that must be done well if you are to succeed.

This worksheet and method works by having members of a strategic planning group or key leaders each propose five to nine of these strategic issues as candidates for consideration. After they have filled out the above form for each proposed issue, then a master list of all proposed issues is assembled. Each proposed strategic issue can be discussed and debated, reformulated if necessary. If there is a question as to whether the issue is more operational than strategic, you can use the Appendix E worksheet to help clarify the nature of the issue.

Finally, using a flip chart, the master list can be posted. Each issue can be ranked (from 1-total), the ranking added up (or you can give group members 5 dots which they can put by those issues, in their opinion, that are the five most important). The issues with the lowest number (or most dots) become the issues the group agrees have the highest priorities. This then provides you with your initial list of strategic issues and some sense of their perceived priority. Let's give an example of the end result of such a process.

### Elmhurst College as an example

Elmhurst is a church-related college. "Liberal" learning is not a matter of theological liberalism but rather the terminology used by institutions of higher education to mean a broad-based education that includes the humanities, the sciences, social service and well-being. Liberal education is an education that seeks to create well rounded, broadly educated, responsible citizens who are able to think for themselves and exercise control over their behavior. Often such "liberal learning" is contrasted with professional or vocational learning.

Their strategizing groups came up with this as their five year vision scenario:

Elmhurst College will become nationally recognized for the Elmhurst Experience: a contemporary framing of liberal learning that, first, empowers and asks our students to become self-directed, academically grounded, intellectually engaged, and socially responsible citizens, who understand and respect the diversity of the world's cultures and peoples, and, second, prepares our students from their first day on campus to make wise academic and co-curricular choices leading to satisfying professional futures. The hallmarks of the Elmhurst Experience—student self-formation and early professional preparation—will prepare our students to become truly educated women and men, ready for life in a complex and competitive world.

The College will increase support for faculty and student research. Our faculty and students will increasingly collaborate with each other and with communities beyond our campus in research, teaching, and artistic expression.

The College will offer select graduate programs which complement our undergraduate programs and prepare students for career entry or advancement, or for further study toward an advanced degree.

It is this vision, within their situation (PESTLE), that they wish to accomplish in the next five years (their statement is for 2009-2014). As they worked on thinking through this vision in the light of their situational analysis, they formulated nine strategic issues:

### Elmhurst Strategic Issues:

1. What **student body** size and composition, undergraduate and graduate, residential and commuter, and from differing geographic, cultural, and ethnic backgrounds, will best position the College to achieve its educational goals while ensuring sufficient revenue to support the enterprise?

2. What **faculty, administrative, and staff** size and composition, full and part time, will best position the College to serve the educational needs of its students and meet the College's vision for a more diverse campus environment?
3. What **curricular and co-curricular** priorities will best position the College to realize its vision for the future?
4. What **physical plant and infrastructure** priorities best support attainment of our strategic goals? What roles should technology play in supporting teaching and learning as well as the larger enterprise? How does the College address environmental sustainability?
5. How should **financial resources** be acquired and allocated to support the work of the College?
6. How does the College address **financial and market pressures** arising from changing economic and demographic circumstances? How does the College assist its students in addressing financial and other possible barriers to their attendance?
7. How should the College foster **spiritual development** in ways that respect individuals' varied relationships with faith traditions?
8. What **relationships and partnerships** should be established or strengthened to support the work of the College? How might the College strengthen its position as an intellectual and cultural resource for the region and nation?
9. How should the College gather, disseminate, and use **information** necessary to assess and be accountable for its progress and to spark ongoing development and innovation?

You will see each issue has focused largely on a single topic (I've highlighted them). The only two that seem to overlap are #5 and #6. Elmhurst must have had a reason to articulate both and give them a separate status. Each strategic issue is also phrased as a question that seeks an answer. The answer will come in the strategies adopted to address each issue. For each of them as well, some primary goal or goals will be articulated as a means of achieving a positive result in each of these nine areas.

Appendix D provides you with the full, publicly posted strategic plan for 2009-2014. In this longer statement you will see how the nine strategic issues are tied to mission-vision, history and then linked to strategic goals. You can read the full case materials at your leisure. While there is no detailed SWOT analysis (or financial data), the strategic statement identifies nine strategic issues that came out of looking at data not given in the final statement. In that statement Elmhurst references each of the strategic issues to some "strategy" which is listed later on. Each strategy is accompanied by goals and targets (and in most cases benchmarks). It is an example of a well-integrated statement.

It's time for you to try your hand at identifying one key strategic issue using this group-process for framing strategic issues. This will give you a feel for the strengths and weaknesses of this approach. Take some time and see if you can synthesize some of the information you already have in hand from the work you did in units 2-4. Can you identify one major strategic theme or issue? Then fill in the details so that you are clear what it is that makes that issue strategic. You will need to use the form in Appendix F (you might make a copy of it).



**learning**

**Answer Box # 5**

Identify one (1) issue that, in your mind, is strategic as you think through mission-values, vision and the situational analysis you have done? What is it? Can you formulate it as a question about something the organization can do something about and has more than one answer? Fill out the form with that issue and see how it is connected to the information and commitments you have previously clarified for your organization. **(The form is found in Appendix F)**

Individual Strategic Issue Identification							
<i>Instructions: List one item you consider to be a strategic issue. Use a separate worksheet for each of five to nine issues</i>							
1. What is the issue? Phrase it as a question that the organization can do something about and that has more than one answer:							
2. Why is it an issue? How is it related to the organization's SWOTs and to its ability to meet its mission, vision, or some other important facet of its purpose?							
Strengths	Weaknesses	Opportunities	Threats	Mission	Values	Vision	Other
3. What are the consequences of not addressing this issue? What makes it a priority?							

What did you discover about this approach? Did it help you think through all the information you have developed? Could you easily identify a strategic issue? Did relating it to all the information help you understand why it is a *strategic* and not an operational issue? Did framing it in this way help you begin to think about what you might do to answer the issue with some strategies that will address it?

Well, I hope it did. This has been a common way of working on focusing all the information discovered in the prior units. Strategy is about focus. So this is a critical step. But there is a more systematic approach. It is used in more complex and larger organizations. Still, it may be useful in yours. You will need to decide what is reasonable and most feasible for your organization and planning process.

### *Identifying Strategic Issues: Weighting Issues in a SWOT Matrix*

SWOT analysis, when done well, identifies the organization's distinctive competencies (the particular capabilities and resources that it possesses that allows it to perform in a superior way in given endeavors or activities). It also identifies particular opportunities that it may not yet be taken advantage of. Of course, it also portrays some of the weaknesses and threats that exist: weaknesses that may undermine its strengths when seeking to grasp a particular opportunity or a threat that may undermine even its strengths.

In the competitive world of the market place, having a strength and an opportunity that strength can exploit does not equate to a competitive advantage. By itself, a distinctive competency or strength does not guarantee a competitive advantage. Weaknesses in resources can prevent an organization from moving forward strongly to seize a wonderful opportunity.

From a strategic viewpoint, the strategic advantage of an organization is the opportunity divided by the strengths minus the weaknesses ( $SA = O/(S-W)$ ). SWOT analysis by itself cannot answer the question: should we invest in making our strengths even stronger or should we invest in our weaknesses to neutralize them or even turn them into strengths? **SWOTs by themselves give us information, not priorities.**

SWOTs have been criticized as having a number of tendencies: It

- Generates long lists
- Uses no weights to reflect priorities among various items listed
- Uses ambiguous words and phrases
- Lists factors that can be both strengths and weaknesses (or both an opportunity and threat)
- Offers factors for which there is no obligation to verify with data or analysis (is built only on opinions)
- Requires only a single level of analysis
- Is not linked clearly to strategy implementation

To counter these and other criticisms, a process leading to a strategic factor (issue) analysis summary matrix has been developed. It is a far more analytical and laborious process. It begins with transferring your major strengths and weaknesses to an "Internal Factor Analysis Summary" (IFAS) as well as your major opportunities and threats to an "External Factor Analysis Summary" (EFAS) table. Just below you will see this illustrated using the giant Appliance Company, Maytag, as an example (from the 1990s):



Internal Strategic Factors: Maytag (1995) <sup>2</sup>	Weight	Rating	Weighted Score	Comments
<b>Strengths:</b>				
1. Quality Maytag culture	.15	5.0	.75	Quality is key to success
2. Experienced top management	.05	4.2	.21	Know appliances
3. Vertical Integration	.10	3.9	.39	Dedicated factories
4. Employee relations	.05	3.0	.15	Good, but deteriorating
5. Hoover's international orientation	.15	2.8	.42	Hoover name recognition in cleaners
<b>Weaknesses:</b>				
1. Process oriented research and development	.05	2.2	.11	Slow on new products
2. Distribution channels	.05	2.0	.10	Superstores now replacing small dealers
3. Financial positioning	.15	2.0	.30	High debt overload
4. Global positioning	.20	2.1	.42	Hoover weak outside United Kingdom and Australia
5. Manufacturing facilities	.05	4.0	.20	Investing now
<b>Total Scores</b>	<b>1.00</b>		<b>3.05</b>	

Now some instructions so you know how this table is constituted (you will find blank copies of these in Appendix A).

1. List each of **the most important factors** developed in your SWOTS, limited to five factors for each.
2. **Weight each factor** from 1.0 (most important) to 0.0 (least important) in column 2 so that the sum of all factors is equal to 1.
3. **Rate each factor** from 5.0 (Outstanding) to 1.0 (Poor) in column 3 **based on the organization's response to that factor**.
4. **Multiply** each factor's weight times its rating to get the weighted score.
5. Use the Comments column for a **short rationale** used for each factor (why is it listed as a strength or weakness; opportunity or threat?).

The weight and ratings can be obtained in several manners. One can ask the participants in the strategic thinking process to indicate their weightings and perceptions of the response of the organization to dealing with these factors. The average response then can be used to give each of these a weighting and ranking. The same process is followed in the External Strategic Factors Summary:

<sup>2</sup> From T.L.Wheelen and J.D. Hunger, "Strategic Factors Analysis Summary (SFAS)" (Wheelen and Hunger Associates, 1997). Note that "Hoover" is an internationally recognized division dealing in floor care products and in Europe and Australia for a wider range of appliances. Hoover was acquired in 1988 and sold off in 1995.

External Strategic Factors: Maytag	Weight	Rating	Weighted Score	Comments
<b>Opportunities:</b>				
1. Economic Integration of the European Community	.20	4.1	.82	Acquisition of Hoover
2. Demographics favor quality appliances	.10	5.0	.50	Maytag quality
3. Economic development of Asia	.05	1.0	.05	Low Maytag presence
4. Opening of Eastern Europe	.05	2.0	.10	Will take time
5. Trend to "Super Stores"	.10	1.8	.18	Maytag weak in this channel
<b>Threats:</b>				
1. Increasing government regulation	.10	4.3	.43	Well positioned
2. Strong U.S. competition	.10	4.0	.40	Well positioned
3. Whirlpool and Electrolux strong globally	.15	3.0	.45	Hoover weak globally
4. New product advances	.05	1.2	.06	Questionable
5. Japanese appliance companies	.10	1.6	.16	Only Asian presence is Australia
<b>Total Scores</b>	<b>1.00</b>		<b>3.15</b>	

When combined these two tables, IFAS and EFAS, give us 20 factors. These will need to be narrowed down to 10 or fewer factors. This means looking at the 20 factors identified and their weighted scores and comments. The ones chosen will be transferred to the Strategic Factor Analysis Summary (SFAS). I've indicated by the shading, those factors that will be transferred to the SFAS matrix in this example. These ten factors then become the strategic issues that Maytag must address in its corporate strategy. How were these selected for the matrix?

The IFAS table is relatively straightforward. If you look at each of the factors selected, they have the highest weighted scores in each category (Strengths and Weaknesses). In the EFAS table, the picture is not quite as clear. The three top weighted scores from Opportunities are selected. But from Threats, you will notice that the highest and the next to lowest are the two selected. The explanation is found in the comments. For Threats #1 and 2, the company is well positioned. They may be important and significant threats, but the company feels it is well positioned to counter them. Longer term, the development of the competition from Japanese appliance companies is seen as not yet having a strong response from the company and thus needs to be addressed or it might become a major threat in the future.

The instructions for the SFAS matrix follow those for the IFAS and EFAS. I've renumbered them so they indicate which strength, weakness, opportunity or threat they are from the original tables. Only 9 are transferred in this example. For each of these on the new table, weighting and rating need to be done again (in most cases the rating will stay the same). In addition, each factor needs to be scored in terms of whether it is an issue that is short term (less than 1 year), medium (1 to 3 years) or long term (more than 3 years). Comments need to be added as well to characterize the rationale for each strategic factor or issue.

Strategic Factors	Weight	Rating	Weighted Score	Duration			Comments
				Short	Medium	Long	
S1. Quality Maytag culture	.10	5.0	.50			x	Quality is key to success
S5. Hoover’s international orientation	.10	2.8	.28	x	x		Name recognition
W3. Financial positioning	.10	2.0	.20	x	x		High debt
W4. Manufacturing facilities	.15	2.2	.33			x	Only in N.A., United Kingdom & Australia
O1. Economic Integration of the European Community	.10	4.1	.41			x	Acquisition of Hoover
O2. Demographics favor quality appliances	.10	5.0	.50		x		Maytag quality
O5. Trend to “Super Stores”	.10	1.8	.18	x			Weak in this channel
T3. Whirlpool and Electrolux strong globally	.15	3.9	.45	x			Dominate the industry
T5. Japanese appliance companies	.10	1.6	.16			x	Asian presence
<b>Total Scores</b>	<b>1.00</b>		<b>3.01</b>				

One would need to set this SFAS into the larger context of Maytag’s history and situation. The immediate issues that faced it in this analysis are financial indebtedness and the loss of market dominance to Whirlpool and Electrolux. The preoccupation with integrating Hoover products into Maytag had led to heavy indebtedness (and Maytag showed a net loss in 1992 and 1995). Its analysis indicated that the heavy investments made in overseas facilities that were unprofitable led to a distraction from its core business. The decline in stock value meant many investors were questioning whether Maytag could succeed as an international corporation.

In evaluating the strength (and weaknesses) of Hoover Europe and Hoover Australia, Maytag came to the conclusion that they could not be strong players in their respective global theaters. Maytag sold both Hoover businesses in order to focus on their North American-based businesses. It adopted a strategy of retrenchment and refocusing the business. In short it adopted a strategy to eliminate a major weakness and to concentrate on its core geographic base where it held a niche in the more expensive, high quality product lines.

*Strategies growing out of SWOTs*

SWOTs can be used in another step that can be taken. In this case it is used to think through alternative strategies for addressing the situation in which we find ourselves. The various strategic issues are put into a matrix. For each cell, we then think through what might be done in terms of devising strategies to address the realities that face us. What we wind up with are four categories of strategic possibilities, matching Strengths with Opportunities (SO), Strengths

Internal Factors (IFAS)	<b>Strengths (S)</b> List 5-10 Strengths	<b>Weaknesses (W)</b> List 5-10 Weaknesses
External Factors (EFAS)	<b>SO Strategies:</b> Use strengths to take advantage of opportunities	<b>WO Strategies:</b> Take advantage of opportunities to overcome weaknesses
<b>Opportunities (O)</b> List 5-10 opportunities	<b>ST Strategies:</b> Use strengths to avoid threats	<b>WT Strategies:</b> Minimize weaknesses and avoid threats
<b>Threats (T)</b> List 5-10 threats		

with Threats (ST), Weaknesses with Opportunities (WO) or Weaknesses with Threats (WT). We briefly discussed this in the prior unit. Now we will give an example. If we apply this sort of SWOT strategy matrix to Maytag, then we wind up with a suggestive chart<sup>3</sup> as follows:

<p style="text-align: center;"><b>Maytag (1995)</b></p> <p><b>IFAS:</b></p>	<p><b>Strengths</b>                  Quality Maytag culture                  Experienced top management                  Vertical integration                  Employee relations                  Hoover’s international orientation</p>	<p><b>Weaknesses</b>                  Process-oriented R &amp; D                  Distribution channels                  Financial position                  Global positioning                  Manufacturing facilities</p>
<p><b>EFAS:</b></p> <p><b>Opportunities</b>                  European economic integration (EU)                  Demographics favoring quality                  Economic development of Asia                  Opening of Eastern Europe                  Trend toward “super stores”</p>	<p><b>SO Strategies:</b></p> <ul style="list-style-type: none"> <li>• Use worldwide Hoover distribution channels to sell both Hoover and Maytag major appliances</li> <li>• Find joint venture partners in Eastern Europe and Asia</li> </ul>	<p><b>WO Strategies:</b></p> <ul style="list-style-type: none"> <li>• Expand Hoover’s presence in continental Europe by improving Hoover quality and reducing manufacturing and distribution costs</li> <li>• Emphasize superstore channel for all non-Maytag brands</li> </ul>
<p><b>Threats</b>                  Increasing governmental regulation                  Strong US competition                  Whirlpool/Electrolux global positioning                  New product advances                  Japanese appliance companies</p>	<p><b>ST Strategies:</b></p> <ul style="list-style-type: none"> <li>• Acquire Raytheon’s appliance business to increase US Market share</li> <li>• Merge with a Japanese appliance major home appliance company</li> <li>• Sell off all non-Maytag brands and strongly defend Maytag’s US niche</li> </ul>	<p><b>WT Strategies:</b></p> <ul style="list-style-type: none"> <li>• Sell off Dixie-Narco Division to reduce debt</li> <li>• Emphasize cost reduction to reduce the break-even point</li> <li>• Sell out to Raytheon or to a Japanese firm</li> </ul>

What starts out as a situational analysis tool, winds up as a tool that, applied carefully, provides insight into strategic issues that must be addressed. It also suggests possible ways of thinking about strategies to adopt as ways of addressing strategic issues that are implicit in the SWOT analysis. One can readily see that the range of possible strategies for Maytag is quite broad. Maytag can consider a number of options as it selects the strategies it will choose in order to continue to grow its business.

<sup>3</sup> From Wheelen and Hunger, *Strategic Management and Business Policy*, 9<sup>th</sup> Edition (Pearson, Upper Saddle River, NJ: 2004) p. 117.

**Summary:** In this unit we have raised the question of how we determine the strategic issues that we must address if our organization is going to succeed in its mission, given the current situation in which we find ourselves. In actual practice, Dr. Engel suggests that we discern the will of God via four sources of information and guidance: divine revelation, research, creative insight, and analyzed experience. Depending upon our tradition and organization, we may be rather one-sided in any of these sources of information. The more we can validate our notions of what is the situation we are in, the better will be the strategies we craft. We also learned the major distinction between operational and strategic issues (even while recognizing they are on a continuum and sometimes hard to distinguish or separate). Finally, we considered two ways of identifying strategic issues. One frames them by drawing upon an informed group process to list issues and work toward a group agreement as to the most important. The other approach also uses a group process. But it puts items into a formal set of tables and then a matrix in order to narrow down, focus and prioritize strategic issues. There is no single right way to do this. You and your organization need to discover what makes the most sense for you. What is crucial is focus: identifying the few key strategic issues that must be addressed in the strategy if the mission, values and vision of the organization are going to succeed in the situation it currently is in.

## Final Assignment

### Final Assignment

*You have taken important steps in the other assignments and are now in a position to define the strategic issues that are key to developing relevant, realistic and flexible strategies to help your organization move forward.*

*Prepare a document using worksheets you choose so as to display five to nine “strategic” issues that grow out of your understanding of your organization and its situation. If possible, rank them by how you perceive them to be weighted by importance for the future. Indicate whether they are immediate, mid-term or long-term issues.*

*In carrying out this assignment, if you are working with a leadership team or a group engaged in strategizing your organization, be sure to utilize them and indicate in your document a sketch of the process you followed to arrive at your master list of strategic issues.*



## application

Answers to Box #4:

1. O	5. O	9. S	13. O
2. S	6. S	10. S	14. S
3. S	7. S	11. O	
4. O	8. S	12. S	

**Appendix A: Internal/External Strategic Factor Analysis**

Internal Strategic Factors	Weight	Rating	Weighted Score	Comments
<b>Strengths:</b>				
1.				
2.				
3.				
4.				
5.				
<b>Weaknesses:</b>				
1.				
2.				
3.				
4.				
5.				
<b>Total Scores</b>	<b>1.00</b>			
External Strategic Factors	Weight	Rating	Weighted Score	Comments
<b>Opportunities:</b>				
1.				
2.				
3.				
4.				
5.				
<b>Threats:</b>				
1.				
2.				
3.				
4.				
5.				
<b>Total Scores</b>	<b>1.00</b>			

**Strategic Factor Analysis Summary Matrix**

Strategic Factors	Weight	Rating	Weighted Score	Duration			Comments
				Short	Medium	Long	
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
<b>Total Scores</b>	<b>1.00</b>						

## **Appendix B: The Seventh Day Adventists Statement of Strategic Issues**

[www.adventist.org](http://www.adventist.org)

VOTED: To approve and refer to each division and the attached document, Strategic Issues for the Seventh-day Adventist Church, as follows:

### **Strategic Issues for the Seventh-day Adventist Church**

“The mission of the Seventh-day Adventist Church is to proclaim to all peoples the everlasting gospel in the context of the three angels’ messages of Revelation 14:6-12, leading them to accept Jesus as personal Savior and to unite with His church, and nurturing them in preparation for His soon return.” (GC *Working Policy* A 05).

This Mission Statement is the foundation on which the following is established:

Christ’s ideal for His church was that it should reflect His workmanship, for it was He who said, “I will build my church.” Christ also affirmed that He intends to present it to His Father as a perfect church, having neither spot nor blemish. This ideal will be achieved as members respond to Christ’s love on the cross, humbly submit to Christ’s lordship as set forth in the Holy Scriptures, and depend fully on the indwelling power and leading of the Holy Spirit.

The General Conference of Seventh-day Adventists, in response to the mission of Christ, is placing emphasis on three strategic issues: **Quality of Life, Unity, and Growth**. It is our deep desire that in the formation of a community of faith, each person will experience unconditional commitment to Christ. This commitment results in joyful and loving personal experience, active participation in the life of the church, and passionate service to the wider community in the world.

General Conference leaders will design and carry out their services to the world field in such a way that the Lordship of Jesus Christ shall find expression in the Seventh-day Adventist Church through:

#### **1. Quality of personal and church life demonstrated by:**

- a. Members whose lives demonstrate and illustrate the joy of salvation, restoration, and anticipation of the world to come.
- b. Weekly group Bible study for all ages with appropriate organizational curriculum.
- c. Weekly corporate Sabbath worship.
- d. Development of personal, family, and group prayer life.
- e. Regular training for discipleship, witnessing, and involvement in local church activity.



- f. Awareness of and participation in the worldwide work of the Church.
- g. Nurturing members of all ages according to their diverse needs and leading them to discover their spiritual gifts.
- h. Seventh-day Adventists who are and are perceived to be model citizens in the community and whose mental, physical, and spiritual life values are coupled with compassion and service.

**2. Unity of the church demonstrated by:**

- a. Cohesiveness in doctrine: resulting from Spirit-guided world Church-approval of Bible-based, Christ-centered fundamental beliefs.
- b. Togetherness of believers: experienced by the creation and preservation of community that embraces cultural and ethnic diversity.
- c. Cohesiveness of organization: seen in distinct local and global church identity arising from the world Church-approved system of structure and organization.

**3. Growth of the church demonstrated by:**

- a. Members who have a rich spiritual experience, who have discovered their spiritual gifts, and who have a commitment to active witness.
- b. Increasing accession and retention rates in local churches.
- c. A positive impact of the Seventh-day Adventist presence within a community.
- d. The number of churches established in unentered areas.
- e. The transmission of the Church's legacy and mission to the succeeding generation.

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*\*Voted by the Executive Committee of the General Conference of the Seventh-day Adventist Church at its Spring Meeting, April 2002.*

**Appendix C: FANRPAN**

([www.fanrpan.org](http://www.fanrpan.org))

**FANRPAN**  
 Food, Agriculture and Natural Resources Policy Analysis Network



**Vision:** A food secure southern Africa free from hunger and poverty.

**Mission:** To promote effective Food, Agriculture and Natural Resources (FANR) policies by:

- 1) facilitating linkages and partnerships between government and civil society,
- 2) building the capacity for policy analysis and policy dialogue in southern Africa, and
- 3) supporting demand-driven policy research and analysis.

**Origins of FANRPAN**

The founders of FANRPAN were a group of economic and agricultural economics research institutes in universities, public policy units or para-public research institutes. Their regional network to encourage the exchange of skills, information and experiences and to coordinate comparative research is a logical response where skills in the region may be dispersed, there is little institutional memory and individual expertise is isolated. It was endorsed by the Ministers of Agriculture and ten research and policy institutions signed the Constitution of FANRPAN.

In order to achieve the original intention to promote appropriate agricultural and natural resources policy, FANRPAN focused on:

- A. improving policy research, analysis and formulation on key themes in the southern Africa region;
- B. developing human and institutional capacity for coordinated policy dialogue, and
- C. improving policy decision-making through the generation, exchange and use of policy-related information. In recent years, FANRPAN has placed increasing emphasis on managing policy dialogues and knowledge management, complementing its research and analysis roles.

In its Strategy 2002-2007, FANRPAN highlighted priorities for policy research in seven thematic areas:

- 1) technology development and adoption,
- 2) natural resources management as a source of comparative advantage,
- 3) trade and market liberalization,
- 4) capacity building to enhance productivity,
- 5) natural resource conservation,
- 6) land reform,
- 7) information and communications management.

Since the publication of the initial strategy in 2002, FANRPAN has carried out useful research and analysis in four key areas, all consistent with its mandate and important to the region, but primarily reflecting the willingness of donors to provide funding. These four areas were:

- a) markets and trade,
- b) HIV/AIDS and agriculture,

- c) biotechnology policy, and
- d) rural livelihoods.

The critical issue of funding is highlighted in the nature of FANRPAN's activities and adaptation to funding:

- 1) governance has been assured through the voluntarism of a few key board members;
- 2) coordination has been constrained by the lack of core funds for secretariat services at regional and national level (in only one year out of four, has there been funding for a full-time coordinator), and
- 3) the ability to develop and sustain longer-term research or to implement the full policy change cycle is compromised (over 30 short term projects commissioned, with only 2 with a duration of over 15 months).

**Key strategic issues** The following key strategic issues were identified as critical for the growth and development of FANRPAN:

- 1) Policy research agenda
- 2) Information and communication management
- 3) Capacity building
- 4) Institutional collaboration
- 5) Resource mobilisation
- 6) Monitoring and evaluation
- 7) Governance structures

### Goals and objectives

Objectives are a derivative of the mission statement. Broad goals and objectives to support the institution's long-term vision and to give focus to the work of the secretariat and nodes should thus accompany the mission statement. The FANRPAN objectives are outlined below:

- 1) Promote appropriate agricultural policy in order to reduce poverty, increase food security and enhance sustainable agricultural development in the SADC region.
- 2) Improve policy analysis, research and formulation of priority SADC agricultural research themes.
- 3) Develop human and institutional capacity for co-ordinated dialogue among stakeholders.
- 4) Improve policy decision-making through the generation, exchange and use of policy related knowledge and information.

FANRPAN achieves these objectives through

- 1) Commissioned policy research
- 2) Multi stakeholder dialogues - National/Regional
- 3) Policy training and information/knowledge exchange

**Appendix D: Elmhurst College and Strategic Issues** [www.elmhurst.edu](http://www.elmhurst.edu)**I. The College at a Glance**

Elmhurst is a private liberal arts college affiliated with the United Church of Christ. Founded in 1871, the College has a long history of preparing students for lifetimes of professional achievement.

**Reputation**

Elmhurst ranks among the top colleges in the Midwest, according to “America’s Best Colleges,” the survey by U.S. News & World Report. The Princeton Review also lists Elmhurst among the region’s premier institutions of higher learning.

**Location**

The College is located in Elmhurst, Illinois, a quiet suburb that ranks Number 1 in a Chicago magazine survey of the “best places to live.” Downtown Chicago is a 30-minute train ride away.

**Campus**

The Elmhurst campus is a 38-acre, registered arboretum. It boasts more than 600 varieties of trees and shrubs—and all the modern facilities required of scholarship today.

**Programs of Study**

The College offers more than 50 majors, four accelerated majors for adults, 15 preprofessional programs, and nine graduate programs. The Honors Program provides extra opportunities for students who are especially talented, curious, and motivated.

**Faculty**

All classes at Elmhurst are taught by professors, not teaching assistants. About 84 percent of the College's 133 full-time faculty hold the highest degree in their field.

**Class Size**

The average class has 19 students. The student to faculty ratio—13 to 1—is among the best in higher education.

**Students**

Students come to Elmhurst from many states and countries, and from nearly every religious, racial, and ethnic background. The student body comprises about 2,400 traditional undergraduate students, 270 adults pursuing an accelerated undergraduate degree, and 230 graduate students.

**Professional Preparation**

Three academic centers devoted to professional practice help you explore your career options, find your calling, land a great internship, and make your dreams a working reality. It's no wonder that 90 percent of graduates are working or in graduate school within six months of graduation.

**Student Life**

Life at Elmhurst is active and creative. Students get involved in more than 100 activities, from theatre to intramurals to the Mock Trial Team.

**Athletics**

Student athletes at Elmhurst compete on 18 teams in NCAA Division III. In the past decade, Bluejay teams have won conference championships in five sports. And they compete in first-rate facilities.

**Costs & Financial Aid**

Full-time tuition for 2009-2010 is \$27,270; room & board is \$7,874. We provide need-based financial aid and merit-based scholarships to about 85 percent of entering students.

**II. A Progress Report on the Action Plan Years**

During the first decade of the Cureton presidency, the Board of Trustees approved a series of three Action Plans defined as a "program to build the best possible Elmhurst College." Here's an update.

**Posted on:** November 14, 2007

The educator Bart Giamatti said, “All cultures set a starting date for the present era, a point of origin, a year one.” For Elmhurst College, 1994 was year one of the present era. On July 1, 1994, Bryant L. Cureton started work as the College’s twelfth president.

The first new leader of the College in a generation, Dr. Cureton took a Socratic approach to fostering a renewed sense of institutional purpose. He used various forums, such as the Faculty Council and the Board of Trustees, to lead wide-open discussions of “institutional aspirations.” An early Cureton memo spoke of “moving toward a clear sense of our shared vision.”

The process has continued throughout the Cureton presidency, and has served to substantially raise the school’s sights. During the first ten years, the trustees approved a series of three “Action Plans” defined as a “program to build the best possible Elmhurst College.” Their aim was nothing less than to enable Elmhurst to move toward claiming a place as “the best college of its kind in the Chicago area and a national benchmark of effectiveness in adding value to student lives.”

As President Cureton approaches retirement in June 2008, it can be said at a minimum that the College has made impressive progress toward ambitious goals. Recent years have seen sustained growth in the College’s enrollment, curriculum, assets, impact, and prestige. In total, the result is an institutional repositioning of striking proportions—a rare phenomenon in American higher education.

“It makes no sense to take an institution like Elmhurst College and try to transform it into something it can and ought never be,” Dr. Cureton said about halfway through his tenure. “The proper task of college leadership at any point in an institution’s history is to free the place from unnecessary constraints, and thus enable it to serve its students and society in the fullest way possible. I think Elmhurst is like a marathon runner with many miles ahead, but progressing strongly through the long course.”

How strongly the institution has progressed during the Action Plan years can be measured in multiple concrete ways. Between 1994 and 2007, for example, the number of full-time undergraduates grew by 47 percent. The number of residential students grew by 85 percent. In both cases the growth was intentional, designed to foster a student body that was fully engaged in a robust undergraduate experience, and thus increase the tempo and enrich the texture of campus life.

Elmhurst enrolled a succession of freshman classes that were—at once—larger, more academically prepared, and more likely to complete their degrees. Between 1994 and 2007, the number of entering freshmen rose from 222 to 508, a 130 percent increase. The customary measures of student academic preparedness also increased. The average composite ACT score of entering freshman rose from 21 to 24. The proportion of freshmen from the top quarter of their high school class rose from 33 percent to 54 percent. The six-year graduation rate rose from 54 percent to 72 percent; it is now more than 20 points above the national average.

The enhanced student profile “changed the classroom experience,” Dr. Cureton observes. “Faculty have higher expectations of students, and students have higher expectations of one another. It also has enhanced campus life outside the classroom. Our students are more engaged intellectually, even athletically.” (The number of student athletes more than doubled in thirteen years, from 185 to more than 400.)

During the Action Plan years, the quality of Elmhurst’s academic programs became more widely recognized. *U.S. News & World Report* now consistently ranks the College in the top tier of its category. The *Princeton Review* calls Elmhurst “a small college with a big bang,” citing its “excellent” internships, “gorgeous” campus, and “intimate academic experience.” The Action Plans called for the College “to clarify and develop its distinctive edge, the integration of liberal arts education and preparation for professional life.” This effort led to the creation of three new “centers of distinction” that aim to solidify the bond between liberal learning and professional preparation.

In 1997, the College launched the Center for Professional Excellence, designed to augment each student's classroom experience with extended professional and intellectual challenges, on campus and beyond. The center's programs include international study, career exploration, service-learning opportunities, a burgeoning Honors Program, and an immense assortment of internships. "Our students participate in purposeful activities that acquaint them with the realities of their prospective careers," says executive director Lawrence B. Carroll. "The center is an explicit demonstration of Elmhurst's commitment to making sure that our students have what it takes to be a true professional."

In 2001, the College established the Niebuhr Center with a \$2 million grant from the Lilly Endowment. Named for two of Elmhurst's most illustrious alumni, the theologians Reinhold and H. Richard Niebuhr (the College's sixth president), the center is an academic program for students who are motivated by faith, whatever their religious background. It guides and supports students who are considering a calling to a service profession or the ministry. Through a range of academic and field experiences—including courses, paid internships, and international experiences—students explore the links between the values they have chosen to embrace and the careers they are preparing to pursue.

In 2003, a new Center for the Health Professions began to bring together students who are aspiring to careers across the spectrum of health care for an innovative mix of academic and co-curricular programs. The center offers expert academic advising and professional mentoring to students in a range of majors and pre-professional programs, including biology, chemistry, pre-med, nursing, exercise science, and speech-language pathology. The students gain first-hand experience and develop strong teamwork skills in a variety of clinical and research settings.

During the Action Plan years, the College expanded its service to embrace new student constituencies. It launched nine master's programs—the first in the institution's history—and created the School for Advanced Learning, which serves both graduate students and adult learners in undergraduate programs. The Academic Partnership Program allows working professionals to complete their degrees at their workplaces. The Elmhurst Life Skills Academy provides a full-time, post-secondary educational experience to young adults with developmental disabilities.

The number of full-time faculty grew from 94 to 127, a 35 percent increase over thirteen years. Under the leadership of Dean Alzada J. Tipton, the faculty is exploring new ways to engage students in learning, including collaborative research, a first-year colloquium, a capstone experience, and a new general education curriculum. The Center for Scholarship and Teaching, currently in the early stages of development, will support both faculty and students in the teaching and learning processes.

The Action Plan years have been a time of considerable construction on the campus. The most conspicuous physical improvements have been a new academic building, a fifth residence hall, a renovated library, an expanded student center, a new fitness center, and several high-profile exterior improvements, such as Alumni Circle, the Reinhold Niebuhr Monument, and the new Founders Gate on the eastern edge of campus. A sixth residence hall is under construction west of Hammerschmidt Memorial Chapel. Together, these developments have reshaped the landscape, sometimes subtly, sometimes significantly. What is more, they have enhanced the ways students on the campus can learn, live, and grow.

During the Action Plan years, the College enlarged its contribution to the cultural life of the larger community. The campus events calendar became crowded with concerts, plays, art exhibits, and an array of impressive speakers, including Maya Angelou, Marian Wright Edelman, David Gergen, Taylor Branch, Sister Helen Prejean, and two winners of the Nobel Peace Prize, Lech Walesa and Elie Wiesel. The Action Plans sought to enhance the College's affiliation with the United Church of Christ, which Dr. Cureton regards as an unalloyed asset. "It is one of the things that makes us special," he says. "Our heritage enables us to pay close attention to issues of values and ethics, in an open intellectual climate that welcomes students of all backgrounds and traditions."

Throughout the Action Plan years, the College was “carefully managed but by no means rich,” in Dr. Cureton’s words. In 2004, the institution successfully completed a \$42 million development campaign, the largest in its history. The annual operating budget for fiscal year 2008 is \$54 million. Since 1994, the market value of the endowment has grown from \$35 million to more than \$100 million.

### **III. Strategic Plan: Elmhurst College**

#### **III.A. Introduction**

For a college, strategic planning is an exercise in the practical imagination. After painstaking thought and open debate, the campus community not only records its hopes but announces its intentions. It puts on paper what it aims to provide for generations to come.

On February 13, 2009, the Elmhurst College Strategic Plan 2009-2014 was endorsed by 84% of the faculty present and voting. On March 14, 2009, acting on the recommendation of President S. Alan Ray, the Board of Trustees voted unanimously to approve the plan. The strategic plan is the product of an intense, robust, eight-month process that began in July 2008. Its goal was to create a constitution or charter for the College’s development over the next five years and beyond.

The process was radically open by design. In a letter to the campus community on July 1, 2008, his first day in office, President Ray invited “all of the College’s stakeholders”—including students, faculty, staff, administrators, alumni, alumnae, trustees, and members of the larger community—to “provide ideas and respond to work in progress.”

The Advisory Council on Strategic Planning, an established committee of the College, guided the process and produced this draft for the review and approval of the Academic Council and Board of Trustees. The Advisory Council’s nineteen members include faculty, students, trustees, and administrators. It began meeting on the strategic plan with a week-long series of sessions in August, and continued meeting weekly, and sometimes more frequently, throughout the fall and winter.

Beginning in November 2008, teams of Advisory Council members met with groups of institutional stakeholders, including students, faculty, administrators, and staff; alumni and alumnae; community leaders and area employers; College trustees; donors and friends. Because the College is affiliated with the United Church of Christ, the Council reached out to consult selected UCC congregations throughout the Midwest. Council members convened 45 separate meetings, where constituents reflected, debated, and celebrated the future of the College. The bountiful volume of ideas and observations from these meetings—as well as abundant feedback provided to the Council via the Internet— informed the Council’s discussion of the College’s mission, vision, core values, and specific plans for the future.

The Council did its work against a backdrop of national challenge and institutional opportunity. At the end of the first decade of the twenty-first century, American colleges and universities are beset by the general economic crisis and anticipate widespread retrenchment. At the same time, Elmhurst College, while not immune from larger trends and difficulties, is in the midst of the most dynamic period in its history.



In the 1990s, the College began a sustained period of investment in institutional quality. It added faculty, expanded enrollment, raised admission standards, and enhanced and enlarged the physical plant. Its academic reputation grew significantly. Today, Elmhurst is attracting students who are much better prepared academically than their counterparts were ten years ago. Our students are more likely to enroll full time, to live on campus, and to engage avidly in curricular and co-curricular activities.

The institutional leadership is committed to advancing the progress of recent years. The Board of Trustees has encouraged the faculty, staff, and administration to build an institution of genuine distinction among the small colleges in the Chicago area and beyond. To meet this goal, the College must grow convincingly in quality, impact, and prestige. In short, it must achieve a higher level of service to students and society.

The Elmhurst College Strategic Plan 2009-2014 presents a clear, compelling path to a future of greater institutional distinction. The plan begins with statements of institutional mission, vision, and core values, followed by an articulation of key strategic issues. Finally, it outlines five goals, backed by a series of strategies and actions.

The Advisory Council on Strategic Planning presents this plan to the larger community of Elmhurst College, with confidence in the vitality of its mission and the promise of its future.

### III. B. Some Points Regarding the Plan

Elmhurst College Strategic Plan 2009-2014 begins with proposed statements of mission, vision for the future, and core values. These are followed by an articulation of the strategic issues addressed by the plan, each of which is cross-referenced to specific action items. The plan then moves to its five strategic goals, with a series of strategies and priority actions under each goal. Each action is labeled with a date, which represents the Council's best sense of when the campus will begin to focus on each action. Many actions will be ongoing over several years. A few expected end dates are included, but only in cases where specificity is intended. Specific targets are indicated at the end of each strategy. Each target presents a list of responsible areas as well as very preliminary estimates of each target's financial impact.

### III. C. Mission and Vision for the Future

#### **Mission**

Elmhurst College inspires its students to form themselves intellectually and personally and to prepare for meaningful and ethical work in a multicultural, global society. Working together with passion and commitment, we foster learning, broaden knowledge, and enrich culture through pedagogical innovation, scholarship, and creative expression.

#### **Vision for the Future**

Elmhurst College will become nationally recognized for the Elmhurst Experience: a contemporary framing of liberal learning that, first, empowers and asks our students to become self-directed, academically grounded, intellectually engaged, and socially responsible citizens, who understand and respect the diversity of the world's cultures and peoples, and, second, prepares our students from their first day on

campus to make wise academic and co-curricular choices leading to satisfying professional futures. The hallmarks of the Elmhurst Experience—student self-formation and early professional preparation—will prepare our students to become truly educated women and men, ready for life in a complex and competitive world.

The College will increase support for faculty and student research. Our faculty and students will increasingly collaborate with each other and with communities beyond our campus in research, teaching, and artistic expression.

The College will offer select graduate programs which complement our undergraduate programs and prepare students for career entry or advancement, or for further study toward an advanced degree.

### III. D. Core Values

The values of Elmhurst College provide the foundation for all our academic, student, and community programs and activities.

#### **Intellectual Excellence**

We value intellectual freedom, curiosity, and engagement; critical and creative inquiry; rigorous debate; and intellectual integrity in all endeavors. We are committed to the meaningful integration of liberal learning and professional preparation and to learning as a life-long pursuit.

#### **Community**

We are committed to cultural diversity, mutual respect among all persons, compassion for others, honest and open communication, and fairness and integrity in all that we do.

#### **Social Responsibility**

Mindful of humanity's interdependence and the dignity of every individual, we are committed to social justice on local, national, and global levels. We will act on our social responsibilities and call others to do the same.

#### **Stewardship**

We are committed stewards of the human, fiscal, and physical resources entrusted to us. We are accountable to one another for the quality of our community, the strength of our finances, and the utility and beauty of our campus as a place of intellectual engagement and personal growth. We pursue innovations which respect the environment and foster sustainability in the management of our resources.

#### **Faith, Meaning, and Values**

We value the development of the human spirit in its many forms and the exploration of life's ultimate questions through dialogue and service. We value religious freedom and its expressions on campus. Grounded in our own commitments and traditions as well as those of the United Church of Christ, we cherish values that create lives of intellectual excellence, strong community, social responsibility, and committed stewardship.

#### IV. Strategic Issues

Based on the College's mission, vision for the future, core values, and planning environment; priorities established by President Ray; insights of the Trustees; and careful and considered reflections of students, faculty, and staff, the College looks to address the following questions in this strategic plan.

##### **Strategic Issue One**

What student body size and composition, undergraduate and graduate, residential and commuter, and from differing geographic, cultural, and ethnic backgrounds, will best position the College to achieve its educational goals while ensuring sufficient revenue to support the enterprise? *Strategic issue one is addressed in strategies 1.5 and 2.2.*

##### **Strategic Issue Two**

What faculty, administrative, and staff size and composition, full and part time, will best position the College to serve the educational needs of its students and meet the College's vision for a more diverse campus environment? *Strategic issue two is addressed in strategies 3.1 through 3.4.*

##### **Strategic Issue Three**

What curricular and co-curricular priorities will best position the College to realize its vision for the future? *Strategic issue three is addressed in strategies 1.1 through 1.8, 2.5.*

##### **Strategic Issue Four**

What physical plant and infrastructure priorities best support attainment of our strategic goals? What roles should technology play in supporting teaching and learning as well as the larger enterprise? How does the College address environmental sustainability? *Strategic issue four is addressed in strategies 1.7, 3.3 through 3.5, and 4.1 through 4.3.*

##### **Strategic Issue Five**

How should financial resources be acquired and allocated to support the work of the College? *Strategic issue five is addressed in strategies 2.4 and 5.1 through 5.3.*

##### **Strategic Issue Six**

How does the College address financial and market pressures arising from changing economic and demographic circumstances? How does the College assist its students in addressing financial and other possible barriers to their attendance? *Strategic issue six is addressed in strategies 2.2, 5.1, and 5.3.*

##### **Strategic Issue Seven**

How should the College foster spiritual development in ways that respect individuals' varied relationships with faith traditions? *Strategic issue*

seven is addressed in strategies 1.1, 2.5, and 2.6.

### **Strategic Issue Eight**

What relationships and partnerships should be established or strengthened to support the work of the College? How might the College strengthen its position as an intellectual and cultural resource for the region and nation? *Strategic issue eight is addressed in strategies 2.1 through 2.6.*

### **Strategic Issue Nine**

How should the College gather, disseminate, and use information necessary to assess and be accountable for its progress and to spark ongoing development and innovation? *Strategic issue nine is addressed in strategies 1.5 through 1.8, 3.5, and 5.1.*

## V. Strategic Goals<sup>4</sup>

### **Strategic Goal 1: Educate the Whole Student for Life in a Global Society.**

The College seeks to create the Elmhurst Experience by graduating students committed and prepared to continue their self-formation as intellectual and moral beings. Students' self-formation includes creating a picture of a complex and multicultural world and determining their responsibilities within it; reflecting on the foundations of moral conduct, which may be religious, and framing their values accordingly; thinking and acting for themselves and taking responsibility for their decisions; and dedicating themselves enthusiastically and imaginatively to lives of service and enterprise. Elmhurst College will provide its undergraduate students with a solid grounding in the liberal arts together with specialization in a major leading to a career path or advanced studies. The College will prepare graduate students to be well-rounded and ethical professionals. The College will empower all its students, undergraduate and graduate, to embark on lives driven by critical and creative reflection and the capacity to respond effectively and humanely to complex problems and situations.

### **Strategies and Targets**

#### **1.1 Create, refine and implement integrated curricular and co-curricular programs and experiences that foster student intellectual and personal self-formation, the first hallmark of the Elmhurst Experience.**

##### **Targets**

- Continue the ongoing faculty-based general education renewal process through 2009-10. Responsible Areas: General Education Task Force, General Education Committee, Academic Council, Academic Affairs. Financial Impact: Already budgeted.
- Achieve annual participation of 300 students in study abroad programs and annual participation in applied experiential learning by all students in First-Year Seminars. Achieve annual participation in service-learning activities beyond the first year by 250 more students. Increase students undertaking coursework in the Intercultural Studies program to 70 by 2011-12. Responsible Areas: Director of

---

<sup>4</sup> Only two of the goal statements will be listed here so that the connection from the issues to specific goals can be seen.

International Education; Director of Intercultural Studies Program, Director of Service Learning, Director of Intercultural Student Affairs and the Director of Civic Engagement and Leadership Development. Financial Impact: Approximately \$50,000, with 2009-10 portion available in planned budget.

- Benchmark best practice parent and family programs with referral to President by the end of 2009-10. Responsible Areas: Alumni Relations/Development and Student Affairs. Financial Impact: Approximately \$15,000, available in planned budget.

## **1.2 From the beginning of students' time at Elmhurst College, refine and further develop integrated curricular and co-curricular programs and experiences that foster early professional preparation, the second hallmark of the Elmhurst Experience.**

### **Targets**

- All students in Education, Nursing, and Speech Pathology will continue to engage in internship or internship-like experiences as required by their major programs. Career education targets for students in other majors, including mentoring, shadowing, internships, and networking to be set by the Centers and academic departments. Responsible Areas: Academic Departments and the Campus Centers. Financial Impact: Already budgeted.
- Increase invitations for outside professionals to visit classes in greater numbers. Responsible Areas: Academic Departments and the Campus Centers. Financial Impact: Approximately \$5,000, available in planned budget.

## **1.3 Increase the variety of academic opportunities for students.**

### **Targets**

- Reach annual participation in undergraduate research by 15 full-time faculty by 2013-14. Responsible Areas: Academic Affairs, Center for Scholarship and Teaching/Faculty Development Committee, Academic Departments. Financial Impact: Approximately \$25,000, with 2009-10 portion available in planned budget.
- Maintain annual participation in the Honors Program at current levels of 275-300 students, with an emphasis on sustaining the high quality of Honors Program students' experiences. Responsible Areas: Academic Affairs and Director of Honors Program. Financial Impact: Already budgeted.
- Establish targets for post-baccalaureate fellowship opportunities in 2009-10 during the plan's implementation phase. Responsible Areas: Center for Professional Excellence, Academic Affairs. Financial Impact: Already budgeted.

## **1.4 Create and support interdisciplinary courses.**

### **Target**

- Reach 30 interdisciplinary courses annually by 2013-14, with specific incentives and funding targets to be set during the plan's implementation phase. Responsible Areas: Academic Departments, Campus Centers and Center for Scholarship and Teaching/Faculty Development Committee, Academic Council and Academic Affairs. Financial Impact: Already budgeted.

## **1.5 Review programs for alignment with goal of developing the whole student.**

### **Targets**

- Establish program review processes for undergraduate and graduate programs by the end of the 2009-10 academic year. Responsible Areas: Academic Council, Academic Affairs, Academic Departments. Financial Impact: Already budgeted.
- Implement program review cycle, beginning 2010-11. Responsible Areas: Academic Council, Academic Affairs, Academic Departments. Financial Impact: Approximately \$20,000 per year.
- Complete an updated plan for graduate education by the end of 2008-09 and submit it to the Advisory Council on Strategic Planning for endorsement and referral to the President. Responsible Areas: Ad Hoc Committee on the Role of Graduate Education at Elmhurst College, ACSP and Academic Affairs. Financial Impact: Already budgeted.
- Convene an ad hoc committee to review the effectiveness of the School for Advanced Learning (SAL), adult undergraduate programs, certificate programs and non-traditional services that will propose a plan for endorsement and referral to the President. Report due to the Advisory Council on Strategic Planning by the end of the 2009-10 academic year for implementation in 2010-11. Responsible Areas: Ad Hoc Committee on the Role of Adult Undergraduate Education, ACSP, School for Advanced Learning, and Academic Affairs. Financial Impact: Already budgeted.
- Adopt and implement program review process for co-curricular programs by the end of 2010-11 academic year. Responsible Areas: Student Affairs and Academic Affairs. Financial Impact: As budgeted in target #2 above.

### **1.6 Assess student learning.**

#### **Targets**

- Finalize major program assessment instruments in 2009-10. Responsible Areas: Academic Affairs, Academic Departments. Financial Impact: Already budgeted.
- Review standardized learning outcome assessment instruments in 2009-10 and develop pilots for trials starting in 2010-11. Responsible Areas: Academic Affairs, Academic Departments. Financial Impact: Already budgeted.
- Continue ongoing full use of NSSE and GPI in 2009-10. Responsible Areas: Academic Affairs, Student Affairs and Executive Vice President. Financial Impact: Already budgeted.
- Develop and implement co-curricular learning outcomes assessments by 2010-11. Responsible Area: Student Affairs. Financial Impact: Already budgeted.

### **1.7 Create an updated plan for the use of technology and institutional data to support scholarship and teaching.**

#### **Targets**

- Prepare and finalize plan on the role of instructional technology for recommendation and referral to the President by 2011-12. Responsible Areas: Technology Steering Committee, Alternative Delivery Committee, Library. Financial Impact: Already budgeted.

### **1.8 Encourage ongoing innovation in academic and co-curricular programming.**

#### **Target**

- Establish additional specific pathways for fostering innovation during the implementation phase of the plan in 2009-10. Responsible Areas: Innovation Support Team, ACSP, Academic Departments, Academic Affairs, Student Affairs. Financial Impact: Planning process already budgeted.

