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# Glossary

**Disclaimer:** Department of Family and Community Services (FACS) does not warrant that these definitions are correct. Directors should seek professional legal advice relevant to their issues.

**actions (strategies or tasks)** – the activities needed to achieve an organisation’s objectives and vision.

**action plan** – the details of the activities (what will be done, the timeframes, resource and staff allocation) to be carried out during the period of the strategic plan.

**board** – the governing body of a non-government organisation, made up of directors. *Note: some organisations refer to the board as Management Committee and to the directors as management committee members. The term ‘board’ is used in this manual to include management committee.*

**brainstorming** – a group discussion to generate ideas.

**budget** – a financial plan, describing estimated future income and expenses, how these costs fall within a given period of time and the implications for the future financial wellbeing of the organisation.

**business planning** – defines the operational activities and how an organisation’s resources are best used to successfully achieve its strategic plan. Usually covers a shorter period (such as one financial year) than the strategic plan.

**director** – a person formally elected and/or appointed to a board, in accordance with the organisation’s constitution. *Note: some organisations refer to the members of their governing body as management committee members. The term ‘director’ used in this manual refers to board members and includes management committee members.*

**contingency** – an additional or alternative action to manage situations when they do not go according to plan.

**core business** – the main activities of an organisation. Can be defined at a high-level in the purpose statement.

**environment analysis/environmental scan** – an examination of the external context in which an organisation works and the identification of the key factors that are likely to impact on the organisation in the future.

**evaluation** – the formal process of assessing whether the implementation of a strategic plan, or an activity, has been successful.

**governance** – The framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations.

**implementation** – putting a plan into action.

**key performance indicators (KPIs)** – the benchmarks or targets that have been chosen to measure how successfully an organisation has achieved its objectives.

**key result areas (KRAs)** – The priority strategic areas an organisation will focus in, in the next strategic planning period.

**milestones** – the measurable stages of progress towards achieving a planned objective, such as the date something is achieved or the quantity of an output.

**monitor** – the process the board uses to critically track the progress of agreed strategic activities and outcomes, and make adjustments as required.

**objectives** – what an organisation wants to achieve as a result of its planned activities. Sometimes the term ‘objective’ is used interchangeably with the terms ‘goals’ or ‘aims’.

**outcomes** – the results of planned actions.

**outputs** – the ‘products’ or instances of service produced by a set of actions that can be counted.

**planning cycle** – the continual process of preparing to plan, developing a plan, implementing the plan and reviewing the success of the plan.

**PESTLE** – a framework often used in external environmental analysis as part of the strategic planning process. It includes analysis of the following elements: Political, Economic, Social, Technological, Legal, Environmental.

**purpose statement** – an organisation’s high-level statement which defines succinctly the scope (the who and what) of their business. The ‘who’ identifies the boundaries of the target group the organisation aims to provide services for and the ‘what’ defines the services provided.

**qualitative** – a measure of the quality or qualities of an outcome.

**quantitative** – a numeric measure of an outcome.

**risk** – the chance of something happening that will have an impact on an organisation’s objectives. Risk is measured in terms of likelihood and consequences.

**risk analysis** – the process of identifying and assessing the likelihood and consequences of potential risks.

**risk management** – the process of identifying strategies to prevent or control the impact of risks.

**stakeholders** – any person or organisation with an interest in the operations of an organisation.

**strategic planning** – the process to identify and agree on strategic priorities and objectives for the organisation over a period of time (usually three to five years).

**strategic directions** – the parameters for defining what an organisation will do, based on an analysis of its operating environment, anticipated future directions and its internal capacity.

**strategies/strategic goals** – high-level strategic goals for each of the Key Result Areas identified.

**strategic plan** – a high-level document which provides the long term aspirations, key strategic priorities, goals and key performance indicators to guide the organisation’s work for the next 3–5 years.

**SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis** – a snapshot assessment of an organisation’s environment and capacity.

**values** – the core principles that guide an organisation’s service delivery and management.

**vision** – an organisation’s compelling statement to define the organisation’s aspirations for long term social impact. Can also act as a key promotional tool to differentiate the organisation.

# About this chapter

This chapter has been designed to assist directors to understand the strategic planning process and their role in the process. It describes the importance of having a regular cycle of planning, monitoring and evaluation and of thinking beyond the constraints of current resources.

The strategic plan gives a high-level overview of the aspirations and purpose of the organisation, identifies the organisation's priorities for future strategic directions and defines key performance indicators. The strategic plan is a key document to support good governance and helps the Board to do their job well.

Directors have a responsibility for organisational planning and setting and reviewing strategic goals. Taking a strategic approach to planning enables the board to carefully consider the longer term financial sustainability of services and activities, and the best options for future diversification or expansion.

As a result of significant policy reforms (aged care, community health, housing, disability, etc.) many organisations will operate in an increasingly competitive and customer-centric environment. A strategic planning approach can assist organisations to assess their current business model, operations and capabilities and consider the necessary changes which would allow the organisation to be successful and sustainable in the new environment.

Policy checklists are included at the end of this chapter. They can be copied and worked through by your entire board on an annual basis, or as required.