## **Strategic Goal 2: Forge Innovative Relationships to Advance Learning, Scholarships, and Service.**

Elmhurst College thrives as part of a complex network of relationships and serves a variety of communities: prospective students, alumni, friends, parents, religious organizations, businesses and corporations, and scholarly organizations. These relationships are integral to our vision of the College and the Elmhurst Experience. We honor this commitment to our relationships on and beyond campus. Elmhurst College will employ a variety of approaches to foster the relationships it will need to support the work of the College, especially in the city of Chicago and surrounding region.

### **Strategies and Targets**

#### **2.1 Foster new and increased partnerships between Elmhurst College and outside constituents to support the goals of the College.**

##### **Targets**

- Determine specific targets for partnership possibilities during the implementation phase of the plan, beginning in 2009. Responsible Areas: Academic Departments, the Centers, College Relations, President's Office, President's Cabinet. Financial Impact: Moderate.
- Create President's Advisory Council in 2009-10. Responsible Areas: President's Office, President's Cabinet. Financial Impact: Already budgeted.

#### **2.2 Adopt an admissions strategy to make Elmhurst College attractive and accessible to the various constituencies we serve.**

##### **Targets**

- Reach enrollment targets as projected in the College's three-year budget pro-forma. Responsible Areas: Admission, Marketing. Financial Impact: Already budgeted.
- Move toward ethnic diversity of 25% in the entering first-year class by 2013-14, including African-American representation of 9%. Responsible Areas: Admission, Marketing. Financial Impact: High.
- Build the number and amount of funded scholarships. Responsible Area: Development. Financial Impact: Low.

#### **2.3 Implement the new Alumni Relations strategic plan.**

##### **Target**

- Implement the Alumni Relations strategic plan's elements as scheduled. Responsible Areas: Development and Alumni Relations, Marketing. Financial Impact: Moderate, with 2009-10 initiatives already budgeted.

#### **2.4 Enhance support for faculty and administration in their scholarly and creative work and professional activities.**

##### **Targets**

- Reach a minimum of 5 annual major grant proposals by faculty by 2013-14. Responsible Areas: Academic Affairs, Academic Departments. Financial Impact: Low.
- Increase faculty peer-reviewed conference presentations and peer-reviewed journal submissions by 2013-14. Responsible Areas: Academic Affairs, Academic Departments. Financial Impact: Low.

**2.5 Further clarify the College's understanding of its relationship with the United Church of Christ (UCC) and implement programming appropriate to this understanding.**

**Target**

- Determine specific language and expectations for the College's relationship with the UCC during the implementation phase of the plan, beginning in 2009. Responsible Areas: President's Cabinet, Chaplain. Already budgeted.

**2.6 Enlarge and enhance cultural and scientific activities beyond the curriculum.**

**Targets**

- Begin exploring additional partnership and funding opportunities in 2009-10. Responsible Areas: Academic Affairs, Development and Alumni Relations, College Relations. Financial Impact: Already budgeted.
- Begin exploring the Forum for Religion in Public Life in 2009-10, by forming an advisory board, identifying College faculty and departmental leadership, and investigating potential funding sources. Responsible Areas: President's Office in consultation with the faculty, ACSP. Financial Impact: Already budgeted.



**Appendix E: Operational vs Strategic Issues Worksheet<sup>5</sup>**

Name of the Issue:	The issue is: <input type="checkbox"/> Primarily Operational <span style="float:right"><input type="checkbox"/> Primarily Strategic</span>		
	Operational ←	↔	→ Strategic
1. Is this issue something for the policy consideration of the Board?	No		Yes
2. Is the issue an agenda item for the organization’s CEO?	No		Yes
3. When will the strategic issue’s challenge or opportunity confront the organization?	Right now	Next year	2 or more years from now
4. How broad an impact will the issue have?	Single unit or division		Entire organization
5. How large is the organization’s financial risk or opportunity?	Minor (= 10% of budget)	Moderate (= 10-15% of budget)	Large (≥ 25% of budget)
6. Will strategies for issue resolution likely require:	No		Yes
a. Change in mission?			
b. Development of new service goals and programs?	No		Yes
c. Significant changes in revenue sources or amounts?	No		Yes
d. Significant amendments in government laws or regulations?	No		Yes
e. Significant staff changes?	No		Yes
f. Significant technology changes?	No		Yes
g. Major facility changes?	No		Yes
h. Major changes in stakeholder relationships?	No		Yes
7. How apparent is the best approach for issue resolution?	Obvious, ready to implement	Broad parameters, few details	Wide open
8. What is the lowest level of management that can decide how to deal with this issue?	Line staff supervisor		Head of major department
9. What are the probably consequences of not addressing this issue?	Inconvenience, inefficiency	Significant service disruption, financial losses	Major long-term service disruption and large cost or revenue setbacks
10. How many other groups are affected by this issue and must be involved in its resolution?	None	1-3	4 or more
11. How sensitive or “charged” is this issue relative to community, social, political, religious, and cultural values?	Benign	Touchy	Extremely sensitive

<sup>5</sup> Based on J.M. Bryson & F.K. Alston, *Creating and Implementing Your Strategic Plan*, 2<sup>nd</sup> Edition (Jossey-Bass, 2005) p. 95.

**Appendix F: Worksheet for Strategic Issue Identification**

Individual Strategic Issue Identification							
<i>Instructions: List one item you consider to be a strategic issue. Use a separate worksheet for each of five to nine issues</i>							
1. What is the issue? Phrase it as a question that the organization can do something about and that has more than one answer:							
2. Why is it an issue? How is it related to the organization's SWOTs and to its ability to meet its mission, vision, or some other important facet of its purpose?							
Strengths	Weaknesses	Opportunities	Threats	Mission	Values	Vision	Other
3. What are the consequences of not addressing this issue? What makes it a priority?							

# Strategic Thinking

## *Unit 6*

### *How in the World Are We Getting from Here to There: Strategy Frameworks*



## Development Associates International

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D.A.I. P.O. Box 49278 Colorado Springs, CO 80949-9278 USA  
Tel. (719) 598-7970 / Fax (425) 988-8126  
[www.daintl.org](http://www.daintl.org) / E-Mail: [info@daintl.org](mailto:info@daintl.org)

## Unit 6: How in the World are we going to get from here to there: Strategy Frameworks

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### Learning Outcomes:

By the end of this unit you will be able to:

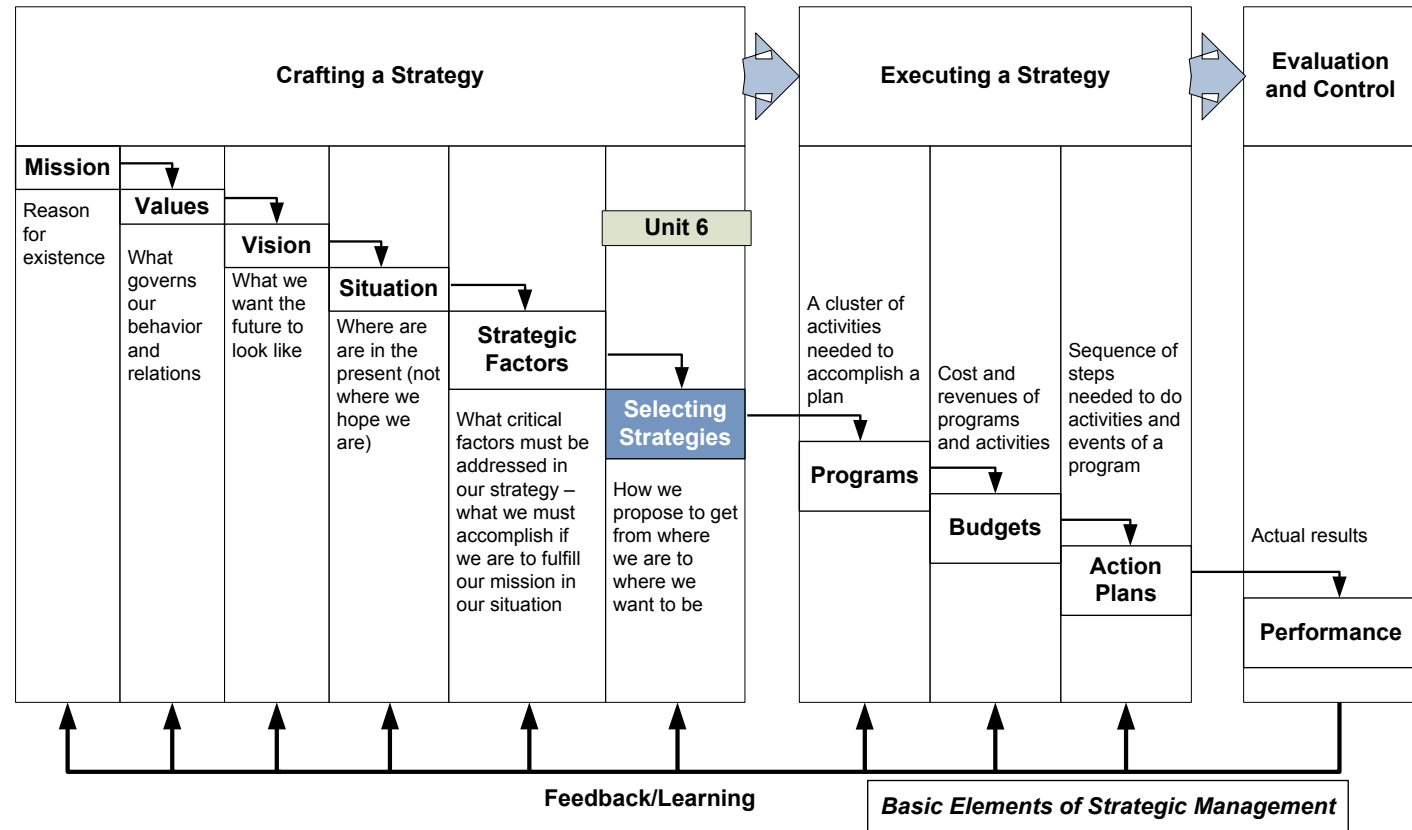
- Distinguish between directional and positional strategy frameworks and list their sub-types
- Make preliminary decisions about the directional and positional frameworks best for your organization
- Write a description of your organization and indicate the reasons for the type of overall strategy it follows

## Introduction

You are about to begin a unit in the module, Strategic Thinking. This unit culminates what are the most difficult and yet important tasks in strategic thinking: setting priorities and making choices between alternative courses of action. All we have been doing up to the present unit has its rationale in this final step.

**Knowing what we know about the prior five steps, what strategies will we adopt, adjust or create?** What strategies will serve as the framework for our decisions and actions in the coming months and years? How do we propose to mobilize all our strengths to seize the opportunities that face us? How will we do it so that the threats are minimized and our weaknesses do not prevent us from reaching our critical goals in each key result area? How will we maintain the core strengths and programmes while initiating new programmes and endeavors? What will be our major strategic goals that will shape what programmes and initiatives we will adopt to carry out our mission in the light of our strategic issues?

Even with all the information we've come to understand and the setting of priorities we've done, we still must finally "craft strategies." We must agree on allocating our resources and personnel in given ways that we think, in the final analysis, will get us from where we are to where we want to go. How do we do that? How do we select or craft strategies that have promise to achieve our mission and vision and address the strategic outcomes we have identified? What will be the major goals we will set for this next twelve months, goals that will set the parameters for all of our programmes, deployment of personnel and expenditure of resources?



The first and foremost choices an organization makes in crafting a strategy is **an overall direction and type of strategic positioning**. There are countless variations in the strategies that organizations follow that entail custom-tailored actions to fit its own circumstances, type of “business,” and environment. It is very unlikely that two organizations will employ strategies that are exactly alike in details.

When we step away from the details, there are some generic large-scale directions or macro-strategies that are pursued by organizations. Market-place organizations that seek profit engage strategies that seek competitive advantage in the market-place. Not-for-profit organizations may think of themselves as in a type of “market” since they may compete for volunteers, clients and for funding with other not-for-profits that are similar to them. But they normally do not adopt competitive advantage strategies, even though they will “position” themselves by deciding what are their central programmes, services and distinctives.

When we speak of organization-wide or corporate strategic goals, we are talking about the large framework within which all units and programme strategizing must happen. It defines the overall direction of the organization as a whole. It sets the boundaries and the horizon of strategic thinking. It becomes the framework for all lower level strategic thinking.

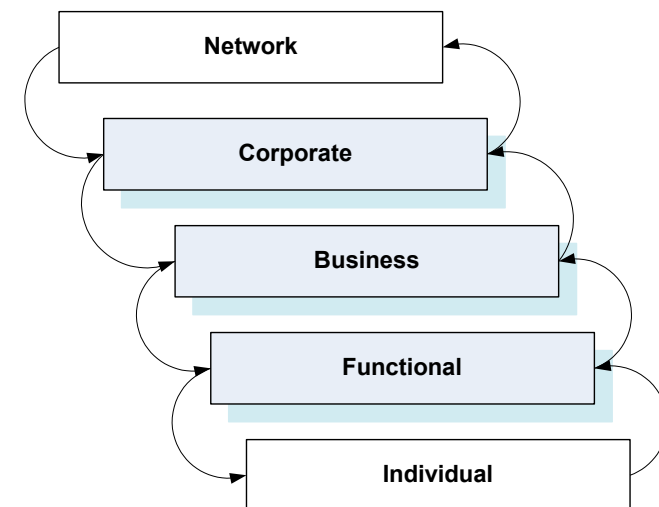
In Unit 6 and Unit 7 we develop the key elements involved in selecting a strategy and making it specific by writing the primary goals that address the strategic issues identified in Unit 5. In this unit we focus on some of the largest strategic decisions an organization makes as it looks toward the future. They are the frameworks within which more tailored strategies are crafted. After dealing with the levels at which strategies can be developed, we will look at two key strategy frameworks:

- Directional Strategies (frameworks to help us think about our orientation toward growth)
- Positional Strategies<sup>1</sup> (generic frameworks that help us think about the distinctive way we want to deploy our services and products in relation to other organizations doing much the same thing we are doing)

## I. Organizational Levels

There are several levels in a large organization at which strategies may be crafted. Organizations vary in their structure and formality. But we can distinguish four levels above the individual where strategizing and goal setting happens:

1. The **network** is a group of organizations that develop alliances and partnerships and together work to achieve certain common goals. Various collaborative arrangements can often do what one organization alone cannot.
2. The **corporate** level is a single organization that holds a portfolio of business or organizational units. Typically the most important decisions made at this level are deciding what “industries” or primary activities the business divisions will compete or act in and then allocating resources among those divisions.



<sup>1</sup> This is often called “corporate strategies” or “generic strategies” but these frameworks have broad application to not-for-profits and governments as well.

3. The **business** level is a single arena of endeavor or closely related products and services that are bundled together within (or independent of) a larger corporation. Strategy at this level is focused within a relatively single or similar arena of activity. Strategy at this level is aimed at not only matching the conditions of the external environment but influencing the various units that carry out the activity of the organization.

4. The **functional** level is coordinated with the business level. These are areas like informational technology, HR, finance, research and development, manufacturing, marketing. These support the carrying out of the business strategy by providing the resources, processes and information needed.

5. The **individual** level affects and is affected by these other four levels. All of the staffing as well as the leading of the other levels happens by individuals who themselves are involved in a career path and impacted by a variety of personal choices. Their identity and involvement with the organization is critical to the success of any strategy. They can themselves write a strategy for their lives and work engagements, making choices to advance their personal goals.



## learning

### Answer Box # 1

*Before we move on to strategies at different levels, think about your own workplace or ministry. How would you characterize its “level”? When you start to write a strategy, are you working primarily at the network, the corporate, the business, or the functional level? How many levels might you need to take into account in crafting a strategy? Do you have a larger corporate mission/vision/values statement?*

In this course, we focus on the middle three levels (as highlighted in the chart on the previous page). But something needs to be said about each level of strategizing. In general we can distinguish between organization-wide goals and strategies (involving the entire organization and extensive use of resources from across the entire organization – this is often called the “corporate” strategy) and programme goals and strategies (involving a specific ‘business,’ division, programme or functional unit). Strategic goals can be devised for the full organization over a long period of time (strategic positioning) or for a specific programme over a short-term (for example, for the first quarter of a strategic plan). Of course we can write personal goals and a personal mission and strategy as well. For many the ‘corporate’ and ‘business’ levels may be the same since they are part of a smaller organization that is focused on one major product or service (such as an NGO, Church organization, educational institution or even small business). We’ll start at the corporate level and then return at the end of this discussion to the network and individual levels.

1. **Corporate Strategies:** In using the term corporate we are thinking of a single organization that has a number of divisions and businesses. One might think of the giant, General Electric. It has dozens of businesses competing in a diverse set of industries: electric light bulbs, plastics, appliances, jet engines, financial services and power generation equipment. The Japanese company, Sony, is another example: it has operations in over 100 countries and sales offices in over 200. It is involved in Televisions, VCRs, DVD players, MP3 players, radios, cameras, computers, PlayStation game consoles and software, music recording and distribution, motion picture productions, syndicated TV programmes, entertainment complexes and insurance. The Salvation Army is an example of a diversified, multinational corporate organization with congregations, soup kitchens, homeless shelters, used clothing stores, community centres, health care and a variety of other ministries. At this level we have the generic or positional strategy choices. The two key issues at the corporate level involve broad decisions specifying the sorts of industries or businesses the organization will involve itself in (its portfolio of businesses) and funding decisions for the portfolio of business units that grow up within it (allocating corporate resources among the various business divisions). The corporate strategy sets the terms for the “businesses” and divisions, determining where it will be active, how it will compete and what resources are available for each activity or division. General Electric has set the major terms for its divisions and businesses with the goal of being number one or two in all the markets in which it competes. We can also note that this is the level, if it exists above the business level, where “directional” strategy is set. The directional strategy is the overall orientation of the organization toward growth, stability or retrenchment. We will return to look at the choices involved in “generic” and “directional” strategies.

2. **Business Strategies:** These define what will be done, by whom, and how in order to meet the goals of one organization or one subunit of a diversified corporate structure. If an organization is not embedded in a larger corporate structure but is free standing, then the portfolio and directional strategies will be defined at this level. For a corporation such as General Electric the business strategy involves a particular unit or division. This might be the GE jet engine division and its strategy for competing against other manufacturers of jet engines. For Sony an example would be its Viao PC division. For the Salvation Army, it would be its international health services out of which it runs clinics and provides a variety of health services to the poor. In a specific, given arena or activity, this level has a focused, well-defined and limited set of tasks that need to be done well in order to meet the needs of given clients or organizations. It is not managing very diverse businesses or industries.

3. **Functional Strategies:** deal with the various activities that support the business-level strategy by providing skilled personnel (HR), information technology, financial services, marketing, research and development. These strategies are coordinated by the business strategy since their supporting functions are meant to facilitate the accomplishment of the goals of the organization as a whole, not simply the goals of that functional area. An example of this would be the decision to adopt an enterprise level, financial accounting system software that is to be used by all units of the Salvation Army. This would be part of the strategy of finance and accounting to facilitate the Army’s larger goals.

4. **Individual Strategies:** the individual is implicated in all of these strategic levels. People are what make up organizations and create and enact its strategies. They are motivated by a diverse set of things and serve as the key organizational agents. One can apply the same frameworks of strategic thinking to individuals who are thinking through their career path. Many write their own mission/values/vision statement as part of determining how to carry out the calling God has given them. As they think about the opportunities God has given them as participants in specific organizations, they may set out annual goals for themselves in terms of what they hope to achieve and what new skills and capabilities they wish to develop. Strategic thinking can help individuals enhance their own welfare and that of the causes about which they



are passionate. An example of this might be the decision of a Salvation Army employee whose career goal is to become a national field director to acquire facility in French since one of the criteria for advancement is multi-lingual capabilities.

5. **Network Strategies:** We've left this to the last since it cuts across all the other four levels. These are decisions to coordinate action among a number of entities that are not under the control of any one. Collaboration, partnerships and alliance are ways to get things done with others when going it alone may not accomplish goals as efficiently or effectively. Cooperative arrangements of various sorts can happen at the corporate, business or functional level. Some of this is "outsourcing" certain functions to specialists or other organizations. Some of it is forming joint-ventures in order to eliminate waste and overlap. Much of the work of Christian NGOs is done in collaborative fashion, in alliance with churches and other agencies who have deeper community ties and knowledge than the NGO that brings resources into a community. Collaborative alliances have grown significantly in recent years. Examples of the range and types of collaborative arrangements can be found in the table below:

<b>Collaborative Arrangements:</b> <sup>2</sup>	<u>Noncontractual</u> (examples)	<u>Contractual</u>	<u>Equity-based</u>
<u>Multi-lateral</u>	<i>Lobbying Coalition</i> (European Roundtable of Industrialists) <i>Joint standard setting</i> (Linux software coalition) <i>Learning Communities</i> (Strategic Management Society)	<i>Research Consortia</i> (Symbian in PDAs) <i>International marketing</i> (Star Alliance in air carriers) <i>Export partnerships</i> (Netherlands Export Combination)	<i>Shared Payment system</i> (Visa) <i>Construction consortium</i> (Eurotunnel) <i>Joint reservation system</i> (Galileo)
<u>Bi-Lateral</u>	<i>Cross-selling deal</i> (between pharmaceutical firms) <i>Research &amp; Development Staff exchange</i> (between IT firms) <i>Market information sharing agreement</i> (between hardware and software makers)	<i>Licensing agreement</i> (Disney and Coca Cola) <i>Co-development contract</i> (Disney and Pixar) <i>Co-branding alliance</i> (Coca Cola and McDonalds)	<i>New product joint venture</i> (Phillips and Nike in an MP3 player) <i>Cross-border joint venture</i> (Eu-Man <sup>3</sup> in artistic collaboration) <i>Local joint venture</i> (CNN Turk in Turkey)

<sup>2</sup> Huff, et. al., *Strategic Management*, p. 152.

<sup>3</sup> European Union Migrant Artists Network.

## II. Directional Strategies<sup>4</sup>

The second framework for writing effective goals has to do with what we noted above: goals having to do with the directional strategy and goals having to do with the positioning of the organization. For every product, service or unit of an organization (or the organization as a whole), questions about **orientation toward growth** need to be asked:

1. Should we expand, cut back, or continue our operations unchanged?
2. Should we concentrate our activities within our current portfolio and profile of activities or should we diversify and engage in additional new programmes and activities that are different from what we are now doing?
3. If we want to grow and expand nationally or globally, should we do so through internal development or through external alliances, mergers or acquisitions?

*Answers to these strategic questions set the general direction or orientation toward growth.* Such answers lead to three general strategic orientations: growth, stability or retrenchment strategies. Growth looks to increases in budget, staffing, programmes, impact, or geographical reach etc. Stability looks toward sustaining the current levels of activity and staffing. Retrenchment looks toward a difficult reality that conditions require shrinking the budget, staffing, facilities, programmes, geographical reach or some mix of those things.

### Answer Box # 2

*When you think of your organization or ministry, what orientation toward growth would you say it has taken in the last two to five years? Has it been growing, continuing largely at the same level, or retrenching? Or some combination of these three? What major factors would you say has encouraged such an orientation?*



### learning

#### A. Growth Strategies

By far the most common directional strategy involves growth. Growth strategies are aimed at increasing the size, effectiveness and reach of an organization and its programmes. Growth is always a means to an end. For nonprofits the end is to improve services and

<sup>4</sup> Kevin P. Kearns, *Private Sector Strategies for Social Sector Success: The Guide to Strategy and Planning for Public and Nonprofit Organizations*. San Francisco: Jossey-Bass, 2000.

*accountability* for those whom we serve and to express *faithfulness* to our calling and mission. It is grounded in a conviction that what we offer is of value and that there are opportunities yet to be seized.

For market-based companies, growth in sales, assets, profits or some combination is sought. It is growth in the ability to compete in the marketplace. Growth in for-profit organizations provides a number of tangible benefits: resources to help turnaround if a strategic mistake is made, increased bargaining power with suppliers, expanded opportunities for advancement, promotion and interesting jobs, and higher executive compensation.

To be sure growth can be a seductive and dangerous path to follow. We can pursue growth for the wrong reasons: due to the ambitions of our leaders or in order to divert attention from problems that are festering and need to be resolved (inefficiencies, corruption, waste). But for most, growth signifies progress, good leadership and skilled management of resources. It is almost a “natural” choice. It almost always commands greater support from stakeholders.

There are two main types of growth: concentration and diversification. Concentration means an organization focuses on delivering more of what is already in its programme portfolio. It essentially plans to continue to do what it has been doing, only more of it. Diversification bridges out into new services and programmes that are similar to (concentric diversification) or even quite different from (conglomerate diversification) those it already has been doing.

<b>Growth Strategies<sup>5</sup></b>	Types:		<i>Accomplished</i>
	<b>Concentration</b>	<u>Horizontal Integration</u> (expanding geographical market and production capacity)	Internally (with own resources)
			Externally (by collaboration, acquisition, or merger)
		<u>Vertical Integration</u> (gaining control of supply and distribution channels)	Internally
	Externally		
	<b>Diversification</b>	<u>Concentric Diversification</u> (into related products and services)	Internally
			Externally
		<u>Conglomerate diversification</u> (into unrelated products and services)	Internally
Externally			

### 1. Growth by Concentration

*This is by far the most widely pursued directional strategy.* Continuing growth means larger impact and reach in accomplishing the mission or selling the product. Concentration is a judgment that there is real growth potential in the current situation for the current portfolio of services or products. When this is the case almost all organizations choose to expand the scope and reach of what they already are doing before they think of diversification. For example, as it grew, Dell Computers decided to expand its mail order business offering computers from

<sup>5</sup> Kearns, op. cit., pp. 135-161.

the USA to Europe and China. That was a concentration growth decision since it was doing more of what it already was doing in the USA. It simply added more geographical reach.

One can grow in this way by either vertical or horizontal “integration.”

Vertical integration occurs when an organization takes over a function previously performed by a supplier or distributor. The organization grows either by making its own supplies or by becoming its own distributor. Taking over control of the supplies and materials needed for the organization to produce its products and services is known as “backward” integration. Taking over the distribution functions is called “forward” integration. An example of this might be the large oil companies such as Royal Dutch Shell or BP Amoco. They own the oil rigs that pump the oil, the ships and pipelines that transport the oil (backward integration), and the refineries that convert oil into a variety of products. But they also have “forward” integration: they own the trucks that transport the refined products to company-owned and franchised petrol stations that sell oil and gasoline. By means of growth by vertical integration, an organization controls the critical supplies needed to stay in business, the standards of quality control over those supplies and products, and access to potential clients or customers.

Horizontal integration occurs when an organization expands its services or products into other geographic locations or by increasing the range of products or services offered in current locations. This is probably the most common type of directional strategy.

Horizontal growth is the most conservative and safest way to grow. That is because such growth involves:

- Relatively flat learning curve (the organization is already succeeding at the product or service)
- Modest entry costs into that arena of endeavor (start-up costs are in the past)
- Continuity of mission and organizational culture that is maintained
- High levels of employee commitment and morale that are sustained as they simply do more of what they already are committed to and know how to do
- Enhancement of comparative advantage (economies of scale)

An example of such integration can be seen in virtually any of the large church movements, as they have chosen to enter new geographic territories or nations in search of converts and planting of churches. Mission agencies with specialized portfolios often grow in this way. The Salvation Army (which started as a movement to address urban poverty in London) has now grown into an enormous international organization with ministry in 118 countries.

The most significant danger in such growth is overextension or overbuilding in phases of horizontal growth. If the demand for the service or product or the funding for it dries up, it can lead then to painful and difficult retrenchment. World Vision International found itself deeply involved in the relief of the massive famine in Ethiopia (1984-1985 affecting 8 million, of whom 1 million died). The initial donations were due to secular news reports that brought in significant immediate response in Australia. WVI rapidly grew the donation base internationally and its staff grew ten-fold in Ethiopia. But once the grisly face of the famine no longer was news after a year, donations for the cause shrunk and hundreds of staff were laid off.

## 2. Growth by Diversification

There are many reasons why organizations decide to add new services and products. For some it is a matter that what they have been offering is no longer in demand or the market is saturated and there is little opportunity to continue to grow by concentration. Technology may have changed the face of opportunity (as Voice over Internet is changing the telephone business; or digital downloading has impacted the Music industry's commitment to selling music tracks using CDs). Clients or customers may have signaled the desirability of new features or combinations of products that an organization can produce. DAI originally engaged only in non-formal leader development initiatives. But the demand by North Indian clients for a credentialed, degree-granting programme led DAI into developing the MA programme in partnership with a variety of educational institutions. Just recently one of the giants in the photography business announced the end of its signature product: Kodachrome film. Digital photography has undercut Eastman Kodak's core business and it must either diversify or die.

There are two main types of diversification strategies: concentric and conglomerate.

Concentric diversification is growth into a related industry, product or service. In this case an organization has developed some very strong internal competencies and capabilities which can be applied to a new area. An organization's strengths are used as the means of diversification (and in the process the organization may redefine what sort of organization it is). DAI's move into formal, for-credit MA level leader training was a type of concentric diversification. It already had well developed curricula used in non-formal training that could be adapted as well as internal strengths in engaging in adult, interactive forms of education.

In concentric diversification an organization is seeking for synergy, points of commonality where mobilizing some strength in a new arena will create increased effectiveness and achievement. The company Toro began was founded in 1914 to build engines for tractors. Not long afterwards it began building lawnmowers and working closely with golf courses. Over the years it became known as an innovative lawn mower company, introducing the first push, gas-engine lawnmowers for home owners. By the 1950s it used its knowledge of small machines to develop a snowthrower (snowblower) to remove snow from lawns and other surfaces, diversifying into a new product. It has since moved into irrigation equipment (for lawns) and recycling products. In the process it has redefined itself from a "lawnmower" company into "an outdoor environmental problem-solver" focused on home yards, football fields, and golf courses. Its integrating theme is "turf" – lawns of various sorts.

Conglomerate diversification is growth into unrelated industries, products or services. Sometimes this is because a company finds that its core business has generated a lot of excess cash that cannot be profitably reinvested into that market. Financial considerations seem largely to drive this growth. Sometimes it has to do with an organization that has a seasonal market and wants to be in another business whose cycle is different. For example, ski resorts, whose season is the winter months, may seek to acquire an entertainment water park whose season is summer and fall. One example is the CSX corporation (a conglomerate whose main business is railroads in the USA). Its revenues are weakest in the winter when freight moved by trains is low. It acquired Texas Gas Resources, a natural gas supplier and pipe line whose revenues are strongest in the winter when homes use high amounts of natural gas to heat in the cold season. This helps to balance its cash flow over the year.

We've already suggested some of the reasons for choosing such a growth strategy. Diversification has a number of clear benefits:

- Revenue generation in new areas

- Responsiveness to changing community needs
- Increased adaptation and innovation (source of renewal and learning)
- Increased buffering against cyclical markets (one area of service or product may be up while another is down)
- Survival (when the market for a given product or service dries up)

There are associated dangers lurking within this choice of growth strategy. We can mention some of the more important:

- Potential for mission creep (adding more and different elements from the original mission)
- Perceived need to be all things to all people (loss of focus and comparative advantage)
- Increased management challenges (more difficult to manage; vertical and lateral communication more complex)
- Threats to organizational culture (often mergers or acquisitions bring in very different styles and values)
- Challenge to perform accurate market analysis (portfolio, cost accounting, & break-even analysis) when diversifying
- Use of diversification to mask failure (rather than confront the internal, present failures, the focus is turned outward)
- Need to maintain accountability in the face of public scrutiny (may stray into areas felt inappropriate for the mandate or mission, opening it to criticism from stakeholders)

You can see that there are more dangers and issues lurking in a diversification strategy than in concentration. That is why most organizations stay close to their strengths and successful products and services when they seek to grow. Growth by concentration does not create the same level or degree of complexity and communication issues.

Once a directional decision has been made for growth, the last question has to do with the means by which concentration or diversification will occur. Internal means draws on the organization's own structures and resources to accomplish growth. External means looks to collaboration, acquisitions, mergers, consolidation with other organizations. Here are the sorts of questions the strategist will ask in selecting the appropriate strategy for growth:

1. Assuming that growth is the appropriate strategy, can we grow on our own or do we need the assistance of another organization?
2. Does our organization have the necessary resources, skills, willpower, and time to grow on its own? What is preventing us from using internal growth strategies?
3. What investment is our organization able and willing to make to expand its capacity? Is it possible to accomplish the growth objectives internally?
4. Are there any targets of opportunity for external growth? Do we know of other organizations looking for a partner (or 'savior')?
5. Will the weaknesses of our organization preclude an external growth strategy? Or will other organizations find it an attractive partner?

If the answer is, 'yes, we need another organization's capabilities to enable our diversification,' there are several ways of accomplishing that. Among them are (this is not an exhaustive list! See p. 190 for a chart of some other collaborative patterns):

- Mergers: total absorption of one organization by another whose corporate existence is preserved (as the other vanishes)
- Acquisition: the purchase of part or all of one organization by another in which the acquired organization becomes a subsidiary of the acquiring organization
- Consolidation: the pooling of assets between two or more organizations and resulting in the creation of a third organization and extinguishing of the original organizations.
- Joint Ventures: cooperative activity between two or more organizations in which all parties retain their corporate identities and autonomy.

An example of a stunningly successful growth strategy can be found in the world's largest electronics company: Sony. It was founded in 1946 as Tokyo Telecommunications Engineering Company (Tokyo Tsushin Kogyo K.K.). It built the first Japanese tape recorder in 1950. Its present name was assumed in 1957. Sony based this name on *sonus*, Latin for "sound" and the English term, *sonny*, meaning "boy." It was one of the first Japanese companies to choose a name using the Roman alphabet (rather than Japanese characters) as it took aim on a global market. It has successfully applied the new transistor technology that was just developing to creating a well-received radio (Masaru Ibuka was in radio repair before forming the precursor of Sony with Akio Morita). Over the next 20 years Sony built the first color TV, the home video recorder, and the famous Sony Walkman. All of this initial growth was based on concentration and concentric diversification. In the 1980s, increased electronics competition impelled Sony into a wide-ranging conglomerate growth through alliances and acquisitions. It acquired CBS Records in 1988 for \$2 billion. Columbia movie pictures was purchased the next year for \$4.9 billion. Sony created an alliance with Nintendo to produce a video game console in the early 1990s. When Nintendo left the venture, Sony produced its PlayStation. As part of an alliance with BMG, Sony became one of the largest distributors of music. Other ventures were not as successful. An alliance with Apple produced the first PDA (Personal Digital Assistant), the Newton (subsequently overtaken by rivals such as the Palm Pilot). An alliance with Intel led Sony into personal computers; with Samsung, a joint venture brought it into the manufacturing of liquid crystal displays. Sony is now a conglomerate in the electronics, entertainment, and insurance businesses, with offices in 200 countries.

### ***B. Retrenchment Strategies***

When times are difficult and revenues to an organization fall, it can be confronted with having to take dramatic steps to reverse a decline. We all know organizations that have gone out of existence because the necessary resources were not sufficient to keep them running. Most recently the global financial crisis of 2008-2009 meant a variety of banking and financial organizations went out of existence (with the bankruptcy of Lehmann Brothers being the spark that ignited the conflagration). Even non-profits have struggled as donations and funding from foundations has dwindled for many of them. Not a few have had to close their doors or hand ministry units over to others who were stronger.

Retrenchment is a form of dealing with declining resources. It can:

- Revitalize a financially distressed organization
- Redirect resources, protect the core mission, refocus energies
- Shed ineffective programmes
- Respond to the completion of the mission (as can liquidation)

Retrenchment Strategies
Turnaround
Captive Company
Sell-off Divestment
Bankruptcy or Liquidation

Retrenchment runs a continuum from turnaround to liquidation.

### Turnaround

This strategy focuses on improving an organization's operating efficiencies and overall performance without changing its core mission or its portfolio of programmes and services. Turnaround is used when prospects for revitalization of an organization are good or at least plausible. The issues that have brought about a crisis may be pervasive but they are not yet critical. This strategy presumes that the organization is in the right business with the right mix of programmes and services. What it needs is increased efficiencies and effectiveness in order to retain the public's trust and confidence.

*Contraction* is an initial effort to quickly end the financial bleeding. Usually this means a general, across-the-board cutback in size and costs. The second step is *consolidation*. This puts in place stabilizing practices and policies meant to streamline its operations. Unnecessary overhead and functional activities must all be cost-justified. The danger in downsizing is that some of the best staff may be lost. Done with too heavy a hand, it can actually be counter-productive and cause the organization to continue to spiral downwards. If all are involved in productivity improvements, the organization may emerge even stronger than before retrenchment.

One of the best known examples of this was the giant, IBM (International Business Machines). It dominated the computer industry worldwide in the 1970s and 1980s. It was the market leader in mainframes and set the standard (with Apple) for personal computers, but no longer. By the 1990s its computer sales were falling. People no longer wanted mainframe computers and they were buying PCs, just not that many from IBM. Other companies such as Compaq, Dell, Gateway, and Hewlett-Packard came to dominate with "IBM" clones. Between 1991 and 1993, IBM lost \$15 billion.

Enter a new CEO: Louis Gerstner, hired in 1993. His immediate approach was to enact a turnaround strategy. He violated a longtime company practice of "no layoffs" by removing 40% of the workforce. To reduce bureaucracy he focused on quicker decision making (which used to require seven layers of review) and customer orientation. From 1994 to 2000 the company moved from being a beleaguered, bleeding computer maker to a dominant service provider, with significant focus on e-business consulting and the internet. Its Global Services unit grew from almost nothing to a \$30 billion unit with more than 135,000 employees. It was a turnaround that required increased efficiencies, ending certain traditional businesses, and redefining the focus of the corporation. IBM now is better thought of as "Internet Business Machines."

### Captive Company

This strategy involves an organization giving up independence in exchange for a stabilizing security. Typically this occurs when the conditions make the industry or business an organization is in unattractive to justify a turnaround strategy. It may offer itself to one of its largest



customers (in effect offering a vertical integration position) by means of a long-term contract and other agreements. In this way it may be able to slough off some of its functional activities and costs (such as IT and marketing), giving those into the hands of its “captor.” The organization gains the security of longer term sales and production by becoming heavily dependent upon another company who takes upwards of at least 75% of its products. Simpson Industries became an 80% supplier of parts to General Motors Auto Company. In exchange GM was allowed to inspect its engine parts production facilities, was given access to Simpson’s financial books and could interview its employees. Its long term production was sold to GM through a contract. The danger of this is that the “captive company” is subject to the fate of the larger corporation to which it has mortgaged its future. With General Motor’s bankruptcy, most of its “captive companies” will fall with it.

## Divestment

These strategies are found where the conclusion is that the organization does not have the right mix of programmes and services (costs may be out of control; quality may be poor; or the community’s needs may have changed). A key question: if we were not providing this programme or service today, would we want to get into it now? This is the psychologically most difficult strategy since people are demoralized by it and think it may be the harbinger of demise. The sell-off of parts of a large, diversified conglomerate is not unusual. But it is still painful. There are a series of questions to ask when thinking about solving financial issues by divestment:

1. What are the weakest programmes and services in our portfolios? Why are they weak? Are other providers succeeding where we have failed?
2. Have we done all we can to turn these programmes and services around? Do these programmes have viable prospects?
3. Are any of these problematic programmes and services in the mature or declining stage of the product life cycle? If they are, do we have a realistic prospect of turning them around?
4. Is it acceptable for us to be among the least effective providers of these programmes and services? Are these weak programmes diverting attention and resources away from our core mission?
5. If we divest these programmes and services, what will be the implications for the communities we serve? Will they have access to alternative providers? Can we help create or strengthen other providers of these programmes and services? Can we help clients make the transition?
6. What are our legal and moral obligations to continue providing the existing services in our portfolio? Will retrenchment significantly affect our core mission and fulfillment of our fundamental goals?
7. What are the exit costs associated with divestment in both the short term and the long term? How much will it cost us to phase out a programme or service?
8. What will be the true savings resulting from the divestment, and when will these savings actually accrue to our organization?
9. What are the political and organizational forces that will likely resist a divestment strategy?

In thinking about divestment, as is the case with all of these directional approaches, several alternatives are available. This may be important, especially for non-profits who serve vulnerable clients. It may be that a hospital cannot simply “shut the doors” and walk away without many lives suddenly being lost. The same is true of an NGO dealing with refugees. So there are several types of divestment, including:

- Transfer of responsibility to another provider
- Collaboration with another provider
- Consolidation of programmes
- Program elimination
- Sale of a unit or programme to another organization

Some examples of divestment: Quaker Oats roots go back to 1850. It became known as a Cereal company (in fact the first breakfast cereal marketed in the USA). It went bankrupt and was purchased by a Christian businessman in 1881, Henry Parsons Crowell. Over the years it stayed close to its origins, introducing Life Cereal in 1961, a breakfast bar (Chewy) in 1981 and a number of variations on its core product: Quaker Oats (instant, flavored). In 1994 it purchased Snapple, a premium soft drink, for \$1.7 billion. It felt it could use its excess resources to continue the phenomenal growth in that product line. This was a growth by diversification. But the environment was changing with new entrants in the soft drink market: Arizona Iced Tea, Mystic, Nantucket Nectars. Pepsi and Coca Cola were introducing their own products in alliances with Nestea and Lipton. The result was three years of losses. It divested this unit for \$300 million, selling it in 2001 to PepsiCola.

The German Auto company, BMW, purchased and then invested \$3.4 billion in Rover over six years. But it failed in creating a viable profit center in that brand. In 2000 it sold the Land Rover division to Ford Motor Company for \$2.9 billion and the rest of the car unit (MG) to Alchemy for only \$15!

### Bankruptcy and/or Liquidation

The most thoroughgoing form of divestment is liquidating the whole company. Bankruptcy, depending upon the legal framework in a given country, can be one way of avoiding liquidating assets and can be a way of restructuring through a variety of retrenchment measures. At times this is the best way to deal with entrenched interests that have the power to block steps that must be taken for the company to succeed in dealing adequately with its perilous financial situation. Bankruptcy allows the court to nullify contracts, rewrite labor agreements, and prioritize creditors who are demanding payment for debts owed to them. But it is a drastic, last step in an attempt to save an organization from bad financial times. It means turning over the fate of the company to the courts. But it usually is entered into as a means of saving what can be saved of an organization for the future.

Liquidation means the dissolution of an organization. Studies indicate that those most vulnerable to this are new or single focus organizations. Those who are new do not have the history or the extensive network of stakeholders and clients or customers that a large, older organization has developed. Nor has it developed reserves to overcome downturns. If it has only one product or service (or only one major funder), it is exposed to any significant change in demand for the product or service or the loss of the major source of funding. Diversification of products/services and funding sources is partial insurance against unwelcome changes.

To be sure, retrenchment may involve several of these sorts of strategies, combined to address the needs and realities of different divisions or sectors of an organization.

### *C. Stability Strategies*

Sometimes an organization is neither in trouble, needing a turnaround, nor in a growth mode. It simply wants to sustain its current level of operations and do what it does as well as possible. In turbulent times this may be a wise position to take, but it often works in predictable and stable times. The aim of stability strategies is to maintain the same size and scope of programmes and services.

At times a stability strategy is seen as “no strategy” at all. It is the case that small organizations that have found a niche may have been comfortable in sustaining a level of products and services simply by doing much the same sort of things year to year without any desire to grow. They may not have much of a formal “strategy.” At the same time, they may find themselves in a fairly predictable environment and are simply happy with the manageable size of their organization.

Stability strategies can be very useful in the short term. Their focus is on helping organizations simply continue along its current course, hold on to its current portfolio, or maintain its present size. There are several sorts:

1. **Status Quo:** maintains the current status and direction of the organization. This strategy’s success depends on not making any significant changes in the organization’s activities and programmes. Where there are no significant opportunities or threats, where the environment is relatively predictable, this is viable. The organization has found itself relatively successful in the terms in which it has defined itself. There is no internal or external pressure for dramatic change. Changes in strategic direction take place only gradually by small steps.

2. **Pause strategy:** may be appropriate after retrenchment or other dramatic change to give an organization time to consolidate and adjust to a new state. If there has been dramatic growth, it may take time to assimilate new and diverse units, to hire and train new employees, to ensure quality control and leadership for new geographic locations. Workloads need to be redistributed, procedures modified and implemented, and continuity of service to key clients or customers ensured. Dell Computers followed this strategy in 1993 after growing by 285% in two years. With sales in 95 countries, its growth outpaced its needs to hire employees, train them, build facilities to produce product just in time. It did not depart from its longer term growth direction, but needed time to consolidate and adjust to a much larger market. Its success had overtaken it and its services and delivery systems were failing.

If there has been retrenchment, then many of the same things are happening, but the goal is consolidation. The new, smaller organization will need to see that cost controls are in place and enacted. It may have to refocus its mission and vision, reenergize its employees, and find new ways of adding value and keeping key clients and customers. So a pause and ‘proceed with caution’ may be advisable before striking out on new growth.

3. **An incremental strategy:** continually tests the waters, making marginal adjustments as needed. When the environment is changing so rapidly that it is difficult to discern the best way forward, it may be best to base a strategy on caution. Small, incremental steps rather than bold or no moves at all will be the advisable direction to take. It is a kind of “time out” in terms of growth, a seeking to remain as flexible as possible until government regulations are clarified or the significant, rapid changes that are occurring show more clearly the direction and

implications they hold for the organization. For the moderately strong organization, this can be a cautious strategy to prevent it from making dramatic moves that may lead it quickly to retrenchment when major strategic mistakes are made due to high levels of uncertainty about what is going on.

**Summary:** Directional decisions lead to key types of strategies for any organization. Once it has decided what sort of horizon faces it in terms of growth, it can select from a number of options as to how to craft and then implement a direction for the next 12 to 24 months.

Answer Box # 3

Now answer the previous question more specifically: In looking through these directional strategies, can you say which of them have been typical of your organization? If your organization has not had an explicit strategy, can you say what you think its implicit directional strategy has been?



learning

### III. Positional or Generic Strategies

One of the most helpful frameworks for understanding strategizing at various levels was developed originally by Porter.<sup>6</sup> Organizations pursue a wide range of strategies. No organization is the exactly same in its internal capabilities and preferences or in what it faces in the larger environment as any other. Still, there are some key options which face all organizations that enable us to see some clear resemblances between strategies that are being followed. Key to these “generic” strategies are decisions about:

<sup>6</sup> Michael Porter, *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. New York: Free Press, 1980, pp. 35-40.

1. **Cost** (low cost, best cost). In this case an organization seeks to achieve an overall lower cost for its services or product than other alternative suppliers. One might think of the world's largest retailer, Wal-Mart. It has based its approach to being the lowest cost provider for a wide range of products. "Best cost" is a derivative of this low cost notion. In this case an organization offers a product or service that is either medium or high quality, but at a lower cost than other medium or high quality offerings. This is a "combined" generic approach where differentiation and low cost are combined. Toyota used this approach when it developed the Lexus brand. It was meant to be as high as or higher in quality than the Mercedes-Benz or other high end luxury cars, but at a substantially lower cost to the buyer. It worked!
2. **Focus** (narrow on a niche market or broad on everyone as a potential client). Some strategies focus on only a narrow piece of the potential audience or customer. This target segment or niche may be defined in terms of geography, specialized requirements in using the service or product, or by special qualities of the service/product that appeal only to niche members. The Porsche sports car is designed in such a way. Often these focused enterprises may only serve a local clientele such as a local bakery. Or one might think of an immigrant population (such as the Indians in East Africa) and specialized grocery stores that cater to the food tastes of that population. A broad focus seeks to provide the service or product to everyone. It often means that the product is seen as, in some ways, having unique qualities that others cannot quite match. Coca-Cola has its own distinctive taste and range of beverage products that seek to put a coke in the hand of every person on earth.
3. **Differentiation** (offering some product or service or way of delivering them that is unique in ways seen as valuable by customers or clients). There are a number of ways organizations seek to create value that their clientele or customers perceive as valuable, valuable enough to motivate them to choose their product or service.<sup>7</sup>
  - a. To incorporate service or product features that lower the user's overall cost. This might be making the initial cost lower, reducing the cost of maintenance and repairs, using online services so that acquisition is easy and cheaper. The rising costs of petrol have motivated more automobile manufacturers to create more models that are fuel efficient meaning ownership costs are lowered.
  - b. To incorporate features that raise product performance. These are things like greater reliability, ease of use, wider range of functionality, durability, environmental friendliness. Cell phones seem to be in a rapid development as they have moved from being simply mobile telephones to "smart" phones with internet access, PDA functions and photo-capabilities. Computers keep getting "faster" in their processing capacities and larger in their storage abilities.
  - c. To incorporate features so as to enhance satisfaction of users in noneconomic or intangible ways. Rolls Royce, Rolex, Gucci, and Tiffany all provide "prestige" or upscale fashion and superior craftsmanship as features of their products. Other companies provide "warrantees" that guarantee the product in rather unlimited fashion. The sporting clothes and accessories distributor, L. L. Bean, offers this guarantee: "All of our products are guaranteed to give 100 percent satisfaction in every

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<sup>7</sup> Thompson, et. al., Crafting and Executing Strategy, 15<sup>th</sup> Edition, pp. 146-147.

way. Return anything purchased from us at any time if it proves otherwise. We will replace it, refund your purchase price, or credit your credit card, as you wish.”

- d. To deliver value to customers by using unique competencies or capabilities that rivals don't have or cannot afford to match. One thinks of the change in television news. CNN and Fox news have developed the capability to devote more time to breaking news stories and to field reporters to the scenes of news stories more quickly than rival news services. More and more people have switched to these cable news services when major events occur, believing they will see more of the event than their rivals.

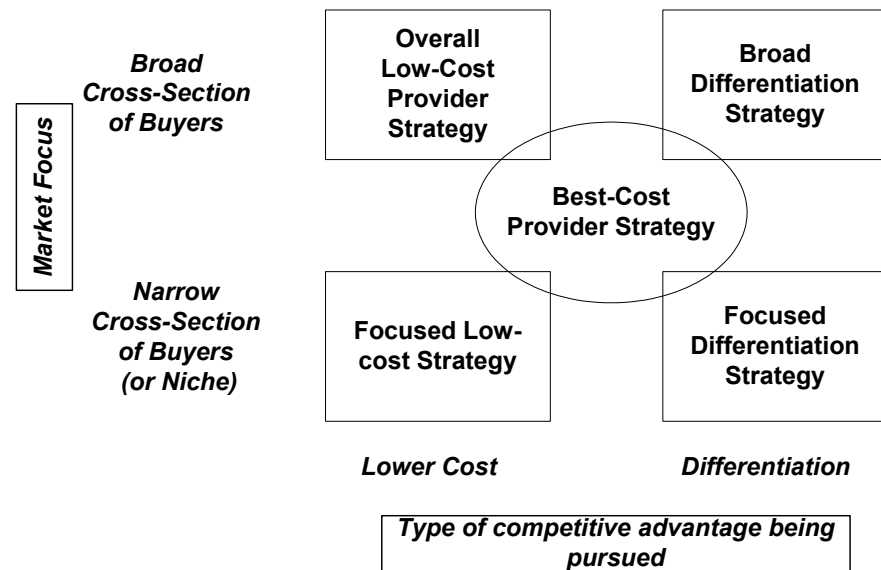
Differentiation comes from superior innovation, excellent quality and responsiveness to the user. Generally, an organization that is using differentiation as its main strategy seeks to differentiate itself along as many dimensions as possible. The less it resembles its rivals or alternatives and is seen as offering real value, the more it is likely to secure a loyal customer or clientele and be protected from its alternatives.

These decisions lead to five overall positional strategies which we will sketch briefly:<sup>8</sup>

**1. Overall low-cost provider strategies:**

One of the most dramatic examples of this is the development of the Nano by Tata Industries in India. It is an automobile priced between 157,000 and 179,000 rupees (at current exchange rates, that is, an astonishing \$3,300-3,700 US). By creating an automobile with such a low price, Tata has gained worldwide press. It has also repositioned the whole marketplace for automobiles where the upper end has been overpopulated with luxury vehicles but the lower end has been neglected (and lower cost vehicles continue to accelerate in features and price). The Nano sets a new standard for the absolute lowest cost. Recently the computer industry has created the “mini-computer” with prices from about \$199 and up. Sometimes it is called the netbook since it offers small portable size and only a few key functions (such as word-processing and wireless connection to the internet).

Low cost leadership strategies take aim at cost-conscious, price-sensitive buyers. These are people who are looking for “basement bargains” – that is the cheapest basic product for their need. By becoming the low-cost leader, a company achieves more than being one among many with comparatively low costs. To be such a leader, an organization must provide enough product or service qualities so that its offering remains attractive while supplying it at a significantly lower cost than alternative providers. So its offering may not be the absolutely



<sup>8</sup> More details of these five positional strategies can be found in Appendix A to this unit.

lowest cost. It may be that the Tata Nano as the current absolutely lowest cost may not become the preferred low cost automobile of choice if too many customer desired features have been eliminated for cost reasons.

## **2. Focused low-cost strategies:**

The distinguishing feature of a “focused” low-cost strategy is that it concentrates attention on attracting a narrow piece of the potential total market. This may mean a focus defined by geography, income level, special product attributes, or specialized requirements in using the product or service. The difference between a low-cost provider and the focused low-cost is the size of the market. A well-defined customer or clientele are targeted.

An example of this is the clothier, Men’s Wearhouse. Founded in 1973 as a clothing apparel retail store, it has become one of the largest discount men’s wear store chains. Their suits typically sell for 20-30% less than their competitors. In addition, the service is outstanding. Staff are visible and easily accessible. There is a tailor in each store so that modifications can be made on site very quickly. Service, selection and price have been combined in order to serve the cost-conscious professional white-collar male worker.

## **3. Broad differentiation strategies:**

Strategies that incorporate differentiation are looking to satisfy needs and demands of a diverse population when standardized products or services won’t. Buyer-desired attributes are incorporated into the product or service in a way that is meant to set it apart from rival offerings. If it is successful, it can then demand a premium price, increase unit sales, and gain buyer loyalty to its brand. A differentiation strategy is successfully implemented when it provides a unique or superior value through product quality, features or after-sale support and services

The sorts of things that can be differentiated are nearly infinite. Think of Dr. Pepper (soft drink taste), multiple features (Microsoft Office), superior service (FedEx), engineering design and performance (Mercedes, BMW), quality manufacturing (Toyota and Honda in cars; Michelin in tires), technological leadership (3M Corporation in bonding and coating materials), one-stop-shopping (Amazon.com; Home Depot). In each of these cases, the organization is seeking to provide something distinctive that is hard for its rivals to imitate or replicate – and is seen by a broad spectrum of people as attractive and of value.

## **4. Focused differentiation strategies:**

In this case the differentiation of the service or product is aimed at appealing to a narrow, well-defined group by meeting their unique preferences and needs. High end companies such as Godiva (Chocolate), Chanel (Perfume), Gucci (high fashion), Rolex (Watches), Häagen-Dazs (Ice Cream) target up-scale, wealthy buyers who seek world-class products and services (and are willing to pay for them). Other differentiation strategies may target the elderly (long-term health care insurance; special equipment for mobility for those unable to walk; assisted living housing), the hard of hearing, the immigrant (law firms specializing in naturalization), the professional craftsman vs. the do-it-yourselfer, or a geographical location (the Great Lakes region) and so on.

In China, General Motors followed such a strategy with its top-of-the-line Cadillac (selling at \$63,000 and up). Its appeal was to China’s elite high-flying entrepreneurs, the only market able to afford such a vehicle. Chinese did not know much about Cadillac other than it was driven by presidents and movie-stars. GM engaged in an ad campaign (“Dare to be First”) so as to differentiate itself from German brands such as Mercedes and BMW. Its aim: to capture brand loyalty and market share among affluent Chinese.

To some the following example may seem unbelievable. But it is true. In 2000 in New York city a world famous Chef (Ducasse) opened a restaurant named Essex House. It offered a *prix fixe* menu that offered a number of different courses for one price. In that year it was designed to be the highest priced meal in the world at \$160 per person. The seating was limited (less than 100 meals a night) and it was booked months in advance by rich people who wished to taste his food. In 2003 Masayoshi Takayama opened his sushi restaurant at the charge of \$300 per person. Not to be outdone, Chef Ducasse appointed another famous chef (Christian Delouvrier) to take over Essex House. Now it offers *prix fixe* menu from \$225 up to \$400 per person. Eating at such restaurants becomes a scarce status symbol which only the extremely rich can afford. A clear focused differentiation strategy.

### 5. Best-cost provider strategies:

The basic aim of this strategy is to provide more value for the money paid for the product or service. It incorporates what are considered up-scale attributes, but then offers them at a price lower than rival up-scale products. It is a low-cost for an upscale product or service. Its target is the value-conscious customer. So it offers something that is a hybrid of differentiation and low-cost. It incorporates attractive features, provides good-to-excellent quality in a product that performs above average, and supplies good-to-excellent service – all at a cost that is distinctly below its rivals.

This was the path followed by Toyota with the Lexus, in seeking to capture a measure of the luxury automobile market. It debuted in Japan in 1998 and in Europe and the USA in the 2001 model. In the meantime Mercedes-Benz slipped badly in quality control (falling to the bottom of the J.D. Powers initial quality survey in 2003). Toyota had been known as a low-cost producer because of its excellent management of the supply chain and low cost assembly capabilities. In addition, its autos were positioned as low-to-medium price range, where high production volumes lead to low per unit costs. The Lexus was built with an array of high-performance characteristics and up-scale features so that it was comparable to other luxury automobiles. Using its low cost methods for manufacturing enabled it to build premium quality at substantially lower cost than its rivals. The result was a comparable (in some ways superior) quality of automobile which, comparably equipped, could run as much as \$14,000-20,000 cheaper than a comparable Mercedes-Benz or BMW. The Lexus has ranked at or near the top in initial quality surveys.

**What about nonprofits?** The major difference for nonprofit organizations is that they do not have a profit bottom line (even though they must balance their financial books at the end of a fiscal year). Still, studies have shown that nonprofits that have either no strategy or a reactive strategy fare significantly worse than nonprofits with clear strategies. These generic or positional strategies are relevant even for nonprofits if we think about them. Let's take two examples as illustrations:

#### A. Educational Services:

It should not be difficult to imagine how these generic strategies have application. In considering Christian seminaries or Universities, one can think of them as competing for students on the basis of low-cost (keeping tuition and fees low; offering discounts and scholarships or bursaries; requiring service duties of all students to hold maintenance costs down) as well as differentiation (denominational affiliation; geographical location; specialized academic programmes; distinctive core values and emphasis; high quality facilities; high quality athletic programmes; famous faculty). In addition, many must raise significant funds from donors in order to support various student scholarships, the



building of facilities and the funding of libraries and research projects. Like it or not, there is a competitive element even in the nonprofit sector. They compete for donor gifts and foundation grants. Educational institutions compete for a limited pool of potential students.

One study of a broad spectrum of Australian institutions of higher education (258 schools) came to the following conclusions:<sup>9</sup>

1) Thirty percent did not use any of the generic strategies to compete for funds, faculty or students.

2) Of the remaining, the following percentages represent the type of positioning strategy used:

Cost-leadership	26%
Focus	19%
Focus-differentiation	13%
Differentiation	12%

3) In a careful analysis of performance measures, the “no strategy” group (30%) lagged behind all the other groups who were intentional in crafting and executing a strategy. The findings reinforced the notion that groups with reactive or with no strategy at all perform less well than those with a clear strategy.

#### B. Congregations:

Even local churches within denominations are seeking not only to bring the good news of Jesus Christ to the lost, to see people transformed by faith and disciple to maturity, but to be leaven in the community, bringing hope to the hopeless and justice to the oppressed. In engaging in ministry, each church needs to decide what sorts of ministries and activities it will engage in, what sorts of facilities and priorities will structure its communion. Each will have some clear differentiation (denomination, worship style, language used in the service, roles played by men and women, etc.). Each will have some focus (geographic, language-ethnicity, groups served by mercy ministries of the church). Some prospects will come because it is Pentecostal; others will stay away because it is Pentecostal. Some prospects will look for a church that is “seeker-sensitive” with an approach that is less distinctly “denominational” and that uses less distinctively “Christian jargon.” Some look for a lot of liturgy and theological language they recognize from their childhood; others are attracted by a simple service that is accessible even to new believers with no background.

A given church can seek to be effective in ministering to all comers in a large urban area; another may seek only to work with immigrants. Tully Memorial Presbyterian Church in Philadelphia has one service that is aimed at suburban, well-established American citizens. An hour later is a service in Ewe for recent immigrants from Togo. One service is a broad-differentiation service for English-speakers; the other is a focused-differentiation service for Ewe speakers.

Even denominations can pursue a conscious or unconscious generic strategy. It is well known that denominations in the United States serve different social classes: the Assemblies of God traditionally had many members who were in the upper lower class—manual labor and factory working people with less than or only high school education. The Episcopalians by contrast were upper middle class and elite in their dominant membership. Most of their members were well to do, with college or graduate level education. The service of the Assemblies was emotional, non-liturgical, and participatory. Sermons were informal and passionate and ministers may not have seminary graduate education

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<sup>9</sup> Timothy W. Mazzarol and Geoffrey N Soutar, “Strategy matters: strategic positioning and performance in the education services sector” in *International Journal of Nonprofit and Voluntary Sector Marketing* 13:141-151 (2008).

(in fact such preachers would be seen as suspect). Episcopalian services were more reserved, highly liturgical. Services feature “homilies” that often would be short. Priests were required to have graduate seminary education in order to qualify. In many parts of the world, denominations have often been dominated by a single tribe or ethnic-linguistic group. The Africa Israel Nineveh Church in Kenya is Luo based in its membership.

Answer Box # 4

*With this knowledge of generic, positioning strategies, can you say whether your organization follows one or several of these sorts of strategies? If so, describe its “differentiation” and its “focus”? Or is your organization following a reactive or no strategy path? Describe what sort of strategy it has followed in the past.*



**learning**

**Summary:** In this unit we have explored the contemporary understanding of directional and positional strategy frameworks. Two of the key decisions made by any organization in crafting a strategy are (1) its orientation toward growth (growth, retrenchment, stability) and (2) its decisions about its focus (broad or niche), differentiation (unique values and attributes of its product or service) and cost. Within each of these broad frameworks are alternatives for an organization to set its course toward the vision and future which it feels God is offering it. To be sure, these frameworks are no more than that. They have to be filled in with detail and complementary strategic choices that are tailored for each unique organization. These are strategy frameworks that are especially important at what is called the corporate or business level. But, as we saw, there is also a level above the business or corporation—the network—where alliances, partnerships, joint ventures, collaborative initiatives take place. Below them are the functional level (where functional-area strategies are developed in the service of supporting the larger business and/or corporate strategy) and the individual. We cannot but wonder when we see the marvelous manner in which all of these levels and strategic choices can be blended. Organizations can provide wonderful products and services that enhance the life of multitudes of human beings while providing space for the callings and gifting of talented, motivated people to engage in meaningful work. Strategy is one of the ways organizations are intentional and thoughtful in designing places where such things can happen.

## Final Assignment

### Final Assignment

*You have taken important steps in the other assignments and are now in a position to define the strategy framework you will follow in your church, ministry or organization. Your assignment is to make your first important decisions in crafting your strategy. Given all you know at the present, considering your SWOT analysis and strategic issues you have identified, write two or three pages indicating what your directional framework is (and why) and what you think is the best choice in terms of a generic or positional framework (and why) for crafting your larger strategic statement.*



### application

**Appendix A: Determining whether Growth is a viable directional strategy:**

Questions for a growth by concentration strategy:

1. Does our organization have a strong comparative advantage over other organizations in the creation and delivery of certain programmes and services?
2. Is the demand among clients for these programmes likely to remain strong for the foreseeable future?
3. If it seems that demand will remain strong, how can we serve more people with our programmes and services?
4. Is it possible to strengthen our organization's already strong position vis-à-vis other providers?
5. Would it be helpful for our organization to gain greater control over the supply of the materials and other inputs it needs to produce its programmes and services?
6. Would it be helpful for us to gain greater control over the distribution channels for our programmes and services?
7. Is it desirable for our organization to extend the boundaries of its service area to include people and regions it is not now serving?

Questions for a growth by diversification Strategy:

1. Is the demand for our organization's current portfolio of programmes and services likely to shrink in the foreseeable future?
2. Does our organization have spin-off expertise, i.e., can it apply its skills to the delivery of programmes and services that are not currently in its portfolio?
3. Can diversification open new opportunities for synergy among the programmes and services in our portfolio or with other organizations?
4. Can our organization diversify without losing sight of its core mission? Will diversification help to advance our mission?

**Appendix B: The Five Generic Strategies and their Distinguishing Qualities:**

(Arthur A. Thompson Jr. et. al., *Crafting and Executing Strategy*, 15<sup>th</sup> edition (McGraw-Hill, 2007), p.157.)

<b>Distinguishing Features of the Five Generic Competitive Strategies</b>					
	<b>Low-Cost Provider</b>	<b>Broad Differentiation</b>	<b>Best-Cost Provider</b>	<b>Focused low-cost provider</b>	<b>Focused differentiation</b>
<b>Strategic Target</b>	<ul style="list-style-type: none"> <li>• A broad cross-section of the market</li> </ul>	<ul style="list-style-type: none"> <li>• A broad cross-section of the market</li> </ul>	<ul style="list-style-type: none"> <li>• Value-conscious buyers</li> </ul>	<ul style="list-style-type: none"> <li>• A narrow market niche where buyer needs and preferences are distinctly different</li> </ul>	<ul style="list-style-type: none"> <li>• A narrow market niche where buyer needs and preferences are distinctly different</li> </ul>
<b>Basis of competitive advantage</b>	<ul style="list-style-type: none"> <li>• Lower overall costs than competitors</li> </ul>	<ul style="list-style-type: none"> <li>• Ability to offer buyers something attractively different from competitors</li> </ul>	<ul style="list-style-type: none"> <li>• Ability to give customers more value for the money</li> </ul>	<ul style="list-style-type: none"> <li>• Lower overall cost than rivals in serving niche members</li> </ul>	<ul style="list-style-type: none"> <li>• Attributes that appeal specifically to niche members</li> </ul>
<b>Product Line</b>	<ul style="list-style-type: none"> <li>• A good basic product with few frills (acceptable quality and essential features)</li> </ul>	<ul style="list-style-type: none"> <li>• Many product variations, wide selection, emphasis on differentiating features</li> </ul>	<ul style="list-style-type: none"> <li>• Items with appealing attributes; assorted upscale features</li> </ul>	<ul style="list-style-type: none"> <li>• Features and attributes tailored to the tastes and requirements of niche members</li> </ul>	<ul style="list-style-type: none"> <li>• Features and attributes tailored to the tastes and requirements of niche members</li> </ul>
<b>Production emphasis</b>	<ul style="list-style-type: none"> <li>• A continuous search for cost reduction without sacrificing acceptable quality and essential features</li> </ul>	<ul style="list-style-type: none"> <li>• Build in whatever differentiating features buyers are will to pay for; strive for product superiority</li> </ul>	<ul style="list-style-type: none"> <li>• Build in upscale features and appealing attributes at lower cost than rivals</li> </ul>	<ul style="list-style-type: none"> <li>• A continuous search for cost reductions while meeting the features and attributes matched to niche preferences</li> </ul>	<ul style="list-style-type: none"> <li>• Custom-made products that match the tastes and requirements of niche members</li> </ul>
<b>Marketing emphasis</b>	<ul style="list-style-type: none"> <li>• Try to make a virtue out of product features that lead to low cost</li> </ul>	<ul style="list-style-type: none"> <li>• Tout differentiating features</li> <li>• Charge a premium price to cover the extra costs of differentiating features</li> </ul>	<ul style="list-style-type: none"> <li>• Tout delivery of best value</li> <li>• Either deliver comparable features at lower price than rivals or better features while matching rival price</li> </ul>	<ul style="list-style-type: none"> <li>• Communicate attractive features of a budget-priced product offering that fits niche buyer's expectations</li> </ul>	<ul style="list-style-type: none"> <li>• Communicate how product offering does the best job of meeting niche buyer's expectations</li> </ul>
<b>Keys to sustaining the strategy</b>	<ul style="list-style-type: none"> <li>• Economical prices/good value</li> <li>• Strive to manage costs down, year after year, in every area of business</li> </ul>	<ul style="list-style-type: none"> <li>• Stress constant innovation to stay ahead of imitative competitors</li> <li>• Concentrate on a few key differentiating features</li> </ul>	<ul style="list-style-type: none"> <li>• Unique expertise in simultaneously managing costs down while incorporating upscale features and attributes</li> </ul>	<ul style="list-style-type: none"> <li>• Stay committed to serving the niche at lowest overall cost; don't blur the firm's image by entering other market segments or adding other products to widen market appeal</li> </ul>	<ul style="list-style-type: none"> <li>• Stay committed to serving the niche better than rivals; don't blur the firm's image by entering other market segments or adding other products to widen market appeal</li> </ul>

# Strategic Thinking

## *Unit 7*

### ***What Do We Plan to Accomplish? Writing Effective Goals***



## **Development Associates International**

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D.A.I. P.O. Box 49278 Colorado Springs, CO 80949-9278 USA  
Tel. (719) 598-7970 / Fax (425) 988-8126  
[www.daintl.org](http://www.daintl.org) / E-Mail: [info@daintl.org](mailto:info@daintl.org)

## Unit 7: What Do We Plan to Accomplish? Writing Effective Goals

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### Learning Outcomes:

By the end of this unit you will be able to:

- Write SMART goals for your organization that are related to your key strategic issues
- Improve goal or objective statements so that they are clear and effective by rewriting them
- Write goals and objectives, moving through primary or strategic goals and objectives to the brink of detailed action steps

## Introduction

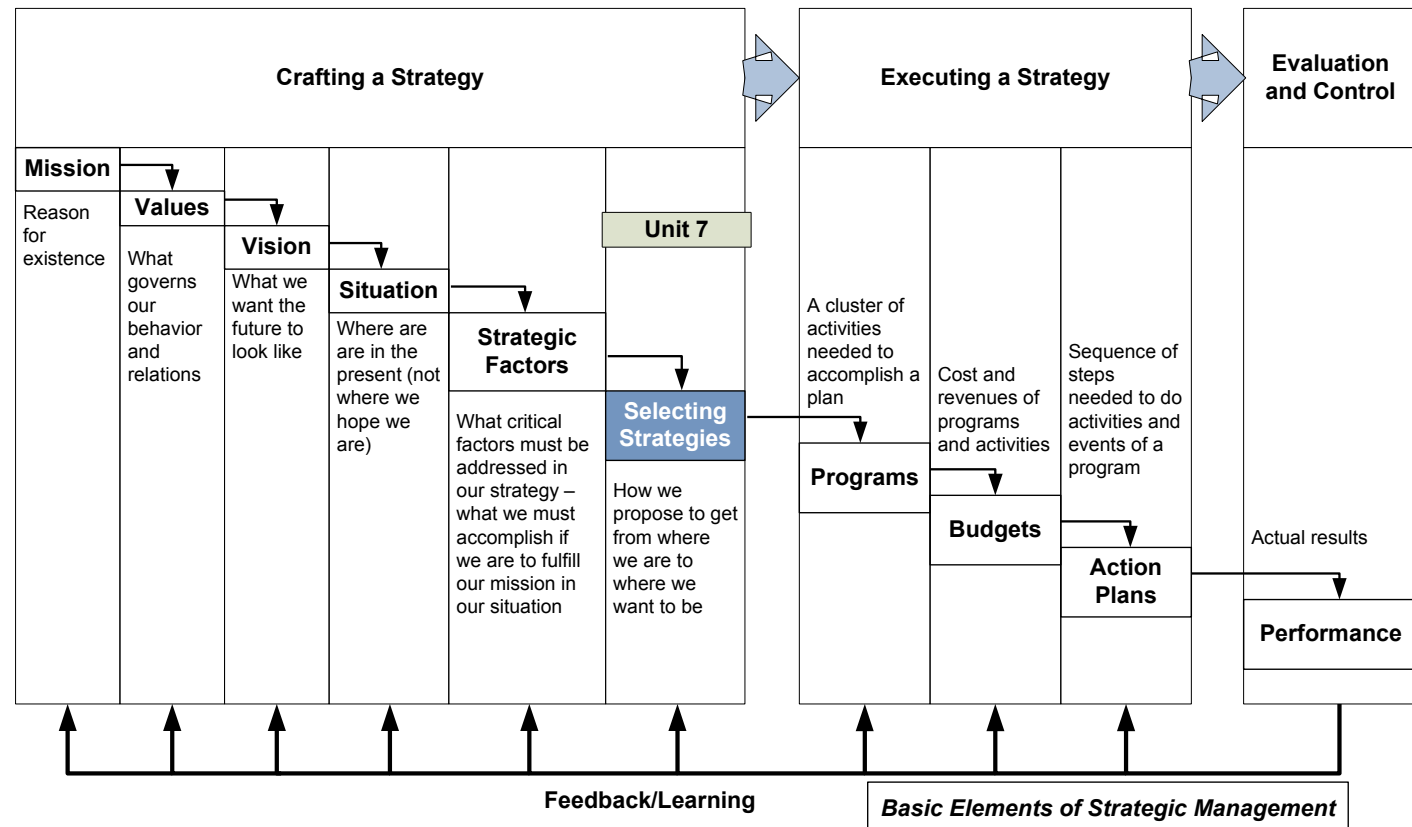
You are about to begin a unit in the module, Strategic Thinking. This unit continues what are the most difficult and yet important tasks in strategic thinking: setting priorities and making choices between alternative courses of action. All we have been doing up to the present has its rationale in these final steps.

Knowing what we know about the prior five steps and having made some key decisions about directional and generic strategies, **we are ready to write effective goals**. How will we do it so that the threats are minimized and our weaknesses do not prevent us from reaching our critical goals in each key result area? How will we maintain the core strengths and programmes while initiating new programmes and endeavors? What will be our major strategic goals that will shape what programmes and initiatives we will adopt to carry out our mission in the light of our strategic issues?

What will be the major goals we will set for this next twelve months, goals that will set the parameters for all of our programmes, deployment of personnel and expenditure of resources?

### 1. Setting Goals

It is not surprising that nearly everyone you speak with desires success: for themselves and for the organization they work for. If this is true, why isn't there more success? One of the reasons is that people's desires are not embodied in a clear, thoughtful process of goal setting





and implementation. The vision of the desirable future we believe is pleasing to God is simply not brought down to earth and lived in meaningful steps. Goals are ways we state in specific terms what we believe are the changes or outcomes in the world which we believe are congruent with His will, with the mission and values we are committed to and with the vision we believe God has given us.

Before we start down the road of creating goals, let's remember some of the biblical examples and teaching on goals:

Answer Box # 1

Stop and read James 4:13-15. What does this passage tell us about God's perspective on setting goals?



learning

James reminds us that planning and goal setting is always placed within the framework of God's overarching governance of our world. These merchants are marked by a subtle form of arrogance and pretension. They show a classic mark of the boaster or braggart in the Greco-Roman world. They have mistaken the power of their planning and shrewd actions as having more control than they do.

All goals lie in the future. So they are statements of faith and need always to be put in the context of God's will. This is not simply a cheap piety that says, "if the Lord wills," as some sort of religious cliché. James is telling us we need to set goals with the keen awareness of what the Proverbs and wisdom teaches us: we plan and set goals, but the future is, finally, in the hands of God.<sup>1</sup> In many ways that is a great relief! God is still in control of our future. When we do not plan well, when we mistake our own desires for the will of God, when we thoughtlessly blunder into the future without accountability for our calling and mission, God still is in control. But that is equally true when we do plan. We are meant to plan, as Proverbs indicates. But we do so only in the posture of faith and obedience.

The Bible is full of people who made such statements of faith. Nehemiah asked the king if he might go and rebuild the walls of Jerusalem. In his mind he pictured the way the world might be, the way God wanted it to be. He had faith to believe that given adequate resources, God would use him to rebuild those walls.

Paul had the goal to move on past Rome to Spain:

<sup>1</sup> Note how Paul shows us this at work in his own plans and goals: Acts 18:21; I Cor. 4:19, 16:7; Phil. 2:19, 24. Note also Heb. 6:3. It is not a formula to be used frequently so much as it is an attitude and posture of life that informs our planning and vision for the future. We need not punctuate our conversation and memos with "if the Lord wills" (or as the old custom was to use the Latin expression, *d.v. – deus volente*).

*But now that there is no more place for me to work in these regions, and since I have been longing for many years to see you, I plan to do so when I go to Spain. I hope to visit you while passing through and to have you assist me on my journey there, after I have enjoyed your company for a while. (Rom. 15:23-24)*

Neither Nehemiah nor Paul knew whether he would accomplish his goal. By saying clearly what they wished to do, they were making statements of faith about what God would have them do. A goal is a measurable outcome. Without a measurable goal we are at sea without a compass. By defining their goal they informed others of their intentions and plans. That way they recruited other's help and prayers.

Answer Box # 2

Stop and read Phil. 3:12-14. What does Paul's example tell us is the potential role of goals in our ministry and work life?



learning

It is amazing how our image and vision of the future has power to shape the present. The future gives us hope when the present is difficult or seems “stuck” and going nowhere. As we allow the future to shape our present, we are freed from the past. We are not determined by our past. No matter how bad the past, the future gives us the assurance that things can and will be different.

We tend to get blinded by the past, limited in our vision, preoccupied with rehearsing and reliving the past. The future has the power to show us new possibilities, better solutions and paths than we have had in the past. Paul tells us his driving orientation is the future goal which has possessed him and motivates his striving in the present. He knows where he is headed and his goal provides the direction and incentive to get on with it. It focuses his energies and imagination. Goals have that power.

Our first task in this unit is to learn how to set clear goals. In Unit 5 we worked on developing a list of “strategic issues.” These grew out of our analysis of all the data and information we gathered about our organization (and its strengths and weaknesses) and our environment (its opportunities and threats). We now need to take that list of “strategic issues” and develop them into a list of primary or strategic goals within the larger strategy framework decisions we have made about direction and positioning of our organization (Unit 6).

To review: *What are strategic issues?* They are issues or challenges that, if not addressed, will hinder the organization in realizing its full potential in mission accomplishment. A strategic issue is an important opportunity or challenge. It is usually something that has long-term impact and solutions. It is something the organization can do something about. It will become or already is a major problem when the organization does nothing about it. It is usually focused on the organization as a whole or some core programme that carries its primary activities.

*Why focus on strategic issues?* Focusing on strategic issues has advantages. Since it is a focus on *issues*, not *answers*, it avoids the conflict that can develop over solutions. Often conflicts are over problems or challenges that have not yet been clarified. Too often the discussion becomes a power struggle about solutions rather than a problem-solving conversation. In addition, identifying major strategic issues creates the necessary tension for change. Unless people feel the need for change, they will usually choose the status quo. Discovering key strategic issues focuses attention of key decision makers on what must be addressed and why change is essential. But once we have identified and understood those issues, we are ready to begin setting goals.

*How do we phrase strategic issues?* They are phrased as questions such as: What can we do about...? How can we improve....? How do we....? How should we....? What if.....? For example:

- How do we strengthen and develop our Board so it can be more effective in helping set direction and raise funds?
- How do we get more money in the future, especially when our donations seem to be declining?
- Given our limited staffing, should we partner with other like-minded organizations to address some of our weaknesses?
- How do we decide to expand into new countries and develop new ministry centres?
- How can we improve the training of faculty so that we are able to reduce student dropout rates by half and improve student learning outcomes significantly?
- What can we do about the mismatch between our capability to maintain our current programmes and the enormous demand for running many more?

A strategic issue is something that has more than one possible answer. By setting goals and placing those goals into a larger strategy, we provide answers to a strategic issue. **Goal setting describes what we are intending to do about strategic issues.**

### *Effective, strategic goals*

Goals are a statement that indicate what we intend to accomplish. **Goals can be defined as a written target of where an organization or an individual wants to be within a specific time frame.** They are answers to the questions that are posed by strategic issues. They express some action, event, or outcome that we intend to bring into being at some point in the future. They are a specific indication of what we believe God wants done in the future.

But goals must be built on a secure foundation in order to be meaningful and to help the organization achieve its mission. Because we have clarified our mission and values, painted a vision for the future, assessed our current situation, identified strategic issues by an analysis of the information we have, and made some key decisions about strategic direction and positioning, we are ready to decide what we will do to accomplish our mission and vision. We have laid a good foundation for writing goals.

In general we can note that effective goals are marked by a number of qualities. They:

- Are within the nature and scope of the mission and vision of the organization
- Consider SWOTs while building primarily on strengths
- Convey the level of application that they are written to address
- Define the type of activity to be undertaken
- Have a clear time-limited horizon

- Are realistic and achievable
- Have predictable and acceptable effects on stakeholders, especially participants
- Are able to be measured in some concrete manner so goal achievement can be clocked

We will follow a scheme introduced by Peter Drucker some years ago that has come to be known as SMART Goals.<sup>2</sup>

Letter	Major Term	Minor Terms
<b>S</b>	<b>Specific</b>	Significant, Stretching, Simple
<b>M</b>	<b>Measurable</b>	Meaningful, Motivational, Manageable
<b>A</b>	<b>Attainable</b>	Appropriate, Achievable, Agreed, Assignable, Actionable, Action-oriented, Ambitious
<b>R</b>	<b>Relevant</b>	Realistic, Results/Results-focused/Results-oriented, Resourced, Rewarding
<b>T</b>	<b>Time-bound</b>	Time framed, Timed, Time-based, Timely, Time bound, Time-Specific, Timetabled, Trackable, Tangible

One other distinction before we look at SMART goals. Goals and strategies for *activities* (or *processes*) are accomplishments that have to do with some event, regardless of a larger outcome (such as hire a new CEO or move into a new facility). Process goals are “measured” by the fact they have happened. Goals and strategies for *outcomes* focus on the results or changes that come out of activities (such as participants complete all training held at our facilities and receive a certificate or degree) or other measurable outcomes. These goals are usually associated with specific programmes. At times one might think of process or activity goals as related to outcome goals as causes to effects. Engaging the process leads to certain definable outcomes. In our example the hiring of a new CEO is done when the hire is made. If we were to make it an outcome goal, then it might be: to hire a CEO capable of turning around the company. The goal is achieved when we have found just such a CEO, not any CEO, and the company is on its way to turning around due to that leadership. Here’s some other examples of the difference: to play a round of golf (activity) vs. to make par on the golf course (outcome); or to hold an evangelistic campaign next month (activity) vs. to see fifteen new families come to Christ and be active in the Church in the next six months (outcome). Keep this distinction in mind since strategic goals most frequently are best phrased as outcome goals. Now let’s look at SMART goals.

### Specific

Undefined goals produce undefined results. We need clear goals that are specific. There is enough vagueness in the world already. If your goals are vague or incomplete then you will get results that are also vague or incomplete. An effective goal spells out the specific results

<sup>2</sup> Drucker introduced a scheme similar to SMART goals in his 1954 book, *The Practice of Management*. Some prefer DUMB goals (Doable, Understandable, Manageable, Beneficial). SMART was popularized by Richard and Becky Dufour.

that you desire. You will know what it specifically is you are aiming at doing. You will be able to present your goal to total strangers and they will understand what you intend to accomplish. Two examples may help.

1. *A vague goal:* To create a website.

*A specific goal:* To create a website for communicating the mission, vision and programmes of my organization that will have about 60 pages and complete it by the end of May. To progress toward this goal, I will spend one week researching the topic to fill any gaps in my knowledge and then complete an average of 2 pages per day until I reach completion.

2. *A vague goal:* To evangelize the city of Pandhar.

*A specific goal:* To plant three congregations by June of 2011 with regular attendance of 25 or more, 50% of whom will come from non-Christian backgrounds. As a result of various forms of evangelism, 15% of the population of Pandhar will be able to say who Jesus and Christians are.

### Measurable

Effective goals are goals you can know whether, when and to what degree you have accomplished them. This is part of what it means to be specific. Without a means of measuring your goal, there will be no way of knowing how you are progressing or even when you have finished. Whether you use values, dates, quantities or some other unit of measurement, be sure to have measures built into the goal.

In the website example above, it would be possible to determine progress by comparing the number of completed web pages with the number of days since work began on the goal. You could also determine how much longer you have before you reach your goal. To assist with illustrating good measurement versus bad, here are other examples.

1. *An unmeasurable goal:* To stop HIV/AIDs in Africa. (To be sure, a drug or vaccine that ended HIV/AIDs would fulfill this goal but it is difficult to say how to measure this in the meantime when there is no such drug or vaccine.)

*A measurable goal:* To have five new clinics operational in Kibera providing general health care and HIV/AIDs screening in the next six months, each staffed with four qualified medical personnel.

2. *An unmeasurable goal:* To increase the coping skills of families under stress.

*A measurable goal:* To present two workshops for 20 families in September. There will be an increase on self-administered tests in coping strategies by 50% on average as a result of the two workshops.

One other note. You will notice that the “unmeasurable” goals are not *bad* goals. They may serve as very general goals. But what needs to happen is that they need to be focused. It is not reasonable or realistic to think that any organization or movement will end HIV/AIDs in Africa in the next 12 months or possibly five years. But an organization can focus on challenging its spread and alleviating its impact in the huge Nairobi slum of Kibera by deploying health clinics to serve a portion of that population. So one might begin with very general and unmeasurable goals that are then made specific and measurable by designating what part of that larger goal will be engaged. To some extent vision sketches are often unmeasurable goals (‘every child, safe and secure’). What then happens is that they are embodied in goals that are measurable: what will we do in the next 12 months so that some more children are safe and secure? So goals might be written to provide services and shelter for street kids in Nairobi (‘to open an additional shelter for street children with permanent residency for 50 and overnight accommodation for an additional 70 by October 15’). The unmeasurable goal leads to measurable goals.

**Attainable**

Goals that you have almost reached already will not stretch you or your organization. Goals that are unrealistic and impossible to reach are frustrating and doom our efforts to failure. Goals need to be based on a realistic assessment of the competencies and capabilities of the organization and an assessment of the current situation.

1. *An impossible goal:* To increase our gifts next year from donors by 50% over the prior year. (Assuming our past average increases have been about 4% per year)

*An attainable goal:* To increase gifts from donors by 6% next year over this past budget year and additional 6% the following year. (In this case we are looking at a significant increase in the rate of increased donations but doable with thoughtful changes in how donors are handled. God can always surprise us, but goals should be realistic, even while grounded in faith).

2. *An impossible goal:* To be fully endowed so that students need not pay any tuition or fees. (This assumes an educational institution that is currently heavily dependent on tuition fees to provide revenues for running the school. This might be a very long term goal that could be sought over several decades, but it is not realistic for the next 12 months, if the school is currently dependent for 70% of its income on student tuition and fees).

*An attainable goal:* To increase the endowment of the University for student scholarships by \$100,000 next year so that we can fund one annual full tuition scholarship for a worthy student.

**Relevant**

Our goals need to fit or stem from our mission statement and the vision we have set forth. Goals have the purpose of furthering the realization of the mission and the accomplishment of the vision. They are the steps that lead us in the direction set out by our mission and vision statements. If they do not, they are a distraction and disruption in our activity and resource expenditure.

The example below assumes a mission statement with an emphasis on child care and relief.

1. *An irrelevant goal:* To open a copying and printing centre in Allahabad this coming year.

*A relevant goal:* To develop oral and supporting print materials for a campaign to advocate breast-feeding of infants by May.

The example below assumes a mission and vision statement seeking reduction in homelessness.

2. *An irrelevant goal:* To repave the parking lot and landscape the front driveway.

*A relevant goal:* To open one additional shelter with room for 25 homeless families before October 1.

**Time-Bound**

Goals without a time frame are wishful thinking. This means goals need a 'by-when' end point: an indication when the outcome or event will be completed and can be marked off the "to do" list. When a goal has an end point that is more than a week away, it often may also need 'milestones' (intermediate steps that can be completed along the way to the final outcome). Milestones allow for progress to be tracked along the way to the final outcome. They also help with motivation. Goals can also have starting times if you plan to delay the start until some future time. Operational plans often are much more specific with starting as well as end dates and milestones to track the activity.

1. *A wishful thinking goal:* To move into new office space.

*A time-limited goal goal:* To sign a lease on new office space by February 1, with build out finalized by Feb 15 and construction started by March 1. Move in date: week of April 1. (You can see several ‘milestones’ in this goal.)

2. *A wishful thinking goal:* To do performance reviews for all staff.

*A time-limited goal:* To complete written performance reviews for all staff by July 1 so that revisions to pay packets can be sent to all employees by July 20 for the new fiscal year.

Now try your hand at re-writing some of the goal statements below to make them SMART (or SMARTer!):

Goal Statement	Your re-write of the Goal
1. To pray and fast for open doors for ministry and funding	
2. To grow into a more effective, stronger performing organization within the next three years	
3. To reach the retirees who come to our Church	
4. To open a new store in each quarter of the next 18 months	
5. To have a complete set of training manuals and instructor guides in use by the end of 2011	
6. To encourage graduate students to spend their long term vacation in identified mission fields through which their vocational skill will be utilized to better the life of the citizenry and in the long run win such souls to Christ.	
7. To reduce the rate of loan repayment delinquencies by 25%	

Here are some additional ideas in making goals effective:

**1. Avoid contradictory goals.** Sometimes goals are set which are in conflict with one another. Be cautious to evaluate the relationship among goals before finalizing them. You are setting the stage for failure somewhere if two or more goals are mutually exclusive or competitive with each other.

**2. Write goals in the positive, not the negative.** Focus on what you hope to achieve, not what you want to leave behind. For example, the goal "We will be in the upper 50% of similar companies in terms of revenue by 2014" is better than "We will not be 'cellar-dwellers' anymore."

**3. Set high goals.** Don't be concerned if a goal is not immediately achievable. Experience suggests that progress will be greater on a goal that is challenging and stretching one that is too easy to achieve. Attainable: yes. Challenging: most definitely.



Answer Box # 3

Before we go further in discussing goals, stop and try to list every advantage you can think of in having clear and measurable goals now that we have worked on SMART goals.

We want to take SMART goal statements one step further. Since we are working in an area of "wisdom" we know that not all goals written need to look exactly alike. One purpose of goals is to focus our attention and energy on accomplishing specific outcomes that will help us succeed in the mission we are on. Sometimes goals need to be very sharply written and detailed. Other times they can be much less so. So long as we are able to say "done" in a measurable and meaningful manner, they are probably good enough. At other times, we need to be much more accountable and careful as we seek to ensure mission accomplishment. So what are the full range of features that might be in the fully detailed, comprehensive goal statement? Again, in any given strategic setting, all of these may not be needed. But it is helpful to see the range of things that can be included in a goal statement that is *extremely* SMART! It allows you and your team to decide when and where and under what circumstances might you draw into your goal statement different elements.

Here is a chart of the sorts of questions that a goal statement can answer as it is written with an example following:

Suggested Clarifying Questions for Drafting an Goal/Objective Statement		
Component	Contents	Clarifying Question
To	States the result the task must produce. Always begins, "To" and ends with naming whatever product or service outcome the task must generate.	When this task is done, what <i>ultimate, tangible result (output or outcome) should be produced?</i>



<b>For</b>	States for whom the result is being produced—the beneficiaries of the goal.	<i>Who is to benefit</i> from the result this task produces?
<b>By means of</b>	Names the task to be implemented.	How shall I name <i>the task or activity</i> that accomplishes this goal?
<b>So That</b>	States the benefits the result should produce. Identifies how the beneficiaries of the goal will be better off once the “To” is achieved.	<i>What benefits should this task produce</i> for each benefiting party?
<b>Conditions</b>	States other requirements the performance of the task must satisfy. These may: <ul style="list-style-type: none"> <li>▪ limit resources used (e.g., time, money, people),</li> <li>▪ require a performer to do certain actions—e.g., use a certain tool or involve specified people or set as "off-limits" certain decisions or actions.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Is there a cycle time within which this task must be completed?</li> <li>▪ Where or when may this task be done (settings, contexts)?</li> <li>▪ Where or when may this task not be done (settings, contexts)?</li> <li>▪ With whom or what should the task performer coordinate during task implementation? What information should be exchanged? What communication protocol should be followed?</li> <li>▪ What access to information is permitted during task performance?</li> <li>▪ What access to information is denied during task performance?</li> <li>▪ What resources will the performer have to work with in getting the task done?</li> </ul> <p><i>Tip: Consider people, training, tools, equipment, facilities, budget, etc<sup>1</sup>.</i></p> <ul style="list-style-type: none"> <li>▪ What resources are off-limits to the performer?</li> <li>▪ What authority will the performer have for making decisions about direction, approach, resourcing, and the application of resources during task execution?</li> <li>▪ What authorities are denied to the performer during task execution?</li> </ul>
<b>Success Criteria</b>	The benchmarks that must be met for the goal to be judged as achieved. Always includes criteria that test whether performance of the task: <ul style="list-style-type: none"> <li>▪ produces the result specified in the “To,”</li> <li>▪ delivers the benefits specified in the “So That,” and</li> <li>▪ satisfies the constraints recorded in the “Conditions.”</li> </ul>	How should the successful achievement of this goal be judged? <ul style="list-style-type: none"> <li>• What features of each result should be measured? How? What values must be found to claim success?</li> <li>• What features of each promised benefit should be measured? How? What values must be found to claim success?</li> <li>• What features of each condition should be measured? How? What values must be found to claim success?</li> </ul>

**Example:**

<b>General Goal: To increase the available capital for micro-finance loans</b>	
<b>Component</b>	
<b>To</b>	To reduce loan delinquency payments from prior micro-finance loans (hence more capital available)
<b>For</b>	Current and future debtors, micro-finance staff who manage the loans, capital investors
<b>By means of</b>	<ul style="list-style-type: none"> <li>• Improvements in loan application documents and approval as well as the orientation of borrowers so that the loan is used for income enhancement endeavors</li> <li>• A remediation programme to determine which delinquent loans are salvageable</li> </ul>
<b>So That</b>	<ul style="list-style-type: none"> <li>• Borrowers invest micro-loans in realistic income-enhancing projects rather than to pay off other loans or divert it to other needs and activities</li> <li>• Micro-finance staff can focus on expanding the availability of capital for loans rather than on seeking to collect delinquencies</li> <li>• Investors who have capitalized the micro-finance loan fund know their capital is being put to good use</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Must not add any new staff but reallocate responsibilities</li> <li>• Must suspend any new loans until improvements are made and documented</li> <li>• Must have a new application, approval and orientation process in place within 3 months</li> <li>• Must review all loans more than six months delinquent and rate their viability for repayment</li> </ul>
<b>Success Criteria</b>	<ul style="list-style-type: none"> <li>• Delinquency rates for new loans reduced by 65% within the next two years</li> <li>• Micro-finance staff spending more of their time making new loans rather than on managing delinquencies (as compared with last year) within 9 months</li> <li>• Investor confidence increased so that new capital is flowing into the programme at desired rate</li> </ul>

**2. Goals and objectives: levels of writing goals**

Goals vary. Some are very specific, immediate (and relatively trivial): 'pick up two pineapples on the way home from work for dinner.' Some are intermediate in their time horizon and importance: 'complete gathering all the research data and enter it into a data matrix so that analysis can begin.' Some are large scale: 'complete the MA in Organizational Leadership.' There are various levels at which goals can be written, not only for the individual but for the organization as well.

In this course we use Goals to refer to the higher level achievements which we seek to accomplish. Objectives are lower level goals. But you will discover that different organizations and different authors will use these terms in different ways. Some make objectives the higher

level targeted outcomes whereas goals are the lower level objectives. What is important is not the terminology but understanding. We just want to be as clear as we can: goals are higher; objectives are lower.

Strategic goals always are interconnected. They are tied in the first place to the mission and vision of the organization. If they are not serving to advance the mission and vision, they are not appropriate goals. But they are also written to address the key strategic issues that have been identified in the process of doing the situational assessment and SWOT analysis. So we can talk about the “up-ward” connection of goals. At the same time, they are connected to objectives that are aimed at accomplishing the goal itself. That is the “downward” connection.

A. The up-ward connection.

Goals need to be developed in connection with the strategic direction, positioning as well as addressing strategic issues.

The first things to write are the “primary” goals. These are the few but large goals on which the whole strategy hangs. They are an expression of the critical success factors: accomplish these goals well, and the organization will meet its mission and flourish. Miss these goals badly and the whole thing comes crashing down.

**Example 1: Elmhurst College** - Unit 5, Appendix D, introduced you to Elmhurst College as an example of a strategic statement (created in February, 2009). We want to return to that case and see what they did in writing their strategic goals. In Appendix A of this unit, we have extracted their sections on “Strategic Issues” and “Strategic Goals.” As they considered the future in light of their situational assessment and conclusions about SWOTs, they concluded that they faced *nine strategic issues* (see pages 233-234).

Having identified these areas of critical concern, they then wrote *five primary strategic goals* (see pp. 234-241) and under them what they call “targets” (in our language these are objectives or sub-goals). You will see that for each strategic issue, they note which “targets” address that issue.

We will pick the first of their strategic issues to illustrate this process, though you may wish to look back at the longer statement to see more examples of a transition from strategic issues to primary goals. Here’s [strategic issue #1](#):

**“Strategic Issue One:** What student body size and composition, undergraduate and graduate, residential and commuter, and from differing geographic, cultural, and ethnic backgrounds, will best position the College to achieve its educational goals while ensuring sufficient revenue to support the enterprise? *Strategic issue one is addressed in strategies 1.5 and 2.2.*”

Notice a strategic issue is framed as a question which might have several answers. ‘Strategies’ is their term for strategic goals. In each case where they state a primary strategic goal they begin with an explanation to frame the issue and give more detail to the vision for that particular primary strategic goal. This sort of introduction is only one option (many statements will not include this detail). If you review their strategic statement, you will also see that this *introduction* connects to their core values and mission as well:

**Strategic Goal 1: Educate the Whole Student for Life in a Global Society.**

The College seeks to create the Elmhurst Experience by graduating students committed and prepared to continue their self-formation as intellectual and moral beings. Students’ self-formation includes creating a picture of a complex and multicultural world and determining their responsibilities within it; reflecting on the foundations of moral conduct, which may be religious, and framing their values accordingly; thinking and acting for themselves and taking responsibility for their decisions; and dedicating themselves enthusiastically and imaginatively to lives of service and enterprise. Elmhurst College will provide its undergraduate students with a solid grounding in the liberal arts together with specialization in a major leading to a career path or advanced studies. The College will prepare graduate students to be well-rounded and ethical professionals. The College will empower all its students, undergraduate and graduate, to embark on lives driven by critical and creative reflection and the capacity to respond effectively and humanely to complex problems and situations.

This goal statement with its introduction serves much like a mini-vision statement for the actual primary goals that are written for it. There are eight lower level goals that are written under this one, but only 1.5 addresses strategic issue #1. 'Targets' are objectives:

### **1.5 Review programs for alignment with goal of developing the whole student.**

#### **Targets**

- Establish program review processes for undergraduate and graduate programmes by the end of the 2009-10 academic year. Responsible Areas: Academic Council, Academic Affairs, Academic Departments. Financial Impact: Already budgeted.
- Implement program review cycle, beginning 2010-11. Responsible Areas: Academic Council, Academic Affairs, Academic Departments. Financial Impact: Approximately \$20,000 per year.
- Complete an updated plan for graduate education by the end of 2008-09 and submit it to the Advisory Council on Strategic Planning for endorsement and referral to the President. Responsible Areas: Ad Hoc Committee on the Role of Graduate Education at Elmhurst College, ACSP and Academic Affairs. Financial Impact: Already budgeted.
- Convene an ad hoc committee to review the effectiveness of the School for Advanced Learning (SAL), adult undergraduate program, certificate programs and non-traditional services that will propose a plan for endorsement and referral to the President. Report due to the Advisory Council on Strategic Planning by the end of the 2009-10 academic year for implementation in 2010-11. Responsible Areas: Ad Hoc Committee on the Role of Adult Undergraduate Education, ACSP, School for Advanced Learning, and Academic Affairs. Financial Impact: Already budgeted.
- Adopt and implement program review process for co-curricular program by the end of 2010-11 academic year. Responsible Areas: Student Affairs and Academic Affairs. Financial Impact: As budgeted in target #2 above.

### **Strategic Goal 2: Forge Innovative Relationships to Advance Learning, Scholarships, and Service.**

Elmhurst College thrives as part of a complex network of relationships and serves a variety of communities: prospective students, alumni, friends, parents, religious organizations, businesses and corporations, and scholarly organizations. These relationships are integral to our vision of the College and the Elmhurst Experience. We honor this commitment to our relationships on and beyond campus. Elmhurst College will employ a variety of approaches to foster the relationships it will need to support the work of the College, especially in the city of Chicago and surrounding region.

### **2.2 Adopt an admissions strategy to make Elmhurst College attractive and accessible to the various constituencies we serve.**

#### **Targets**

- Reach enrollment targets as projected in the College's three-year budget pro-forma. Responsible Areas: Admission, Marketing. Financial Impact: Already budgeted.
- Move toward ethnic diversity of 25% in the entering first-year class by 2013-14, including African-American representation of 9%. Responsible Areas: Admission, Marketing. Financial Impact: High.
- Build the number and amount of funded scholarships. Responsible Area: Development. Financial Impact: Low.

## Answer Box # 4

In looking at this transition from strategic issues to strategic goals, how would you evaluate these given the criteria of SMART goals? What is strong and what might need improvement in Elmhurst's goal statements?



## learning

There is much in this statement that is excellent. The up-ward connection to the strategic issue is clear. The primary strategic goal itself is stated without a time-limit and is rather general and difficult to measure as stated. Yet the “introduction” statement provides more details as to some desired qualities or outcomes that Elmhurst would like to see accomplished. Elements in that would provide the basis for adding details to make sub-goals/objectives (or as they call it, “targets”) SMARTer.

In what they call “targets” they offer more specifics: some measureable targets that are quantitative and some time-boundaries for the end-date accomplishment. Some have a tangible product such as a report that we might expect to see. In some of them there is the detail we might expect in action steps: who’s responsible and what are the budget implications (or even specific monetary amounts).

All in all, there are enough elements that one could take each of the sub-goals with their targets and develop specific operational plans for taking steps to reach the targets on time and within budget. But that would take us to another level of detail. That would lead us into the action steps and operational plans for implementing the strategy—into the tasks and issues of later units.

**Example 2: Development Associates International MA programme** – In Unit 3 you were introduced to the MA in Organizational Leadership’s vision and strategic issues. Now we want to show you how the vision and strategic issues lead to strategic goals and objectives:

#### DAI MA programme Vision:

*By 2012—*

- *1000 of the right students*
- *Being well facilitated by using adult learning techniques in a blended delivery system*
- *Using a contextually appropriate, transformative curriculum*
- *In partnership with like-minded educational institutions that have a high degree of ownership*
- *Being well served by DAI staff and systems*

Strategic Issues:

1. What must we do in order to grow the MA programme to an active **student enrollment** of the right students numbering 1000 by the end of 2012?
2. How do we design and improve the **curriculum** of the MA so that it remains relevant, challenging, transformational and offers a process and content that enhances leader integrity and effectiveness grounded in a Christian worldview?
3. How do we recruit and staff courses with **facilitators** who are properly credentialed and skilled in cross-cultural, interactive adult education?

*In order to accomplish this vision we must: (strategic goals)*

1. *Initiate and sustain healthy, compatible, active **partnerships** with key Christian institutions of higher education in the Majority world from which accredited degrees are granted.*
2. *Recruit, orient, and maintain motivated, gifted Christian **leaders as students** into cohorts that graduate 80% of their group within four years of beginning the program.*
3. *Recruit, orient and retain qualified **facilitators** who are skilled in adult learning and cross-cultural instructional contexts.*
4. *Develop, deploy, evaluate and revise a high quality MA **curriculum** focused on leadership effectiveness and integrity within a Christian and biblical perspective.*
5. *Design, staff and equip an **administrative and leadership team** to manage and improve all aspects of the MA program, supported by appropriate technologies and good policies and practices.*

By the end of 2009 we will have: (example of sub-goals or objectives for strategic goal #2 dealing with students)

- a) Twenty-six (26) active Cohorts [Net: +7 over 2008]
  1. Average cohorts will approximate 23/cohort with no cohorts larger than 30
- b) 560-650 active, enrolled students
- c) Revised admissions procedures and standards that will produce new cohorts of students that match the desired qualities for those who will not only succeed in the programme but have significant impact in their organizations, churches and society
  1. Standards will be clarified and written, available to educational partners and DAI staff
  2. Standards will be agreed to by DAI and partner institutions
- d) Researched retention issues and major causes identified for student drop out or stepping out
  1. Initial plan written to address retention issues
- e) Designed and deployed "Make-up" courses for non-completions for eight (8) courses
- f) Forty (40) students who will have completed their Field Research Projects and graduated in the previous 12 months
- g) Up-to-date student information records on the TWiki (or alternative database) and available to facilitators and cohort coordinators
  1. All cohorts will have class lists with pictures completed and available to facilitators
- h) 100% completion of evaluation of courses, facilitators and residencies by students
  1. Evaluations compiled and feedback given to all facilitators

## 2. Evaluations by course compiled and curriculum evaluation begun

In this example the vision statement for 2012 provides the overall scenario for the MA in Organizational Leadership. In terms of direction, it envisions a growth strategy. It seeks in that time period to double the active student enrollment. The DAI MA plan calls for a concentration strategy that multiplies the same MA programme in a variety of new geographic areas (and possibly languages). It will involve both internal (funding increases and staffing developments for DAI) and external means (the development of approximately 10 new educational partnerships in that time period over the present nine) for that growth.

Its positioning strategy choice is a focused (in-service, experienced Christian leaders in the Majority world as targeted students) differentiation (offered in educational partnerships in contexts where leadership has limited access to such programmes, with a faith-based curriculum designed for interactive, adult pedagogy using a blended delivery with short residencies twice a year). Cost as a consideration is handled by the local educational partnership. Tuition and fees are determined by the local (in-country) fee structures (so India, Uganda, Nepal, Burundi, Nigeria etc. all set their own rates for the program). The price of the programme to the student includes no overhead coming from DAI staff expenses or expenses when foreign faculty are brought into teach a cohort. So the programme targets a niche market and seeks to offer qualities of affordability, accessibility, in-service education that is Christian-framed, interactive, and cohort-based. These are its main differentiators.

To be sure, the example goals listed for students in the MA plan are not yet fully SMART. But they are on their way. In the more detailed plan, one would want, for example, to specify the particulars of the net gain of seven cohorts: where, by when, in what partnership? Who is responsible to see that these additional cohorts are approved, recruited and meet for their initial residency? Those sorts of details still need to be filled in for these objectives to be implemented. But one can see the clear connection upward to strategic issues and to the major elements of the vision statement of the program.

These two examples show how one might write strategic goals at different levels. Elmhurst's strategic goals are written at the "business" level (that is, for the whole organization). The strategic goals written for the DAI MA programme is written at the programme level. It is only one of a number of ministry and programmes that are enacted by DAI. But the principles for writing such goals remain the same at each level, connecting with the mission/vision and strategic issues that face the organization or programme.

**B. The downward connection.** Your primary goals need to be incarnated in a variety of lower level goals or objectives. Note on terminology: goals are used in this course as higher level outcomes that we seek to see accomplished in the future. Objectives are lower level goals that contribute, in their fulfillment, to the accomplishment of those goals. So for each goal, there will normally be a number of objectives. Below objectives are "action steps" – even more concrete, specific outcomes, the accomplishment of which fulfill the objective with which they are associated. Action steps are usually part of the "operational plan" and focus on day-to-day and week-to-week objectives. We will consider these in the next unit after saying a few things about them in this unit. The issue is one of alignment: can we see that the strategic goals are aligned with the mission/vision and strategic issues? Can we see that the objectives or lower level goals clearly support the accomplishment of the strategic goals?

The process of moving from the strategic issues to strategic goals is one that involves a leap of imagination and wisdom. At this point you are seeking to discern paths forward for accomplishing what you believe God is calling your organization to do here and now, in this next 12 months, given the realities within and outside your organization. You have made some critical decisions about direction (orientation toward growth) and positioning (generic strategic framework). Now the questions that arise have to do with: what is it your organization will do in the next 12 months to move forward toward mission accomplish and vision fulfillment? What are your strategic goals and objectives?

**Answer Box # 5**

List one of the strategic issues you identified for your organization from Unit 5 (answer box #5)—or one you wish to articulate now:

Now write one or two strategic goals that would address that strategic issue:

For one of those strategic goals, write one or two objectives (sub-goals) that might be used to accomplish that strategic goal:

**learning**

Our two examples (Elmhurst and DAI MA programme) are illustrations of the end product of this process. Below is an example of a strategic issue. It is identified and then moved through strategic goals to alternative ways of achieving the goals and finally onto initiatives and action steps. In answer Box #5 we asked you to try your hand at doing this quickly. This following gives you a more structured and guided path to follow in moving from issues, to goals, to objectives, to action steps. We will fill it in as an example (you will find a blank form in Appendix B in this unit with these same steps).

**Identifying Strategic Goals and Strategies**

1. The strategic **issue** is: (Stated as a question)

*What must we do in order to grow the MA programme to an active student enrollment of the right students numbering 1000 by the end of 2012?*



2. Given our directional and positional choices, our issue-specific **goals** (or desired outcomes) are (or should be):

**Strategic Goal:** Develop enough educational partnerships to meet the growth target of 1000 students by 2012. To do this in 2009 we need:

- (1) *To sustain all current educational partnerships (7 in 2008) with any essential revisions of MOUs<sup>3</sup> and practices*
- (2) *To initiate five (5) new partnerships with signed MOUs (targeted locations: NEGST-Kenya, ETS-Egypt, NEBC-Nepal, MEGST-Myanmar, Unitech-Papua New Guinea) and have first residencies by the end of 2009*
- (3) *To engage in eight (8) conversations with potential educational partners with six (6) well underway and four (4) likely to sign MOUs and start new cohorts in 2010 (targeted locations: Cote d'Ivoire, Tanzania, DRC-Kinshasa, Congo-Brazzaville, Rwanda, Ghana, Latin America, Romania).*

3. What are some **practical alternatives** we might pursue to address this issue and achieve our goal or outcome(s)?

A. *Continue the present institution by institution negotiations as we have done in the past, moving from 7 partnerships to 15 by end of 2010.*

B. *Initiate a process of working with a network of Christian institutions of higher education (such as those associated with Overseas Council or the United Methodist colleges and universities) so that one partnership potentially gives entre to multiple educational institutions. [Question: Could we train key staff within those networks to run this programme relatively independently of DAI staff managing it?]*

C. *Take steps to ensure student cohorts are successful and we are able to ramp up so that three cohorts per partnership are meeting per year (1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> year students).*

4. What are the **possible barriers** to our realizing these strategy alternatives?

A. *Our staff is already stretched with managing 7 current partnerships, some of which need on-going attention due to issues.*

B. *We may not consummate enough of the new partnerships in time to meet the growth pattern essential to having 1,000 active students by 2012 (at an average of 23 students/cohort, that means approximately 43 cohorts meeting twice in 2012)*

C. *We may saturate the market in current partnerships so that our average cohort size may decline and/or partnerships may not be able to add 1 new cohort per year so that 3 cohorts are meeting in the same year.*

5. What **major initiatives** might we pursue to achieve these alternatives directly or to achieve them indirectly through overcoming the barriers?

A. *Student retention activities need to be developed (drop outs; non-completion of courses; non-completion of final thesis) so that we maintain the maximum number of students and maximize student completion rates (graduation).*

B. *Add DAI staff who can work on partnerships in additional languages (Spanish).*

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<sup>3</sup> MOU = Memorandum of Understanding.

*C. Meet with bodies/agencies which have networks of educational institutions who might be interested in seeing the MA programme available throughout their institutions.*

6. What are the **key actions** (with existing resources of people and money) that must be taken this year to implement the major initiatives?

*[This part is left blank for now since this gets into operational plans and action steps]*

In this form you see some of the thinking that takes place as the strategist thinks through alternatives and barriers as well as the initiatives (that may become lower level objectives) for accomplishing the strategic goal and its sub-goals. In this example the task is to grow the MA student population who are actively participating in the MAOL to 1000 by the end of 2012. The current status (in 2008) was about 439 active students in 9 partnerships. If we think of that as indicative of future experience, then we should be able to have 1000 active students with about 20-22 partnerships. What steps then need to be taken to get from where we are to where we want to be?

Certainly we need to sustain the programmes already in place. We need to replace the students who are completing and graduating with new cohorts in those programmes. We need to retain students who have already enrolled and begun. We also need to add additional programmes fast enough so that we can reach approximately 43 cohorts averaging 23 students per cohort and meeting in 2012.

None of this can be separated from the larger mission. In the end the targeted growth is not simply for the sake of having students in degree programmes (as good as it is for people to earn credentials). It is to see leadership transformed. So the larger picture of which this is one piece is seeing students succeed in graduating with a significant degree of transformation in terms of character (integrity) and competence (effectiveness in leadership). The strategic goal of developing enough educational partnerships so that there can be 1000 active students in the programme by 2012 serves a wider mission and vision: Christian leaders of integrity and effectiveness, serving in a variety of cultures and organizations to the glory of God! The numerical goal only has meaning within this larger picture.

### **3. Moving from goals and objectives to action steps**

This next step moves us into the operational plan. In writing goals at this level we are saying much more definitely who, when (starting date and finish date), where, how will we operate so that the goals and objectives we have settled upon will be accomplished. Often times these statements of objectives and action steps are organized either in programmes or in functional units.

*The rule of thumb in writing these is this: enough detail in the objectives and action steps so that the work gets done at the level and within the time-frame essential to fulfill the strategic goal – but no inessential details.* This often is a dynamic issue. The more experienced, professional, and self-governed the staff responsible for implementing the objectives, the less need there is for specification of all the standards and outcomes. In some cases all that is needed is clarity about the major outcomes and the time-line. With that some units or staff will accomplish the objective with excellence, filling in the details from their own experience and understanding. In other cases, what is needed is a very explicit statement of objectives, steps, standards and management of milestones.

We will deal more explicitly with this area in Unit 8 as we move from crafting a strategy to implementing it.

**Summary:** In this unit we have looked at the last step involved in crafting a strategy: writing primary goals. This is done in the light of choices made about direction and positioning as well as discoveries that profile the strategic issues currently facing the organization. The primary goals embody the desired direction and positioning and address those strategic issues. What must be remembered is that the overall strategy does not solve issues of functional strategies or operational plans. The strategic statement sets the foundation and direction for all of the other actions (and smaller strategies) of the organization. We have learned how to make our goal/objective statements SMART and had a chance to write some goals and objectives by moving from strategic issues to strategic goals and then sub-goals or objectives. This brings us to the brink of thinking through the resources needed and the steps we should take in order to put the proposed strategy into operation.

## Final Assignment

### Final Assignment

*You have taken important steps in the other assignments and are now in a position to define the strategy you will follow in your church, ministry or organization. Your assignment is to finalize the major aspects of your strategy:*

- 1. Prepare a document describing this strategy. Be sure to include mission-vision and values; a brief description of the major issues that arise from your SWOT analysis and then state your primary strategic goals.*
- 2. Then take each of those strategic goals and try to determine a number of initiatives and objectives to undertake toward accomplishing each goal. If you wish to take each strategic issue through the questions found in the form in Appendix B, feel free to do so.*



### application

## Appendix A: Elmhurst College Strategic Goals and Targets

### IV. Strategic Issues

Based on the College's mission, vision for the future, core values, and planning environment; priorities established by President Ray; insights of the Trustees; and careful and considered reflections of students, faculty, and staff, the College looks to address the following questions in this strategic plan.

#### **Strategic Issue One**

What student body size and composition, undergraduate and graduate, residential and commuter, and from differing geographic, cultural, and ethnic backgrounds, will best position the College to achieve its educational goals while ensuring sufficient revenue to support the enterprise? *Strategic issue one is addressed in strategies 1.5 and 2.2.*

#### **Strategic Issue Two**

What faculty, administrative, and staff size and composition, full and part time, will best position the College to serve the educational needs of its students and meet the College's vision for a more diverse campus environment? *Strategic issue two is addressed in strategies 3.1 through 3.4.*

#### **Strategic Issue Three**

What curricular and co-curricular priorities will best position the College to realize its vision for the future? *Strategic issue three is addressed in strategies 1.1 through 1.8, 2.5.*

#### **Strategic Issue Four**

What physical plant and infrastructure priorities best support attainment of our strategic goals? What roles should technology play in supporting teaching and learning as well as the larger enterprise? How does the College address environmental sustainability? *Strategic issue four is addressed in strategies 1.7, 3.3 through 3.5, and 4.1 through 4.3.*

#### **Strategic Issue Five**

How should financial resources be acquired and allocated to support the work of the College? *Strategic issue five is addressed in strategies 2.4 and 5.1 through 5.3.*

#### **Strategic Issue Six**

How does the College address financial and market pressures arising from changing economic and demographic circumstances? How does the College assist its students in addressing financial and other possible barriers to their attendance? *Strategic issue six is addressed in strategies 2.2, 5.1, and 5.3.*

**Strategic Issue Seven**

How should the College foster spiritual development in ways that respect individuals' varied relationships with faith traditions? *Strategic issue seven is addressed in strategies 1.1, 2.5, and 2.6.*

**Strategic Issue Eight**

What relationships and partnerships should be established or strengthened to support the work of the College? How might the College strengthen its position as an intellectual and cultural resource for the region and nation? *Strategic issue eight is addressed in strategies 2.1 through 2.6.*

**Strategic Issue Nine**

How should the College gather, disseminate, and use information necessary to assess and be accountable for its progress and to spark ongoing development and innovation? *Strategic issue nine is addressed in strategies 1.5 through 1.8, 3.5, and 5.1.*

V. Strategic Goals**Strategic Goal 1: Educate the Whole Student for Life in a Global Society.**

The College seeks to create the Elmhurst Experience by graduating students committed and prepared to continue their self-formation as intellectual and moral beings. Students' self-formation includes creating a picture of a complex and multicultural world and determining their responsibilities within it; reflecting on the foundations of moral conduct, which may be religious, and framing their values accordingly; thinking and acting for themselves and taking responsibility for their decisions; and dedicating themselves enthusiastically and imaginatively to lives of service and enterprise. Elmhurst College will provide its undergraduate students with a solid grounding in the liberal arts together with specialization in a major leading to a career path or advanced studies. The College will prepare graduate students to be well-rounded and ethical professionals. The College will empower all its students, undergraduate and graduate, to embark on lives driven by critical and creative reflection and the capacity to respond effectively and humanely to complex problems and situations.

**Strategies and Targets****1.1 Create, refine and implement integrated curricular and co-curricular programs and experiences that foster student intellectual and personal self-formation, the first hallmark of the Elmhurst Experience.****Targets**

- Continue the ongoing faculty-based general education renewal process through 2009-10. Responsible Areas: General Education Task Force, General Education Committee, Academic Council, Academic Affairs. Financial Impact: Already budgeted.
- Achieve annual participation of 300 students in study abroad programs and annual participation in applied experiential learning by all students in First-Year Seminars. Achieve annual participation in service-learning activities beyond the first year by 250 more students.

Increase students undertaking coursework in the Intercultural Studies program to 70 by 2011-12. Responsible Areas: Director of International Education; Director of Intercultural Studies Program, Director of Service Learning, Director of Intercultural Student Affairs and the Director of Civic Engagement and Leadership Development. Financial Impact: Approximately \$50,000, with 2009-10 portion available in planned budget.

- Benchmark best practice parent and family programs with referral to President by the end of 2009-10. Responsible Areas: Alumni Relations/Development and Student Affairs. Financial Impact: Approximately \$15,000, available in planned budget.

### **1.2 From the beginning of students' time at Elmhurst College, refine and further develop integrated curricular and co-curricular programs and experiences that foster early professional preparation, the second hallmark of the Elmhurst Experience.**

#### **Targets**

- All students in Education, Nursing, and Speech Pathology will continue to engage in internship or internship-like experiences as required by their major programs. Career education targets for students in other majors, including mentoring, shadowing, internships, and networking to be set by the Centers and academic departments. Responsible Areas: Academic Departments and the Campus Centers. Financial Impact: Already budgeted.
- Increase invitations for outside professionals to visit classes in greater numbers. Responsible Areas: Academic Departments and the Campus Centers. Financial Impact: Approximately \$5,000, available in planned budget.

### **1.3 Increase the variety of academic opportunities for students.**

#### **Targets**

- Reach annual participation in undergraduate research by 15 full-time faculty by 2013-14. Responsible Areas: Academic Affairs, Center for Scholarship and Teaching/Faculty Development Committee, Academic Departments. Financial Impact: Approximately \$25,000, with 2009-10 portion available in planned budget.
- Maintain annual participation in the Honors program at current levels of 275-300 students, with an emphasis on sustaining the high quality of Honors program students' experiences. Responsible Areas: Academic Affairs and Director of Honors Program. Financial Impact: Already budgeted.
- Establish targets for post-baccalaureate fellowship opportunities in 2009-10 during the plan's implementation phase. Responsible Areas: Center for Professional Excellence, Academic Affairs. Financial Impact: Already budgeted.

### **1.4 Create and support interdisciplinary courses.**

#### **Target**

- Reach 30 interdisciplinary courses annually by 2013-14, with specific incentives and funding targets to be set during the plan's implementation phase. Responsible Areas: Academic Departments, Campus Centers and Center for Scholarship and Teaching/Faculty Development Committee, Academic Council and Academic Affairs. Financial Impact: Already budgeted.

**1.5 Review programs for alignment with goal of developing the whole student.****Targets**

- Establish program review processes for undergraduate and graduate programs by the end of the 2009-10 academic year. Responsible Areas: Academic Council, Academic Affairs, Academic Departments. Financial Impact: Already budgeted.
- Implement program review cycle, beginning 2010-11. Responsible Areas: Academic Council, Academic Affairs, Academic Departments. Financial Impact: Approximately \$20,000 per year.
- Complete an updated plan for graduate education by the end of 2008-09 and submit it to the Advisory Council on Strategic Planning for endorsement and referral to the President. Responsible Areas: Ad Hoc Committee on the Role of Graduate Education at Elmhurst College, ACSP and Academic Affairs. Financial Impact: Already budgeted.
- Convene an ad hoc committee to review the effectiveness of the School for Advanced Learning (SAL), adult undergraduate programs , certificate programs and non-traditional services that will propose a plan for endorsement and referral to the President. Report due to the Advisory Council on Strategic Planning by the end of the 2009-10 academic year for implementation in 2010-11. Responsible Areas: Ad Hoc Committee on the Role of Adult Undergraduate Education, ACSP, School for Advanced Learning, and Academic Affairs. Financial Impact: Already budgeted.
- Adopt and implement program review process for co-curricular programs by the end of 2010-11 academic year. Responsible Areas: Student Affairs and Academic Affairs. Financial Impact: As budgeted in target #2 above.

**1.6 Assess student learning.****Targets**

- Finalize major program assessment instruments in 2009-10. Responsible Areas: Academic Affairs, Academic Departments. Financial Impact: Already budgeted.
- Review standardized learning outcome assessment instruments in 2009-10 and develop pilots for trials starting in 2010-11. Responsible Areas: Academic Affairs, Academic Departments. Financial Impact: Already budgeted.
- Continue ongoing full use of NSSE and GPI in 2009-10. Responsible Areas: Academic Affairs, Student Affairs and Executive Vice President. Financial Impact: Already budgeted.
- Develop and implement co-curricular learning outcomes assessments by 2010-11. Responsible Area: Student Affairs. Financial Impact: Already budgeted.

**1.7 Create an updated plan for the use of technology and institutional data to support scholarship and teaching.****Targets**

- Prepare and finalize plan on the role of instructional technology for recommendation and referral to the President by 2011-12. Responsible Areas: Technology Steering Committee, Alternative Delivery Committee, Library. Financial Impact: Already budgeted.

**1.8 Encourage ongoing innovation in academic and co-curricular programming.****Target**

- Establish additional specific pathways for fostering innovation during the implementation phase of the plan in 2009-10. Responsible Areas: Innovation Support Team, ACSP, Academic Departments, Academic Affairs, Student Affairs. Financial Impact: Planning process already budgeted.

**Strategic Goal 2: Forge Innovative Relationships to Advance Learning, Scholarships, and Service.**

Elmhurst College thrives as part of a complex network of relationships and serves a variety of communities: prospective students, alumni, friends, parents, religious organizations, businesses and corporations, and scholarly organizations. These relationships are integral to our vision of the College and the Elmhurst Experience. We honor this commitment to our relationships on and beyond campus. Elmhurst College will employ a variety of approaches to foster the relationships it will need to support the work of the College, especially in the city of Chicago and surrounding region.

**Strategies and Targets****2.1 Foster new and increased partnerships between Elmhurst College and outside constituents to support the goals of the College.****Targets**

- Determine specific targets for partnership possibilities during the implementation phase of the plan, beginning in 2009. Responsible Areas: Academic Departments, the Centers, College Relations, President's Office, President's Cabinet. Financial Impact: Moderate.
- Create President's Advisory Council in 2009-10. Responsible Areas: President's Office, President's Cabinet. Financial Impact: Already budgeted.

**2.2 Adopt an admissions strategy to make Elmhurst College attractive and accessible to the various constituencies we serve.****Targets**

- Reach enrollment targets as projected in the College's three-year budget pro-forma. Responsible Areas: Admission, Marketing. Financial Impact: Already budgeted.
- Move toward ethnic diversity of 25% in the entering first-year class by 2013-14, including African-American representation of 9%. Responsible Areas: Admission, Marketing. Financial Impact: High.
- Build the number and amount of funded scholarships. Responsible Area: Development. Financial Impact: Low.

**2.3 Implement the new Alumni Relations strategic plan.****Target**

- Implement the Alumni Relations strategic plan's elements as scheduled. Responsible Areas: Development and Alumni Relations, Marketing. Financial Impact: Moderate, with 2009-10 initiatives already budgeted.



**2.4 Enhance support for faculty and administration in their scholarly and creative work and professional activities.****Targets**

- Reach a minimum of 5 annual major grant proposals by faculty by 2013-14. Responsible Areas: Academic Affairs, Academic Departments. Financial Impact: Low.
- Increase faculty peer-reviewed conference presentations and peer-reviewed journal submissions by 2013-14. Responsible Areas: Academic Affairs, Academic Departments. Financial Impact: Low.

**2.5 Further clarify the College's understanding of its relationship with the United Church of Christ (UCC) and implement programming appropriate to this understanding.****Target**

- Determine specific language and expectations for the College's relationship with the UCC during the implementation phase of the plan, beginning in 2009. Responsible Areas: President's Cabinet, Chaplain. Already budgeted.

**2.6 Enlarge and enhance cultural and scientific activities beyond the curriculum.****Targets**

- Begin exploring additional partnership and funding opportunities in 2009-10. Responsible Areas: Academic Affairs, Development and Alumni Relations, College Relations. Financial Impact: Already budgeted.
- Begin exploring the Forum for Religion in Public Life in 2009-10, by forming an advisory board, identifying College faculty and departmental leadership, and investigating potential funding sources. Responsible Areas: President's Office in consultation with the faculty, ACSP. Financial Impact: Already budgeted.

**Strategic Goal 3: Build and Support a Diverse Faculty, Administration, and Staff Committed to the Mission of the College.**

Elmhurst College will build, develop, and sustain our faculty, administration, and staff to realize the Elmhurst Experience. This includes building a diverse community. Elmhurst College will determine the optimal size, composition and compensation of its faculty, administration, and staff to best position the College to meet the educational needs of its students and enable them to achieve their professional aims. The College will provide resources, time, and development opportunities to enable its faculty, administration, and staff to fulfill its mission and achieve its vision.

**Strategies and Targets****3.1 Develop a comprehensive staffing plan for faculty, administration, and staff.****Target**

- Begin the development of the plan in 2009-10, with review of hiring and retention procedures and creation of the staffing plan in 2010-11. Responsible Areas: Academic Affairs, Finance and Administration, Institutional Research, Academic Council, Faculty Council. Financial Impact: Low.

### **3.2 Increase the proportion of faculty and staff from underrepresented populations.**

#### **Targets**

- Expand targeted outreach for potential faculty and staff who would add to the College's diversity, beginning in 2009-10. Responsible Areas: President's Cabinet, Human Resources, Academic Affairs, Academic Department Chairs. Financial Impact: Low.
- Develop a coordinated institutional approach for introducing potential new employees to desirable housing and community options, beginning in 2009-10. Responsible Areas: President's Cabinet, Human Resources, Academic Departments. Financial Impact: Already budgeted.
- Attain proportions of faculty and staff from underrepresented populations representative of DuPage County by 2013-14, reflecting the goal established by the President's Cabinet in 2007. Responsible Areas: President's Cabinet, Human Resources, Academic Affairs, Academic Department Chairs. Financial Impact: Moderate to High.
- Expand the comparison area to include DuPage and contiguous counties for years beyond 2013-14. Responsible Areas: President's Cabinet, Human Resources, Academic Affairs, Academic Department Chairs. Financial Impact: Planning possible within existing resources.

### **3.3 Increase support for faculty development and clarify expectations for tenure and promotion.**

#### **Targets**

- Complete review of tenure and promotion expectations by 2010-11. Responsible Areas: Faculty Council, Faculty Personnel Board. Financial Impact: Within existing resources.
- Establish instructional technology plan by 2011-12, in conjunction with broader technology planning. Responsible Areas: Technology Steering Committee, Library, Academic Affairs, Academic Departments. Financial Impact: Low.
- Expand workshops on pedagogy opportunities for full-time and part-time faculty by 2010-11. Responsible Areas: Academic Affairs, Library, Academic Departments. Financial Impact: Low.
- Expand release time for significant curriculum development by 2011-12. Responsible Area: Academic Affairs. Financial Impact: Low.

### **3.4 Increase support for administrative and staff development.**

#### **Targets**

- Offer expanded access to administrative and staff technology workshops beginning in 2010-11. Responsible Area: Human Resources. Financial Impact: Low.
- Explore additional staff development possibilities beginning in 2009-10. Responsible Area: Human Resources. Financial Impact: Within existing budgets.

**3.5 Create an updated plan for the use of technology and institutional data to support the work of the College.****Targets**

- Establish an Institutional Research Office by 2010-11. Responsible Area: President's Cabinet. Financial Impact: Moderate.
- Implement the existing Technology Plan in 2009-10. Responsible Area: President's Cabinet. Financial Impact: Low.
- Review information technology structures, practices and policies in 2009-10. Responsible Areas: President's Cabinet, Technology Steering Committee, Computer Services, Library. Financial Impact: Low.
- Complete the next technology plan in 2010-11. Responsible Areas: President's Cabinet, Technology Steering Committee, Computer Services, Library. Financial Impact: Within existing budgets.

**Strategic Goal 4: Construct a Physical Environment That Will Shine as a Model for Liberal Education.**

Elmhurst College will provide an exceptional physical setting that fosters the holistic development of students—one that promotes faculty-student interaction, the integration of teaching and research, interdisciplinary collaboration, and the development of a mutually supportive learning community. In short, to realize the Elmhurst Experience, our facilities must match our high educational aspirations.

**Strategies and Targets****4.1 Renovate and expand the Schaible Science Center to standards appropriate to a nationally known, small-enrollment, 21st-century liberal education college.****Targets**

- Complete the review of the current science center by the end of the 2008-09 academic year. Responsible Areas: Schaible Task Force, Academic Affairs. Financial Impact: Within existing budget.
- Determine renovation plans and accompanying funding as part of the capital campaign planning, beginning in 2009-10 and continuing through 2014, as needed. Responsible Areas: Academic Affairs, Finance and Administration, Development and Alumni Relations, Schaible Task Force. Financial Impact: 2009 planning within budget plan; high for the overall project.

**4.2 Identify specific ways to provide a high-quality environment for the College's fine and performing arts and begin to implement them.****Target**

- Begin the process of identifying and selecting fine and performing arts facility options in 2010-11. Responsible Areas: Academic Affairs, Finance and Administration, Development and Alumni Relations, College Relations, Marketing. Financial Impact: Within existing budget.

**4.3 Evaluate needs and set priorities for maintaining and upgrading existing facilities and infrastructure, consistent with our commitment to environmental sustainability.**

## Targets

- Assess physical resource needs as part of the plan's implementation, beginning in 2009 and continuing through 2014. Responsible Areas: Finance and Administration, Advisory Council on Strategic Planning, Schaible Task Force. Financial Impact: Within existing budgets.
- Address priority needs that can be financed with existing resources. Responsible Areas: Finance and Administration, Advisory Council on Strategic Planning. Financial Impact: Within existing budgets.
- Address priority needs that require new resources. Responsible Areas: Finance and Administration, Development, Advisory Council on Strategic Planning. Financial Impact: Project dependent.

### **Strategic Goal 5: Demonstrate Outstanding Stewardship of Resources to all Constituencies.**

Elmhurst College is committed to the thoughtful stewardship of its financial resources to support its students, faculty, administrators, and staff as they engage in creating and delivering the Elmhurst Experience. We will demonstrate this commitment at all times, to all of our constituencies.

## Strategies and Targets

### **5.1 Adopt a financial plan to support a fully prioritized version of the Strategic Plan, through revenue growth, expense management, reallocation, and investment management.**

#### **Target**

- Update outline of external conditions and create financial plans accordingly by May 1, 2009. Responsible Areas: Financial Affairs, President's Cabinet. Financial Impact: Already budgeted.

### **5.2 Establish and schedule a formal review process for non-academic, operational administrative programs .**

#### **Target**

- Adopt a formal review process during fiscal year 2009-10. Responsible Areas: Finance and Administration, President's Cabinet. Financial Impact: Within budget base.

### **5.3 Create a higher level of philanthropy in all areas of giving and from all sources.**

#### **Target**

- Determine specific fund-raising goals during the campaign planning process ongoing from 2009. Responsible Areas: Development and Alumni Relations, Trustees. Financial Impact: Planning within budget base.

**Appendix B: Identifying Strategic Goals and Strategies**

1. The strategic issue is: (Stated as a question)
  
2. Our issue specific goals (or desired outcomes) are (or should be):
  
3. What are some practical alternatives, dreams, visions we might pursue to address this issue and achieve our goal or outcome(s)?
  
4. What are the possible barriers to our realizing these strategy alternatives?
  
5. What major initiatives might we pursue to achieve these alternatives, dreams or visions directly or to achieve them indirectly through overcoming the barriers?
  
6. What are the key actions (with existing resources of people and money) that must be taken this year to implement the major initiatives?

# Strategic Thinking

## *Unit 8*

### *Implementing Strategy: Components, Resources, and Programmes*



## Development Associates International

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D.A.I. P.O. Box 49278 Colorado Springs, CO 80949-9278 USA  
Tel. (719) 598-7970 / Fax (425) 988-8126  
[www.daintl.org](http://www.daintl.org) / E-Mail: [info@daintl.org](mailto:info@daintl.org)

## Unit 8: Implementing Strategy: Components, Resources and Programmes

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### Learning Outcomes:

By the end of this unit you will be able to:

- Recite the major factors that affect the effective implementation of strategy
- Begin an evaluation of your organization in terms of its readiness to implement strategy
- Generate a list of programmes, services, products and projects that make up the portfolio of your organizations major activities
- Rate or rank those major activities by developing criteria to evaluate them and understand their contribution to strategy accomplishment

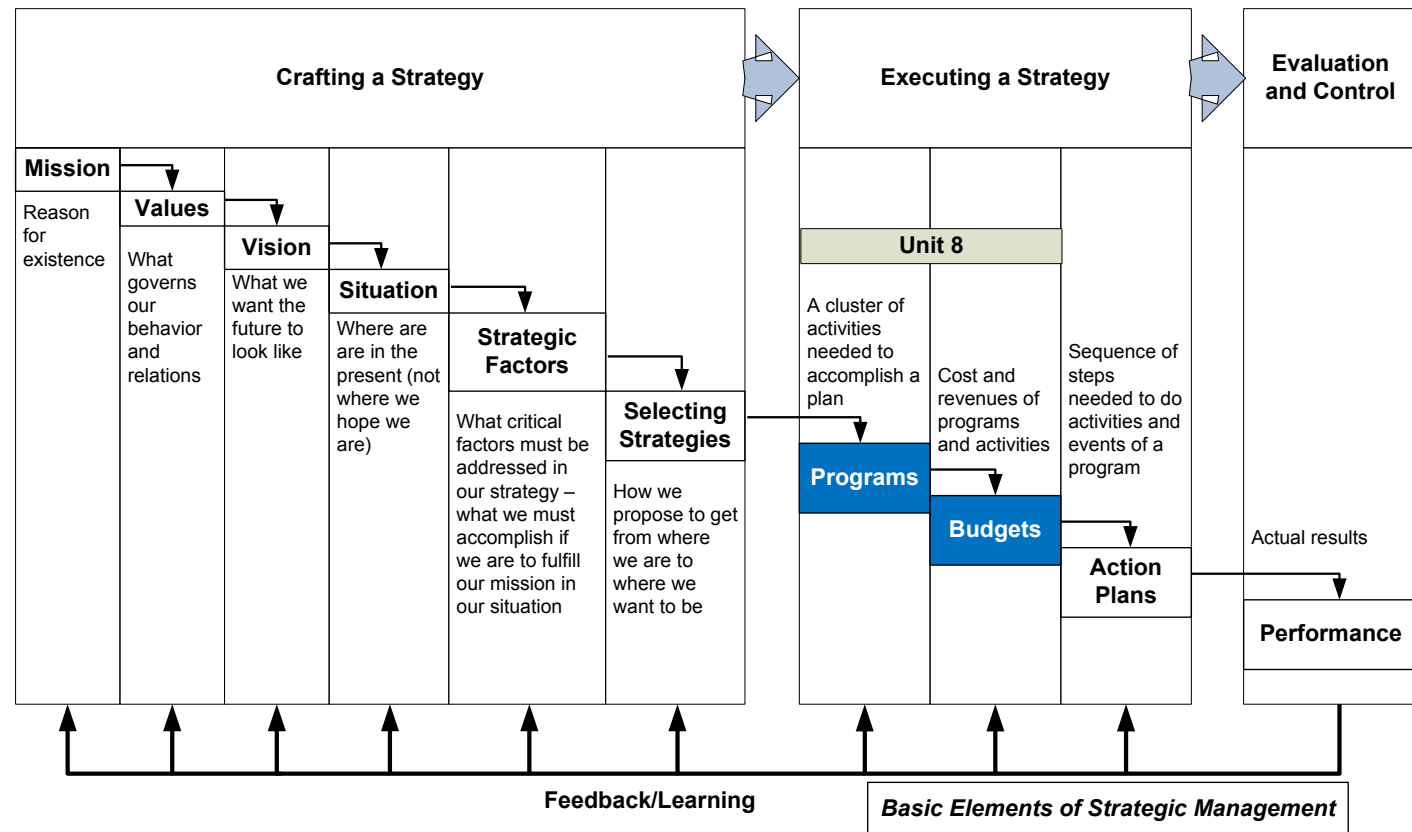
### Introduction

You are about to begin a unit in the module, Strategic Thinking. This unit steps into the second phase of strategic thinking: executing or implementing a strategy. This is normally done via programmes, clusters of activities needed to accomplish a part of the overall strategic plan.

Knowing what we know about the prior steps, **we now engage in executing the strategy we have adopted.** Strategy implementation is the sum of all the activities and choices we make to accomplish the objectives inherent in the strategic goals. It is the process by which we put the strategy and its policies into action through the development of initiatives, programmes, action plans, budgets, procedures and activities. Once we have decided on a strategy, we turn to converting it into actions and good results.

Crafting and executing strategy need to be considered as two sides of the same coin. It is all part of strategic management. Yet it is the case that different skills are required for the two tasks. Crafting strategy requires vision, solid analysis and insight into the environment, shrewd and wise judgment about the direction and positioning of the organization, and discernment of the key strategic issues that need to be addressed in goals and objectives. Implementing strategy is more a matter an operation-driven process of managing people and developing programmes and procedures that are efficient and effective. Strategy execution requires doing a good job of working through others, building and strengthening core competencies of the organization, motivating and rewarding people in a strategy-supportive manner and developing an organizational culture that is results-oriented and action-ready.

To begin the implementation of strategy, leaders must consider:





- Who will carry out the strategic plan? Which parts?
- What must be done to align the organization's operations in the direction intended by the adopted strategy?
- How is everyone going to work together to do what is needed?
- What resources will it take to execute the strategy effectively?

Studies indicate that half of all acquisitions fail to achieve what was expected of them. Nearly one-fourth of international ventures fail. Of the 700 largest mergers of companies between 1996-1998 83% failed to increase shareholder's value within a year of completion of the merger. What is going on here? Most often it is not a failure because of poor planning or lack of due diligence. The finger points at the failure to execute the strategy well. Planning and thinking are, well, just planning and thinking. To have a good strategy is still no more than to have a good strategy. Unless it is enacted and executed, it is simply good thinking.

A survey of 93 large US companies indicated that they experienced, in order of frequency, the following ten challenges when they sought to implement their strategy:

1. Implementation took more time than originally planned.
2. Unanticipated major problems developed.
3. Activities were ineffectively coordinated.
4. Competing activities and crises took attention away from implementation.
5. The involved employees had insufficient capabilities to perform their jobs.
6. Lower-level employees were inadequately trained.
7. Uncontrollable external environmental factors created problems.
8. Departmental managers provide inadequate leadership and direction.
9. Key implementation tasks and activities were poorly defined.
10. The information system inadequately monitored activities.<sup>1</sup>

So what does it take if a chosen strategy is to be implemented effectively? It is easy to decide where an organization would like to go. The hard part is to get all in the organization to act on new priorities. Just because the senior leadership announces the strategy does not mean the members of an organization will enthusiastically embrace it and implement it. Some may be skeptical. Some may not want to abandon their prior habits of work. Some may interpret the strategy differently and have different idea as to what it will take to succeed. Long standing attitudes, inertia, vested interests, and organizational habits are often hard to break. So what does it take?

---

<sup>1</sup> L. D. Alexander, "Strategy Implementation: Nature of the Problem," *International Review of Strategic Management*, Vol. 2 #1 (New York: John Wiley & Sons, 1991), pp. 73-113.



## Answer Box # 1

Think about your own organization. What would you say might be the challenges for it in implementing its strategy? What is it ready to do? What do you think might need to change for it to execute strategy well?

In practice it is nearly impossible to separate the leadership requirements of implementing the strategy from the other pieces of the strategy process. The tasks of crafting, implementing, and monitoring-evaluating a strategy are integrated with each other. There is much looping and recycling to fine-tune and adjust various components as the leader learns more about what it takes to get all pieces in good order. Creating a strategic vision, identifying strategic issues, developing primary goals and objectives, building the capacities to enact the strategy, implementing, fostering an organizational culture that fits the strategy, monitoring and adjusting performance and programme, evaluating outcomes and feeding that learning back for improvement – these are continuous sorts of realities. So we don't mean to create an artificial distinction between crafting and implementing a strategy. But they are distinguishable moments in the strategic management process.

### 1. Components for Strategy Implementation

To implement a strategy means figuring out all the 'hows' that are needed for effective execution of the strategy. This involves not only the attitudes, techniques, behaviors and actions, but building an organization over the long term that is good at executing a strategy. To be sure, the first task of leadership after strategy has been crafted, reviewed and adopted, is to communicate the case for these strategic choices to all in the organization. If it is done clearly and persuasively, the efforts that will be necessary to create the changes and enact the new priorities will be taken up at all levels of the organization. People will find ways to put the strategy into place and meet performance targets.

It takes wise and skillful managerial leadership to communicate the case for the strategy effectively enough so as to overcome pockets of doubt and disagreement, secure the commitment and enthusiasm of concerned parties and build consensus on the essential programmes and action steps. There is a wide array of managerial tasks that must be mobilized so as to zero in on just those key things that must be done to put new strategic initiatives into place. These must be done in a timely manner and in the right way.

Follow-up and persistence is required since it is a change process and involves different work groups who need to learn new habits and ways of working together smoothly. The larger the organization, the more widely dispersed geographically, the more success depends on good communication, willing cooperation and the implementing skills of managerial leadership. Only in smaller organizations can the top leadership be involved directly and personally in orchestrating the implementation of the strategy. Often only in smaller organizations will a large percentage of the staff be involved in crafting the strategy they are now asked to understand, embrace with enthusiasm and implement with excellence.

The specific “hows” of implementation must be custom tailored to the particulars of an organization’s profile and situation—and to the choices it has made about growth and positioning. There is no single formula for successful implementation. But there are certain common components or tasks that managerial leadership must reckon with. We will use the list Arthur A. Thompson and colleagues have developed (with modifications – see chart). In this unit we will not cover all the eight elements that they suggest as important facets of an organization that is able to implement strategy with excellence. Some will be covered in Unit 9. We will sketch several of them of particular importance.

### **A. Building competencies, capabilities and resource strengths**

This is key to all the rest of the components that managers must attend to in order to create organizations that are proficient in implementing strategies. This is a longer term task in that much of this needs to be in place at the point of the adoption of an organizational strategy. To build such an organization the three main actions that build an organization’s proficiency are:

1) *Staffing*: a capable leadership and management team is essential. Smart, capable, results-oriented people who have skills in leading change and asking tough questions are needed in leadership. They are knowledgeable and wise enough about the “business” the organization is in to be able to challenge the soundness of ideas and decisions made by the people around them. They follow through on issues and are able to make difficult personnel and strategy decisions.

## Components of Strategy Implementation



Based on Thompson, et. al. *Crafting and Executing Strategy*, 15th Edition, p. 382

Of course, the talent base represented at all levels of the organization is equally important. The people who execute the strategy in functional units and in projects or programmes are closest to the operational processes that have to work efficiently and effectively. They are the people who can provide creative ideas about how to make those processes and actions more effective and efficient. Recruiting, training and retaining knowledgeable, motivated and engaged employees are bottom line essentials in the strength and viability of any organization. Building employee intellectual capital and morale is what makes them a genuine resource to mobilize. An organization's greatest asset is not people. It is the right people in the right positions.

2) *Building core competencies*: distinctive strengths in running key processes and producing excellent products are at the heart of a successful organization. Disney displays the highest level competencies in theme park operations and family entertainment. Dell changed the way computers were built and sold. It did so with its ability to deliver tailored, state-of-the-art computers within days of an order and to do so as the global low-cost leader in the industry. Toyota's reputation is built on its legendary production system which has been perfected to deliver high-quality, reliable vehicles at the best cost.

Building competencies and distinctive capabilities is a long-term, time-consuming process. It moves through three stages: (1) First the organization must develop the ability to do something, however imperfectly or inadequately. (2) As time moves on and experience accumulates, the organization must learn to perform that activity well, consistently and at an acceptable cost. Only now can it be called a true competence. (3) For it to become a distinctive strength, the organization must sharpen what it does well to become something done better than rival organizations in the same business. These core competencies then can become distinctive capabilities for which the company is known. Because of these strengths they become the "go-to" organization when one wants the best of that product or service.

3) *Structuring the organization and work*: The structure of an organization needs to facilitate the strategy. This involves understanding the central, mission-critical activities that, if performed well, will accomplish the strategy at a high level. These are the critical success factors. For each sort of industry or business, they will vary.

For example, hotels must be good at fast check-in/check-out, housekeeping and facilities management, food service, and the creation of a pleasant ambience. For chemical companies it is research and development, product innovation, effective marketing, and customer service/assistance. For mental institutions it is creating a safe and secure environment, accurate diagnosis of patient maladies, and provision of excellent medical care that is therapeutic. The organization's structure must be built around proficient performance of these critical activities.

Most organizations are structured by traditional *functional* departments (such as HR, finance and accounting, marketing, IT, engineering and design etc.) and *process* departments (where people in a single unit are responsible for all processes involved in a certain process such as new product development, supply chain management, customer service, quality control, direct sales via the Web etc.). So a hotel might be organized in functional departments such as front-desk operations, housekeeping, building maintenance, food service, convention and special event services, guest services, personnel and training, and accounting.

Diversified corporations are built around individual businesses that operate as independent units with corporate headquarters providing support services for all its businesses. Multi-national organizations may also include geographical organizational units.

For all organizations structure also brings questions of delegation of authority (how much and what needs to be centralized in a command and control structure; how much can be delegated down the line to front line managers and workers) and levels of authority. The dominant mode of organization is what is known as hierarchical. In it every entity is subordinate to one other, except one at the top. In business, the business owner traditionally occupied the pinnacle of the organization. In most modern large companies, there is now no longer a

single dominant shareholder. The collective power of the business is delegated to a board of directors, which in turn delegates the day-to-day running of the company to a managing director or CEO. The tendency of this is for top management to run the organization as its own fiefdom and to use the assets of the organization for their own enrichment. Organizational governance rules and boards are an attempt to mitigate this tendency.

Members of hierarchical organizational structures chiefly communicate with their immediate superior and with their immediate subordinates. Structuring organizations in this way is useful partly because it can reduce the communication overhead by limiting information flow. But this is also its limitation. It tends toward bureaucratic sluggishness, to proliferation of rules and managerially prescribed prescriptions and procedures, to slow decision making since permissions have to be sought, and toward becoming difficult to adapt and change when the environment shifts.

The alternative is a horizontal organization (also known as a flat organization). In this structure there are few or no levels of intervening management between staff and managers. The idea is that well-trained workers will be more productive when they are more directly involved in the decision making process, rather than being closely supervised by many layers of management. This structure is generally possible only in smaller organizations or individual units within larger organizations—or in “knowledge-worker” types of business (such as consulting firms, research and development, education etc.). In organizations where nearly everyone in a process department is very highly trained, flat structures work well.

When organizations reach a critical size, they can retain a streamlined structure but cannot keep a completely flat manager-to-staff relationship without impacting productivity. Certain financial responsibilities may also require a more conventional hierarchical structure. The flat organization model promotes employee involvement through a decentralized decision making process. By elevating the level of responsibility of baseline employees, and by eliminating layers of middle management, comments and feedback reach all personnel involved in decisions more quickly. Responses to customer feedback can accelerate. Since the interaction between workers is more frequent, this organizational structure generally depends upon a more personal relationship between workers and managers. Hence the structure can be more time-consuming to build and sustain than a traditional hierarchical model.

**Answer Box # 2**

Describe your own organization in terms of these three essentials for organizational capability and strengths to implement strategy:

A. Staffing:

B. Core competencies:

C. Structure:

**learning**

### **B. Adopting best practices and pushing for continuous improvement.**

Competent strategy implementation is fostered when organizational units, programmes and operating processes are oriented to identify and adopt “best practices” in their activities. When leadership insists that organizational units and processes improve continuously, they provide an environment where personnel learn what it means to do anything more proficiently. This translates into a capacity to execute elements of a strategy efficiently and effectively.

A “best practice” is a technique, method, process, activity, incentive or reward that is believed to be more effective at delivering a particular outcome than any other technique, method, process, etc. The key idea is that with proper processes, checks, and testing, a desired outcome can be delivered with fewer problems and unforeseen complications with greater efficiency. A “best practice” is some technique or way of doing something that is demonstrated to work extremely well in at least one other organization. To qualify as a “best practice” it must have a proven record of improving quality or performance, lower costs, shorten time requirements, enhance safety, protect the environment or deliver some highly positive operating outcome. It must be transferable and repeatable.

Benchmarking is the systematic comparison of organizational processes and performances in order to discover outstanding practices. They are used to set new standards and/or improve processes. They are a way to gain new insights into strengths and weaknesses of an organization, illustrate possible improvements, and develop new guidelines. Internal benchmarking is done by comparing outcomes and processes between units of the same company. Competitive benchmarking happens when an organization looks outward to see how its own performance measures up against that of one of its rivals. In doing so an organization must be humble enough to admit that others may have come up with world-class ways to perform activities yet be wise enough to adapt those ways in order to match or surpass them. By benchmarking key processes and performance against best-in-the-industry or best-in-the-world, an organization can revise its own practices and over time move closer to operating excellence.

Continuous improvement programs such as TQM (Total Quality Management) and Six Sigma<sup>2</sup> provide tools for identifying and improving on things such as improved efficiency, lower costs, fewer defects, better product quality, and greater customer satisfaction. They are useful only as a part of strategy. Only with a strategic framework can leaders and managers identify which activities really matter and what performance targets make the most sense. Knowing what specific outcomes matter most enables continuous improvement programs to focus on which processes need to be improved in order to significantly impact goal and objective achievement.

Benchmarking provides realistic standards of excellent performance. Continuous improvement tools focuses, disciplines and empowers workers to see delivering great service and improving products as in their hands. Together these tools improve the performance of strategy-critical activities and enhance the implementation of a strategy. Becoming aware of what is possible (because it is best practice) and then figuring out how to improve on it are important components in learning how to execute a strategy more proficiently.

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<sup>2</sup> Six Sigma was originated at Motorola. It is a program to improve the manufacturing process and reduce defects. Six sigma refers to six standard deviations from the mean of a statistical population. It means anything falling in that part of the population will very seldom fail to meet high standards of quality (almost none will have defects – usually they speak of 3.4 per million). It is a method that has been applied to other business processes such as customer transactions, billing, human resources etc. and is a method of seeking continuous, incremental improvements in all processes.

### **C. Exercising strong leadership to drive execution forward**

It is easy to say what needs to be done to manage the strategic process of an organization: craft a sound strategy, implement it by executing it to the fullest, adjust it where needed and watch the outcomes meet or exceed expectation! It all sounds easy. But leading the process is challenging. It requires a variety of roles and wisdom. At times those leading the strategy find they must be resource acquirer and allocator, decision maker, problem solver, cheer leader, taskmaster, motivator, policymaker, policy enforcer, persuasive communicator, perceptive listener, and so on. Managing good strategic implementation involves five sorts of actions by the leader in charge:

- a) Staying on top of how well things are going.

Progress in strategic action needs to be monitored so that issues can be identified, especially obstacles that pop-up that hinder good implementation of the strategy. This means cultivating a wide network of contacts and sources of information. Those who report to a leader may color their presentation and not highlight problems that they are struggling with. One widely practiced technique is managing by walking around. This means talking to other leaders, exchanging ideas with the baseline employees, listening to customers or clients. It is a chance also to give encouragement, shift attention from the old to new priorities and create some positive energy in what may be difficult change for some.

- b) Putting constructive pressure on the organization to achieve good results and operating excellence.

Even in a high-performance oriented organizational culture, there remains the need to reinforce a result-oriented work climate. Part of this responsibility is simply continuing to seek to create an ongoing, internalized organizational culture that sees the “normal” way of doing things as result-oriented. This comes about most effectively by leadership that is intensely people-oriented. To create the emotional resonance and commitment to doing their best, employees must be treated with respect and dignity. People also need to be turned loose to use their initiative and creativity in performing their work. Those who succeed beyond expectations can be turned into champions. Successes need to be celebrated, especially where there has been extraordinary effort. This has a negative side to it as well. Low-performing workers and those who reject a results-orientation need to be weeded out. Average performers need to be counseled and told they have limited prospects unless they make more effort and acquire better skills so as to deliver the results.

- c) Leading the process to build better organizational competencies and capabilities.

This is a long term process. It needs to be led by the senior, top leadership. Core competencies and capabilities are more likely to be recognized by top leadership. In addition, these are often cross-functional and even cross-unit abilities that combine different departments and work groups. Only the senior leadership can rearrange and build new configurations to leverage the possibilities that will create the synergy to produce outstanding results aligned with the strategy. Part of this is leading to strengthen and update existing competencies and capabilities. Part of it is leading to proactively build new competencies ahead of rivals.

- d) Displaying ethical integrity and leading social responsibility initiatives.

The list of organizations that have been damaged by scandal and disgrace in recent years is astonishing. The responsibility for leading the organization in a principled and ethical manner rests first upon the shoulders of the CEO. But there must be a team of senior leadership committed unswervingly to ethical conduct and socially responsible policies and principles.

The senior leaders must demonstrate personal integrity in their own action and decisions. Their behavior sends a clear message as to what the “real” values and standards of conduct are. This same leadership must openly declare unequivocal support for the organization’s ethical code and values. They must be clear in communicating that the expectation of the organization is that all personnel will adhere to those values and principles. When there are hard calls to be made, when personnel have violated ethical standards, top leadership must act decisively and clearly. This may mean removing and terminating the guilty. It may mean reprimands to those who were responsible to monitor and enforce the values and ethics of the organization.

e) Leading the process of making corrective adjustments.

The demand on leadership in a strategic process is to make the right things happen on time and within budget. Making adjustments in strategy and in its implementation is a normal part of this leadership. Those who crafted the strategy and those who reviewed and approved it are not perfect in their wisdom, their grasp of the trends around the organization, their creativity in blending the technology and staff into superior working groups. There are errors of fact and bad assumptions that accompany even the best strategies. When things begin to unfold in their outcomes, top leadership is responsible to decide what adjustments are needed and when to enact them. In crisis events, the decision needs to be made quickly and a response taken to address it. When it is less critical, time can be taken to act more deliberately, to see what can be done to shift priorities and practices to get to the end results the strategy envisions. This is part of the process of monitoring and evaluating the performance of an organization against the goals and objectives it has set for itself. We will have more to say on this in Unit 10.

Answer Box # 3

As you think about your own organization, describe how committed it is to “best practices” in carrying out its activities. How would you evaluate its current top leadership in terms of readiness to lead the organization in implementing a strategy well? What is it doing or has it done to benchmark its processes or to seek continuous improvement?



**learning**



## 2. Resources: People and Budgets<sup>3</sup>

One of the components to implementing strategy is marshalling resources. Finances and human resources are key. We have spent very little time to this point talking about money and budgets. People are the resource we have focused on.

Do you remember where we left our Kingdom Associates team? In Unit 4 they had been Calebs and Joshuas. They were spies in the promised land. They did their homework. They went to public sources. They spent time in Happy Valley. You remember the grim realities they discovered. You could start anywhere there and make a difference. There are social injustices, water problems, educational needs, so many needs, yet the question remains, what does God want them to do? One way to get focus is to ask: What do they have the resources to do? Need does not define call!

Need is always there. There's far more need than you could ever hope to deal with. I guarantee that. We looked at far more needs than you could ever hope to address. Who addresses all of those needs? The whole body of Christ. We have to say "God where would you have us start and how do we join with others?" That's the clue. We want to return to Kingdom Associates as they begin to work more intentionally on the resources needed to address the needs they feel God has shown them. In Unit 5, they decided that they needed to forge some alliances with other groups. We now join them to discover the reason they decided cooperating with others was a strategic issue for them. It came out of their understanding of the resources they possessed and what was needed to meet the great needs uncovered in their external situational analysis.

### Case Study: Making Use of the Cattle on a Thousand Hills (Psalm 50:10)

Although they started with some fears and misgivings, those who participated in researching Happy Valley agreed this research step was both necessary and exciting. Samuel was the first to speak after the findings were shared and he summed it up well: "I have lived in Moshulu all my life and have driven by Happy Valley almost every day. But it wasn't my world—I ignored it. Now I have the eyes to see and the ears to hear. I am ready to be the Good Samaritan."

As the discussion went ahead it became absolutely clear that there were many Joshua's in the room who saw the needs and problems but also embraced the great opportunity to extend Christ's kingdom in tangible ways that could make a real difference. The leader, Alex quietly suggested, "It is time for prayer. We need to ask God where He wants us to begin. Just pray quietly to yourself and let's share later what you feel like God is saying. Sister Sophie you close us when you feel like we've had enough time to hear from God."

After nearly an hour, Sister Sophie's voice rang out, "all glory to God and to our risen Savior. Jesus we call on you to bring showers of blessings to Happy Valley. May everyone see the mighty power of Jesus."

A wonderful time of sharing followed and it became clear as they discussed it that there were five areas that they felt very strongly must be addressed. These were:

- Reaching the youth and young adults.
- Coping with severe unemployment.
- Helping to strengthen the local church, Faith Church.
- Setting women free from their bondage to prostitution.

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<sup>3</sup> Based on comments and case study by Jim Engel.

- Building a sense of hope through helping residents cope with their own realities.



## Answer Box # 4

*You've seen the list of needs that "Kingdom Associates" feels strongly must be addressed. Do you think they can do them all?*

*Where do you think they should start and why?*

"Yes, God has begun to show us what he wants us to do," said Alex. "But we have to think seriously about what kinds of skills and resources we have. There just is no way that our little team can meet every need that we saw."

Victor Osco quickly agreed and mentioned once again the example of Nehemiah who took time to understand the human and financial resources available to him in Jerusalem. "As we plan," he said, "keep in mind that God usually wants us to work with the resources we have. There are wonderful talents both in this room and in the broader Christian community. Let's build on our strengths and not fall into the trap of trying to do something beyond our means."

Elizabeth made a quiet suggestion that was very much appreciated. "I think we need to have a group sit down and think through just what skills and resources we have. And I think the best person to lead this is Victor." There was almost immediate agreement around the room. Victor accepted this challenge and appointed a committee made up of Elizabeth, Wing-Tai Ong, and Alex to help him.

We will join with this committee as they ask the God who owns all the cattle on a thousand hills to reveal the resources that Kingdom Associates can bring to this challenge.

### **Take the time to Pray**

So, God gave our friends at Kingdom Associates a sense of what they ought to do. Has he told them what to do specifically yet? No. If you don't have a sense of what you ought to do in the area, wait upon God.

When I hear wording like that I get kind of irritated. What do you mean wait?! The world's going to hell you know. I mean – wait? Well Jesus went out and sat on the mountainside and prayed to his father. Yeah, wait. Not forever, and it's not turning our back. It's agonizing. God

show us what you would have us do. Broadly speaking, God, where are you at work? Really, that's the question we're asking. With what he laid on their hearts, God was saying something like, "This is where I'm working. Come join me." Take time to pray as you strategize.

As I look back over my own career and ministry, the things that I tried to start myself and to really make happen are the things that have almost invariably failed. The things that have really happened have been where God has intervened, opened the doors, provided the resources, and totally surprised us. I've heard others say the same thing. Strategic wisdom without divine intervention is of little value. So be willing to wait and see what God has to say.

### **What Resources Do We Have?**

One of the biggest determinants of whether they can do any of this is: Do they have the resources? What are the resources that will need to be mobilized behind the effort they feel they need to make in order to carry out the mission they have set for themselves?

What do we actually have? Now this is not as easy a question as it seems to be. Just start with the question, what kinds of resources are needed to carry out these ministries in Happy Valley or anywhere?



**learning**

Answer Box # 5

*Stop and reflect. What are the kinds of resources generally are needed to carry out an effective strategy in ministry or work? Name three or four categories.*

Three categories that easily come to mind are human, financial, and organizational resources. Let's go a step further though and ask what kinds of resources are needed under each category for this particular sort of ministry and work. The list might be somewhat different for a different sort of work that is not directly Christian. But we will discover many common things that need to be marshaled.

### **Human Resources**

#### **1. Sufficient experience, gifts and abilities to meet the challenge.**

Experience. Gifts. Abilities. What have we got on our team? Take stock of the people God has given you. Think about what experience they have. Is that what we need?

#### **2. Genuine dedication to the Lordship of Christ.**

People get involved in Christian work for a multitude of reasons. When I became a believer a lot of my old sin nature was still there and went right with me into my ministry mold. I was always a guy who believed that I should be the top person. I should be the boss. I should be the center. I let that carry into my work for awhile to the point where I was really offended when God brought along people who were better than I was in my own field. God had to just break me of that one until He was Lord in that area. There must be spiritual vitality, a willingness to be in community, and be accountable.

### **3. A commitment to work alongside others in a spirit of mutuality and cooperation.**

There's no place for competition in God's work. He is sick of it. I have been competitive in a bad sense earlier too, resenting when others came into my territory, and God had to break me again.

## **Financial.**

### **1. Sufficient resources to underwrite a ministry programme for at least its first year.**

Sometimes we call those seed resources. If you don't have them locally, you better rethink your program.

### **2. A serious commitment to raise financial resources locally through ongoing ministry over time.**

Often I hear leaders in ministry say, "We don't have any money here. We have to rely on outside resources. We're just poor, and we have to rely on money from the outside." I've looked at the situation, and I've said, "What do you want money for?" And they respond, "Well we need a new building." And I think, "Do you? What can you do with what you have?"

My colleague, Dr. Fraser, and I were at a situation when we were at Eastern when we started this ministry. We were about out of funds and a member of the college administration called us in, and he said, "Well, you guys, what are you going to do now? Because, if you don't have any money, we'll have to close your center down."

I remember looking at Dave, and I said, "Well, I don't know exactly what we'll do now, but we are just going to keep on going, doing what we can with what we have." Dave agreed totally and that is exactly what we did. It wasn't long after that when God opened the door, surprisingly by his grace, to give us some of the things which did help, that we needed. But we were willing to go on and work small scale. Don't be afraid of that.

### **3. A financial system assuring accountability and stewardship.**

We have a course in our DAI curriculum on using God's resources with integrity. It's a financial management course. I do not have to tell you that financial stewardship is an essential but often violated component to doing God's work. There is no excuse if we're deficient here.

## **Organizationally.**

### **1. Servant leadership dedicated to enhancing the productivity and fulfillment of all participants.**

If you haven't got servant leadership, if you have a big boss telling you what to do, it might be better if you do nothing. Strong statement? Yeah. Why so strong? Because you must measure against the example of Jesus. How did Jesus develop his people? He knew who they were, he spent time with time, he talked to them about servant leadership. Servant-hood equaled helping to develop them so that he could lead a group of people that were equipped.

Big boss leadership is the main subject of another DAI course. But it is important to address it here too. The problem is so huge that it is keeping many young people around the world out of Christian work today.

What is a big boss leader? It is a person who says "Do it my way and no other way." One who will not allow for input and collaboration. If that had gone on in Kingdom Associates, that organization would have died. In this situation we have a team of people who have voluntarily come together, and there's leadership there, but there is no big boss. Notice how they are seeking together. There will be leaders emerge to help direct. Alex, a young attorney, is the leader of that group, and he is the leader because he's a servant.

## 2. Leadership that is accountable to a qualified outsider.

Generally this is accountability to a core of outsiders. This must be a board or some similar mechanism to ensure accountability.

### **Starting with what we already have**

Now I want us to discuss an important scriptural principle about resources. Stop and read the following passage and answer the questions.

Answer Box # 6

*Stop and read Luke 9:10-17. When faced with the need to feed the 5,000, Jesus told his disciples, "You give them something to eat," knowing full well that they would find only five loaves of bread and two fish. Why did Jesus direct the disciples to try to feed the crowd with such limited resources?*

*Stop and read Philippians 4:11-13. What additional light does this passage shed on this question?*



**bible study**

God expects us to work with the resources we have unless he indicates differently. That is exactly what happened with the disciples and feeding the 5,000. He said do what you can with what you have and let God multiply the results.

This idea is different than what you will find in much strategic planning literature for NGOs and missions. There they would say, determine how much you need and then go out and raise your money. Should that be an obligatory part of strategic thinking? I'm afraid I don't find the scriptural evidence for that. But notice how this is stated: work with what you have unless God indicates differently, and he very frequently does, and he opens the door.

What is central here is that delicate balance between seeing a need and believing God for the resources not yet in hand—and disciplining one's vision and strategy by the resources which are present. As we think about marshalling resources behind the strategy we have crafted, we must be both realistic with what we already have. At the same time we should be ready to do what Paul did concerning the poor in Jerusalem: seek additional resources, knock on doors where we know resources are available and secure as much as we can to meet as much of the need as possible.

One foundation that gives money to ministries that I am familiar with spends their time researching good things going on in the world and gives them seed money to do more. They seek out who they want to give to based on the group's current work, rather than letting people come to them to ask for funds. That is an unusual approach but one that is more and more popular among donors.

Foundations exist because they were set up by wealthy individuals who wanted to see real needs met, especially in places where resources were scarce. Yet we always remember that Jesus directed his disciples to start with what they had. There was no guarantee that more would be provided. In his sovereignty though he said, "Because you were willing to work with what you have, I have multiplied it." That was a faith builder for them.

I have often wondered, if I had been a disciple right then, what I would have done. I would have said, "Are you crazy Jesus? Are you kidding?" Well he wasn't kidding. He really did an amazing thing.

Notice how Paul said he was content with much or little. He worked with what he had. Now he would often say I have a need. Nobody said here that you shouldn't make your needs known. I have not said that have I? But be careful. Paul's statement is in contrast with what we often see in Christian ministries.

As a former fundraising consultant, I used to use my marketing skills to see how much money I could get out of people. Now, I realize how wrong that was. I believe with all my heart that God expects his people to be faithful and generous givers. I believe there is a blessing to that. But they should give to where God tells them to give. Our job is to share with people how God is using our ministry, tell the story, but then leave the results to the Holy Spirit and the giver. This is so different than going to people and somehow distorting the facts and trying to manipulate them to give. That has too often been done by ministry leaders. It has built a lot of distrust and brought a bad reflection on the Christian community.

So, what do you do if you're Kingdom Associates? They don't have much. Start with what you have, pray, and see what God says. Maybe he's saying, "Make your needs known in this place and that place. I want you to do that." Then do it. That's wonderful. But, at least be willing to start your strategic thinking and action with the resources you have. Where you are limited in financial or human resources, ask God. See what he does and what he directs you to do. Do what you can with what you have.

### **Case Study: Evaluating the Resources for Ministry in Happy Valley**

The weekly meeting of the Kingdom Associates team opened with prayer. Then Alex asked Victor to share the results of the committee's work on evaluating resources. Here is part of what Victor shared:

1. "We have some good evangelism resources. Kingdom Signposts Ltd (a local ministry) has many tracts and books that have been used for years. Also we have good evangelism tapes and videos including some stuff written for people under 25. And the Jesus Film worked well when it was shown in Moshulu. We looked into the 'Evangelism Tool Kit' which was recently sent to us from North

America. We think that unfortunately it mostly misses the point that evangelism is a lifestyle, not a method. We need to come up with something of our own that helps people be salt and light right where they are.

2. The unemployment situation will be a hard one. Samuel Calder and some of his Christian business friends are willing to tackle this. They are especially interested in seeing what could be done with Earn to Learn and another group that already has started some micro enterprises in Happy Valley.

3. Our sisters Elizabeth and Sophie would love to do something to help address the needs of the prostitutes and to get some medical help for the AIDS epidemic. But they really aren't skilled in this and we aren't sure who is.

4. We recognize that something has to be done to build hope and to organize the community to come to grips with its problems. But none of us live there and we wouldn't have any idea how to begin.

5. One thing is for sure—we have the dedication and desire to help but there is no money. Right now Faith Church can't meet its own budget. So what can we do without money? We think the best strategy would be to approach the WAG mission headquarters in Germany for a seed grant. They always have been pretty generous, and if they will do that, then maybe we can raise the rest right here in Moshulu.

A long discussion on the funding problem followed. They agreed that funding always is a problem during the ministry startup phase. But no one seemed to be too worried at this point in time. Sister Sophie once again had just the right prophetic word, "God will provide if we just let him be Lord and get out of his way. But we got to get moving if we expect him to act." This set the tone for a healthy discussion and fruitful time of prayer.



## learning

### Answer Box # 7

Based on the committee's report, where do you think the Kingdom Associates team should begin to make a difference in Happy Valley? Given its resources, what can it likely do best?

So what should the Kingdom Associates Team do based on the resources they have? Right at this point, it makes sense to concentrate on evangelism among the young adults and older youth, discipleship, and micro enterprise development. At least they have the skills to do that. They have the resources to take those steps. Now still they have to be assured that this is God's will, and they don't know yet exactly what to

do. But it's getting clearer. You see how they can use available resources as a tool to rule out some things for now, but know at least where to start.

There is also the ever present financial need issue. They do not have a large amount of funds here. Probably they could start just with what they have, but they seem to have the feeling that maybe they should approach WAG. Well there's nothing to be lost. Make your need known. Or maybe God will impress WAG to come to them and say "How can we help you?" If God's in it, something will happen. That's for sure, but we're not done yet. That's the last thing we want to look at in this unit – the resources of others.

### **Find Out What Others Are Doing and Build Alliances Whenever Possible!**

Americans have always been known for our individuality. I am sufficient! I can do it all! Sometimes we call that attitude, being a "lone wolf." The wolf is an animal that often sits alone out on the prairie and howls and howls and howls! The days of the spiritual lone wolves are over though much harm has been done by them.

For example, think about the harm we have done in church planting, having every denomination come into an area and plant their own church because there doesn't happen be one of their group there. God forgive us. Do you think it's possible to cooperate with others? Well I hope so!

This is what our friends in Happy Valley discovered. But of course in order to discover what others are doing, we have to look. Just recently I was told by the leader of a church planting group that their organization worked in a remote area for years believing they were the only ones working there. In 1997 they went to the GCOWE conference in South Africa. It was there, during a session where everyone broke up in special interest groups, that they discovered there were twelve other organizations working right in the same place that they were! Twelve! They had no idea the others were there or what they were doing.

#### **Answer Box # 8**

Stop and reflect. Why does it matter whether we know what others are doing in ministry or work in an area where we are working? List all the reasons you can think of.



**learning**

There are so many reasons of course that we could name, duplication and therefore wasting resources, competition results instead of cooperation, more could be accomplished if we worked in alliances...the list goes on and on and it's really just common sense—though



unfortunately not such common practice. Often if we do not have the resources to accomplish some key goals by ourselves because we do not have the human or financial resources, we may discover that there are others with just those complementary assets. If we are able to join hands in some sort of alliance, collaboration or joint venture, we may be able to accomplish some mutually shared goals.

In order to find out who else is working in the same place you are called to, you have to again do some research. That's what our friends at Kingdom Associates also did.

### Case Study: God Has Others at Work In Happy Valley

Over the next few weeks the Kingdom Associates team began to discover others whom God also called to very similar ministries in Happy Valley. Here are the ones that caught their attention:

- A German team of one doctor and three physician's assistants who are working with those who have AIDS, including the Prostitutes. They had been sent by the German government under the leadership of a major state church.
- "Earn to Learn" has done much to empower women to get out of prostitution.
- A young people's ministry led by a Catholic priest and some of the members of his youth group from a church in Moshulu.
- Two members of a local North American NGO who are now evaluating the steps they would need to take to launch meaningful community organization. They have only been in Kabuli for a few months.
- A young adults group from a large mainline church in Moshulu who want to do something to reach unemployed young adults.
- The planting of a new church by the Redeemed Brethren, an off shoot from the Church of the Elect and Redeemed. All of the members of Kingdom Associates except two are Elect and Redeemed members.

#### Answer Box # 9

Stop and reflect. Do you think Kingdom Associates can partner with all of these groups? Which ones would be the easiest and the hardest to partner with and why?



#### learning

Now they have some interesting challenges! Can they work with Catholics, or people from a church that may not be evangelical? There is also this church plant from a disliked, breakaway denomination. It might be easier to work with the medical team from Germany. What about the American NGO—besides they'll probably have plenty of money! Most importantly, they find out that much to their surprise they're not alone.

So what should they do now? How can groups work effectively together? What are the guidelines for cooperation. After all, when others have resources we do not have, it makes sense to join with them if we can. Do you agree? There may be barriers that will prevent it. But our guiding principle should be—build alliances whenever possible! Maximize resources by viewing what is going on as much larger than just your own group and organization.

By an alliance we mean a cooperative, mutual, working relationship. It can range from being an informal agreement to being a full blown partnership. What it means is coming alongside and cooperating.

### ***In Summary***

We have seen that Kingdom Associates has real resources and assets, but also some pretty major shortcomings and limitations. There's much to be gained through cooperation. They do join hands and cooperate. But that is not the end of the story. You will remember they decided to focus on three areas

- Reaching the youth and young adults.
- Coping with severe unemployment.
- Helping to strengthen the local church, Faith Church.

Each of these will need to be developed into some sort of programme, with a budget, personnel and action plans if they are to be carried out. They may even be done in alliances with others who are already present and working in Happy Valley.

### **Mobilizing Resources behind the Strategy**

With its primary goals and objectives one thing a strategy does is to discipline us. As we dream about a better future, we must think about the resources (people, technology, funds, alliances, reputation etc.) that can get us from where we are to where we believe God wants to take us. We also need to have the faith that, if our plans are within the scope of what God wants, God will provide the resources. In humility we have to admit that God may well have other plans.

An incident from my (David's) days in World Vision: the International President saw a great opportunity to educate Christians about the tremendous needs and realities outside the affluent bubble of North America, Europe and Australia. So he and a team designed a Television news/documentary program to air regularly in half hour time slots. It was to bring the realities of poverty, refugees, disasters, homelessness, disease, war-related suffering, street children and so on into the comfortable living rooms of well-to-do and complacent Christians.

The decision was made that WVI needed several million dollars to launch. A milestone date for that money to be present was set. The date was announced as the trigger that would indicate God's affirmation of this initiative. It was a great idea. When the date came for the money to be present, the fund was still several million dollars short. But the momentum and conviction of World Vision's president and others was too great. They went ahead anyway. The program was slick, excellent in terms of communication and visuals. Yet it was a disaster, financially. The resources never materialized in sufficient amounts. The audience was never large enough to justify the expense. It very rapidly became a drain on other funds for the core mission of World Vision. They had to shut it down and write off the unfunded expenses (millions of dollars) over several budget years.

Good strategies and good ideas must be resourced with the right people and with funds essential to carry out the activities and associated programmes. This requires a “business model” – a clear-headed, reliable plan so that revenues in the organization will exceed expenses annually and the organization will be able to sustain itself year to year. Strategies and programmes must be properly resourced.

**Answer Box # 10**

Stop and reflect. As you think about the main outlines of the strategy you are developing for or already using in your organization, what are the major resources needed?

**learning**

Where are the major shortfalls? If your strategy were to be implemented today, where would the most significant shortages be in terms of resources?

### 3. Programmes

A central element in strategy implementation is establishing programmes to create a series of organizational activities. The purpose of a programme is to make the larger adopted strategy action-oriented. To be sure one can speak of programme strategies: a specific plan for advancing the organizational strategy by positioning a chosen program, project or initiative within its specific arena of service given its program/product attributes and the desires of the people who are served. These are lower level strategies that are part of the overall larger organizational strategy which contribute to its achievement.

At this level we speak of an organization’s “portfolio” of programmes, projects and services. A portfolio assessment is a matrix of all of these within the opportunities and threats which considers the contribution of each programme, project or service to the organization’s overall strategic position. A key question is whether or not the organization, given its chosen strategy, has the right portfolio of programmes, projects and services.

Programmes are often the major aspect of organizational life to which personnel are assigned, especially in nonprofits. NGOs often are constructed around a set of programmes and services that are typically replicated in numerous geographical and national contexts. The

programmes carry the strategy—and at times are the strategy. Major budgeting is often connected with those programmes. Beyond the administrative costs (office, functional services, management) most of the money expended goes toward “ministry” costs – those costs associated with running the main programmes of the organization.

### A. Portfolio management

Decisions made today about which programmes, services, products, and projects (PSPP) to develop or continue will determine the continued relevance and vitality of your organization in the future. Portfolio analysis and management is the process of acquiring information about all of the PSPPs that an organization deploys to accomplish its mission and impact its clients or customers. It enables an organization to set priorities according to certain criteria in the face of limited resources. The advantages of such management are:

- To become conscious of all the individual PSPPs in the portfolio
- To develop a "big picture" view and a deeper understanding of the collection of PSPPs as a whole.
- To allow sensible sorting, adding, and removing of items from the collection based on their costs, benefits, and alignment with long-term strategies or goals.
- To allow the organization to get the best outcomes from resources invested.

In Unit 4 (pp. 111-112) we started the process of portfolio analysis and management by creating a brief profile of one programme. Here is that initial document again:

Name of Programme/Department	<b>Master of Arts in Organizational Leadership</b> (2008)-Development Associates International
Programme/Department Purpose	To provide a high quality, faith-based MA degree in Organizational Leadership in partnership with Christian institutions of higher education in the majority world. Our purpose is accomplished when Christian leaders are transformed and both demonstrate and mentor servant leadership in their contexts as a result of completing the MA program.
Description of current scope and scale of activities	Currently: 3 ½ full time devoted to coordination; 9 Coordinators (approximately 1/3 <sup>rd</sup> time); 439 students in 22 cohorts in 8 countries meeting twice yearly; 36 facilitators from 16 countries. Managing 14 currently developed courses in English and French with revisions underway in three courses. Annual budget: US \$720,000 (\$200,000 additional revenue from student fees and tuition). Fundraising required: approximately \$1500/student per year. Future horizon: plans seek to have 1000 active students in the program by 2012. The MA is currently in a growth mode.

In portfolio analysis and management, we would develop a much more detailed account of every programme, not simply this one. We would profile all the programmes, projects and services that preoccupy the major activities and require the most resources of DAI. We want to see the all the PSPPs so we can compare them and evaluate their status. What this profile does not provide are things like major outcomes (its focus is on current scope and scale of activities). What we want to know most critically about each PSPP is: what is their alignment with the newly adopted strategy? What are the outcomes that flow from their current performance? What resources are they currently taking and what might they require to bring them to a much higher level of achievement? How well aligned is a given PSPP with internal strengths and external

opportunities? What is the relative contribution to the overall strategic positioning and direction of the organization? How well does any particular PSPP create synergy and/or fit with the other PSPPs in the portfolio?

These are only a few of the sorts of questions that can be asked about any PSPP. What one seeks an answer to is: Do we have the right number and balance of PSPPs to accomplish the strategic goals we have set for ourselves? Do we need to develop new ones? Are there those that need to be phased out since they served another generation, another strategy, but not this one? How do we increase the efficiency and effectiveness of our PSPPs? How much of our time and money should be expended on each so as to ensure that they are individually successful and we are organizationally moving forward in accomplishing our vision?

Answer Box # 11

See if you can make a list of the major programmes, services, products and/or projects that make up the portfolio of your organization's activities. What are they? This would be the list of things you will want to manage as you implement your strategy and decide whether you have the right mix in the right balance aligned with your strategic goals.



**learning**

## B. Programme Rating/Ranking

I. C. MacMillan developed a set of questions/criteria for portfolio analysis for non-profits. It is instructive in that it gives us a systematic approach. Not all of his categories and questions will fit your organization. But many will. His focus was on programmes. He says there are three dimensions to consider for each PSPP in the portfolio:

1. Program attractiveness: how attractive is this programme to the organization in using scarce resources?
2. Competitive position: does the organization have a credible claim to have a superior ability to deliver this programme?
3. Alternative coverage: what other organizations can, intend to or are providing the same programme or service?

*Dimensions of MacMillan's Portfolio Analysis*<sup>4</sup>

<u>Program Attractiveness</u>
<ul style="list-style-type: none"> <li>• <b>Congruence with mission.</b> Without stretching the imagination, is the proposed program or activity congruent with the formal mission of the organization?</li> <li>• <b>Congruence with existing skills.</b> Does the organization have people who are skilled in undertaking the proposed program or activity?</li> <li>• <b>Synergy.</b> Can the program activities be shared by other programs in the organization's portfolio?</li> <li>• <b>Support group appeal.</b> Does the program appeal to the values and interests of major support constituencies?</li> <li>• <b>Fundability.</b> Is the program likely to attract sufficient and stable funding from the community?</li> <li>• <b>Size and concentration of the client base.</b> Is the client base sufficiently large and growing to sustain the program?</li> <li>• <b>Volunteer appeal.</b> Will the program attract able and enthusiastic volunteer?</li> <li>• <b>Measurability of results.</b> Does the program lend itself to outcome measurement?</li> <li>• <b>Prevention versus cure.</b> Does the program have a preventive component, or is it exclusively ameliorative?</li> <li>• <b>Exit barriers.</b> How difficult would it be to abandon the program?</li> <li>• <b>Client resistance.</b> To what extent do clients resist participation in similar programs?</li> <li>• <b>Self-sufficiency orientation.</b> To what extent will the program build self-sufficiency (versus dependency) in the client?</li> </ul>
<u>Competitive Position</u>
<ul style="list-style-type: none"> <li>• <b>Location and logistics.</b> Does your agency have logistical advantages such as location and delivery systems that are particularly attractive to clients?</li> <li>• <b>Stakeholder loyalty.</b> Does your organization have a large reservoir of community support that gives you a comparative advantage?</li> <li>• <b>Prior funding history.</b> Do you have a successful track record of fund-raising that might offer special access to donors and grantmakers?</li> <li>• <b>Track record.</b> Do you have a record of service delivery that is relevant to this type of program?</li> <li>• <b>Market share.</b> Does your organization already serve a large portion of the target clientele?</li> <li>• <b>Quality.</b> Are your services widely recognized for their quality?</li> <li>• <b>Fundraising ability.</b> Do you have proven ability to raise funds, especially for this type of program?</li> <li>• <b>Advocacy.</b> Does your organization have a track record of advocacy related to the program?</li> <li>• <b>Technical skills.</b> Does your organization have special technical capabilities related to the program?</li> <li>• <b>Organizational skills.</b> Does your organization have superior support services and organizational infrastructure to sustain the program?</li> <li>• <b>Local contacts.</b> Does your organization have superior networks of contacts and relationships related to the program?</li> <li>• <b>Research skills.</b> Does your organization have a superior ability to conduct research on the issues related to the program, including root causes of problems and testing of solutions?</li> <li>• <b>Communication skills.</b> Does your organization have superior ability to communicate and report results of the program?</li> <li>• <b>Cost effectiveness.</b> Does your organization have any advantages in delivering the program in an efficient and effective manner?</li> </ul>
<u>Alternative Coverage</u>
<ul style="list-style-type: none"> <li>• <b>Large agencies.</b> Are there no other large agencies delivering programs like the one under consideration?</li> <li>• <b>Small agencies.</b> Are there very few small agencies delivering programs like the one under consideration?</li> </ul>

<sup>4</sup> Quoted from K.P. Kearns, *Private Sector Strategies for Social Sector Success* (Jossey-Bass: San Francisco, 2000) pp. 121-122.

MacMillan provides us with a helpful, suggestive list of criteria we might consider as we look at each PSPP. What his list does not do is to prioritize the importance of the elements. That is something that has to be done organizationally. In addition, his model is best used with pre-existing programmes. What about adding new PSPPs? What sorts of considerations might be relevant and important? What criteria might help us prioritize old programmes and select new ones?

In some ways, this will depend upon the strategy framework decisions and the tailored strategic decisions made by an organization. But one can suggest some generic criteria to help with the process of setting priorities and deciding whether to add new programs. Here’s one set of criteria that an organization might start with. But each organization needs to decide what its strategic issues are and what needs to be emphasized in the next strategic planning window.

**Criteria for Prioritizing Programs**

- Congruence with purpose (fits with mission)
- Program self-sufficiency (pays for itself through fees for service or contributions/grants)
- Documented need (current and future demands for product or service)
- Increases organizational visibility (improves public image)
- Increases networking potential (supports collaborative efforts with other organizations)
- Enhances existing programs (complementarity or synergy with other PSPPs)
- Fills a need not being met by others in the community (uniqueness)
- Proven track record (credible service, documented results)
- Supports or is part of a core strategy
- Produces surplus revenue to support other programs
- Benefits outweigh or at least equal costs

Another approach (see chart) suggests how to do this with a tighter method. It takes a selection of these criteria and puts them into a matrix. What the above criteria do not do for program prioritization or selection is to suggest how important each criteria is. This may be a matter for each organization to tailor the process of PSPP prioritization so it fits its current needs and SWOTs analysis. This example suggests that each criteria needs some weighting so that the end result reflects more accurately the desired outcome. In this case the matrix indicates that congruence with mission is an absolute necessity. So that gets a “veto” position in the matrix evaluating new programmes.

**Evaluation of four possible new programs using a criteria mix**

	<b>PROGRAMS</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>Criteria</b>	<b>Weight</b>				
<b>Congruence with mission</b>	<b>Required</b>	✓	✓		✓
<b>Leverages Strength</b>	<b>20 points</b>	✓	✓		
<b>Program self-sufficiency</b>	<b>20 points</b>	✓	✓		
<b>Documented need</b>	<b>20 points</b>	✓	✓	✓	
<b>Increases Org. Visibility</b>	<b>15 points</b>		✓	✓	✓
<b>Increases networking potential</b>	<b>5 points</b>	✓		✓	✓
<b>Produces surplus revenue</b>	<b>20 points</b>	✓			✓
<b>Total Score</b>	<b>100</b>	<b>85</b>	<b>80</b>	<b>Does not fit mission</b>	<b>40</b>

In contrast four qualities are highest in importance and basically equal in weight (20%) for ranking possible programmes. Two are less important. What your organization might put in their place could well be a somewhat different set of criteria and a different scheme of weighting. The end result is a ranking of programs.

Now this ranking does not *end* the discussion. It *begins* it. The organization may still decide to go with program B, even though A is initially ranked highest. It may be that some criteria, not on this list, turns out in a larger discussion of pros and cons to tip the scale. Perhaps as this matrix is discussed the leadership team realizes that there is a synergy with other existing programmes that happens well in programme B but not in A. The decision resulting is the conclusion that they will be able to implement programme B with greater excellence than A. So this initial ranking does not end the conversation and decision process. It simplifies it and gets the conversation going. Option C is ruled out because it is not mission related. Option D does not have a lot in its favor except that it might produce surplus revenue. If the organization were strapped for funds, both programme A and D would rise in attractiveness (and the criteria of producing surplus revenue should likely have been given much heavier weight).

**Answer Box # 12**

Take three of your listed PSPPs and, using one of the methods listed, analyze them and rank them in terms of their suitability (in your view) for accomplishing the major goals of your strategy. First list your major criteria and then the weight you give to each criterion. Then rate each of the PSPPs and rank them.

**learning**

One last word on programmes: One way to think about your PSPPs is in terms of six “A”s:

- **Assess** the needs and requirements of your customers or clients.
- **Align** your mix of products and programmes with customer/client needs and the needs of your organization.
- Continually evaluate your mix of initiatives to ensure their **achievability**.
- Capture information and make it **accessible** to the entire leadership team as they continue to lead and manage.
- Maintain the **agility** to rapidly adapt to changing circumstances.
- Track and **account** for the results of every initiative.



**Summary:**

In this unit we began the quick overview of what it takes to implement or execute the strategy decisions that have been made. In this unit we explored three of eight facets of implementation: building capacities and competence for implementing strategy, pushing the organization to adopt and enact best practices, and exercising strong leadership to push strategy execution forward. We also considered the importance of resources in implementing and, to some extent, deciding strategy (or components that we are able at this time with these resources to enact). Finally we looked at programmes and services as central facets of the specific way in which strategies are enacted. Criteria were developed for evaluating or selecting programmes, services, products and projects as essential building blocks of strategy implementation.

**Final Assignment****Final Assignment**

As you think about your responses to the various answer boxes in this unit, write a short summary of:

1. The portfolio of PSPPs that make up the activity of your organization.
2. Rank/rate each one of them in terms of their “fit” for implementing your designed strategy.
3. What resources would be required for each of those PSPPs? Would you say your organization has the resources necessary for each of those PSPPs to enact them with quality and good outcomes?

**application**

# Strategic Thinking

## *Unit 9: Here we go – Action Steps, Policies, Culture & Ethics*



### Development Associates International

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D.A.I. P.O. Box 49278 Colorado Springs, CO 80949-9278 USA  
Tel. (719) 598-7970 / Fax (425) 988-8126  
[www.daintl.org](http://www.daintl.org) / E-Mail: [info@daintl.org](mailto:info@daintl.org)

# Unit 9: Here we go—Action Steps, Policies, Culture & Ethics

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### Readings:

Appendix B: The Scandal at World Vision, Liberia

Appendix C: Inside the Line: The Nike Code of Ethics

Unit 2: Pages 64-70 – H. J. Heinz statements of code of conduct, global operating principles and global communication guidelines

### Learning Outcomes:

By the end of this unit you will be able to:

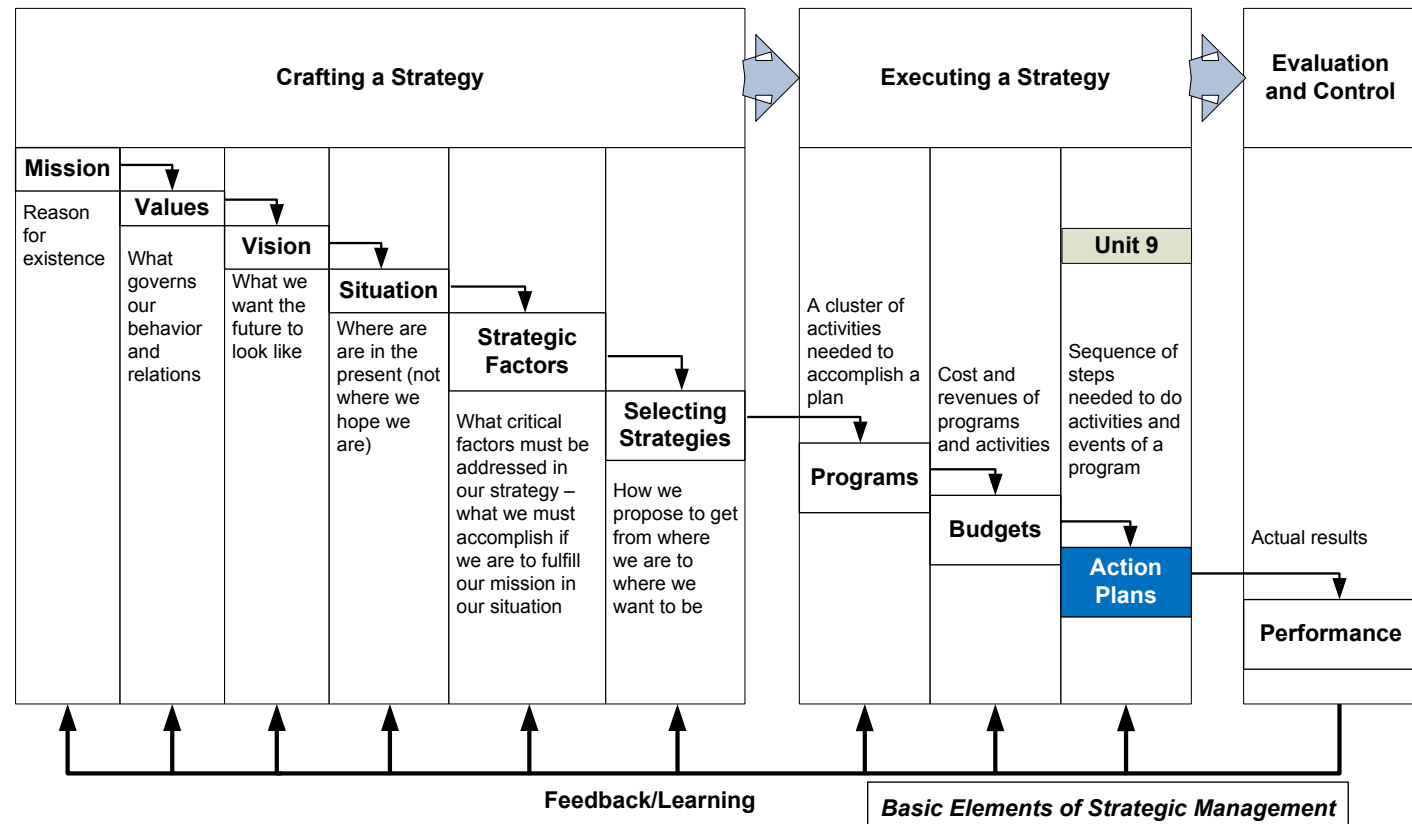
- Write a short action plan for your primary goals and objectives
- Name and describe a number of organizational cultures
- State the reasons for organizational policies and their relationship to core values and ethical and performance standards

### Introduction

You are about to begin a unit in the module, Strategic Thinking. This unit continues the second phase of strategic thinking: executing or implementing a strategy. This is normally done via programmes, clusters of activities needed to accomplish a part of the overall strategic plan.

But it also involves ethics and policies that guide how things are done as well as action steps. Action steps are to be completed within the policies, principles and ethics of the organization. That is where the strategic “action” finally happens. That is where the strategy is enacted. In some ways we close the circle at this level. **Our mission, values and vision are now incarnated in choices and actions that happen as programmes, projects and initiatives are put into action.** The policies that guide that action are expressions of the values and culture of the organization as well as the limits (legal and ethical) that characterize integrity and excellence.

We live in a fallen world where integrity and excellence are sometimes sacrificed for status or money or some other desirable. The achievement of strategic goals at the cost of ethics and the sacrifice of values is too high a price to pay. Better to go out of business than to be successful financially at the cost of the very “soul” of the organization. We have seen too much of that in the modern world. Pyramid schemes, falsified books, off-book transactions, fudging reports of accomplishments, misrepresenting risks in investments, corruption, criminal behavior – the list is a lengthy one when we think of such infamous names as Bernie Madoff, Enron, Lehmann Brothers, the Stanford Financial Group—or



Mobuto Sse Soko, the Goldenberg scandal in Kenya, and the long saga of kleptocratic governments in many parts of the world that enrich the politicians at the expense of their people.

There are sterling exceptions that stand out where corruption is not tolerated. One thinks of Wipro in India. In *Bangalore Tiger: How Indian Tech Upstart Wipro Is Rewriting the Rules of Global Competition*, business journalist Steve Hamm writes that the company pays no bribes and has a zero tolerance policy for corruption. Its approach is as much about moral rectitude as it is about business success. The same can be said for the giant, Tata, in India.

The ethical climate and practice of an organization happens because of strong governance, clear values, and an organizational culture that affirms integrity and excellence. We will want to look not only at the elements of action steps in this unit – but the larger set of policies and principles that set the boundaries for action – and finally at the organizational culture and ethics that reinforce the values and standards essential to high performance that is characterized by integrity and excellence.

Answer Box # 1

In thinking about your own organization, how would you characterize its readiness for action? For your major programmes services, projects and products, does your organization have a clear idea of who is responsible for what, by when and how those fit together in a reasonable, flexible and responsible strategic plan?



**learning**

## 1. Action Steps

Action steps are the sequel to writing objectives for each of your primary goals. These may be associated with a given service, programme, project, product or functional unit – or an event coming up. What action plans provide is the lowest level “road map” as to how you intend to accomplish the specific tasks that in your strategy. There is nothing complicated about them. They simply set forth responsibilities and timelines, milestones and standards of achievement for given elements that make up how you will accomplish given objectives and goals.

We have noted before that the level of detail needed for a given employee or volunteer and for a specific programme or activity depends also upon a number of considerations: How well experienced and trained are those carrying out the activity? Do they need more or less detail in order to do the task with excellence? How complex and important is the task or objective? How important is it to ensure accountability for given levels of achievement (meeting certain result standards) and financial targets (revenues and expenditures associated with the task)? What needs to be clear to all concerned so that the task gets done “on time, within budget, and at the level essential to goal achievement”?

Let's start at the simplest level. Say you have to organize a team-building event or produce a newsletter – or move the offices to a new location. Exactly what do you need to do in order to make it happen?

None of these are major projects or programmes. If they were, they might require much more detailed action plans and what is known as project or programme management (where a lot of deadlines/milestones, personnel, budget, and very different sorts of activities might need simultaneous coordination and articulation). But you likely have in your head many of the major steps essential to accomplish an event such as team-building, producing a newsletter or moving an office. But how are you going to be sure you have all of the steps and elements? Do you know how long each of the steps in those events might take? What will you do if it turns out several key personnel are sick – or you discover half-way through you don't have enough resources to complete the task on time?

An action plan is a list of the tasks and elements needed to accomplish an objective. It differs from a "to do" list in that it all focuses on a single goal or objective. A helpful mnemonic device to get you thinking about the various things that might be included in an action plan is

**SCHEMES:**

- **S**pace
- **C**ash (money)
- **H**elpers/people
- **E**quipment
- **M**aterials
- **E**xpertise
- **S**ystems

You'll want to keep your action plan by you as you begin to carry out the event or produce the product. As you discover other things you need you can add them. In addition, once you are done, you can revise your "action plan" with what you might have done differently to improve the outcomes. This will give you a template for the next time you do it. This is especially helpful if you are tracking something that is repetitive (like a quarterly newsletter). Being able to pick up your revised plan from the last time will get you that much further ahead than you were the first time or second time you did it.

Action plans are needed for each primary goal and its objectives. They are the "operational plans" that specify how each of those primary goals will be accomplished. In addition, an action plan is needed for each major function in the organization, e.g., marketing, development, finance, personnel, and for each program/service, etc. These plans, in total, should depict how the overall action plan will be implemented. In each action plan, it is important to specify the relationship of the particular action plan to the organization's overall strategies.

The format of the action plan depends on the nature and needs of the organization. Such a plan for the organization, or for each major function, each manager and each employee, might specify:

- a) The objectives(s) that are to be accomplished.
- b) How each objective contributes to the organization's overall strategic goals.
- c) What specific results (or objectives) must be accomplished that, in total, will reach the primary goals of the organization (and at what level and how they will be measured).
- d) How those results will be achieved – the major projects, programme, or process whose activities will produce the desired results.

- e) When the results will be achieved (or timelines for each objective—both start dates and completion dates, and possibly a number of milestones along the way).
- f) Who has chief responsibility or ownership of this particular set of activities and its results.
- g) What resources will be dedicated to this function, this programme, this manager or employee in carrying out these activities.

If we return to Kingdom Associates, we can illustrate this process. You will remember the major goals Kingdom Associates set for their work in Happy Valley:

### **Kingdom Associates Mission Statement**

In response to the Scriptural mandate of love and compassion, Kingdom Associates purposes to minister to those in Happy Valley who do not have the skills or resources to change their destiny, releasing them from the bondage of poverty and enabling them to become productive and fulfilled members of the family of God.

*They also have 3 areas that they have determined through prayer and thought are their priorities:*

- Reaching the youth and young adults.
- Coping with severe unemployment.
- Helping to strengthen the local church, Faith Church.

Here are some examples of what they might have come up with as they wrote goals or objectives for each of these areas:

- By the end of next year there will be a worshipping Bible study of 25 young adults whose lives demonstrate that they know Jesus in word and deed, and that are reaching out to other young people to multiply the impact of the Kingdom.
- Within three years there will be 50 families who have adequate income to meet their own needs as well as beginning to employ others, through businesses that have they have started.
- Faith Church will have doubled in size, have well functioning small groups with three-quarters of its members attending and receiving good Bible training, be completely self-sufficient financially, and be reaching out in ways that reflect God's Kingdom to meet physical and social needs in the community, in three years time.

Now the next step is to break each of these down into smaller “bite-size” pieces. As an Indian friend of mine often says, “How do you eat an elephant? One bite at a time!” Well that is true with huge goals as well. Each goal needs to be broken down into bite-size pieces.

Let's take the first of the specific objectives written for goal #1 of reaching the youth and young adults. The team formulated the following steps or objectives that they will begin to undertake immediately:

1. *A small research team will be formed to spend time with groups of young people in the community every weekend listening to them and asking questions in order to understand their needs, and ways of thinking, until 100 young people have been well surveyed.*
2. *This team will schedule a showing of the Jesus Film and follow up to that showing with a strategy that is appropriate to the needs determined by the data collected with the intent of seeing at least 10 young people make a first time decision to follow Jesus.*

3. A Bible study will be formed with all those showing interest, meeting weekly, to teach biblical values and worldview to the young people so that by the end of six months they understand the basics of Christian faith and have begun to change their lifestyles to line up with those beliefs.

Now we are ready to work with them to fill in action steps that will help each of these three objectives be accomplished. Try your hand at the first objective (small research team):

Answer Box #2

Alex Campagna and Sister Elizabeth were tasked with forming a small research team to survey 100 young people from Happy Valley. What would you list as more detailed steps they might take in accomplishing this objective?



learning

Here's my initial version of possible action steps for this "youth ministry" research team (you might well have thought of more and even better ones than I am listing):

Primary Goal served: To minister to the youth and young adults of Happy Valley ("to reach....")

Primary Objective: To discover the needs and perspectives of youth and young adults so as to design programmes and initiatives that will connect with their needs and be attractive and meaningful to them.

Current or Sub-Objective: To develop a profile of youth and young adult needs and perspectives by means of direct interviews and focus group meetings (100 different young people to be part of the sample of respondents) and report back to Kingdom Associates within four months.



Implementation			Monitoring and Evaluation	
<i>What needs to be done? (action step)</i>	<i>By whom?</i>	<i>What resources?</i>	<i>What evidence indicates progress?</i>	<i>How and when will data be gathered?</i>
Plan the research schedule, budget	Alex Campagna and team	None needed	Schedule and budget approved by KA	By May 1
Appoint a team to do the research (six needed)	Alex Campagna	None needed	Agreement of invited	By June 5
Design and pre-test a survey instrument	Elizabeth and Alex	Computer, printer, paper	1. Draft questions 2. Pre-test questions	Draft by May 10; Pre-test done by June 10.
Train team in interviewing and focus group leadership	Alex Campagna	Training room, Easels, Newsprint, magic markers, lunch and refreshments	Participants attend; post-test indicates 80% correct performance	By June 25
Sample selected for survey and focus group	Alex Campagna and team	None needed	Schedule and budget approved by KA	By July 1
Happy Valley leaders informed of the research and any permissions gained	Alex Campagna and Pastor Miguel	None needed	Any needed permissions granted	By June 10
Data gathering phase	Team	Transportation, Surveys printed, interview schedules printed, walking around money (for lunch etc).	Submitted data forms	Begin June 26; done by July 20
Compile/Analyze data	Elizabeth	Computer, printer	Data summary report with "findings"	Done by August 10
Write report and submit with recommendations about strategy to reach the youth.	Alex and Elizabeth	Computer, printer, paper, power point?	Final report received by Kingdom Associates full team	Done by September 1

You can see that even something as simple as doing some research on an audience that you want to serve breaks down into a variety of "bite sized" activities. To be sure, even these can be broken down further, but one reaches a limit of reason. As an example, in informing the leaders in Happy Valley of the research, one would compile a list of key formal and informal leaders, and then decide how and when to

approach each in order to get as positive a response as possible. With a group of six or eight people moving through Happy Valley asking questions, rumors can quickly get out of hand. But it probably is not necessary to specify the more detailed “to do” list in specifying this action step.

Appendix A provides an alternative form for listing action steps and thinking about issues involved in taking action. What you need is to decide what is most useful and facilitative for your organization and staff. We are in the realm of pragmatics – what works well to accomplish your objectives effectively and efficiently is what is important, not filling in forms or endlessly elaborating steps.

**Answer Box #3**

Now try your hand at one of your own objectives (look back to your work on p. 221, Answer box #5 – or write a new objective for one of your strategic primary goals):

Primary Goal:

Major Objective:

Sub-Objective (if it has one):

Who is tasked/responsible?

What are they tasked to do?

How will they do it?

Start Date

Finish Date

Major outcomes:

Resources needed:

Evaluation (how will you know they accomplished the task adequately?):

**learning**

One last word on action plans. These need to remain flexible and have points of review. It is here that you discover how clearly you have thought strategically. It is here that the implementation of the strategy lives and dies. In the end it is not how neat, clear or comprehensive

are your strategic or operational plans, but how well they are enacted and adjusted. Thinking strategically or operationally is no more than that: thinking. It is action with its effects in the world that we are after. We are in the business of change, of seeking to see the will of God done on earth as it is already done in heaven. Straight thinking is a means to straight acting.

## 2. Policies

Policies embody and make practical the overarching values and beliefs of the organization. They translate the values so that the implications of those values show their relevance to day-to-day decisions and actions. They say: “this is how we operate and relate.” They set the boundaries of what will be tolerated and celebrated within an organization. They are a way of translating the values of an organization and giving them “flesh and blood” in terms of the operations of that organization.

### Answer Box # 4

Before we say more on this subject, review the values and principles/policies of H. J. Heinz company on pages 72-78 (Unit 2). There you will find their:

- Global code of conduct
- Global operating principles
- Global communication guidelines

In reading them over, what impresses you about these policies and guidelines? How helpful do you think they would be in making decisions about how to implement strategy? Can you think of things you would add?



There is little doubt that this organization has thought through a lot of situations that face its leadership and employees. The company has a strong ethos of both integrity and excellence. One may not be able to determine from these operating principles and guidelines how closely they are followed. But they are a clear, explicit set of statements that delineate the intention of the organization. If they also reinforce them by a leadership that models them, rewards behavior aligned with them, takes decisive action when they are violated, there is a good chance for these to be living letters that inform the spirit and actions of H. J. Heinz at all levels. They also could well have a powerful effect in shaping the “organizational culture.” We will say more about that in just a bit.

In Unit 2 (p. 65) we exposed you to the McKinsey 7-S framework. In that model, shared values are at the heart of the organization. It is a model that is very congruent with a Christian approach to organizational life. We are impressed with organizations where wisdom guides leadership and values drive operational practices. The value placed on bottom lines such as profit can distort organizations such that they forget the purpose for which they were founded: to deliver some social good or service that meets real needs of human life. So too a relentless drive for effectiveness or efficiency can destroy more basic values professed by the organization.

Values do exist usually at a rather high and somewhat abstract level (though we have seen examples of value statements that are rather detailed). Policies take values, other ethical/legal norms and operating principles and spell them out for the day-to-day practices of the organization. This is no small matter as many know. Transparency International ([www.transparency.org](http://www.transparency.org)) posts an annual report on corruption worldwide. Here's the report surveying people asking if they had to pay petty bribes in the last 12 months.

The discouraging thing about this 2008 picture is how little it has changed in terms of world levels of bribery over the years. The picture of major bribery required for organizations to function and do business in various countries is more difficult to paint. But it does underline the importance of organizational values and policies that help it navigate the difficult waters of corruption and temptation that are so prevalent.

There is considerable evidence of managers who are not moral but are either immoral or "amoral" (the latter feeling business and ethics should not mix – so long as behavior is legal, no other standards need to be applied). It is hard to generalize but it seems there are many immoral and amoral leaders around. The astonishing range and level of moral failures of well-known companies is indicative of that. For the for-profit organizations there seem to be three drivers that lead them to resort to unethical strategic action:

1. Overzealous or obsessive pursuit of personal gain, wealth and other selfish interests.
2. Heavy pressure on managers and leadership to meet or beat earning targets.
3. A company culture that puts profitability and "good business" performance ahead of ethical behavior.

<b>Percentage of respondents reporting that they had paid a bribe in the previous 12 months</b>	<b>Countries Most Affected by Petty Bribery (2008)</b>	
	Group 1: More than 50%	Cameroon, Liberia, Sierra Leone, Uganda.
	Group 2: Between 23 and 49 per cent	Armenia, Azerbaijan, Bolivia, Cambodia, Ghana, Indonesia, Iraq, Kenya, Lithuania, Moldova, Mongolia, Russia, Senegal, Venezuela.
	Group 3: Between 13 and 22 per cent	Belarus, Greece, Hungary, Kosovo, Kuwait, Lebanon, Nigeria, Pakistan, Peru, Romania, Serbia, Ukraine.
	Group 4: Between 7 and 12 per cent	Bosnia & Herzegovina, Chile, Colombia, Czech Republic, Hong Kong, India, Malaysia, Philippines, Thailand.
	Group 5: 6 per cent or less	Argentina, Austria, Brunei Darussalam, Bulgaria, Canada, Croatia, Denmark, Finland, FYR Macedonia, Georgia, Iceland, Israel, Japan, Luxembourg, Netherlands, Norway, Panama, Poland, Portugal, Singapore, South Korea, Spain, Switzerland, Turkey, United Kingdom, United States.

These are good reasons why an organization needs to have clear, written, published policies that underscore its unyielding commitment to ethical, value-based behavior. In this day and age, an ethical strategy in design and implementation is important. What is unethical or immoral in part or the whole reflects badly on an organization and the personnel involved. It can destroy a company (as Arthur Andersen, the huge auditing firm, was destroyed by its questionable conduct, contributing to the collapse of Enron). It certainly can destroy a leader's career. In addition, an ethical strategy is good business in that it is in the interest of stakeholders in the long run. People will stick with a company with a reputation for good conduct and integrity.

To be sure, statements of ethical codes and codes of conduct embodied in policies cannot guarantee good behavior by leaders and workers. See the short description in Appendix B of the World Vision office in Liberia as a case in point. Yet, even in the midst of the fraud perpetrated by World Vision staff members, laws and codes of conduct worked to uncover and then prosecute this misconduct.

### 3. Organizational Culture

Every organization has its own unique culture. It is the product of core values, organizational principles espoused and modeled by the leadership, standards of what is ethically acceptable (and not), work practices and behavior that define "how we do things here," the way people are managed and treated, and the "chemistry" of the organizational climate. These are embodied in stories that are told and retold that illustrate and reinforce the organization's identity and practices. The blending of stated values, beliefs and principles, the style of operating, and the ingrained habits and attitudes define the "spirit" and culture of an organization.

Organizational culture is central because it defines the internal work climate and personality of the organization. It stands behind peer pressures to do things in one way rather than another, to behave in a given way rather than another.

#### a. Strong vs. Weak Organizational Cultures:

Strong-culture organizations have a dominating presence that permeates. Certain deeply rooted values and operating approaches are found throughout and norm culturally approved ways of doing things (and squash disapproved behavior and work practices). There is an insistence that starts from the senior leadership that there are certain non-negotiables: all organizational values and principles will be reflected in the decisions and actions taken by all who are associated with the organization. There is a consistency of action in senior leadership that shows these are serious values and principles and real consequences follow from non-conformity. The results are a pervasive sharing of those values and principles, even by the rank-and-file. People who dislike the culture tend to leave or are asked to leave. Individuals encounter strong peer pressures from coworkers to observe the culturally approved values and norms.

Weak-cultures have very little impact on an organization's practices and behavioral norms. They lack consistent, widely shared, strongly held values and principles. This may be due to a series of CEOs or senior leadership who had different values and views about how the organization's work should be conducted. It may be that senior leadership does not espouse or model a regular organizational philosophy and values or show any substantive commitment to a set of values and principles. Such a culture does not develop strong peer pressures to conform to culturally approved ways of doing things. It often does not generate much employee loyalty to what the organization stands for or to operating the organization in well-defined ways. In such organizations employees often see it as just a place to work and their job as just a way to make a living. At times what blocks the emergence of a strong, single organizational culture are some well-entrenched subcultures. Weak

cultures thus provide little assistance in executing strategy since there are no common, strongly held traditions, beliefs, values or behavioral norms to appeal to. They may be on paper, but they are not in the climate.

**b. Unhealthy organizational cultures:**

The characteristic of unhealthy organizational cultures is that they are counterproductive climates that adversely impact the work place and the performance of the organization. Four of these can be characterized.

1) Highly politicized cultures. What makes this unhealthy is the amount of time consumed in political infighting. People are protecting their “turf” and maneuvering to secure certain positions within the organization. Empire-building, informal coalitions and cliques mean that cross-functional or cross-department collaboration is viewed with suspicion. Important proposals or initiatives espoused by certain groups are “rammed” through while opponents seek to alter or kill them. All this maneuvering takes time and energy away from a focus on and the implementing of strategy. It frustrates other colleagues who are less political and more inclined to do things that are in the organization’s interest rather than “their” group’s interest.

2) Change-resistant cultures. There are places and people where there is a nearly “natural” skepticism about new developments. Leaders prefer to wait until all things are clear before steering a new course, adopting a new technology, or moving to create a new product. The climate is one where there is a premium on not making a mistake. This prompts people toward avoiding risk-taking or rocking the boat. People protect their careers and guard the interests of their immediate work group. Proposals to do things differently face an uphill battle and those who advocate change are seen as a nuisance or troublemaker. They are resistant to being the first-movers or fast-followers as the landscape of their business changes (one thinks here of the sluggish, change-resistant American Auto makers, especially General Motors). They prefer strategies of incremental or slow change. They can, in a dynamic, changing world, fall from the leading position to disaster (IBM, Eastman Kodak, Sears). What enabled them to lead in an industry at one time becomes the very reason they fail as the world changes about them.

3) Insular, inwardly focused cultures. This comes at times from a long record of being a leading organization. The attitude is “if we did not invent it, it can’t be good enough.” The confidence in the organization’s way of doing things and in its competencies and capabilities lead it to arrogance. It neglects listening well to its customer or client base and how their needs and expectations are changing. Benchmarking to find best practices is seen as a waste of time (‘we are the best’). Often this also leads to leadership and managerial inbreeding, where leadership from the outside is seen as unlikely to be successful (‘they would not understand us’ or ‘we don’t need outside thinking or perspective from a new leader’). Over time such insular organizations find themselves falling behind their rivals.

4) Unethical and greed-driven cultures. Organizations which make certain outcomes preeminent, regardless of ethics or values, can become unethical. One thinks of the string of corporate scandals, driven by a leadership intent on ambition and wealth: Enron, WorldCom, Tyco, Parmalat, Rite Aid, Qwest, HealthSouth, Stanford Financial, McWane, Royal Dutch Petroleum (Shell Oil), Refco, Marsh and McLennan, KPMG accounting...this list could go on and on. A culture was encouraged where the only value became the end-justifies-the-means. Aggressive risk taking bankrupted or caused the collapse of a variety of financial giants in 2009. Organizations that have little regard for ethical standards or are run by leaders who are driven by greed and ego-gratification can create the conditions

ripe for scandal and disaster. One thinks of the World Vision International office in Liberia.<sup>1</sup> This is an instance of a geographic unit that created its own subculture, contrary to World Vision's values and larger international corporate culture. It is not simply corporate greed that can create a culture of lax ethics and morals.

**c. High-performance cultures:**

There are organizations that stand out from others in terms of affirming and producing high performance results. Their spirit is can-do, a pride in excellence, in doing things right, in a no-excuses accountability, and in a results-oriented bottom line. High-performance cultures create a level of commitment and engagement throughout the organization. There is an emphasis on individual initiative and creativity. There is a strong bias to be proactive vis-à-vis issues rather than reactive. Clear performance expectations are articulated for all individuals. There is a strong focus on what needs to get done. The pervasive expectation from the top to the lowest rung is that everyone will exhibit high-performance behavior and a passion to make the organization successful. There is a spirit of achievement, a pride in a history of meeting and beating high standards. It is a culture that facilitates strategy implementation at a high level. Leaders/managers reinforce high-performance by rewarding high performers and purging habits and behaviors that stand in the way of high productivity and good results. In many ways they are learning organizations that stress learning from and correcting mistakes, moving forward and making progress in an endless pursuit of perfection.

**d. Adaptive cultures:**

There is a spirit in these cultures that is oriented toward accepting change, toward seeing change as an essential part of being a great organization. So the personnel of these organizations are ready to take on the challenge of new opportunities and serious threats. They have a sense of confidence that motivates reasonable risk-taking, experimentation and innovation. Changes and adjustments in strategy are seen as natural and part of what happens as the organization seeks to be more faithful and productive in terms of its mission and vision. They are committed to doing what it takes to succeed, given a new strategy or programme's compatibility with the core values and principles. If they are consistent with stakeholder's interests and mark an advance in achieving the organization's long term goals and mission, they are ready to go. This too is an organizational culture that facilitates strategy implementation. Technology companies are probably the clearest contemporary example of this sort of culture. They take it for granted that the world of technology is changing so quickly that the only way to survive is to change. What also often marks these organizations is the care taken of employees by the organization. There is a realization that talented,

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<sup>1</sup> See Appendix A for World Vision's comment on this. This is the story as reported by BBC, June 5, 2009:

"World Vision's Vice-President George Ward told the BBC the losses came to more than \$1m and pledged to make "every effort" to avoid a repeat. A former senior World Vision official in Liberia and two other workers have been charged over the alleged fraud.

They are accused of selling the food in local markets and keeping the profits.

They are also alleged to have used construction materials to build themselves multiple homes using labour provided by US-funded aid workers.

Joe Bondo, a Liberian who was a manager on the project, has been in a Washington jail since his arrest on 20 May.

The Associated Press reports that Mr. Bondo, along with two other officials, have been charged with 12 criminal counts, which include fraud, theft, lying to investigators and witness tampering."

creative, hard-working employees are extraordinarily key to the long term success of a company that must always be adapting. One thinks of Google, Intel, Cisco, eBay, Nokia, Amazon.com, and Dell.

**Answer Box # 5**

Thinking about your organization: how would you characterize its “culture”? What would you say are its most distinctive and powerful characteristics in terms of how it shapes decisions and behavior?



Organizational culture is a critical part of the larger set of factors that enable strategy implementation. Leadership must ask the question: how tight is the fit between our organizational culture and the strategy that we are proposing. The tighter the fit, the more the culture will steer personnel into the decisions, practices and actions that will facilitate implementation of the strategy. A matchup between the strategy and the culture facilitates implementation in three ways:

- A culture aligned with strategy implementation provides clear guidance in terms of “how we do things here” and produces significant peer pressure to conform to culturally affirmed norms.
- A strong culture aligned with the strategy makes it much easier for leadership to root out any operating practices or behaviors that are misfits.
- A culture aligned with strategy implementation produces stronger personnel identification with the values, vision, strategy, and performance targets of the organization (and minimizes political infighting, resistance to change or unethical behaviors).

So what happens when the culture and the strategy are not aligned, but may even conflict? The simple answer is: change the organizational culture. It may mean changing an organization’s way of implementing a strategy, but most often it means altering aspects of the culture so as to ingrain new attitudes, habits and work practices. The more ingrained and entrenched the mismatched aspects of the culture, the more difficult it will be to change the culture and to implement new or better strategies than those followed in the past. Change is difficult. Culture change is one of the most difficult things.

The single most visible factor in successful culture change is competent leadership at the top. Great power and influence is necessary to force major culture change in an organization. The pressures to “change-back” to old ways can bring things to a stand-off for a long time, especially if they are very powerful and resistance very strong in an entrenched culture. While the top leadership must be out in front in any



culture change, communicating the changes and marshalling support, it is the middle managers/leaders and frontline supervisors who remain key to these changes. They must win rank-and-file acceptance and support for the change, if it is to become pervasive and generate peer pressures at every level. The steps to organizational culture change are simple to outline, difficult to succeed at accomplishing:

- a) Step 1. Identify what cultural elements that presently exist are conducive to good strategy implementation and operating excellence – and those that are not.
- b) Step 2. Specify what new actions, behaviors, practices, policies, and norms should be prominent in the “new” culture.
- c) Step 3. Talk openly about the problems of the present culture and how new behaviors and practices will improve performance and goal achievement.
- d) Step 4. Follow through with visible, forceful actions – both substantive and symbolic – to ingrain a new set of norms, behaviors, and practices.

For top leadership this entails making a compelling case for why the new strategic direction and the culture reformation efforts are in the organization’s best interest (and thus also in the interest of its personnel). Skeptics and opinion leaders need to be convinced that all is not well with the status quo. Until a large majority of personnel accept the notion that the merits of practicing and enforcing new cultural norms are worthwhile, there remains a lot of persuasion to be done.

Of course this is also a personnel matter. Key leaders who are strongly associated with the old culture and who resist the change need to be replaced. Promotion should seek out those who are aligned with the new culture. Hiring and appointing outsiders needs to be filtered in part by their alignment with the new culture. Mandating that all personnel attend training sessions that focus on culture-training is one way to lift the level of understanding of the changes and communicate the seriousness of the changes. Incentive and pay packages can be tied to the desired cultural traits and rewards for high performance in terms of the new norms given. Policies and practices need to be revised so they too are aligned and supportive of the new cultural emphasis.

Symbolic actions are important. Think of Wal-Mart where the culture is focused on controlling costs and greater efficiency so that the company can establish itself as the low-cost leader in retail sales. All the executive offices are simply decorated. The expense allowances are minimal and aimed at frugality. At Nucor, the low-cost provider of steel products, executives fly commercial, coach class and use taxis at airports, not limousines. Top executives lead by example in terms of the primary values and norms of the organizational culture. Enterprise rent-a-car, the largest car rental company in the US, demonstrates this sort of leadership. It emphasizes a team-oriented corporate culture. To reinforce a cohesive culture of camaraderie, the top executives routinely join in the most menial tasks of the company. The CEO, Andy Taylor, was visiting one of the offices in California. While there a mobbing of the office occurred with customers wanting cars to rent. So Andy Taylor pitched in to get cars ready by cleaning them as other employees were taking documents and credit cards. As he put it: “I wondered if it was a good use of my time, but the effect on morale was tremendous.”

It takes time to change a problem culture. It takes even longer for a new culture to become embedded and ingrained. In very large organizations it can take two to five years. The old saying is true here: it is easier to have a new baby than raise the dead. In our context the meaning of the proverb is that it is tougher to reform an entrenched problem culture than to create one anew in a new organization.

#### 4. Ethics and Social Responsibility

It should almost go without comment that Christian leadership and organizations built on Christian commitment should display the highest ethical and social responsibility. Yet what is often left implicit too often is explicitly violated. So we have one last arena to note when it comes to implementation of strategies and goals.

Ethical concerns and social responsibility have come to the forefront in many organizations because of its importance to the reputation of the company. For Christians the concern is the effect on the name of Christ when their leaders and organizations are engaged in shady, ethically questionable, and socially irresponsible behavior. We start with an example of a secular company whose practices created an international uproar and led it to modify its codes of conduct, contracts and behavior in very positive ways.

Nike, a global leader in sports apparel (especially shoes), is recognized round the world. It was founded in 1972 by a track star, Phil Knight. Its revenue for 2008 was \$18.6 billion with sales in more than 150 countries. The return on invested capital was a very strong 24.5% with its stock value up that year by 144%.

In the 1990s it was dogged by stories that it used “sweatshops” where poor work conditions and low wages—that is, exploitative work conditions—prevailed. All of its manufacturing was done by subcontractors. It did not own any of its own factories.

In 1996 a report was aired on the 48 Hours show of CBS in the United States. It claimed that Nike worked with Vietnamese subcontractors who paid young women, working in toxic conditions, only 20 cents an hour. Living conditions were such that people needed \$3 a day for living conditions, a wage these young women could earn only by working substantial overtime. Nike was not breaking any laws, but it raised the question of “sweatshop” labor being used to produce a product that was essentially a fashion accessory.

An audit by Ernst and Young in 1997 found that one of its Vietnamese subcontractors employed 9,200 employees to produce 400,000 pairs of shoes a month. Most of the laborers were young women under 25, working 10½ hours a day for six days a week for a weekly salary of \$10. More than half the workers working with dangerous chemicals had no protective gear. Seventy-seven percent of the workers suffered from respiratory problems.

The bad press galvanized Nike. It established a code of conduct for its subcontractors. It required all subcontractors to be audited annually by an independent group. The minimum age for employees was set at 18. Exposure limits to toxic substances had to meet the standards established in the US by the Occupational Safety and Health Administration for workers in the USA. Nike established a number of codes of conduct, including its own statement of Ethics (see Appendix C, p. 295). Please read through that statement.



**learning**

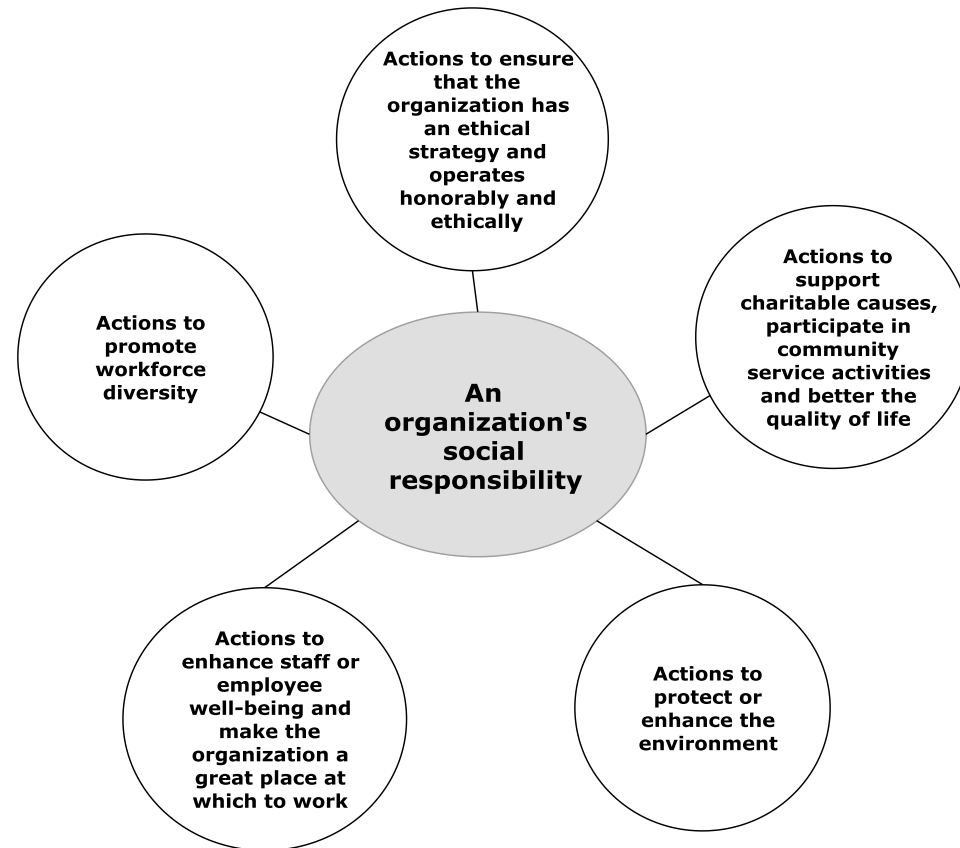
Answer Box # 6

In reading through Nike’s Code of Ethics, what impresses you from a Christian standpoint? Do you see things in it that would be incompatible for a Christian?

The sad truth is that there has been a debate for the last 40 years over whether businesses have any obligation toward social betterment. For-profit corporations have forgotten that many of them were originally founded with a purpose to provide some beneficial product that enriched human life. Profit was a by-product, not THE end. The influx of financially-driven, single-bottom-line managers and leaders has turned many of them into one purpose organizations: enhance shareholder “value” (defined by higher stock prices and larger dividends). Short term profits and balance sheets have been purchased with manipulations and off-books transactions. The degradation of the environment, the safety of the product, the conditions of the workers and their ability to live decent and human lives, price fixing, insider trading, the falsification of annual reports – a host of ethical and socially responsible norms have been sacrificed in case after case.

The notion of social responsibility of an organization concerns the duty to operate in a way that is honorable and ethical. It has to do with providing good working conditions for its staff, with taking care of the environment, and with active engagements that better the life of the local community where it operates and in society at large. In many ways, every action of an organization can be taken as a statement of what it stands for. If it is a for-profit company, it needs to balance its pursuit of return on investment with being a good corporate citizen. If it is a not-for-profit, it still needs to think beyond the clients it serves. Often times it is balancing resources spent to help people in crisis or difficulty with what is necessary to hire, train, and provide a good work experience for its staff. At times it is finding boundaries so that staff are not run to the ground by overwhelming work demands that take them away from family month after month in the name of some higher cause. The chart to the right provides a snap-shot of the sorts of considerations that are part of operating in a socially responsible fashion.<sup>2</sup>

A leadership that is committed to ethical conduct and social responsibility requires active engagement. Such leaders believe it is not good enough just to make a profit or to carry out ministry activities. The CEO and senior leadership need to step out in front and marshal support for actions beyond the



<sup>2</sup> Adapted from Thompson, et.al. *Crafting and Executing Strategy*, 15<sup>th</sup> edition, p. 343.

legal and the mandated. It takes executive action to set the tone and provide the space for an operational practice and an organizational culture that creates compliance and enforcement of these norms. The serious leader will:

1. Ensure that all staff and employees have training in the standards, codes of conduct and ethics of the organization. This is especially true in the “gray” areas where it may seem prudent to “bend the rules” in order to get things done. Staff can find themselves in dilemmas where bribery and corruption of public officials are common practices – or suppliers or relatives are accustomed to kickbacks of one sort or another.
2. Openly encourage staff and others to report possible infractions through anonymous hotlines or emails sent to a designated address. The ideal is a strong organizational culture that is self-reinforcing, where peers will not tolerate violations and sanction the behavior immediately.
3. Conduct an annual audit of the effort of each manager to uphold ethical standards and require formal reports on action taken to remedy deficient conduct.
4. Require staff and employees annually to sign a statement certifying that they will and do comply with the organization’s ethical code.
5. Ensure that ethical violations carry appropriate consequences, including dismissal if the violation is serious enough.



## learning

### Answer Box # 7

As you think through your organization, describe what you might describe as its efforts toward ethical conduct and social responsibility? Does it currently have enough of the right policies and codes of conduct essential to making the organization a great place at which to work – and one that delivers real benefit to the local community and even to the family of the staff/employee?

**Summary:** In this unit we have considered several additional facets involved in implementation of strategy. At the “bottom” of the chain of strategic thinking are operational plans, made up of action plans. You have worked on taking at least one of your primary goals and one of its objectives and writing a short action plan for it. What also makes up the context for action are the policies and principles that an organization has developed as expressions of its core values. These play an important role also in creating and shaping the organizational culture. When the values, ethical norms, standards of conduct, principles of excellence are internalized by the work force, the actions and decisions made from the top to the bottom of the organization will take on a distinctive texture. Peers will reinforce the norms and values. Strategic implementation will be enhanced. We looked at a number of healthy and unhealthy organizational cultures and you had a chance to think some about your own organization’s culture. In the end we are looking not only for leaders who are driven by core values, but organizations that act in socially responsible and ethical fashion. This happens mainly because of the CEO and top senior leadership lead in a value driven manner. In the end such an organization is good for society, for the communities in which it operates, for the employees or staff who enact the programmes and services, and for the environment.

## Final Assignment

### Final Assignment

The final project for this course will be writing a complete strategic statement. You have been working on pieces of that statement from unit to unit. For this unit I want you to work on one of your primary goals. State all of the objectives essential to meeting that goal. Then write any sub-objectives. Then write an action plan for meeting that objective. This can be an objective for a functional unit or for a programme, project, service or product. What I am looking for is an integrated statement that moves from a primary strategic goal through objectives to one developed action plan for carrying it out. If you need to state any operating principles, ethical standards or policies important to how that action plan is carried out, indicate that as well.

This statement should not be longer than 2-3 pages and can adopt or adapt any of the models for action plans you have seen.



### application

**Appendix A: Action Step Worksheets: Work Plan Template**

- Directions:**
1. Using this form as a template, develop a work plan for each goal identified through the needs assessment process. Modify the form as needed to fit your unique context.
  2. Distribute copies of each work plan to the members of the collaboration.
  3. Keep copies handy to bring to meetings to review and update regularly.

**Goal:**

**Results/Accomplishments:**

<b>Action Steps</b> <i>What Will Be Done?</i>	<b>Responsibilities</b> <i>Who Will Do It?</i>	<b>Timeline</b> <i>By When?</i> <i>(Day/Month)</i>	<b>Resources</b> <i>A. Resources Available</i> <i>B. Resources Needed (financial, human, political &amp; other)</i>	<b>Potential Barriers</b> <i>A. What individuals or organizations might resist?</i> <i>B. How?</i>	<b>Communications Plan</b> <i>Who is involved?</i> <i>What methods?</i> <i>How often?</i>
<b>Step 1:</b>			<b>A.</b>  <b>B.</b>	<b>A.</b>  <b>B.</b>	
<b>Step 2:</b>			<b>A.</b>  <b>B.</b>	<b>A.</b>  <b>B.</b>	
<b>Step 3:</b>			<b>A.</b>  <b>B.</b>	<b>A.</b>  <b>B.</b>	
<b>Step 4:</b>			<b>A.</b>  <b>B.</b>	<b>A.</b>  <b>B.</b>	

**Evidence Of Success** (*How will you know that you are making progress? What are your benchmarks?*)

**Evaluation Process** (*How will you determine that your goal has been reached? What are your measures?*)

## **Appendix B: The Scandal at World Vision, Liberia**

Washington, D.C., June 4, 2009—In January 2005, the United States Agency for International Development (USAID) awarded the Community Resettlement and Rehabilitation Project (CRRP) in Liberia. The CRRP was designed to provide food and work for people emerging from the long civil conflict in Liberia, which created a challenging and unstable civil and social environment. World Vision became a sub-grantee for food distribution and food-for-work projects.

In February 2007, just after the project ended, World Vision received an anonymous tip that lower level World Vision Liberia employees in key positions within this project were diverting food deliveries and building supplies for personal gain. World Vision immediately launched an investigation into the allegations, sending auditors to our field sites. Through this extensive internal audit, World Vision uncovered the nature and extent of the alleged violations and furnished detailed documentation that assisted the U.S. Government's subsequent investigation.

World Vision has since implemented measures to prevent future occurrences of this sort. For example, we have increased field oversight of programs; improved background check procedures, and funded training programs to increase the ability of local staff to detect and deter fraud. In addition, we have enhanced our international, 24/7 integrity hotline by which World Vision employees can call confidentially if they become aware of any suspicious activity.

World Vision deeply regrets the alleged violations of U.S. law and the trust of donors and intended beneficiaries, by its former Liberian staff members in connection with this program. We will repay any misappropriations for which we are responsible.

We commend and support the efforts of the Office of the U.S. Attorney and USAID in investigating this case. World Vision continues to fully cooperate with the investigation as it has from the outset, and we are grateful that our efforts have been useful in bringing justice in this case.

(from: <http://www.worldvision.org/content.nsf/about/20090604-liberia>  
Accessed July 7, 2009)

## **Appendix C: Inside the Line: The Nike Code of Ethics**

NIKE's good name and reputation result in large part from our collective actions. That means the work-related activities of every employee must reflect standards of honesty, loyalty, trustworthiness, fairness, concern for others and accountability. We are expected to be sensitive to any situations that can adversely impact NIKE's reputation and are expected to use good judgment and common sense in the way we all conduct business.

### **MATTER OF RESPECT**

NIKE knows that people perform best in a work environment free from harassment and discrimination, and we want to be sure that harassment and discrimination of all types does not occur at NIKE, including harassment, discrimination, or other inappropriate conduct, based on sex, race, sexual orientation, gender identity, gender expression, age, religion, disability, ethnic group, marital status, military status, veteran status, or any other class status protected by applicable law – including conduct by co-workers, managers, visitors, customers, and vendors. To that end, NIKE's policy prohibits discrimination and harassment, seeks to prevent harassment and provides employees with an effective complaint process.

Remember, sometimes people believe they are being “harassed,” but the harassment is not based on a legally protected characteristic, such as gender or age. This harassment may not be against the law but, depending on the circumstances, it may be against company policy. Employees should avoid rude, abusive, unprofessional, insensitive, demeaning or intimidating behavior directed at a person or a group of people as it may, depending on circumstances, violate NIKE policy. All employees are responsible for creating and maintaining a work environment free from harassment or other inappropriate behavior. If you experience, witness or learn of such conduct in the workplace you should immediately report the harassment to your manager, Employee Relations or Human Resources.

### **Safety, Health, and Environment**

NIKE is committed to providing safe and healthy work environments and to being an environmentally responsible corporate citizen. The NIKE standard is to comply with all environmental, safety and health laws and regulations. As an employee, you should report any condition that you believe to be unsafe, unhealthy, or hazardous to the environment. NIKE is committed to minimizing the impact of our business on the environment with methods that are socially responsible, scientifically based and economically sound.

### **Sales Agents, Consultants & Professional Services**

Sales agents, consultants, representatives, independent contractors, external temporary workers and suppliers are expected to observe the same standards of conduct as NIKE employees when conducting business with or for NIKE. No employee may indirectly, through agents, do anything the employee is prohibited from doing under NIKE policy. Business integrity is a key standard for the selection and retention of those who represent NIKE. It is extremely important that we engage in thorough due diligence before retaining any sales agent, consultant, representative, independent contractor, external temporary worker or supplier.

### **Social Responsibility**

NIKE is committed to socially responsible sourcing practices. We are driven to do not only what is required by law, but also what is expected of a leader. We expect our business partners to do the same. We do this through the NIKE Code of Conduct, which covers contractors who manufacture NIKE product. This code calls for our partners' management practices to respect the rights of all employees, to



minimize the impact on the environment, provide a safe and healthy work place, and promote the health and well being of all employees. As a member of the NIKE team, when presented the opportunity, you have a responsibility to promote compliance with the NIKE Code of Conduct and to report any instances of non-compliance, of which you become aware, to the Corporate Responsibility Compliance Group.

### **Product Safety**

It is essential to NIKE to not only provide innovative and inspiring products for our consumers, but also to ensure that these products are safe. This helps fulfill NIKE's responsibilities to the public, enhances our competitive position in the marketplace, and retains the confidence of our customers. Products must be designed, produced, and serviced to NIKE standards and should comply with applicable regulations and contractual obligations.

### **Export & Import Laws**

It is NIKE's policy to comply with the export and import control laws and regulations of all countries in which NIKE does business. Compliance with these laws and regulations may result in some loss of business opportunities, but should also ensure that NIKE's imports are not subject to delay or penalties and, in addition, allow NIKE to take advantage of applicable programs to reduce duties. Compliance with export control regulations requires that we know the end use and end-user for all NIKE transactions.

In addition, NIKE's policy is to comply with U.S. anti-boycott laws. This applies to NIKE everywhere we do business, in all parts of the world. U.S. anti-boycott law is intended to prevent NIKE from taking any action in support of a boycott imposed by one country upon a country that is friendly to the United States. NIKE is required to report the receipt of any request to participate in an international boycott. Requests are often found in letters of credit, shipping instructions, certificates of origin and other contract-related documents. For example, a customer may ask for our certification that the products supplied are not made in a particular country, directly or indirectly, in whole or in part, or words to that effect. Complying with this request is prohibited by law and NIKE must report this to the U.S. Government.

### **Protection of NIKE Information, Ideas, & Intellectual Property**

From time to time, NIKE employees may be exposed to confidential information. Confidential information includes things like strategic plans, sales figures, financial information, product designs, information regarding negotiations, agreements or dealings between NIKE and others, employee-related information, software, trade secrets, patents, trademarks, and similar information from customers or suppliers. Because the nature of NIKE's business is highly competitive, disclosure of any confidential information could result in severe damage to NIKE. Disclosing confidential information to any person or organization, directly or indirectly, without prior written consent from NIKE, is prohibited, as is using confidential information for commercial or other purposes. Also, employees should not permit any of NIKE's non-public, proprietary or confidential information to enter the public domain through electronic transmissions.

### **Accurate Records & Reports**

Every employee has the responsibility to maintain accurate and complete records and reports. Employees may not make any false statements, misleading or artificial entries, or material omissions or misrepresentations in any of NIKE's books, financial records, or other documents or communications. No funds or assets may be maintained for illegal or improper purposes. All financial transactions must be fully and completely documented and recorded in NIKE's accounting records. Any report, document, or statement submitted to the government or communicated publicly must be accurate, complete, understandable, and timely. Our goal is to strive for accuracy, transparency, and fairness in all our records and reports.

**Safeguarding Assets & Records**

Safeguarding NIKE assets and records is the responsibility of all employees and NIKE representatives. Employees should use and maintain assets with care and respect, while guarding against waste and abuse.

Employees should also preserve or destroy business records (physical and electronic) in accordance with NIKE's Record Retention Policy & Schedule.

**Computing and Information Resources**

NIKE considers its computing and information resources to be corporate assets having strategic value. It is the policy of NIKE to protect information assets under its control by implementing security controls to prevent the unauthorized disclosure, modification, or destruction of non-public information; the disruption of information processing service provided to the users; and the theft of NIKE assets. NIKE also recognizes the strategic value of the computing and information assets of others and will accordingly abide by and strictly enforce compliance with all software licenses for rights to use such assets. NIKE employees are to ensure that use of NIKE computing and information assets, including use of the internet, electronic mail, and other on-line resources, and use of computer hardware and software is consistent with the business objectives of NIKE.

**Privacy**

NIKE is committed to respecting the privacy rights of our consumers and our employees. We have implemented a variety of security measures to maintain the safety of this information. It is the responsibility of every employee to respect the privacy of our consumers and fellow employees. Access to and use of employee and consumer information is limited to only that which is required to do your job. Employee and consumer information should not be used for personal benefit or the benefit of others.

**Fraud & Theft**

Our work-related activities at NIKE must reflect the standards of honesty, loyalty, trustworthiness, fairness, concern for others and accountability. Any act that involves theft, fraud, embezzlement, or misappropriation of any property, including that of NIKE or any of its employees, suppliers, or customers, is strictly prohibited.

**Gifts, Gratuities and Other Payments**

Part of doing the right thing means that we make our business decisions with honesty and integrity based on what is best for NIKE, considering factors like price, quality, value, service and ability to carry through on commitments. This includes decisions about which external partners we work with, such as customers, vendors, contract factories and suppliers, and how we work with them.

We want to avoid even the appearance of making business decisions based on improper factors. An employee may not accept a gift, gratuity, entertainment or a favor that has a value of \$200 or more. (Business or geographic organizations may set a lower threshold.) An employee may never accept or offer cash at any time. Employees may never accept gifts, gratuities, entertainment or favors if there is any expectation of a return favor implied, regardless of the value of the gift, and regardless of whether the gift benefits the employee or an organization designated by the employee. Any employee who is offered a gift that clearly falls outside of the acceptable guidelines and is likely intended to influence an employee's business judgment must report it to Employee Relations. Any questions about the application of this policy also should be directed to Employee Relations, and any exceptions to it must be approved in advance by Employee Relations.

Making bribes, kickbacks or other improper payments to government officials, civil servants, or anyone else to influence them is prohibited. The U.S. Foreign Corrupt Practices Act (FCPA) makes it illegal for anyone at NIKE to offer, promise, or pay money or anything of value, directly or indirectly to any foreign government official or employee, political party, or candidate for public office for the purpose of obtaining or maintaining business or for any other business advantage. The fact that bribery may be an accepted local practice in a country does not relieve NIKE employees from complying with the FCPA. The FCPA permits payments under specific circumstances. Consult the NIKE Legal department with any questions related to FCPA.

### **Conflict of Interest**

NIKE recognizes and respects the rights of employees to take part in financial, business, employment, or other activities outside of their NIKE jobs. However, these activities must be lawful and free of any potential conflicts with employees' responsibilities at NIKE. Conflicts of interest arise when an employee uses his or her position at NIKE for personal gain or when the employee's personal interests conflict with NIKE interests. All employees must avoid any actions or relationships that could conflict with, or appear to conflict with, the interests of NIKE. For example, having a substantial investment or position in any business that deals with NIKE, doing NIKE business with close friends or relatives, supervising family members, relatives, or those with whom you are romantically involved, using NIKE's name or reputation to gain personal favors, and accepting or offering payments, gifts or favors from or to companies doing business with NIKE are situations that could result in an actual or the appearance of a conflict of interest. As a NIKE team member, you should not take opportunities for yourself that are discovered through the use of NIKE property, information, or position.

### **Insider Trading**

In the course of work at NIKE, we may become aware of material non-public information about NIKE or other companies that is not available to the public. "Material" information includes any information that would influence a reasonable investor to buy or sell NIKE stock, or to buy or sell the stock of another company with a current or prospective material business relationship with NIKE.

The use of material, non-public information by employees for their own financial benefit or that of a spouse, relative or friend is against NIKE policy and against the law. It is a serious violation of securities laws to buy or sell NIKE stock (or securities of another company to which the information applies) while in possession of material, non-public information. It is also illegal to give the information to others who can reasonably be expected to use the information to trade any stock. The law imposes severe criminal and civil penalties and fines for individuals who violate this law.

### **Antitrust & Competition**

It is NIKE's policy to compete fairly and vigorously everywhere we do business. All NIKE employees must comply with antitrust and competition laws throughout the world. All product and service development, manufacturing and sales efforts must conform to the highest ethical standards.

Antitrust laws prohibit agreements or understandings among actual or potential competitors to fix or control prices, fix bids, or boycott specified suppliers or customers, or limit the production and sales of product lines. Other laws prohibit controlling the resale pricing of distributors and dealers, disparaging a competitor, misrepresenting our own products or services, stealing trade secrets or offering or paying bribes or kickbacks. Antitrust laws are vigorously enforced. Failure to comply with antitrust or competition laws could result in heavy fines and/or imprisonment.

**Compliance with Laws & Fair Dealing**

Employees must comply with all applicable laws, rules, and regulations, and report suspected violations. More broadly, employees are expected to deal fairly, but competitively, with others. Employees may not use deception, misrepresentation, or abuse of confidential information to obtain unfair advantage over competitors, suppliers, or customers.

**Political Contributions**

Except as specifically permitted by law and expressly authorized by company policy, no corporate funds will be used to make contributions or payments to political candidates or causes.

**No Retaliation**

All employees should do the right thing – this includes reporting all incidents of harassment, discrimination or other violations of law or company policies. NIKE will investigate all such reports and we will take necessary action to prevent future violations. Retaliation against any employee for the good faith reporting of a suspected violation of law or policy or for participating in any investigation of a suspected violation will not be tolerated.

**Performance Violations**

NIKE is not a company that is governed by volumes of rules and regulations. However, we do have high expectations for employees and believe it is only fair to communicate these expectations up front.

While we like to focus on the positive, there are situations that are so serious that they may negatively affect NIKE's employees, operations, reputation, customer service and/or profitability. Employees may receive reminders regarding their performance. However, managers have the discretion to initiate corrective action at any level. There may be times where management determines that improvement is not a reasonable expectation, or the infraction is so serious that it warrants immediate termination. Waiver of this code may be made only by the Board of Directors and when required will be promptly disclosed to shareholders. This code is not a contract for services and does not alter the employment at-will relationship between NIKE and its U.S. employees.

# Strategic Thinking

## *Unit 10*

### *Monitoring and Evaluating: Becoming a Learning Organization*



#### **Development Associates International**

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Version 2.0

D.A.I. P.O. Box 49278 Colorado Springs, CO 80949-9278 USA  
Tel. (719) 598-7970 / Fax (425) 988-8126  
[www.daintl.org](http://www.daintl.org) / E-Mail: [info@daintl.org](mailto:info@daintl.org)

## Unit 10: Monitoring and Evaluating – Becoming a Learning Organization

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**Readings:** “Learning for Change” by Bruce Britton

### Learning Outcomes:

By the end of this unit you will be able to:

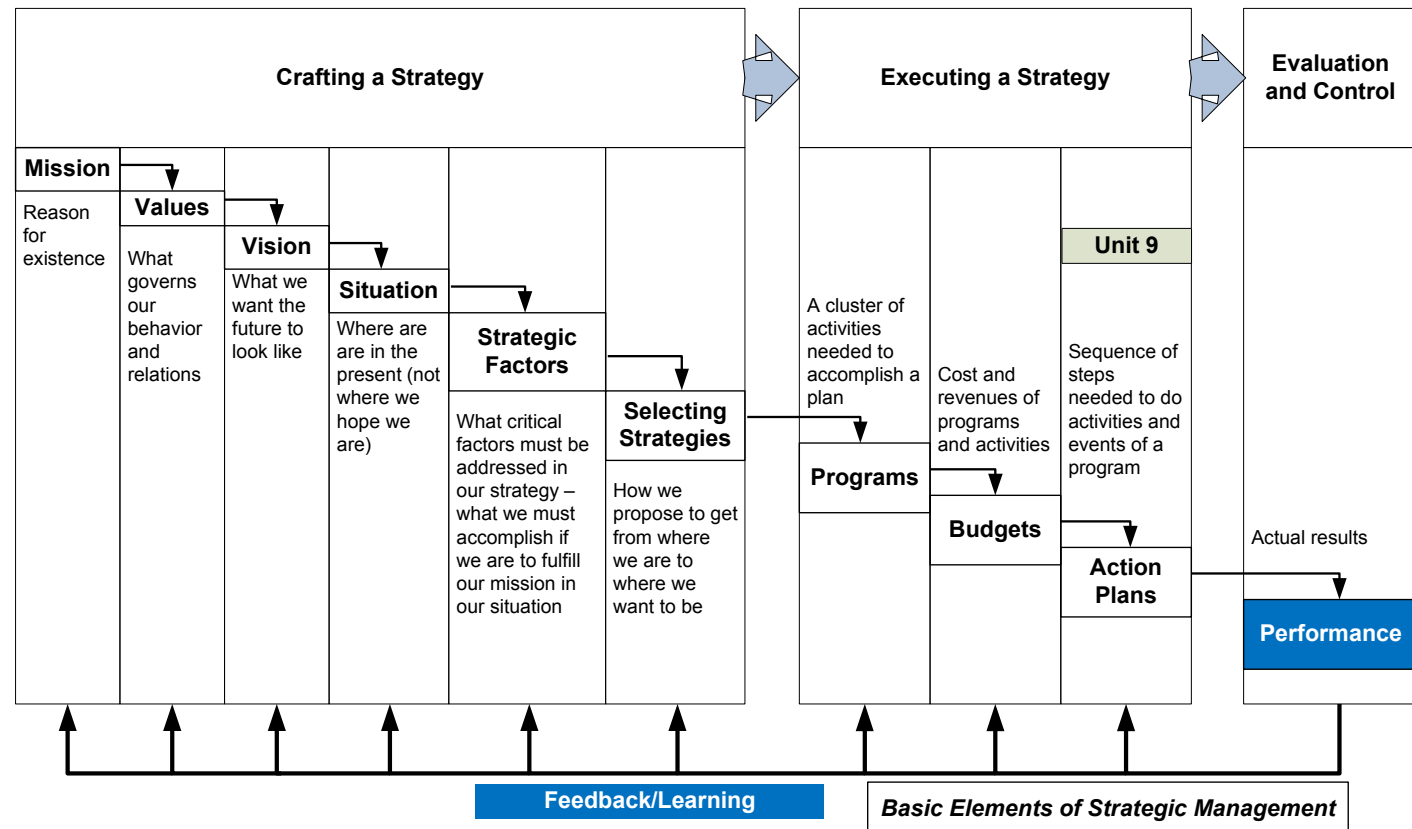
- Name and define some of the major tools used to evaluate the effectiveness of strategic actions and programmes including Key Performance Indicators and Benchmarking
- Describe and identify the major features as well as the main benefits of a learning organization

### Introduction

You are about to begin a unit in the module, **Strategic Thinking**. This unit focuses on **the last step in strategy: monitoring, controlling and evaluating what is done**. Having planned and then implemented, we need to know: did we reach our most important objectives? Did we fulfill our primary goals? Within our budget? At the levels needed for us to say, ‘We did well this year’?

This requires that we do more than simply act. We need also to document the most important outcomes of our actions so that we know what worked and what didn't. We may well need to change our course in mid-stream if we discover, to our surprise, our “great” strategies simply are not working!

In addition, the evaluation needs to be fed back into our other elements of strategic thinking. So you will notice on our graphic that there is at the bottom, in blue, “Feedback/Learning.” As we learn what works well and what does not, we are always asking: why? Why did this work well? Can we apply what we learn here to other goal achievements or programmes that are not functioning well? Will this help us improve our internal operations? What does this teach us about the assumptions we made and assessment of our environment? Did we underestimate the readiness and demand for this product or service? Or why did this not meet our expected levels of outcomes? What went wrong? Did we not implement well? Did we not give it enough resources? Was it a matter of timing? Of the wrong personnel? Did we misunderstand our strengths or the threats that faced us when we set this project or programme into action? Where should we adjust and change our strategic plan? How do



we learn from our experience and the outcomes of our performance? How do we improve and become more effective? In short, how do we become a “learning organization”?

This step could logically be included in “implementing” strategy since it is a natural component of executing strategy. Still in this unit we will stress the importance of evaluation as an *integral* element in strategic thinking. Without it we are likely to repeat our mistakes and to remain at levels of performance that are less than excellent. Our major reading for this unit is a paper titled “Learning for Change.” One of our major tasks will be to review that paper and our own organizations to discover how we might enhance its learning capabilities.

Strategy is not only about focus and wise decisions about the best ways forward. It is also about learning: being intentional in what we are doing and paying attention to what happens when we follow our chosen path. We are not interested in simply looking “successful.” We want to change our world – so we want to *be* successful, not just look like it. We want to accomplish the mission and goals God has given us – at the highest levels possible. One way the strategic thinking process can be looked at is as itself an evaluation process: are we doing the right things in the right way, given our identity and mission? The whole process is seeking to discern, by evaluating a lot of information, a good answer.

In this course we have tried to look at strategic thinking following the model of Jesus. We have looked at the life of Jesus and in the spiritual saints like Nehemiah to gain insight. What can we learn about strategic thinking and how we could go about it as Christians? From the beginning we said that the main field of strategic planning and thinking is a secular field. But it is amazing how much the Bible has to teach us on this subject and how that forms the basis of significant elements found in “secular” thinking in this field. To be sure, since this is an area of “wisdom” we should not be surprised to find a lot of good, careful, valuable thinking “in the world.” The book of Proverbs did that in its own day. So we have sought to “plunder the Egyptians” – and claim for Christian practice, those best practices that are compatible with an honoring of God and with a journey of faith.

We are at the last, and in many ways, most important step. Every time we take any action we should evaluate the results and adjust our strategy. Every time our resources change we need to adjust our goals. Every time the needs of the group we are trying to serve change we have to re-think our steps once again. This is because evaluation is an ongoing process of reflection that never ends and should inform every decision we make. In our rapidly changing world, this is more important than ever before.

So, look once again at the model of strategic thinking, but notice that there is a large arrow at the bottom that leads you back up to the first phase, or the next, or the next. You should always be evaluating and then adjusting all of the other steps in the process as need be. This is what results in effective work whether in ministry, the marketplace, the non-profit sector or government. Without evaluation you have no way of knowing whether you are accomplishing what God has called you and your organization to do—and what you set out in your mission statement to do.

### 1. Case Study: What Did We Do Wrong?

At Kingdom Associates, a small team formed to begin taking the steps they had identified that would lead to achieving their first goal:

**Goal 1:** By the end of next year there will be a worshipping Bible study of 25 young adults whose lives demonstrate that they know Jesus in word and deed, and who are reaching out to other young people to multiply the impact of the Kingdom.

**The steps included:**

- A small research team will be formed to spend time with groups of young people in the community every weekend listening to them and asking questions in order to understand their needs, and ways of thinking, until 100 young people have been well surveyed.



- This team will schedule a showing of the Jesus Film and follow up to that showing with a strategy that is appropriate to the needs determined by the data collected with the intent of seeing at least 10 young people make a first time decision to follow Jesus.
- A Bible study will be formed with all those showing interest, meeting weekly, to teach biblical values and worldview to the young people so that by the end of six months they understand the basics of Christian faith and have begun to change their lifestyles to line up with those beliefs.

Elizabeth from the local Faith Church, Ellen (a local young woman with HIV/Aids) and Samuel the businessman from Moshulu, formed the team that would begin taking these steps. They were excited about taking the first one and getting to know some of the young people better.

They decided that if they all went out together, they might intimidate the young people and make it hard for them to respond honestly. Instead Elizabeth and Ellen went together, and Samuel went out on his own, determined to get all the information possible in the shortest amount of time.

Things seemed to be going well until Samuel began talking with one group of young men on the street. "Excuse me," Samuel began, "I have a few questions here I want you to answer."

The young men looked a little startled and then turned menacingly towards him. "What do you mean you want to ask us questions? Who are you, the police or something?"

Samuel, intent on gathering information, didn't look up, but just responded a little impatiently, "Look, don't get smart with me, I told you I just want a few answers to some questions."

By now a small crowd had grown on the street in response to the voices getting louder. Samuel glanced up to see several people now standing all around him.

"Is this guy causing a problem," one of the bystanders asked, "cause if he is, I think we can 'handle' it!" "Yeah," another added, "isn't he with that group of meddlers that want to make us all go to a Christian church?"

"Wait, wait," Samuel began to protest, "I just wanted to find out more about you," but by then it was too late. One of the young men shoved him backwards causing him to lose his balance and he hit his head on a brick wall as he fell.

As everyone nervously cleared away quickly, Samuel tried to sit up noticing the warm liquid running down his cheek from a cut just over his eye.

Answer Box # 1

*Stop and reflect. What do you think went wrong here? What could Samuel have done differently to ensure that something like this didn't happen?*



**learning**

Later, back at the meeting room, Elizabeth and Ellen were horrified at what had happened to Samuel. “Those people are hopeless!” stormed Samuel, “I’m never going ask one of them another question!”

“But what happened?” Ellen asked with concern, “Maybe you just needed to slow down and get to know these guys before asking our questions. I’m sure something like this never needs to happen again.”

“Are you saying that I did something wrong young lady?” Yelled Samuel. “You are just like THEM!”

“Now wait a minute, Samuel”, began Elizabeth, “Ellen was just trying to help. Maybe if we went back over what happened we could figure out what went wrong. We are so sorry about this!”

“Went wrong? I’ll tell you what went wrong! You people are all alike! You don’t know anything about common decency!” Samuel began, but before he could continue Elizabeth and Ellen left the room deeply wounded. It would take weeks to undo the damage that had been done in just a few words.

**Answer Box # 2**

*Stop and reflect. Why do you think Samuel was reluctant to stop and think through what had gone wrong?*



*What are other reasons you can think of that organizations are reluctant to evaluate the effectiveness of their actions or programmes?*

**Some Reasons Why Outcomes Are Not Evaluated<sup>1</sup>**

Here are some of the things I have observed over the years, about why evaluation is not done. There are many reasons and you have thought of some of them.

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<sup>1</sup> Taken from a Lecture by Dr. James F. Engel.

**Avoidance of accountability.** It's really a natural human tendency to want to avoid being held accountable, especially if a person feels threatened. If they are in charge of a programme and they feel a little uncertain about themselves, it is hard to have someone else tell you what you are afraid to hear. Often this is because evaluation has been used to place blame rather than to improve performance. It takes a lot to honestly look at your performance, especially when you know it was less than perfect. That's what happened to Samuel, wasn't it? He probably realized himself some of the mistakes he made. He was embarrassed and angry at himself more than anyone else and got very defensive.

I understand that. There was a period in my teaching life at the University of Ohio that I dreaded student evaluations. I wanted them desperately, but I dreaded them, because I was uncertain and insecure about my teaching. I was struggling with many things, including being younger than many of my students. That caused lots of insecurity. We have to be very secure people to really want accountability and be able to learn from our mistakes

**Blindly trusting God to bless what we've chosen to do.** I can remember a very sincere mission leader quoting the Isaiah 55 passage, "God will not let his word return void," when I asked him about a particular strategy of preaching on street corners. If this is the mentality, then you don't have to measure whether there are any listeners, or even more importantly whether they understand what is being said. Well, that's just being presumptuous because we are responsible to measure so we can learn and do better next time. We don't evaluate to point blame, or even to claim that we did it. We need to learn!

**We have not set specific objectives that enable us to evaluate.** This is probably the most common reason and it is definitely the most critical. We have often substituted numbers on the assumption, as we talked about in an earlier unit, that bigness is a sign of greatness. That cannot continue. I have to admit, I struggle in setting measurable objectives. But you need to say this is what we wanted to see happen and now we have to go out and simply ask or observe and see if it has happened. We don't have to survey or evaluate everybody. We can talk to just a small set. At least we can come back and say this is what we have learned. In addition, sometimes we measure the wrong things. We measure how many people attended an event but not what difference did the event make in their lives? It is not bad to count attendance. But if your goal is change in life or change in some skill or capability, what needs measuring is that change, not simply attendance.

**A willingness to borrow strategies developed by others.** We just assume that they work but that is an assumption that we cannot afford to make. We need to test to see whether they work and how well they work, not simply adopt them unthoughtfully.

Well I suppose we could name many more reasons why we fail to evaluate. Instead, let's talk more about the importance of evaluation and how to actually do it effectively.

## 2. Evaluation<sup>2</sup>

Life is wondrously complex. If we have a major goal for a year and it is supported by fifty-two weekly goals, and if each weekly goal is supported by daily goals, then we sense how complex life is. The marvelous thing is that we not only survive, but thrive in such a complex world!

As we close the circle, we come to an area to which most organizations give the least attention. Evaluation looks at whether we reached our goals, whether the way we went about them was appropriate, whether we still believe our goals are appropriate.

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<sup>2</sup> Taken from "Planning Strategies in World Evangelization" (Grand Rapids: Eerdmans, 1990), ch 25, by Edward R. Dayton and David A. Fraser.

In one sense we are always evaluating. We always must draw on past experience to solve current problems. So we draw lessons from history. This is what experience is all about. Yet history also tells us that the future will not be the same as the past. Though our experiences of the past can help us through the future, we also need to gain new experience through our immediate situation. Evaluation is a conscious means of doing that.

Success itself can be a trap. Something that worked in the past may become a standard solution. We may stop evaluating, stop seeking a better way to accomplish our key goals. We can so easily think we have found *the* solution. The trouble is that problems keep changing. One friend of ours has described this situation as trying to paint a freight train while standing on another moving freight train. We have to keep moving and changing in order to stay abreast of our moving and changing world.

### **SET UP AN EVALUATION PROCEDURE**

An evaluation procedure should be a natural part of the planning process. To review a plan means in part to evaluate. Specific times should be set aside to evaluate performance and effectiveness. (A word of caution: we will *never* do everything we set out to do, nor will we do it in just the way we planned.) Evaluation needs to be continuous.

In understanding how to carry out evaluation, it is useful to think of it in terms of evaluating:

- Goals and objectives
- methods, and
- use of resources

### **Goals**

The first question is: "Did we reach the goal or objective?" Of course, as we've said before, the only way we can possibly evaluate this is if we had clear and measurable goals in the first place. We may have come by a different route than we expected. We may have spent more resources than anticipated. Yet did we reach the goal? Regardless of the outcome, we need to take time to look back and see what God (and Satan!) has been doing. What we are discussing here are our major goals, not our daily and weekly goals.

If we met the goal we originally set, why was it accomplished? We may discover that we reached the goal through a series of entirely unplanned circumstances.

## Answer Box # 3

*In a remote area of Kenya a group of missionaries were working to reach a tribal group called the Turkana with the gospel. One of their goals was to meet and befriend a “diviner” or “witch doctor”. Before they had a chance to try and achieve this goal, one of the team involved met and got to know a woman who happened to be married to a diviner. Before long she naturally introduced the team member to her husband, and the friendship began.*

*Stop and reflect. In this situation was the goal achieved?*

*Did it happen in an intentional planned way? Did it matter how the goal was achieved, as long as they got the outcome they were after?*



Here are a series of questions we can ask ourselves about reaching our primary goals that will lead us to learn a lot from the process and guide us as to how to continue in the future:

- If we did not reach our goal, why did we not reach it?
- Was the goal unrealistic?
- Is there a possibility that we could still reach it if we gave it more time or more energy?
- Was the goal inappropriate?
- Did we abandon it?
- What can we learn because of not reaching the goal?
- If we did reach the goal, did it have the desired result?
- Will it ultimately help us to realize our purposes and primary strategic goals?
- Are there some goals that should have been dropped?

## Answer Box # 4

*As a part of their mission, one group had the purpose of helping a certain people group develop a more positive attitude about Christianity. Their goal to help achieve that purpose was to launch a new magazine aimed at this people group.*

*After nearly two years they had achieved their goal of publishing a very popular magazine with a large readership. They were incredibly excited about their success. There is still something else they need to evaluate however, before they celebrate too much. What is that?*

**learning**

Just because you achieve your goal, you still need to ask the question, did achieving this goal really help us to accomplish our purpose. In the particular example above unfortunately the truth was it didn't. Lots of people read the magazine, but were just as resistant to Christianity as ever before!

Finally, as we examine our success or failure, we need to ask what we can learn for the future as a result of trying to reach this goal. How can we share what we have learned with others? How can we utilize this approach or avoid it in the future?

**MEANS AND METHODS**

Besides evaluating the accomplishment of goals we have to evaluate the means and methods we used in accomplishing our goals.

Here are a series of questions to help us evaluate the means and methods we used:

- Did we use the methods and means we planned to use?
- Were they effective?
- If not, was it a matter of circumstances being different from what we anticipated?
- Did we use the means *when* we said we would?
- Did we adapt our methods to the situation as we found it?
- What did we learn from the people we are trying to reach?
- What did we learn about ourselves?
- Did the means and methods produce some unexpected outcomes, goals we did not aim at accomplishing?
- Were these outcomes good or bad?



## Answer Box # 5

*The first goal of the Kingdom Associates team was:*

**Goal 1:** *By the end of next year there will be a worshipping Bible study of 25 young adults whose lives demonstrate that they know Jesus in word and deed, and that are reaching out to other young people to multiply the impact of the Kingdom.*

**Among the steps were:**

- *This team will schedule a showing of the Jesus Film and follow up to that showing with a strategy that is appropriate to the needs determined by the data collected with the intent of seeing at least 10 young people make a first time decision to follow Jesus.*
- *A Bible study will be formed with all those showing interest, meeting weekly, to teach biblical values and worldview to the young people so that by the end of six months they understand the basics of Christian faith and have begun to change their lifestyles to line up with those beliefs.*

*The team began to work on the second step toward the goal and did all the necessary work and planning to show the Jesus Film in a way that they felt sure would reach out to the young people in the community. Much to their surprise the evening of the showing there were several young people in the crowd. By far the majority were older men. At the end of the showing several older men asked to know more about Jesus and showed an interest in attending a weekly Bible study!*

**Stop and reflect:** *If you were a part of the team evaluating the success of your steps, what would your conclusions be? Was the step accomplished? Did it help accomplish the stated goal or something different? Were the outcomes good or bad? Should you now adjust your primary goal to maximize the outcome you got?*

There are a few more questions it is important to ask about means:

- Were the means and methods we used viewed as Christian and humane?
- Were they culturally sensitive?
- How did other Christian groups view our means and methods? We are often working side-by-side with Christians from other churches or agencies. Did they feel our means and methods honored the Savior?
- How did these means and methods appear to the target group?
- Were we manipulative?

- Did we model means and methods they could use?
- Did these means and methods leave this people more able to find their own selfhood within Christ or did they become more dependent on outsiders?

### ***EVALUATING THE USE OF RESOURCES***

One more thing it is useful to evaluate is the use of our resources. We have done very little with the subject of budgeting in this course since that is looked at as a separate issue in another course. Still evaluation must also be done about whether or not we used resources as we had planned to do. This of course enables us to do much better budgeting and planning for resources in the future.

Missionaries and agencies in general, where resources may be very limited, have a great tendency to use whatever resources are at hand. There is always the feeling that there are never enough resources. At the other end of the scale, we often do not attempt things because we do not think we have adequate resources. We need to evaluate resources, but only after we have evaluated goals, means, and methods.

Time is a crucial resource to evaluate. Did we use the amount of time we said we would? Why? Did we use the number of people we said we would? Did we use the number of people hours we expected to use? People's time is money. There is a definite cost associated with every hour someone serves in an organization. This is why it is correct to take the total income of an agency and divide it by the total number of people working for the agency. The result is the amount of money required for each person, on average, to do his or her job.

**What does your evaluation tell you about the people themselves?** Hopefully, all of the goals relate to someone's accountability. What was learned about their strengths and weaknesses? Were they motivated by what they did? From what you learn, you will be able to reassign responsibilities or even replace people.

**Did we use the amount of money we said we would?** More? Less? Why? Our plans are based upon a given amount of resources. If we could not raise the funds, we should have changed the plans and thus the goals.

### **3. Case Study: Never Enough**

As we know, the first goal of the Kingdom Associates team was:

**Goal 1:** By the end of next year there will be a worshipping Bible study of 25 young adults whose lives demonstrate that they know Jesus in word and deed, and that are reaching out to other young people to multiply the impact of the Kingdom.

#### **And one of the steps:**

- This team will schedule a showing of the Jesus Film and follow up to that showing with a strategy that is appropriate to the needs determined by the data collected with the intent of seeing at least 10 young people make a first time decision to follow Jesus.

One part of showing the Jesus Film was accepting the cost of renting a large screen for the outdoor showing. Although all the other costs were covered by the Jesus Film group, this cost they stated would have to be paid for by Kingdom Associates. Although the cost was not great, it was money that they did not have.

After much prayer, during one of the team meetings over this issue, Sister Sophie spoke up, "God will provide for all our needs. He has the cattle on a thousand hills! It is obvious that he wants us to take this step and I think we just have to move forward in faith believing that he will provide." Other voices spoke up in agreement and the decision was made.



The showing took place and several young people as well as the older men's group all showed a great deal of interest in accepting Jesus and forming weekly Bible studies for discipleship. Instead of one cell group resulting from the goal as expected, two were formed! Everyone rejoiced at the success of the event.

It was only two weeks afterward as the notices began piling up for payment for the screen that Alex began to question the action. Nearly two months passed and they were still unable to pay the bill. Not only was the screen company upset, they had contacted the Jesus Film group and told them they would never rent to anyone they recommended again if the payment wasn't made soon. They also threatened to publish an article in the local paper about irresponsible "Christian" groups who cannot pay their bills.

Answer Box # 6

*Stop and reflect. What can be learned from this experience? Do you think Alex and the team will do anything differently next time because they took the effort to evaluate this whole experience? If so, what?*



learning

Hardship and mistakes are a part of leadership and ministry. Failing to learn from those experiences is failure! Alex and his team might decide having looked at the whole experience that the outcomes are so valuable that if they had it all to do over again they would do exactly the same thing. On the other hand they may decide exactly the opposite. Either way, taking the time to evaluate the entire experience will help them all grow into doing better and more effective ministry.

Always ask the question, overall, was our expenditure of resources good stewardship? If we had to do it again would we believe that this investment of time and people and money was a good use of God's gifts?

### **HOW DO WE MAKE EVALUATION A PART OF OUR REGULAR PROCESS?**

This element of evaluation needs to be built in as a regular event. It needs to be the beginning and ending of every endeavor. Its purpose is not to demean or control people but to evaluate work.

Evaluation enables us to decide what we are not going to do next year. Organizations are like an alligator whose tail keeps growing. We keep adding new components, goals, and procedures and seldom drop any of the old ones. As a consequence, the tail gets so large we can hardly move.

How does the process of evaluation work? We would suggest a number of practical elements.

**Evaluation should be planned.** Just as important as deciding when is setting the standard for measurement. Sometimes this is the same as the goal. If our intermediate goal is to have two significant leaders in the target group develop a positive attitude, our specific goal might be to have them home for a meal on such-and-such a date. In this case the measurement would be the same as the goal. At other times

the measurement is not equivalent to the goal. Eventually we will have to decide what counts as a positive attitude on the part of the two leaders.

**Means and measurements should be designed.** If our goal is to move 10 percent of the target group to an understanding of the characteristics of the gospel, we will need to design a culturally acceptable way of measuring that. Whatever our goal is, the earlier we design the measurement, the earlier we will discover ways of measurement not open to us. As we get wiser about this, we should build these targets and measurements right into our action plans. Knowing ahead of time what we will measure will get us ready for it and no one will be surprised when we indicate how we have done.

**Report against goals and milestones.** One of the most effective ways of evaluating is to write regular reports to ourselves and others. A report should state how many of our goals and milestones have been reached. Reporting in itself often causes us to pause and evaluate.

**Self-evaluation.** This is one of the most profitable disciplines to acquire. To have regular personal times of evaluating one's performance and activities against one's intentions is extremely valuable.

**Joint evaluation.** Colleagues who share the work can join together to evaluate each other's individual and common goals. This is a very powerful tool. Once the initial reticence of sharing one's failures is over, times of evaluation can be great spiritual events. How can we pray for one another effectively if we do not understand each other's needs?

**Regular planning and forecasting.** By setting up an annual planning cycle that includes a five- to ten-year forecast, we have an excellent vehicle for evaluation. When we compare what we now believe will happen in the next five to ten years with what we stated a year ago, we gain very good insight into successes and failures.

#### 4. Tools and Concepts for Monitoring and Evaluation

As we mentioned earlier, monitoring and evaluating strategic action could be included as the last step in “implementing” strategies. By checking in on what is happening, the leadership can confirm that the strategy decisions are understood, that the action plans developed to execute the strategy are working, that the policies and guidelines are being followed – and the results envisioned are happening in such a way and at such a level that progress is being made on the key strategic issues – and thus key parts of the vision are coming to be realized.

In the corporate world, the monitoring tools are called “control systems.” This is not about controlling people, but ensuring that the actions and decisions being made over time are consistent with the leadership intent. They are like the dashboard in an automobile. They register whether the vehicle is performing as expected. They give the critical information needed to confirm that the current strategies (and their extension into programmes, services, projects and products) are still appropriate. Such feedback allows leadership to make adjustments in the strategies or to work harder to create alignment with a current strategy.

The information needed for monitoring and evaluation consists of performance data and activity reports. These reports and information insure that an organization is achieving what it set out to do. It compares the performance data with the desired and planned results and provides the feedback essential for making adjustments. Activity reports serve often as interim or milestone indicators of how the longer processes and programmes are doing.

Designing an evaluation process involves five basic elements:

1. Determine what needs to be measured. This needs to focus on strategic results, on what can be measured in a reasonably objective and consistent manner. The focus should be on those processes in a programme or project or activity that account

for the highest portion of expenses or greatest number of problems. Measurements should be developed for every important area, no matter how difficult it might be to measure.

2. Establish standards of performance. Standards are detailed expressions of strategic objectives. They define acceptable performance results. Usually they include a “tolerance range,” that is, a range of acceptable deviation. Such standards can be set not only for the final outcomes but for intermediate milestones as well.
3. Measure actual performance.
4. Compare actual performance outcomes with the standards set. If the actual outcomes are within the tolerance range, the measurement process stops here. One can always ask the question: why did it work? How could we have achieved an even higher set of outcomes?
5. Take corrective action. Appendix A graphs a number of the questions that should be asked when trying to make sense of what happened when a well-crafted strategy simply did not work. There are a number of reasons for failure. Answering those questions enables us to know what might be the best corrective course. Here are some of questions we might ask in order to determine what adjustment may be needed:
  - a. Is this deviation simply a chance fluctuation, out of the ordinary and not likely to happen again?
  - b. Are the processes to produce the desired outcomes being carried out correctly?
  - c. Are the processes being followed appropriate to the desired outcome? We will want not only to understand what happened but prevent it from happening again. We may have mis-designed our programme or process.
  - d. Who is the best person to take corrective action?

Performance is the end result of activity. Which measures to select to assess performance depends on the organizational unit to be evaluated and the objectives that it was to achieve. Some measures are appropriate only for for-profit organizations (such as profitability and return on investment) while others are appropriate for all types of organizations (such as behavioral norms and ethical policy conformity). We will introduce several of the key notions that are used as strategists and managers think about how to monitor and evaluate the performance of their organization.

### **A. Key performance indicators (and dashboards)**

Success indicators track the progress of work plans and document the achievement of strategic goals and the vision. Organizations in a strategic planning or thinking process benefit from an agreed upon set of success indicators in order to communicate strategic goal and objective progress in a fairly global sense.

One set of success indicators are called Key Performance Indicators (KPIs). These are outcome measures that are identified as measures of critical success factors. Success indicators range from the relatively trivial (did the food for the celebration show up on time?) to central (did the organization balance the books at the end of the fiscal year?). KPIs are focused on those most important measures of success in reaching outcomes that ensure the organization survives and thrives in its core strategies and mission.

Key Performance Indicators (KPI) are financial and non-financial measures or metrics used to help an organization define and evaluate how successful it is, typically in terms of making progress towards its long-term organizational goals. One way KPIs can be specified is by

answering the question, "What is really important to different stakeholders?" So there might be KPIs that have to do with customer satisfaction (customers), another with return on investment for stockholders (owners of the company), another with the rate of defects in the manufacturing process or downtime of the production process (managers), another with job-related injuries (workers) etc.

Key Performance Indicators are quantifiable measurements, agreed to beforehand, that reflect the critical success factors of an organization. They will differ depending on the organization. A business may have as one of its KPIs the percentage of its income that comes from return customers. A school may focus its KPIs on graduation rates of its students. A Customer Service Department may have as one of its KPIs, in line with overall company policies, the percentage of customer calls answered in the first minute. A KPI for a social service organization might be number of clients assisted during the year. The range and focus of KPIs is nearly infinite.

What each organization needs to decide is: what are the ones that are most important measures of success and effectiveness, given our identity, mission and vision. Whatever KPIs are selected, they must reflect the organization's goals, they must be key to its success, and they must be quantifiable (measurable in some way). Key Performance Indicators usually are long-term considerations.

Consider a Christian University as an example. The case we will look at is an institution with nearly 3,000 students and a number of programmes, both undergraduate and graduate as well as diverse geographical teaching locations. It has more than 100 full time faculty and several hundred part time or adjunct faculty. So it is a rather complex organization. Its overall mission is to offer Christian higher educational opportunities to both Christian and nonchristian students within a faith-based curriculum. Its aim is to transform students so that they are motivated and equipped to live lives of thoughtful Christian service in all sectors of human endeavor.

As an organization they have both an "academic" side, focused on producing educational outcomes at high levels, and a "business" side, focused on providing all the supporting elements necessary to accomplish the academic mission. This produces a dual structure with a CEO at the top, and two major sectors reporting to the CEO: the Chief Operating Officer who runs the business side and the Provost who runs the academic side of the organization. The business side has such functions as plant and maintenance (for the campus and its buildings), finance and accounting (to handle money, student payments, acquisitions, payroll, endowment, scholarships, debt servicing, cash flow), IT, food services, security, development, student admissions, student affairs, athletics, HR/Personnel etc. The academic side manages the curriculum, departments (academic majors and fields), the faculty (hiring, development, tenure, promotion), course assignments and academic standards, library and information resources, research institutes, events such as convocations and commencements (including approving students to receive diplomas) etc.

In deciding what are the critical success factors and the KPIs for an academic organization, it will need to have KPIs in these two major areas: academic and business. Appendix B provides a range of typical KPIs for academic institutions in the USA (where this school is located). Take a look at it and see if you can identify both the academic and the business KPIs. This is not an exhaustive list but it is representative. You will see that most of the "academic" KPIs are under the title "Indicators of student demand." Most of the other KPIs are business related and have to do with the financials of the institution. Some of these are quite straightforward in their meaning:

1. Student KPIs (a few examples):

- The trend in *numbers of applications*—Stable-to-growing reflects continued interest in the university—is an indication that there continue to be a number of students who see the institution as a desirable place to secure a degree from. Overtime, the more

desirable the degrees offered, the greater the number of applications should be. This is a KPI simply because the very reason for the organization's existence is to provide quality, transformative education to students. One way to multiply and increase the accomplishment of its mission is to secure a larger number of high quality students. This trend is a critical measure of its ability to continue to do that year by year.

- *Acceptance or Admission rates*—the higher the acceptance rate, the less flexibility to increase future enrollment. What is important also is not simply the number of applications coming in but the number of those who are suitably qualified to benefit from this education and can be admitted to the programme to which they have applied. In fact, institutions that are considered of very high quality and very desirable (such as Harvard or Oxford) have very large pools of applicants who would like to attend. But such schools admit only a small percentage of applicants. Thus the lower the rate of admission (the lower the acceptance rate), the more selective it is. If there should be a time when applications fall across the board at all institutions, the application pool at these schools is so much larger than those admitted, that they will be able simply to increase the acceptance rate and still maintain their desired student body size. So this is a critical KPI that goes with application rates.
- On the faculty side, the *terminal degrees* (highest achieved degree) is a measure of the qualification (and often quality) of the faculty. A school with many faculty with PhDs from highly selective universities is seen as being a “better” school than another with faculty that have few PhDs or doctorates from schools not considered to be very prestigious. This is a KPI that is one way schools measure the quality of the faculty and thus seek to enhance the reputation of the institution. Other measures might also be things like: numbers of publications of the faculty in refereed journals or series, awards won by the faculty, grants for research secured by faculty etc.
- *Program offerings* refer to the majors and fields of study offered at the University. A variety of programmes is a positive for attracting students, provided there is depth in the faculty. So an institution with the ability to offer a wide range of undergraduate majors or graduate programmes and degrees is seen as a “better” institution than one with only a few. It means there is a more “cross-fertilization” of intellectual discourse and work across departments, providing a richer intellectual environment for faculty and students. In addition, a variety of programmes can appeal to a wider range of potential students, increasing application rates.
- *Retention* is a measure that reflects degree of student satisfaction (as measured in undergraduate programs by the return of freshman for sophomore year and/or by the percentage of entering class who graduate within a given span of time – such as within 5 years for a 4 year program). One is interested not simply in having students admitted and then matriculate. One is interested in seeing them graduate in the programme. When a programme loses a large percentage of matriculated students, the question arises: why aren't students being successful in this programme? Is it too difficult? Do they discover that it is poor quality or value? Why do they not persist to graduation?

## 2. Business KPIs: (a few examples)

- *Tuition as percent of total revenue*—this measures the dependency of the institution on tuition revenue. The higher the percentage of its overall revenues that come from the tuition paid by students, the more dependent it is upon that income source. If there is a downturn in applications and matriculated students, it will have serious consequences on the institution. If

over a year or two, enrollment drops by 20%, it will likely mean laying-off employees including faculty. The lower the percentage of annual revenue that comes from tuition sources, the better (it means the institution is better able to weather fluctuations in student enrollments without having to move to a retrenchment strategy). In the USA the benchmark desirable maximum is about 75 percent (but lower is better).

- *Total financial aid as percent of total tuition*—this is a measure of how much of that tuition paid by students is actually available for the expenses of the university. If the institution provides scholarships or bursaries that are funded from the tuition stream of income, then the actual money available to support the library, pay the salaries of faculty and administration, upgrade the IT, improve the classrooms is lower than the gross tuition sum provides. In the USA national average is 37 percent of tuition collected is used to give financial aid back to students.
- *Non-donor supported financial aid as percent of total tuition*—This is another ratio that seeks to see what resources from tuition are actually available for supporting the current budget. Some financial aid comes from using part of the tuition money to fund such aid. Some other financial aid comes from donors who are giving to a student aid fund (and might not give next year!). The ideal is to have all financial aid funded by endowment so that the institution has a stable and long-term revenue stream to fund financial aid. If a donor ceases giving, some students may suddenly be without expected scholarships and they may need to be funded from the tuition revenues—or have to leave for a cheaper, more affordable university.
- *Net operating income as percent of total revenue*—the operating margin normally should 3 to 4 percent. This is a measure of how much “profit” was made in the year. Once all the bills are paid, did the institution come through the year with a surplus at the end? Net operating income is the net expenses of the institution to function in that year. Year to year, the institution should remain “in the black” – that is its total revenue from all sources (such as endowment, donors, tuition and fees, grants) should exceed the net operating income, the income used to meet all expenses of all types.

Well, these provide some explanation of some of the KPIs in Appendix B. Your organization may not be as complex as a 3000 student, multi-campus University. It may be in a very different “business” and thus quite different in its critical success factors. But you will need to decide what are your KPIs in order to evaluate how well you are doing year-to-year – and where you need to modify or adjust the strategies, programmes, projects, services and performance (action plans). With some clear measures, you will be able to do a better job in managing for excellence and in strengthening your organization for its future service in its particular sector of human endeavor.

One thing that you may have noticed is that we have not talked about how to decide whether the score or result of a particular KPI is a good score or not. In the explanations above, you will see some indication of standard levels that are consider “good” results. For example, if you are measuring retention, how good would it be if you discovered your retention rate was 55%? Is that normal? You could say that 75% would be better, maybe even excellent given your past history, but you still would wonder: what about other educational institutions like our own? What is their rate of retention? If it turned out, as you looked at a dozen other institutions similar to your own, and you discovered that their average retention rate was 85%, then even a 75% rate would not look that good. You would wonder: what are they doing differently than we are doing so that their retention rate is 10% higher than our recent improved rate? What can we learn to do differently and more proficiently from their practices? This sort of questioning leads us into what is called “benchmarking.”

## B. Benchmarking

Here we have one way of defining an appropriate comparative measure for improving given processes and activities. Benchmarking is a systematic comparing of our organizational processes and performance in order to create new standards. Out of it we may also improve processes and practices – and change policies and compliance controls. By benchmarking we are comparing our recent performance against some other performance (either internally or externally) to gauge how good it actually is. It answers the questions:

1. How good are we at what we do?
2. Are we as good as others at what we do?
3. How can we do what we do better?

Benchmarking is the process of measuring an organization's internal processes then identifying, understanding, and adapting outstanding practices from other organizations (or other units of our organization) considered to be best-in-class or even best-in-the-world. Of course, most of our organizations don't aspire initially to be as good as what might be the best in the world. There are four types of benchmarking and many of us can start with "internal" benchmarking.

### 1. Internal Benchmarking

This refers to two different sorts of comparisons. One can compare the performance of the same unit or division year-to-year as adjustments are made to see the effect on KPIs. Appendix C provides a set of data developed for a five year period of time for sixteen KPIs for the Christian University mentioned above. Internal benchmarking occurs by looking year-to-year at a given KPI and seeing whether it is improving over time in the direction desired. The comparison is the present year against the prior four years. Consider the matriculated enrollment KPI #1:

	2000/01	2001/02	2002/03	2003/04	2004/05
<b>First Year enrollment</b>	<b>1358</b>	<b>1345</b>	<b>1266</b>	<b>1440</b>	<b>1385</b>

What is apparent is that there is a decline in matriculated undergraduate enrollment in 2002/03 that is significant (as compared with 2000-2002). 2003/04 has a rather dramatic increase year-to-year and then 2004/05 returns to a more "normal" trend. This university had a directional strategy of growth so this was a significant indicator of something happening that caused a decline that needed to be addressed. What we know from the time period is that there was a delayed economic impact from the 9/11 attack on New York City leading to a short recession. By the fall of 2002, a number of students could not afford to enroll in a private University but chose to go to a less expensive university. The issue, as analyzed turned out not to be some needed change in recruitment strategy or rate of acceptance, but a better financial package to "convert" those from accepted applicants to matriculants on campus.

What internal benchmarking of this sort allows one to say is whether we are doing better this year than prior years – and ask the question why? What are we doing differently? Or is there a change in the external environment that has improved this KPI? Consider one of the financial KPIs--#16:

		2000/01	2001/02	2002/03	2003/04
<b>Ed. &amp; General expenditure per FTE student</b>		\$15,738	\$16,132	\$15,871	\$15,726

You will notice that 2004/05 is not on this chart. The data was not available yet for this KPI. This is a measure of overall efficiency in educating a single FTE (Full time equivalent) student in each of those years. It is taking the overall FTE count of undergraduate students and using that total to divide the net operating expenses of the institution. What one would be looking for is whether, as programmes, new facilities, IT improvements, staffing levels, inflationary costs etc. change, the institution is becoming more efficient in educating students. On average (with the exception of 2001/02) the average cost is relatively flat. Year-to-year, there does not seem to be much improvement (unless one takes inflation into account). If this organization is improving efficiency in cost-per-FTE-student, it is only at the rate of inflation. To be sure, over a ten or fifteen year horizon, that would produce a significant effect. It would mean tuition costs would not have to be raised rapidly. It would mean there is more net income per student available for raising faculty salaries, improving the library – for other expenditures.

Now several other observations on the KPIs in Appendix C.

A. You will note that for some of the KPIs there are other benchmarks listed at the right end of the tables and for others there simply are “trend” data. This University has not yet set clear goals for some of the ratios and KPI data that it collects. It has not yet thought through all of its KPIs in terms of what goals it should set for each of these critical success factors. In some ways this is a strategic decision that its board or strategic planning group needs to make and communicate. For undergraduate first year enrollment: what size class does it seek five or ten years from now? If it has a growth directional strategy (and it does), how fast does it wish to grow? What implications does that have for the size of the future faculty? For new dormitories to house the increase in on-campus students? What improvements and increases in food services? In athletic fields? In student services? The university had set a five year goal to have 4,600 students overall, but it had not set a clear goal for undergraduate enrollment as a part of that overall growth goal.

For other KPIs #4, 10 and 13 there are benchmarks (#8 offers a “national average”). These are not “trend” projections but established standards within Universities as to what these data and ratios need to be in order to consider this area of performance as “healthy” or “good.” Take KPI #10:

	2000/01	2001/02	2002/03	2003/04	2004/05	Benchmark
<b>Tuition Dependency (net tuition/op. exp)</b>	73.5%	72.0%	73.7%	78.1%	NA	<75%

This KPI is created by taking the net tuition (that is the amount of tuition remaining after part of it is used for scholarships and discounts) and dividing it by operating expenses. This gives a percentage figure of how tuition dependent the University is on that source of income for its overall operating revenues. The established, widely shared “benchmark” among Universities (and a figure used by accrediting bodies) is that this should be less than 75%. Higher than that and the institution displays financial fragility and is subject to significant threats when there is a



downturn for a year or two of matriculated enrollment. You can see that this University was slightly below that “danger” line for three of the four years recorded – and that 2003/04 it went above that line. That also was the year that its matriculated enrollment went up significantly. So viewing this would naturally lead to a number of questions as to what happened that this figure suddenly jumped by about 5 percentage points in one year. One would also be anxious to see what happened in 2004/05, to see what steps were taken to address this sudden jump.

B. The title of this chart is “Short Dashboard.” A “dashboard” is a summary document without a lot of information that provides in brief form critical KPI information. It is meant to be like the “dashboard” of a car or airplane: providing in brief format key information about how things are running. In some formats, KPI dashboards actually put them into a dial like the speedometer on the automobile. They mark the “danger” area in red and then give an indicator that registers where that KPI is in this year (in the excellent/good/fair/poor/danger zone). A board member or manager can scan these KPIs and see very quickly how the organization is doing in its performance for those areas.

This University’s dashboard is not yet fully developed nor is it that easy to read. While it provides good information on trends in each KPI, because only a few of them have clear goals or benchmarks, it is not very clear how well the University is doing against its short and long term goals. It takes some additional analysis and questioning to get to that information. A well-designed dashboard should communicate that sort of information very quickly.

C. This chart is a “short” list of 16 KPIs. What is not offered here is the full set of KPIs (which number more than 30 and include many more sets of data). For each of this shorter list of 16 KPIs there are additional data sets that break some of them down into more detailed charts (such as the diversity of the student body – percentages of males/females, ethnicity, religious denomination, geographical origin). Here’s an example of one of the larger set of KPIs that is not found in the shorter dashboard: the Information on the Main Library and its development:

LIBRARIES							
Main Library	2000/01	2001/02	2002/03	2003/04	2004/05	Goal	Peers
Collection size (ACRL)	261,143	266,590	271,313	275,853	281,322	450,000	
Budget	\$698,460	\$762,946	\$776,465	\$772,600	\$757,267	\$1.2 million	
Percentage of Net Operating Revenue	1.64%	1.67%	1.58%	1.45%	1.31%	1.75%	2%
FTE Staff	9	9	8	8	9	12	
Access to Electronic Journals	12,455	10,481	11,229	13,217	17,610		
Inter Library Loan	2570	3059	3730	3748	4535		

What is obvious from this KPI is that this University, in comparison with similar peer institutions is underfunding the library. The average percentage of net operating revenues devoted to the main library at other similar Universities is 2% whereas this University has a declining percentage devoted to improving and increasing the library assets and services. By this external benchmark, this University seems to be underfunding its main library. The library is also understaffed due to that level of funding. If it is to reach its goal of a collection of 450,000, one of the changes needed is a strategic decision to devote more revenue to this unit. It might also want to benchmark by this peer review not only

the percentage of net operating revenue but size of the collection, budget, staffing and then something on circulation levels (electronic journals and interlibrary loans). That is, often there is much to be learned not by a benchmark for one characteristic but several of them.

## 2. External Benchmarking

External benchmarking is more difficult because it takes time and the cooperation of other similar organization to create such benchmarks. In this case an organization is benchmarking operations and performance with those of competitors. In some cases this is benchmarking a functional unit (such as the library in the example above) with other similar functional units. What external benchmarking allows you to do is to gauge your own internal performance measures against a wider range of experience. You will then have some standards, given your type of organization, as to how you compare with others trying to do the same sorts of things. That gives you a more objective perspective than the internal trends of your KPIs.

Ideally one seeks benchmarking partners who are considered to be functioning as well as or better than your own organization. At times differences in products, processes or management make comparisons difficult. Yet with some care, comparisons can be made that are enlightening for what is going on (or not) in your organization. For a multi-national organization, a quasi-external benchmarking can occur by working with a number of the organizational units in a variety of countries. Because the information is all “internal” but from geographically dispersed divisions or units, one can benchmark operations from quite different national settings and discover “best practices” within one’s own organization.

In some industries and sectors, there are databases created for doing benchmarking. For higher education in the United States, there are a number of associations that gather KPI information from hundreds of schools on dozens of activity and functional areas and make those available in anonymous ways so that benchmarking can happen. This is true not only for academic functions but for the financial and business side of Universities.

In others there are standards that are set by some professional association. We saw some of those in terms of financial ratios or percentages that are considered to be markers of financial health, flexibility and strength. They are not “benchmarks” established by comparisons made from a group of peer organizations but rather carefully considered standards established in the industry because of years of experience by many organizations. Professional financial managers of universities have set these benchmarks.

If such information is not available, then it may require seeking out several other partners who also would like to benchmark themselves and are willing to take the time and effort to share their internal information.

Benchmarking is a never-ending process since improvements continue to happen in virtually every arena of human organizations. What were adequate and challenging standards five years ago may only be average performance levels today. What is significant in the effort to benchmark is the desire to learn from experience – one’s own and that of others who are doing what we are doing better than we are. It means we are not only paying attention to the results of our actions, but to the results that are happening in other organizations. Sometimes we learn the most not simply from organizations that are in our own industry or sector of human endeavor, but from organizations in arenas quite different than our own. Benchmarking does not have to be limited to gaining insight by comparisons with our peer organizations, but we can also gain insight from how it is done in organizations in general. Nonprofits can learn much from for-profits and faith-based organizations from secular. We have much to learn and much wisdom to acquire as we seek to be faithful and effective in our mission and callings.

## 5. Some Characteristics of a “Learning Organization”

The last element of this process of monitoring and evaluating performance is applying it back into the organization itself. It means becoming what is known as “a learning organization.” This is more than the wisdom developed by the leaders or strategists. It is wisdom that comes to reside in the organization as a whole. It becomes a place where the organizational culture and its practices create an organizational environment where improvement takes place in a consistent manner.

It means openness to the Holy Spirit: open and responsive to His voice. The four aspects of guidance we encountered in Unit 5 remain relevant: revelation, research, analyzed experience, and creative intuition. Learning organizations are sensitive to the lessons to be learned from the history of Christian witness, both our own historical experience and that of the collectivity of the church. They are sensitive to lessons to be learned from the past, that of their own organization and that of other organizations. Of course, they are open to change.

Any learning organization will not be perfect. It will fail. You will fail. I have failed. Failure in this sense means that it didn't work out as we thought it might. If we have analyzed the “failure” and learned from it, however, it has not been a failure in the overall sense. If you've analyzed and learned, then you turn it into a success. Look at ministry and work as a journey where we are continually building on our past experience. That is all we are trying to see happen here.

This course culminates in two writing assignments. One is integrative in that it picks up what you have been learning and doing unit by unit. It asks that you write a full strategic statement for your organization or unit. This moves from mission and values through vision and situational assessment to strategic issues and primary goals finally to selected strategies and then the implementation elements of that strategy.

The second writing assignment is to review and reflect on “Learning for Change: Principles and practices of learning organizations” by Bruce Britton. This paper provides a perspective and specifics for how to create a “learning organization.” In simple terms it is an organization that is transformational in that it facilitates the learning of all its members and modifies its practices, policies and programmes in light of what it learns about itself and its world.

Britton argues that the marks of a learning organization include:

- Recognizing the need for change
- Providing continuous learning opportunities to its members
- Explicitly using learning to reach its goals
- Linking individual performance with organizational performance
- Encouraging inquiry and dialogue, making it safe for people to share openly and take risks
- Embracing creative tension as a source of energy and renewal
- Being continuously aware of and interacting with its environment.

You will have a chance to read and review this paper, so I will not spend much space articulating its features. If we are a learning organization then we will develop an organizational culture that is change-oriented and results-focused. We will be taking what we are learning

from the experiences of implementing strategies and using that to adjust our perceptions of our situations, our practices and policies and our approach to embodying our mission and values. Over time we may even decide that our mission needs to be changed, that our experience tells us there is something more important, more biblical, more effective that we can do as an organization. God continues to walk with us into the future – and that means God calls us to change in ways that will enable us to be more faithful and more effective.

## Summary

In this unit we reach the end of the strategic thinking process. In Unit 11 we will consider the steps to take when leading a strategic planning or thinking process for your organization. But this unit is the end point of crafting and implementing a strategy. In this unit we focused on paying attention to the outcomes, the results of performance. Monitoring performance means identifying the key success factors that are at the heart of carrying out your mission and strategy effectively and successfully. It means monitoring those key areas by defining what measurements might indicate how well they are reaching the results that the strategy envisioned might happen. Key Performance Indicators (KPI) are a way of listing all of those crucial indicators of success. Benchmarking is a way of setting standards for all the KPIs so that you know what the data indicate: well done, ok, missed the mark, disaster! The last step one takes in implementing the strategy is to indicate how you will monitor and evaluate the results of the action plans and programmes or products that embody the strategy. Then having gathered that information, how you will feed that learning back into the strategic process so that proper adjustments can be made in the direction of real improvement over time.

One last word: strategic thinking and planning is not a mechanical process. *It is fraught with uncertainty. Just expect it to be an area characterized by change. Own up to it. Don't be daunted by it. Get good people around you and then allow for full participation. Let the gifts of the Spirit work. Move out on that basis and be confident in the assurance of who our Lord is. He is faithful. He loves us. He is not grading us on our organizational performance, but He is encouraging us to learn from our experience. Most of all He is looking at your attitude, your heart. Follow Him and go where He wants you to, doing the best we can do with the skills, knowledge and wisdom that we have. That's all He asks. Make good use of the tools and models you have learned from this course!*

## Final Assignment



### application

#### Final Assignment

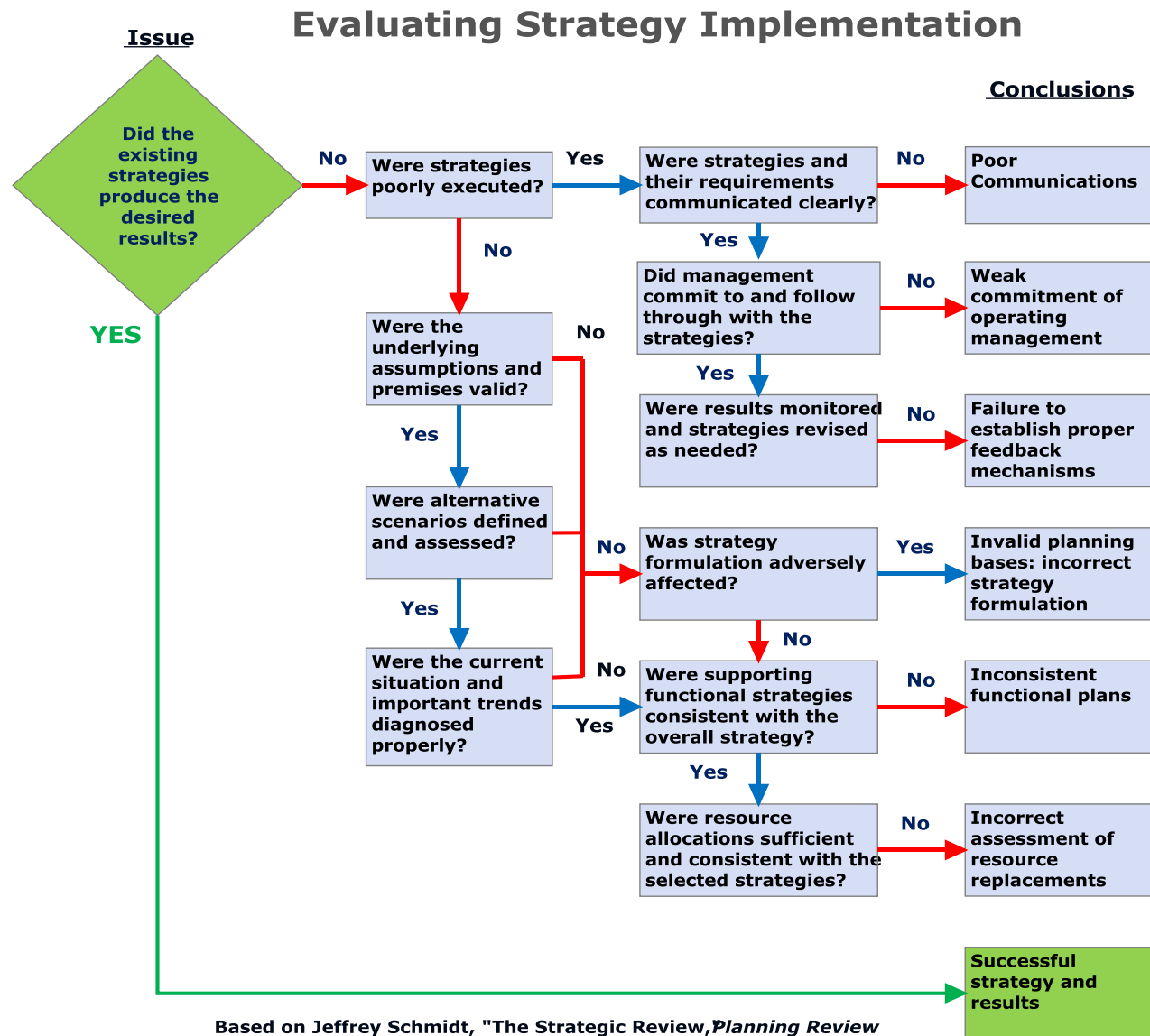
Your final assignment has two parts:

1. Based on “Learning for Change” write a five to seven page **review of this short booklet**. Having summarized the major points, give at least two pages of your review to the key things you have learned from it and how they apply to your organization.
2. As part of the assignments from the previous units, you have been creating various elements and pieces of a strategic plan or statement. Now it is time to write **a full strategic plan**. Your final project for this course is to bring together in one integrated document, your mission, values, vision, SWOTs, key strategic issues and primary goals, selection of strategies, and then major objectives for each primary goal and at least one developed action plan for one of the major objectives or primary goal, including how you plan to monitor and evaluate the results of that implementation. This document should be single-spaced and between six and sixteen pages in length.

**Appendix A: Chart on Evaluating Implementation**

This flow chart suggests the sorts of considerations that might guide conclusions as to why a selected strategy did not produce the desired/projected results. This shows us that there are a number of different places where implementation of a set of strategies can go wrong. It gives us a helpful set of questions we can ask as we seek to diagnose why our best laid plans and programmes did not produce the results they were designed to reach.

This is not an exhaustive list but it contains most of the important issues. We may well have a good strategy, well communicated, staffed and resourced properly and executed with real skill. Yet a major external event (such as war or natural disaster) overwhelmed not only our strategy but that of everyone else in that environment. So this scheme assumes a relatively near normal environmental set of on-going circumstances.



Based on Jeffrey Schmidt, "The Strategic Review," *Planning Review* (July/August 1988), p. 15

## Appendix B: Key Performance Indicators and Dashboard for a University

### Key Performance Indicators: Commentary and Explanation of Typical Measures with five year KPI performance results

#### Indicators of Student Demand:

- ◆ Trend in numbers of applications—Stable-to-growing reflects continued interest in the university
- ◆ Acceptance rate—The higher the acceptance rate, the less flexibility to increase future enrollment (lower rate = more selective institution)
- ◆ Matriculation rate—The higher the rate, the more likely to be the student's first choice (matriculation = those accepted who actually enroll)
- ◆ Geographic spread—The broader the spread, the greater the protection to enrollment volatility
- ◆ SATs or ACT—Indication of flexibility (SAT/ACT scores are measures on standardized tests of student academic and intellectual abilities)
- ◆ Part-time/Full-time mix—More part-time students may indicate volatility in economic cycle
- ◆ Terminal degrees—Indicates enhanced reputation (this would be the highest degree held by the faculty)
- ◆ Program offerings—Variety is positive for attracting students provided there is depth in the faculty
- ◆ Retention—Reflects degree of student satisfaction (as measured in undergraduate programs by the return of freshman for sophomore year and/or by the percentage of entering class who graduate within a given span of time – such as within 5 years for a 4 year program)

#### Analysis of Tuition:

- ◆ Rate of tuition increase—Indicates whether the university is competitive in pricing
- ◆ Tuition dependency—Less concentration on tuition with multiple sources of revenue is considered positive
- ◆ Tuition discounting—The higher the institutionally funded financial aid, the less financial flexibility
- ◆ Growth in net tuition per FTE student—should be stable-to-increasing each year, otherwise a university may have trouble covering future costs

#### Financial Ratios

##### Operating Ratios:

- ◆ Tuition as percent of total revenue—Measures dependency on tuition, benchmark might be 75 percent (lower is better)
- ◆ Total financial aid as percent of total tuition—USA national average is 37 percent
- ◆ Non-donor supported financial aid as percent of total tuition—The ideal is to have all financial aid funded by endowment
- ◆ Net operating income as percent of total revenue—The operating margin should 3 to 4 percent
- ◆ Annual debt service as percent of total operating expense plus debt service principal—Measures the percent of operation revenue consumed by debt service, 10 percent is considered high

- ◆ Annual debt service coverage—The annual operating surplus plus interest and depreciation divided by debt principle and interest, measures the margin of protection for debt service from operations. Moody's will expect an annual debt service coverage of at least 3.
- ◆ Endowment income used for operations divided by endowment—An annual distribution rate greater than 6 percent will trigger further discussion by Fitch.

***Financial Strength:***

- ◆ Total endowment (True and Quasi) divided by total operating expense—Institutions with higher ratios have greater financial flexibility. Endowments of twice operating expenses provide stability to address changing economic conditions.
- ◆ Investment income plus realized and unrealized gains divided by average long-term investment—Measures investment performance and should be assessed against weighted benchmarks matching asset allocation.
- ◆ Net assets less net plant divided by debt—Measures coverage of debt by financial resources. Moody's will expect debt coverage of between 2 and 5 times the debt.

***Liquidity:***

- ◆ Current assets divided by current liabilities—Represents the university's ability to meet working capital needs.
- ◆ Net cash provided by operating activities divided by debt service—Measures ability to meet debt service from cash flow.
- ◆ Unrestricted and temporarily restricted cash and investments divided by operating expenses—Indicates the buffer the university has to draw upon to support operations if revenues drop. A benchmark of at least .5 will allow coverage of one semester to give time to adjust to economic downturns.



**Appendix C: Dashboard and Benchmarks:Christian University Example**

**Short Dashboard: 16 KPI Variables**

								Goals	
		2000/01	2001/02	2002/03	2003/04	2004/05			
<b>Enrollment</b>	TOTAL Enrollment	3421	3546	3603	3740	3836	4600	(5 yr goal)	
	Enrollment change		3.65%	1.61%	3.80%	2.57%	4.60%	To reach goal	
	<b>1 First Year enrollment</b>	<b>1358</b>	<b>1345</b>	<b>1266</b>	<b>1440</b>	<b>1385</b>	<b>1720</b>	Trend	
	<b>2 FTE Student count</b>	<b>2702.2</b>	<b>2895.1</b>	<b>3013.1</b>	<b>3130.0</b>	<b>3251.7</b>	<b>3893</b>	Trend	
<b>3 Growth in FTE student</b>		<b>7.14%</b>	<b>4.08%</b>	<b>3.88%</b>	<b>3.89%</b>	<b>4.60%</b>	Trend with goal		
<b>Graduation</b>	Degrees: Undergraduate	517	487	494	651	544			
	Total	853	859	842	1143	922	1171	Trend	
	Change		0.70%	-1.98%	35.75%	19.34%			
<b>4 Undergrad 4 yr. Graduation rate</b>		<b>56%</b>	<b>55%</b>	<b>52%</b>	<b>58%</b>		<b>&gt;55%</b>	Benchmark	
<b>Faculty</b>	Full Time	74	95	92	92	103	156	130	
	Part Time	310	251	344	307	311	346	433	
	Est. FTE faculty	167	170	195	184	196	260	260	
<b>5 Part Time as % of FTE faculty</b>		<b>55.7%</b>	<b>44.2%</b>	<b>52.9%</b>	<b>50.0%</b>	<b>47.5%</b>	<b>40%</b>	<b>50%</b>	
								Goal	
<b>6 Faculty/Student ratio (est.)</b>		<b>16.18</b>	<b>17.00</b>	<b>15.44</b>	<b>17.00</b>	<b>16.56</b>	<b>15.00</b>	Goal	
<b>Tuition</b>	(Undergrad)								
	<b>7 Undergraduate:</b>		<b>\$14,560</b>	<b>\$15,150</b>	<b>\$15,832</b>	<b>\$16,780</b>	<b>\$17,700</b>	<b>\$22,590</b>	5% rate

8	<b>Ave. institutional Student aid (discount)</b>		29.02%	31.21%	32.68%	30.89%			>37%	Nat'l ave
9	<b>Net tuition revenue per student</b>		\$10,335	\$10,422	\$10,658	\$11,597			3.97%	Trend
10	<b>Tuition Dependency (net tuition/op. exp)</b>		73.5%	72.0%	73.7%	78.1%			<75%	Benchmark
Financial			2000/01	2001/02	2002/03	2003/04	2004/05			
11	<b>Change in Total Net Revenue from Previous year</b>			6.89%	6.99%	7.76%	8.28%		7.48%	Trend
12	<b>Change in Net assets from Previous year</b>		-0.28%	-5.18%	6.13%	23.47%			5.15-6%	Trend
	<b>(Not including the Seminary)**</b>	\$21,096,138	\$21,037,195	\$19,947,179	\$21,169,384	\$26,138,311		\$33,592,077		to \$35,036,190
					**Net Assets 2004 (incl. Seminary) =	\$35,259,411		(\$45 million		to \$50 million
13	<b>Net income ratio (Operating margin %)</b>		-0.1%	-2.3%	2.5%	8.1%			3-4%	Benchmark
14	<b>Long term investment per FTE student</b>		\$3,758	\$3,002	\$3,023	\$3,325			\$4,000	(5 yr goal)
15	<b>Educational expense per FTE enrollment</b>			\$10,752	\$11,152	\$12,391				
16	<b>Ed. &amp; General expenditure per FTE student</b>		\$15,738	\$16,132	\$15,871	\$15,726			\$18,435	Trend projection

# Strategic Thinking

## *Unit 11*

### *Leading the Strategizing Process*



## Development Associates International

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D.A.I. P.O. Box 49278 Colorado Springs, CO 80949-9278 USA  
Tel. (719) 598-7970 / Fax (425) 988-8126  
[www.daintl.org](http://www.daintl.org) / E-Mail: [info@daintl.org](mailto:info@daintl.org)

## Unit 11: Leading the Strategizing Process

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### Learning Outcomes:

By the end of this unit you will be able to:

- Specify the key stakeholders who need to be involved in any process leading to establishing a strategic plan
- State the major elements that need to be considered before starting a strategic thinking process aimed at creating a new strategic plan
- Identify at least eight techniques that can be used in group facilitation in the strategizing process
- Know how to set up a Task Force to do part of the Strategic Thinking Team's work

## Introduction

You are about to begin a unit in the module, **Strategic Thinking**. This unit focuses on **elements involved in leading the strategizing process**.

Once an organization decides it is time to develop an initial strategy or revise one already in place, someone will be tasked with the responsibility of leading that process. Understanding the elements that need to be thought through in order to develop a clear and compelling strategy is one thing. Leading others in doing it is another. This unit seeks to provide some guidelines and initial forms to help you take on that responsibility. It is also the case that the resources in this unit are examples. They do not exhaust alternatives. Nor will all of them be relevant or useful for all organizations. They are meant to provide beginning points that can be adapted, adopted or even discarded. Every organization needs to have the process tailored to its situation, organizational culture and purposes for which strategic thinking is engaged.

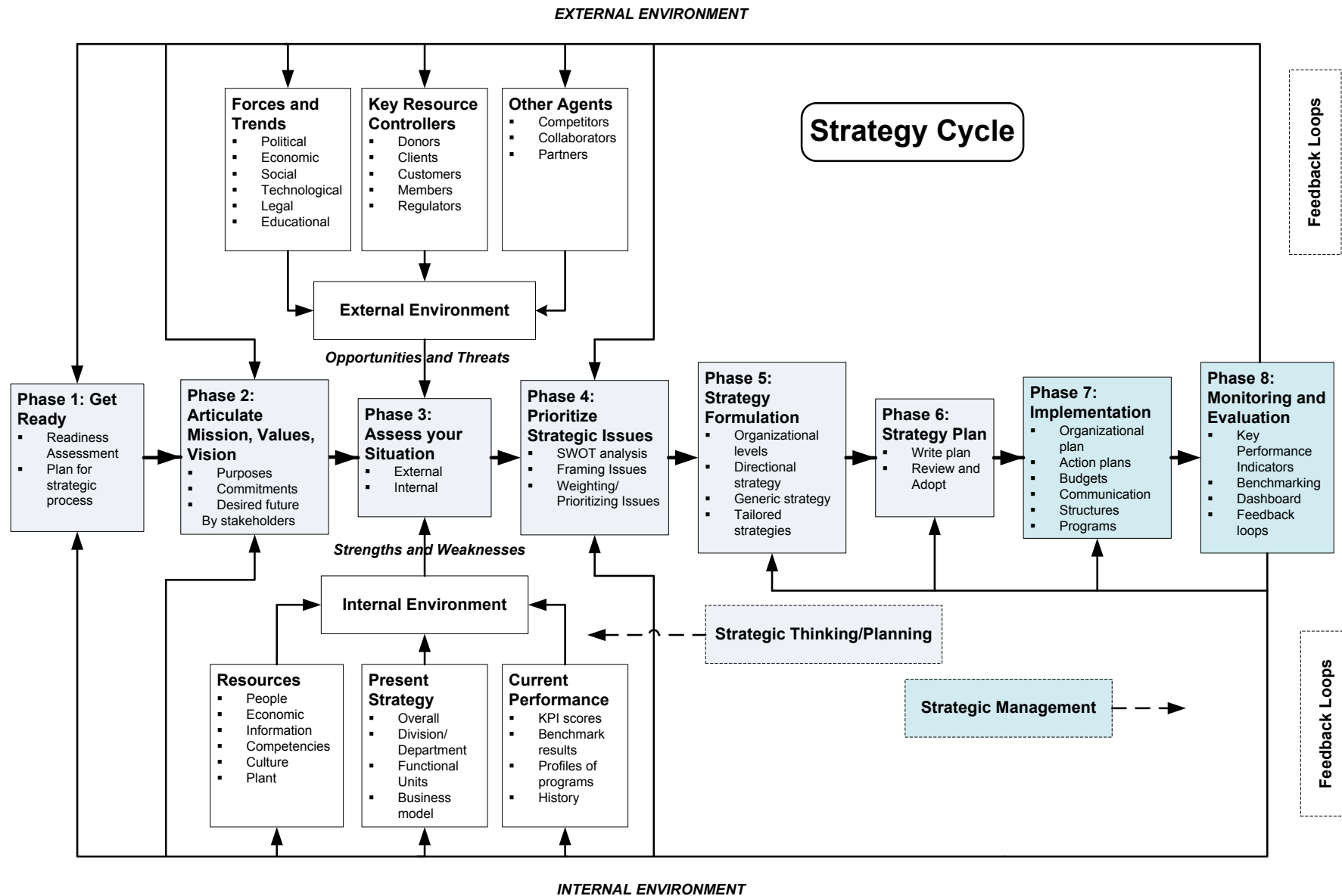
### Elements of the Strategic Cycle

There are a number of ways to do strategic planning. The approach suggested here follows the major steps outlined in the first ten units of this course. In general, variation in the steps occurs in the early stages of strategic thinking (phases 1-4) – when situational analysis, review of mission, vision and values statements, and identification of strategic issues and goals occur. The later steps (phases 5-8) tend to be performed in the same order.

- Phase One: Getting Ready: Organizing the process
- Phase Two: Reaffirming/Creating the Mission, Values and Vision
- Phase Three: Situational Assessment
- Phase Four: Identifying, Analyzing and Prioritizing Strategic Issues
- Phase Five: Strategy Formulation
- Phase Six: Writing and Adopting the Strategic Plan
- Phase Seven: Implementing the Strategies
- Phase Eight: Monitoring and Evaluating Performance

The larger strategic cycle is portrayed in a chart on the next page, showing the eight phases of the strategy cycle. While not all the elements of that cycle are captured in the graphic, most are. It gives a good overview of the elements that need to be attended to. This unit will provide some tips and forms for engaging in leading the strategic thinking process beginning with getting ready to revising and all the way to adapting the strategy in light of the performance being achieved. Although this process is laid out as a linear or sequential process, the reality is that it is an iterative process. Typically participants will rethink prior decisions and conclusions they had reached in the light of new information and experience. Nor does the process always begin “at the beginning.”

In addition, the strategic cycle always takes part in a larger context: the budgeting cycle, decision-making routines of the board and other change initiatives (such as technology upgrades and personnel reforms) that are taking place. So this process does not stand alone or outside other dynamics that are taking place in an organization.



## Key Design Issues

- When is the best time for re-strategizing the organization?
- Whose plan will it be when it is done?
- What are the purposes of the strategic thinking exercise?
- How will the process be tailored to the situation at hand?
- How will the process be managed?
- Who needs to be part of the strategizing process if it is to succeed?
- What are dangers that need to be avoided?
- What are some of the keys to success in the strategic thinking process?

### 1. Phase One: Getting Ready and Organizing the Process

In planning for a strategic process the first thing to do is step back and consider:

- Whether you and your organization are ready.
- What you will focus on.
- How long a time period will be included in strategizing.
- How to customize the strategy process to fit your organization.
- Who needs to be involved in the strategizing process and when.
- Who will lead the process.
- What resources are needed.
- The best schedule for the strategizing process.

Usually a written strategic plan will need to be reviewed and approved by the Board. The dates of Board meetings will often set the larger calendar in terms of key deadlines for having such a document prepared for circulation and Board review.

In addition, the choice to go through a strategizing or planning cycle may not be a choice you have. If you are part of a multi-national organization or other large organization, there may be a regularly dictated budgeting and planning cycle that is already in place. Leading the strategizing process may simply be part of a regular responsibility. So a number of the “are you ready for strategic thinking” questions may not be fully relevant. In a smaller organization, the choice to engage the strategic cycle is one that has more flexibility in it and may not require as much forethought and planning. Even in thinking strategically about engaging a strategic thinking process finds its touchstones in: realistic, relevant and flexible! The process needs to fit the size, status, condition, budget and readiness of each organization.

Normally an organization engages a strategic process because it is facing one or more important issues or choices. It may wonder: are our services or products are still relevant or adequate? Are there any threats to our sources of revenues or funding? Is this the time to roll out a new programme or product? Should we shut down some programme or department or refocus it? Should we buy a building or relocate our offices? Is this the time to seek out an alliance or develop a new collaborative relationship? Or it may simply be a sense that the organization is drifting, no longer clear or confident that it is moving in the right direction. The reasons for strategizing have a significant impact on how to go about the process, whom to involve and whether a strategic plan is needed.

Whatever is motivating the sense that strategic planning is necessary, now, needs to be clarified. It may be the problems, issues or challenges that motivate people to suggest the strategic process can be solved more simply and directly in a different way. Asking the question about readiness for strategic thinking and planning is seeking to insure that the strategic process is the appropriate way to address the issues that face the organization here and now.

Here are some of the considerations and conditions for success that goes into embarking on the strategizing process. These might serve as a short checklist to help you see how many are in place – and whether there are enough of the right ones to decide to start:

This condition is present:	Agree	Not sure	Disagree	Comment
1. Commitment and support of the top leadership throughout the entire process (especially the CEO and Board chair)				
2. Commitment to clarifying the roles of all who are involved in the process, especially who will have input and who will be decision makers				
3. Willingness to gather and share information regarding the organization's strengths, weaknesses, opportunities and threats, including: (a) the effectiveness of the organization's programmes and functional units, (b) Current and future needs of the customers or clientele served, and (c) Competitors and collaborators				
4. The right mix of people on the strategizing team, including big picture visionaries, strategic thinkers, detail-oriented thinkers, and the implementers (those in positions who will see things through to completion)				
5. Willingness to be inclusive and encourage broad participation of people so that they feel ownership and are energized by the process				
6. Adequate organizational resources essential to completing the process (including budget, time of personnel, board involvement)				



7. Clarity about the outcomes of the process and issues to be addressed on the part of the board and staff				
8. Willingness to question the status quo and to look for new ways (including willingness to ask hard questions, make difficult choices and make decisions in the best interest of the long-term vitality of the organization)				
9. Willingness to support and champion change				
10. The financial capacity of an organization to sustain itself in the immediate future without prospect of a financial crisis				
11. No serious conflicts between the major players within the organization (although disagreements in the strategizing process are to be expected)				
12. No merger or other major strategic partnership in prospect for the next six months				
13. A board and top management willing to articulate key constraints and non-negotiables upfront.				
14. A commitment to tie the strategic planning process to the organization's annual budgeting and operational planning cycle so that a detailed operational plan is created in light of the strategizing and monitored				

This gives you some guidance as to readiness for a formal strategizing process. If too many of these conditions fall into the “not sure” or “disagree” category, then there may be serious reasons for not initiating the process until later. Comments may clarify how serious these are or give rationale as to why they may be rectified along the way.

In addition, you ought to think about the organizational past history with strategic thinking and planning. What strategic processes have been followed in the past? What has worked or not worked? What can you learn from that experience that will help you design the prospective process? People come with varying experiences from those who have been through a process and written plans that sat and gathered dust to others who have seen their organization transformed as it gained clarity on its key competencies or strengths and seized opportunities that had never before been exploited. Part of the issue of readiness for strategizing is a history of positive experiences with such a process improving the effectiveness and efficiency of the organization.

On the following pages, you will find some suggested questions that will help you set up the various elements that can help you succeed in the tasks of leading the strategizing process. Not all of these may be relevant or important, given your own organization and its history. But these will provide some exemplar questions that you may find you want to build into your own customizing of the strategizing and planning process.

## Plan the Strategizing Effort

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1. Whose plan is it?

- The whole organization
- The whole organization with separate plans for major divisions, units and the like
- Part of the organization (specify division, unit, program): \_\_\_\_\_
- A functional unit, such as HR, IT, accounting-finance etc: \_\_\_\_\_
- Internal stakeholders or both internal and external (specify): \_\_\_\_\_
- Other, such an inter-organizational network/alliance or community (specify): \_\_\_\_\_

2. What period of time will the strategic statement cover?

- One year
- Two years
- Three years
- Other \_\_\_\_\_

3. What challenges, issues, problems or concerns do we hope the strategizing process and the written plan will address?

Note: Many of the strategic issues/challenges that need to be addressed will address some of all of the following issues:

3a. Mission: How well are we achieving our mission and how could we have a greater impact?

3b. Financial: Are our operations financially viable? How can we ensure the long-term financial stability of our organization? Do we have effective financial management systems in place to monitor our finances?

3b. Administrative/managerial capacity: Do we have the administrative capacity to effectively and efficiently support our programs and services? What would it take to maximize our organizational capabilities in terms of planning, human resources and leadership, organizational culture and communication, and our technologies and facilities infrastructure?

3d. Governance: How effective is the board at protecting the public's interest, ensuring that the dollars generated or received are used effectively and efficiently and that the organization is fulfilling its mission? What can we do to ensure that our board is able to fulfill its governance role now and for the future?

Of these issues, what is the short term focus for each? Are there some operational questions that need to be asked in the near future?

4. Who is sponsoring the strategizing process? Do they have the necessary authority and power, the resources and time?

- Senior Managers
- Middle Managers
- Policy board members
- Staff
- External stakeholders
- Others \_\_\_\_\_

5. Are there any non-negotiables or constraints that need to be articulated upfront in the strategizing process? What are they?

6. What would success look like at the completion of the strategic planning process? What does your organization or unit hope to accomplish by going through a formal strategic thinking process? Is there some other way to accomplish that outcome that is easier, shorter and more direct than a strategizing process?

7. What is the most appropriate time for your organization to initiate a strategizing process? Is it now? If no, where do you go from here?

If yes, what is a preliminary suggested timeline and milestones for the process? Is this an abbreviated, moderate or extensive process?

8. Who will be on the strategic thinking project team? How large does it need to be and who will play key roles? Are all the key stakeholders represented on the project team or committee? Think about the kind and size of the strategizing team that will be best in your organization. Who should own and be committed to the plan at the end of the process? What does that mean for the composition of the team?

	<b>NAME</b>	<b>Role on Team</b>	<b>Representing What Key Stakeholder?</b>
<b>1</b>		Chair	
<b>2</b>		In charge of strategic planning	
<b>3</b>		Will “champion” the effort	
<b>4</b>		Will write the draft of the strategic plan	
<b>5</b>			
<b>6</b>			
<b>7</b>			
<b>8</b>			

<b>9</b>			
<b>10</b>			
<b>11</b>			
<b>12</b>			
<b>13</b>			

9. Information documents availability: Are the following documents readily available or able to be secured during the strategizing process?

<p><b><u>Mission-related Documents</u></b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Program descriptions/workplans</li> <li><input type="checkbox"/> Needs assessment</li> <li><input type="checkbox"/> Client/Customer satisfaction surveys</li> <li><input type="checkbox"/> Previous evaluation findings</li> <li><input type="checkbox"/> Evidence of innovation/reputation in the field</li> <li><input type="checkbox"/> Other data (such as government reports etc.)</li> </ul>	<p><b><u>Administrative/Management capacity Documents</u></b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Mission, vision, values statements; strategic plan; annual plans</li> <li><input type="checkbox"/> Program descriptions/workplans</li> <li><input type="checkbox"/> Organizational chart</li> <li><input type="checkbox"/> Internal newsletters or other communication vehicles</li> <li><input type="checkbox"/> Personnel policies and performance appraisal forms</li> <li><input type="checkbox"/> Previous organizational effectiveness surveys and/or “climate surveys” (or other formal review of culture and staff satisfaction)</li> <li><input type="checkbox"/> Volunteer management plan</li> <li><input type="checkbox"/> Information technology plan</li> <li><input type="checkbox"/> Visual survey of facilities and equipment</li> </ul>
<p><b><u>Financial-related Documents</u></b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Fundraising materials</li> <li><input type="checkbox"/> Fundraising plans</li> <li><input type="checkbox"/> Budget reports</li> <li><input type="checkbox"/> Audits</li> <li><input type="checkbox"/> Sample financial reports</li> <li><input type="checkbox"/> Internal controls procedures manuals</li> </ul>	<p><b><u>Governance Documents</u></b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Board minutes</li> <li><input type="checkbox"/> Board roster and committee structure</li> <li><input type="checkbox"/> Previous board self-evaluations</li> <li><input type="checkbox"/> Board manual</li> </ul>

10. Communication: How will the board and staff be kept informed about the strategic planning discussions and progress? Who are the audiences for the strategic plan?

11. Will we use internal or external consultants or other resource experts?

Yes. Who will they be and what role will they play?

No.

Uncertain. If unsure, what kind of help do we think we might need?

12. What type of written plan do we envision?

Short executive summary

Longer and more detailed plan but not including most tactical and operational elements

A detailed plan including tactical and operational elements

Other:

13. What criteria should we use to judge the effectiveness of the strategizing process?

14. What criteria should we use to judge the effectiveness of the strategic plan?

## 2. Methods for Facilitating the Strategic Process<sup>1</sup>

The key task of a facilitator is to work with a group of people so that they are able to identify what they want to accomplish together and the process that they want to use. Usually this means the facilitator helps a group to solve problems and make decisions together. The process of facilitation concerns the **how** the group works together, not the specific **content** they are working on. The facilitator is not solely responsible for the outcome of the group. The group is also responsible. Normally the facilitator is not considered a member of the group, though this is truer of an outside consulting facilitator than a team member leading the group. In any case, each organizational process and group will require customization in terms of techniques and style to accomplish the task of creating a relevant, realistic and flexible strategic plan.

### A. Working assumptions

- Problem solving requires information that is as accurate as possible. Strategic thinking is about solving problems and achieving overall goals of the mission and vision of an organization. The more accurate the information about the conditions and context of goal achievement, the more accurate will be the outcome of any group process seeking to craft good solutions.
- Effective decision-making requires free and open choice among the participants. The freer and more open participants are in sharing perspectives and insights during the strategic thinking process, the more effective the decision making will be.
- Effective implementation requires the internal commitment of the participants. People's own strong internal and personal commitment to the vision, goals and strategies of an organization comes from identification with and ownership of the final plans that are developed. The more participants feel they have had a hand in the crafting and refining of the strategies, the more likely they are to feel a strong commitment to it.

### B. Principles for Facilitating Strategic Thinking

- Be authentic, modeling the freedom and openness you want from the participants. Being honest and clear with the participants builds trust and demonstrates the sort of communication and transparency that is essential. This means being aware of what you are feeling and seeing and fully sharing your perspective with the group. Model the behavior you prefer from the members of the strategizing group.
- Come to the strategizing process with a basic framework in mind for the full process. With all the steps and alternatives in mind, you will be able to customize as necessary so as to fit the timeframe and needs of the organization. This course has given you a basic

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<sup>1</sup> Adapted and drawn from Carter McNamara, *A Field Guide to Nonprofit Strategic Planning and Facilitation*, Minneapolis: Authenticity Consulting, L.L.C., pp. 137-148.

framework. You will find a number of additional alternatives for each of the steps in the literature suggested in the bibliography. There are a variety of alternative approaches to this task that work well in given circumstances.

- Don't worry about picking the perfect steps or techniques for each situation. There probably are no "perfect" components in this process. There usually are several alternative approaches and several facilitation techniques that will work in any given time in the process. If you are in doubt as to the advisability of a given approach or technique, ask the client (if you are an outside facilitator) or some key person within the group for their advice.
- Learn to work with diversity and disagreement. There are major differences among people (with different leadership and communication styles as well as values). There are differences between cultures that create resistance and misunderstanding. There are different sensibilities about open expression of differences of opinion so that fostering an environment that is secure and open can be challenging. Disagreements are important if alternatives are to be explored. In addition, some personalities or people in certain positions can stifle the conflict of opinion by pronouncing on this or that. Fostering enough diversity and disagreement is an important step in crafting relevant and realistic strategies.
- Know your own biases and style. What you think is the "right" answer can interfere with the group's own sense of the direction that the organization needs to take. The group process is not to reach your conclusions but to discern together, as a group, what needs to be the strategies for the next period of time. If you tend to be a designer-developer, remember: other visions are valid. Nor is this the place to dominate the discussion and the process. This is not a place for "shut up and listen" style of direction. You are there to facilitate the process. So you need to be aware of your own biases and style in order to compensate.

### *C. Meeting Management*

Before we talk about techniques, a word or two on meeting management is essential. Planning meetings are an important part of facilitating the strategizing process. The facilitator needs to be comfortable and confident in all the meetings. It is the behavior of the facilitator that sets the tone for meetings. So, depending upon your personality, get as comfortable as you can. Part of that is knowledge of some of the elements of the road map you want to follow.

- 1) Develop an agenda: this is the road map for the meeting:
  - a) If you are a consultant, you need to develop agendas in collaboration with the organization's leadership. Reflect on the goals for the meeting and then design activities that will accomplish those goals.
  - b) Consider how you label a meeting and its activities. You want to develop common expectations and mindset among the participants.
  - c) Include some sort of introduction or "check-in" from the last session so that all members get involved early in the meeting.
  - d) Be sure to have some time to review the last meeting and status of actions assigned in any previous meeting.



e) Allow some time for brief evaluations or “satisfaction checks” among the members.

## 2) Opening meetings

a) Start on time. While there are differing sensibilities and habits about time (and you should not take personally people wandering in late or leaving early), starting on time respects those who show up on time and reminds late-comers that the meeting and scheduling are serious.

b) If some are missing who should be present, ask the reason for absence and address how to get him or her involved.

c) Model the kind of energy, openness and participation that is needed for the meeting to succeed.

d) Clarify your role as facilitator for that meeting, noting when you will be doing training, facilitating, recording etc.

## 3) Establish ground rules for meetings:

Ground rules can be identified before the group meeting and then proposed to the group for adoption or they can be developed by the group members in the meeting itself. They set the boundaries for the meetings and should be established early on in the process. Examples of such ground rules are such things as:

a) Meetings start and end on time.

b) Focus on priorities, not personalities.

c) Everyone participates.

d) All opinions are honored.

e) No interruptions.

f) No sidebars (or conversations not involving the main group when in plenary session).

## 4) Time management

In highly energized meetings, time seems to run out before all the tasks are completed. So one challenge is to keep the process moving.

a) Consider asking the group for a volunteer to help monitor and remind the group about the time set for an activity.

b) If the planned time for the agenda is getting out of hand, present it to the group and ask them for input on a resolution.

c) Adjourn the meeting at the time scheduled – and rarely deviate from this guideline. It is better to adjourn even when members feel the work is incomplete than drag on with the illusion that everyone should leave with a feeling of completion. Keeping the time limits shows respect for the members of the group (and their schedules) and builds confidence that sound time management will happen at your meetings.

### 5) Evaluations

- a) In process evaluations can be done when meetings are long (longer than 2 hours). One can check in and do a “satisfaction” check, asking each member to visit his or her “internal weather” and report their evaluation on how things are going. This provides a means to do some correction during the meeting rather than afterwards.
- b) Overall evaluation can be done at the end to evaluate the quality of the meeting. This can be done by having each rate the meeting on a 1 (poor) to 5 (excellent) and explain the reason for the rating. What is also needed is to ask what could have been done in the meeting so that they would have rated it a 5. In this case, if it is being done openly and verbally rather than in written form, the senior leadership should be the last to voice their opinions.

### 6) Closing the meeting

At the end of a meeting, review actions and assignments, establish the time and location for the next meeting – and ask whether the group members whether they can attend it. Ask if there are others who should be at that next meeting and ensure that someone is assigned to invite them.

## D. *Techniques to facilitate group process*

**I. Brainstorming:** Used to generate a broad range of new and creative ideas such as: SWOTs, Strategic issues, Strategic goals, Strategies, and Objectives.

1. Specify the topic or goal to the strategizing group.
2. Ask for a free-for-all generation of ideas from among members of the group (all ideas are welcome and recorded initially).
3. List all the ideas on a flip chart or chalk board, abstaining from any reactions (positive or negative) and/or discussion from the group until all ideas are collected. Members can ask questions for clarification so as to understand the meaning of the idea, not to express a judgment or make a decision about it.
4. Optionally, one can combine ideas into common categories by using discussion, voting (ranking or rating) and/or consensus techniques.
5. Optionally, using the same methods as #4 above, the most preferred ideas/categories can be selected.

**II. Consensus:** Used to make a group decision a highly participative, egalitarian process, bringing all to a place they can all “live with,” for example:

To select the most important or desired item form a list of items (by ranking)

To select a range of the most important or desired items form a list of items (by rating)

Consensus does not mean all in a group agree and subscribe to the group’s final decision. It means that all can live with the decision. Consensus is a means whereby a highly interactive group can reach their decisions, especially if it is egalitarian.

One can do this by (1) suggesting a specific answer to the decision that must be made by the group and (2) asking if everyone in the group can live with that suggestion.

This can save a lot of time but it is not the best means for the amount of discussion and thought that is often essential in strategizing. This is best used when the time available is very short and some decisions need to be made now or opportunities will be lost. It can also be used when the decision is not crucial or important to the larger process and outcomes.

1. The facilitator defines a deadline by which time consensus is to be reached in the meeting.
2. In a roundtable fashion, each member:
  - a) gets equal time to voice his or her preferences and reasons in regard to the question.
  - b) focuses perspectives on what is doable
  - c) does not mention other member’s names
  - d) the most senior leader or manager in the group voices his or her opinion last.
3. At the end of each person’s time slot, all members take a quiet minute to:
  - a) Collect his or her own thoughts in response to the last speaker’s presentation
  - b) Decide what he or she would be willing to compromise or have in common with the last speaker.
4. At the deadline:
  - a) the facilitator poses what seems to be the most common perspective voiced by the members
  - b) asks all members if they can live with that perspective.
5. If no consensus is reached, members might choose one of the following options:
  - a) Consider further research until a specified future time (perhaps assign a committee to bring in a report with recommendations,

preferably in writing to all members prior to the next meeting. At the next meeting initiate the consensus technique again.

b) Consider using a vote to decide the issue, terminating the consensus process.

**III. Discussion:** Used to ensure interaction between group members to identify, clarify, analyze and/or select an item

This is the most commonly used technique, whether in small groups or in plenary session.

1. Specify the topic and the goal (usually to identify, clarify, analyze and/or select an item).
2. Sometimes this is best done by describing the topic as a yes or no question or a choice among a number of alternatives (“should we approve .....” or “which of the following should be adopt.....”).
3. Specify when the discussion is to start and stop.
4. Allow for open, unassigned exchange of information, including questions, suggestions and general comments until it is time to stop discussion.
5. Facilitate to keep the discussion focused on the topic.
6. A flipchart can be used to capture key points.
7. Optionally, summarize the discussion by identifying conclusions or decisions from the discussion.
8. Optionally, the group can make a selection from the results by using voting (ranking or rating) or by means of a consensus technique.

**IV. Facilitator Intervention:** Used to bring group members back to focus and/or behaviors that are most effective for group process, for example, if:

- The ground rules are being broken
- The group seems stalled or stuck
- There are prolonged conflicts among members
- Some members are not participating

There are a wide variety of intervention techniques: summarizing, confronting, making suggestions, asking questions, providing other

perspectives, asking for clarification, reminding the group about the ground rules and structuring activities.

The nature of the intervention depends upon the issue in the group.

1. If the group is stuck, then it is appropriate to point this out to the whole group.
2. If there is prolonged conflict between certain members, then it may be more appropriate to invite the members out of the group and conduct an intervention among these members.
3. If the ground rules are being broken, then it may be appropriate to point this out to the whole group.

Whenever intervening in a group, try to give the group the opportunity to take responsibility for recognizing the situation and deciding what to do about it. If the intervention is to the whole group then you might think about:

- A. Briefly describe what you are seeing and hearing (right now) that leads you to conclude there is a problem that needs to be solved. Do not just report what you feel or sense. Try to be more specific.
- B. Ask the group what they want to do.
- C. Be silent while the group members react and discuss the situation.
- D. Focus the discussion on the problem at hand
- E. Ask them for a decision.

**V. Nominal Group Technique:** Used to collect, organize, and make a decision about a wide range of ideas.

This is the most versatile of the techniques for it combines and uses other techniques, with each use being customized to some degree to the task at hand. The technique usually involves several phases, including:

1. The facilitator clarifies the topic or goal to be addressed by the group.
2. Ideas are collected from members of the group:
  - The Round-Robin technique is often used to compile an initial list.
  - Brainstorming is used to expand the compiled list.
3. The overall list is organized and analyzed.
  - The discussion method is often used for this.

- The list is analyzed for overlaps, duplications, conflict, interdependence, etc.
4. Ideas are selected from the overall list, using any of the following techniques:
- Discussion
  - Consensus
  - Voting

**VI. Parking Lots:** Used to postpone addressing or even ignore a certain topic or issue such as operational or day-to-day issues that are not strategic and can be dealt with after the strategizing is completed.

1. One or more members of the group mentions that a matter before the group is not directly related to the established topic or goal that the group wants to address.
2. The facilitator or group member suggests that the matter go on the “parking lot.”
3. If group members agree with the suggestion, the matter is listed on a “parking lot,” which is usually a flip chart posted off to the side in the meeting room.
4. Before the end of the meeting, members agree how the “parking lot” matters will be addressed later on, if at all.

**VII. Round Robin:** Used to ensure complete collection of all ideas from all participants.

1. The facilitator clarifies the topic or goal to be addressed by the group.
2. Members get quiet time before the group meeting or early in the meetings to identify ideas on their own.
3. In the meeting, the facilitator collects a list of ideas by getting one idea from one person at a time, going around the table or room, until all members have shared all of the ideas from their list. A variation on this is to have each person (or group) to share one idea that has not been previously recorded and the process continues until all ideas are up on the list.
4. Members do not analyze or discuss any of the ideas until all ideas have been collected. Members can ask a question during the Round-Robin, only to get clarification on a suggested idea.
5. The facilitator and members avoid duplication of ideas on the list.
6. Optionally: combine the ideas into common categories.

7. Optionally: select the most preferred categories and/or ideas by voting or consensus.

**VIII. Stories:** Used to focus individuals on positives and holistic considerations especially about vision, values and action plans.

The facilitator explains that the focus of this exercise is on the positive by building on the strengths and opportunities of the organization and its stakeholders. This is a technique from Appreciative Inquiry and seeks to document stories of success and strength so as to build strategies that leverage those matters.

1. Each member quietly reflects on his or her own best experience with the organization and the people it serves.
2. In pairs, members interview each other (about 10 minutes in length) about their best experience, including about:
  - What made it the best experience? What were they doing? Who was involved?
  - What do they value about the organization and whom it serves now?
  - What would they like to be core values in the organization?
  - Three wishes for the organization and the people it serves?
3. The interviewer documents the top 5-8 major themes found in what the other person talked about. The interviewer mentions the themes to the other person to get his or her agreement, disagreement or modification to the themes.
4. Use the Round-Robin to collect all of the themes. Use brainstorming to expand the list of themes if the group prefers.
5. Use the voting process (rating) to select the top 5-8 themes to include in the vision or values.
6. Use the Round-Robin for each person to identify his or her action plans to enact the vision and/or values.

**IX. Voting:** Used to make a selection from various alternatives and/or to make a decision.

A variety of techniques can be used for voting, each with its own merits and demerits:

- Show of hands: the item getting the most is selected.
- Ranking: One distinct value is assigned to each item in order to identify the most highly ranked ones from a list (so that the average ranking will give a rank order to items).
- Rating: This is used to associate a value with each item in order to select a range of items from a list. Some items can have the same value associated with them (so, using high, medium, and low, several items might be rated as high or rated as low).

- Dot voting: A common approach to this is-
  - Each member gets so many votes that he or she can use to cast for that many items on the list. The number of dots is then summed and is equal to the number of choices that are made from the list. So there might be five items and each member gets three votes to make a dot by or paste a dot besides the three he or she favors. The three items with the highest number of dots gets selected.
  - A variation on this is different colored dots which can represent different weights of voting, or even a negative vote (to be subtracted from the positives). In some cases members are allowed to cast more than one vote for the same item.

### *E. Dealing with Challenging Behaviors*

We all face challenges when we are in a group process and someone(s) act in ways that subvert or derail the purpose of the conversation. Knowing some simple techniques to deal with these situations can help. Of course, there may be someone so disruptive that they may need not to be invited to future meetings (or need to be dealt with outside the meeting in terms of not only following the agreed upon meeting rules but participating in a manner that is constructive and positive). But here are some “lead-ins” that help you deal with some types of behavior that you may encounter:

1. For a person who is dominating the conversation or wandering:

- I appreciate the fact that you are so thorough in responding to the question, but now I need to ask you (or others) about....
- You certainly are giving me a lot of information about ..... Thanks, but now let's switch to....
- I appreciate your thoughts on that issue, but I really want to get your opinion on some other questions and we only have a few more minutes.
- I apologize if I seem abrupt, but now I'd like to shift our attention to.....
- In a group: stand behind the person and ask if others have had similar experiences.
- Thanks for all the information you have shared. Now I'd like to give others a chance to comment on their experience or give their ideas.
- I need to shift our attention from ..... to the next question. Give me a specific example of .... (or one of your next questions).

Do not encourage or let whiners or negative persons to ramble. They frustrate you and everyone else and do not usually give positive input. However, if you can turn their whining into real programme or service suggestions from them or others in the group, you may get some



really good ideas. Utilize these suggestions, plus other leading statements or questions, to quickly move these people to ideas for changes in the programmes or services – or rotate the question to other speakers.

2. For people who need to be encouraged to participate:

- At the beginning, as part of the introduction to the meeting, let the group know that:
  - We need and encourage everyone to participate.
  - Every opinion is important.
  - You don't have to agree. It's okay to disagree, but we really need your thoughts and perspective.
- Use the round-robin technique to go around the room and get everyone's opinion on a question (but don't use this technique on the first question).
- Smile and look at the person and casually ask things like: What do you think would be really helpful? What might work better for you? If it was up to you, how would you provide (or offer, design) something different? Don't walk toward the person as you ask these questions because it is often too intimidating.
- Always nod or thank people for their contribution and suggestion, reminding them periodically about how helpful they are being (and smile while looking around the group so that people know you mean it – and do mean it! Faking is not helpful.)
- Ask follow-up questions, but don't interrogate or put people on the spot. Make the question casual with the wording such as, How do you think this might work better for you or your friends with similar needs or others who use this service or attend this programme? Can you think of an example where this process or programme is done differently and very well?
- 

3. For whiners and negative comments:

- Acknowledge that this is an issue for this person.
- This is the place where we are identifying issues but not where we are getting the answers. We will be sure to get back to this issue later on and to you on what we might do about this.

### 3. Task Force Groups

Often a smaller sub-committee or task force is constituted and assigned to do some part of the strategizing process. It is essential that the larger strategic planning team stay engaged and provide the necessary guidance for the task force to do its work and ensure that all the pieces fit together.

Before any *ad hoc* groups start their work, membership and roles need definition. The primary requirement for membership in a task force is being knowledgeable about the topic or having an interest in it and a willingness to become knowledgeable. But then the question is whether both board and staff should be on it. Staff members are often the most knowledgeable and up-to-date. But the board members are responsible for keeping the larger picture in mind, especially in terms of staying on mission and remaining financially viable. So the question is whether it is important to have some representation from both. In addition, some task forces need external stakeholders as well. The topic and goal of the group will help settle the issue of membership.

Each task force needs to be given a clear mandate as to what it is supposed to accomplish. In most cases, task forces, beyond collecting and organizing information critical to strategic thinking, are asked to develop specific recommendations about the topic(s) assigned to them. They may take an identified strategic issue (framed as a question) and be asked to develop several possible recommended responses to it, with supporting information.

Each task force needs a chair to call meetings, facilitate discussion, assign tasks, be sure notes are taken and that progress is made in a timely manner toward the goal assigned to the group. There should be a clear timeline which may include some milestones and intermediate progress reports back to the strategic thinking team. There needs to be clarity as to its decision-making authority (task forces are advisory – it is the strategizing team that makes decisions) and its outcome (written report, verbal presentation etc.).

*Here's an example of such a mandate in constituting a task force:*

The situation was the merger of a Christian University with a graduate theological seminary. Two libraries existed in two different locations (about 11 kilometers from each other). Each had a head librarian, staff, facilities, two different cataloguing systems and clientele. The salary structure and position descriptions for staff varied as well. In addition, a new campus for Spanish-speaking students was being set up with needs for library resources at a third location. A task force was set up to make recommendations about the variety of issues that faced the two libraries and the University in determining the longer range trajectory for the management and resourcing of the overall library system.

#### **Need:**

The reunification of the Seminary and College under the University Structure as well as the prospective construction of expanded facilities in the College Library site provides the occasion for assessing the mission, budget, staffing, facilities, collections, technologies and challenges of the future of the library system in the University as a whole. The prospect of a third library at the North campus presents additional questions.

**Mandate:**

- To assess the current status of the libraries of College and Seminary units.
- To identify a set of key strategic directions in order to maximize the effectiveness of the missions of those libraries within the overall mission and programs of the University.
- To recommend steps for integrating and managing the university libraries.

**Goal:**

Produce recommended initiatives and milestones for the next two years in terms of the relationships between the two major libraries, their staffs and collections in terms of serving the constituencies (primarily students and faculties) of the University.

**Task Force Membership:**

Task force chair: the Seminary librarian. Membership: Both head librarians along with three other librarians from each library.

**Process:**

To be determined by the task force at its organizing meeting. Final draft report due end of January, 2004.

**Timeline:**

1. Plan for task force: 8/29/03
2. Task force initial meeting: Early September
3. Initial plan and action items for the Task force by 9/19/03
4. First status report meeting: 10/17/03
5. Draft of report 1/16/04
6. Final draft of report 1/30/04

**Questions to be asked/Data to be gathered:**

Having spelled out the mission/vision (especially for the Seminary and College Libraries), it would be helpful to have a short narrative history of each library with key events and changes that have shaped each entity in terms of its current status. Then there are a number of areas worth probing to see where we are in relationship to a more specific set of envisioned “where we would like to be” in five or ten years. That way we can set up some strategic “tensions” and determine the direction we need to take beginning now to move toward our more desired future status. Here are some notions:

## A. Personnel

- Position descriptions
- Performance evaluations
- Staffing levels (types, professional qualifications, number)
- Compensation structures
- Rectifying compensation levels within a unified University

## B. Budget (budgets for last seven years)

- Personnel vs operating budgets
- Acquisition budgets
- Maintenance budgets
- Norms for library budgeting (benchmarks, trends)
- Budgeting processes
- Resource development (grants, foundations, gifts, new initiatives etc.)

## C. Facilities

- Building space (types, adequacy to mission/tasks)
- Equipment (types, numbers, age, usability, use levels)
- Flexibility, adaptability to changing needs
- Future needs (types, when, size)

## D. Collections

- Key strengths of collections
- Acquisition levels (by types of media, annually vs decadal rates of growth)
- Usage profiles
- Security
- Catalogues for collections
- Unified Catalogue (issues, options, timelines, budget)
- Maintenance
- "Branch" or limited use collections at other sites

## E. Management

- Reporting/accountability lines
- Processes of decision making
- Key Performance Indicators

- Communication to internal/external stakeholders (including websites)
- Staff development
- Staff meetings
- Issues dealing with senior management above the libraries
- Policies/practices

#### F. Technology

- Hardware (ages, types, capacity, replacement cycle, shortfalls)
- Software
- Electrical systems
- Phone/internet connections

#### G. Services

- Major services provided (range, intensity, use profile)
- Hours of library building open
- Alliances, interlibrary partnerships (external)
- EU/EBTS inter-library circulation (current practices, options, costs)
- Languages

#### Outcomes:

The final product is to be a proposal for a strategic direction for the University Libraries and Library system. This will include:

- 1) A status report on the overall profiles of the two major libraries.
- 2) Recommendations as to the issues involved in the management of information resources for the students and faculties of the University.
- 3) Recommendations as to the structure, budgeting and long-term development of the hard copy and digital resources of the library system of the University.

Here's the front end of the ten page report submitted by this task force and then one of its set of recommendations:

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*Introduction:*

In Summer, 2003, the Provost of the University asked that a Strategic Thinking Task Force for Libraries be convened. The Library Director of the Seminary Library was named to chair the project. Three library staff members from each of the two existing libraries within the University structure met to discuss the mandate, to add or raise issues, and to make suggestions about the future direction of the libraries. From the beginning, the group worked with the goals of collegiality, consensus and finding common purposes in the missions and visions of the University Libraries.

**Mandate:**

- To assess the current status of the libraries of the University's constituent units
- To identify a set of key strategic directions in order to maximize the effectiveness of the missions of those libraries within the overall mission and programs of the University
- To recommend steps for integrating and managing the University Libraries

**Resources used:**

- Self Study reports (University and Seminary)
- Visiting team reports to the MSA and ATS Accreditation Commissions
- Annual reports of the College Library; Annual statistical reports (ATS/ATLA) of the AK Library
- Academic Reports to the Boards of Directors
- Survey responses (University and Seminary)
- Library Staff
- Library Assessment tools, including MSA's *Characteristics of Excellence in Higher Education*; ATLA and ACRL web-sites; various college, university and seminary library web-sites
- Conversations with representative faculty members at the four schools of the University (Seminary, Graduate-Professional, College, Hispanic)
- Conversations with seminary and university students

**Overview**

- Each section is divided into 2 parts: a brief summary of the current status (Mandate 1) and a list of recommendations related to the area (Mandates 2 and 3). Proposed benchmarks are listed following the summary statement.

*Summary statement:*

The two main Libraries exist to serve very different populations within the larger context of the University. The University is being restructured (by the end of Spring 2004) so that it will comprise three 'silos': (1) the School of Arts and Sciences, including the traditional undergraduate College, the Honors College and Hispanic College; (2) Graduate and Professional Studies, including three main schools within it; and (3) the AK Theological Seminary. The exact nature of the relationship between the Hispanic College and Eastern University has yet to be clarified, and the mission for the AC School within the Graduate and Professional Studies College is currently being redefined. The International Leadership School is a distance-learning program, and the School of Professional Studies has many off-campus sites. At present, neither program places heavy demand on library services. The University has a strong interest in innovative programmatic alliances. Expanding programmatic interests and commitments does not come without cost. Historically, little consideration has been given to the direct impact on library services that result from expanding programs while reducing budgets.

Diminishing resources have demanded creative solutions, which, with varying degrees of success, both libraries have identified and implemented. An appropriately high priority has been placed on balanced budgets. Achieving balanced budgets has been costly. On the College Library side, the cost has been an under-resourced collection on-site. Providing access to materials has received a higher priority than securing materials for the permanent collection. On the Seminary Library's side, the cost has been to personnel. A small staff, significantly under-paid, has coped with increasing levels of work in the library and in the Seminary as a whole.

This document does not contain any final solutions or absolute requirements. It does consider the existing situations and personnel and casts an eye to a yet-to-be-clearly-defined University structure. It places a premium on the value of clear, consistent and reliable communication. It suggests that gradual change may be more effective than drastic action.

### *Strategic Milestones*

- Successful searches for at least 2 professional librarians by September 1, 2004  
Reader Services Librarian, College Library (Completed: Hired July 1)  
Reference Librarian, Seminar Library (In process: Hire expected Jan 1, 2005)
- **Appropriate library and student representation in the discussions of the build-out of the College Library Expansion**
- **Development and implementation of a unified gift policy by September 1, 2004**
- **Clarification of the status of librarians on both campuses by July 1, 2004**
  1. Congruent job descriptions (exempt, non-exempt; number of hours worked/week; faculty, staff)
  2. Salary parity
- **Regularly scheduled meetings of counterpart library staff [ongoing]**

Sample schedule:  
Marcus, Jeff, Joan, Clare (Feb, May, Aug, Nov)  
Mike, Chris, Mary, Wanda (March, June, Sept, Dec)

William, Tim, Brenda, Martha, Harold (Jan, April, July, Oct)

- **Regular, mandatory surveys of all regular faculty and students (1 required course per semester, each campus) to assess satisfaction with resources and services and to solicit suggestions for improvement. [ongoing]**  
Each of the above-named library staff groupings should identify 1-2 questions, to form a maximum 5 question survey, and be responsible for evaluating the feedback and recommending responses, including changes for improvement.
- **Implementation of a fully integrated budget model**
- **Design of a common form for Annual Reports by July 1, 2004**
- **Timeline and budget for the phase-in of a merged automation system by July 1, 2005**
- **Implementation of a merged automation system by July 1, 2006**

### (Example of recommendations)

#### Area VI. Governance and Reporting Relationships

College Library. The Director reports to the Provost of the University. All members of the permanent Library Staff report to the Director.

Seminary Library. The Director reports to the Dean of the Seminary. All members of the permanent Library Staff report to the Director.

#### Recommendations for Governance:

- Maintain the existing reporting relationships
- Establish a schedule of monthly, rotating meetings between library counterparts (see Personnel section) to ensure clear and timely communication [See recommendation II.7]
- Establish a consistent, equitable program of financial support for Staff Development for members of both library staffs
- Establish a common program of performance evaluations that is consistent with University and Seminary policy and practice but which also takes into account the particularities of the library setting.
- Agree upon and develop a common set of evaluative and reporting documents to be maintained by the respective Directors. [Institutional Assessment]

Some examples:

1. Regular, mandatory user surveys (1 for students; 1 for faculty) that assess patron satisfaction with existing services and resources. Faculty members would need to be held accountable for completion (by the Dean as a part of their annual evaluation?) A single *required* course (every section taught) would need to be chosen for student survey. [For example, at the Seminary, every student in Church History II could be surveyed, every year.]



2. Regularized Budget reporting so that corresponding data is collected and reported. [Institutional budget design]
3. Annual Reports.
  - ATS (Association of Theological Seminaries)/ATLA (American Theological Library Association) /IPEDS (Integrated Postsecondary Educational Data System) statistical report requirements have been the benchmark for the Seminary Library's annual reports.
  - ACRL (Association of College and Research Libraries) guidelines have been the benchmark for Warner Library annual reports.

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This task force report was then digested by the larger strategic team and the recommendations were sifted in terms of feasibility and importance for the on-going strategizing of the various components and programmes of the University. This was an exemplary process in that the library task force stayed within its mandate, budget and timeline. It produced a clear, to-the-point document with specific recommendations, some of which were strategic and some operational. You will see by one of the milestones above, that personnel recommendations were already underway before the report was submitted.

This is an example of a task force with a larger mandate. It took five months for it to gather all of its information, analyze it and focus it so that it could produce a succinct, focused report that could be digested and integrated into a larger strategic thinking process.

## Appendix: Forms for Leading a Strategizing Process

On the following pages, you will find a full set of forms. These are examples of the sorts of forms and process that can be followed. You may find your own strategizing process needs somewhat different forms than are present here. Take what is useful and modify it. It should give you a beginning point as you think about the pieces of your organizational life that need to be more thoughtfully examined and more widely understood.

Remember the key words: **RELEVANT, REALISTIC, FLEXIBLE.**

Strategizing is not an end in itself. It should not bog the organization down so that more time is spent re-working, re-talking, re-doing the plans than in executing a plan and impacting the world. So there is good counsel in the notion that realism applies to the process of strategic thinking. You need to be realistic as to the timing of the process, the level of resources (human, time, financial) that can be devoted to the process, and the need for re-thinking the strategy.

In the end, any strategy is only as good as its execution. Any execution will be only as good as its strategy's relevance and realism. Real life has a way of outrunning all our thinking. Certainly life is much messier than our models and assumptions about how the world works. So we remain learners – and our organizations (hopefully) become learning organizations that continue to grow in wisdom and effectiveness. We do so to remain relevant to an ever-changing world.

Flexibility means we hold all our ideas and strategies with humility, understanding that we are limited in our knowledge and dependent upon the Lord's gracious hand in all our endeavors. As we act in our fallen yet wondrous world, we discover new ways and new avenues for accomplishing the mission and vision God has given our organization. Just about the time we have figured out how something works, it changes! So we change too in order to remain faithful to the values and mission we are pursuing. We flex to shape our action and strategy to fit not only our mission-vision-values but the people and world we want to serve.

May God give you good fortune as you lead your team and organization in discovering more effective and faithful strategies!

**The forms that are found in the previous units are available in a single digital file titled: *Crafting and Implementing Strategic Goals Worksheets Version 2.0*. It is in a MSWord format so that it can be modified to your own needs. If you did not get a copy of this file, you can request it from your cohort coordinator or the MA Programme director.**