## 3.1 An introduction to strategic planning

### 3.1.1 What is strategic planning?

This manual identifies strategic planning as a combination of a two-stage process

1. strategic planning – the process of identifying and agreeing on the longer term outcomes to guide the work of an organisation
2. business planning – the process of organising resources and applying them to activities to achieve intended outcomes

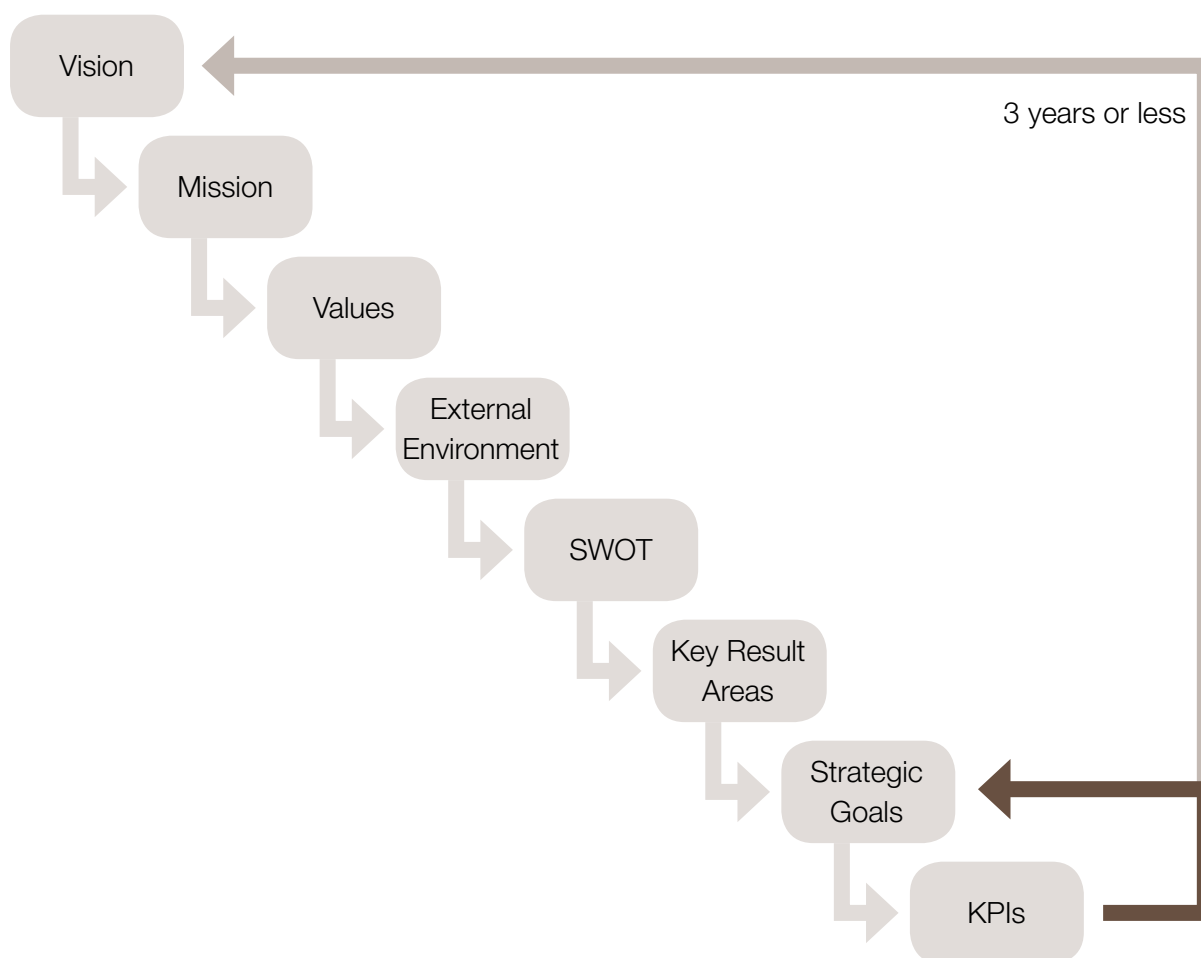
A strategic plan defines the organisation's aspirations for long term social outcomes and provides high-level strategic priorities (usually for three to five years) that define the scope for business activities in the shorter term. The strategic plan focuses on big picture results (outcomes). The board is responsible for setting the strategic direction of the organisation, and endorsing the strategic plan.

A business plan maps out the activities that the organisation will pursue to successfully achieve its strategic objectives over a period of time (usually one financial year). The business plan focuses on actions and outputs. Usually, senior staff develop a business plan in line with the board endorsed strategic plan.

Strategic planning involves:

- defining the aspirations and strategic scope of the organisation's business with a vision statement and purpose statement
- analysing and assessing the current situation (strengths, weaknesses, opportunities and threats)
- consultation with clients and key stakeholders to ensure their perspective and experience
- identifying priority key result areas (KRA) for the next 3 – 5 years
- identifying high-level strategic goals in each KRA
- identifying key performance indicators.

## Elements of a strategic plan



### Business planning involves

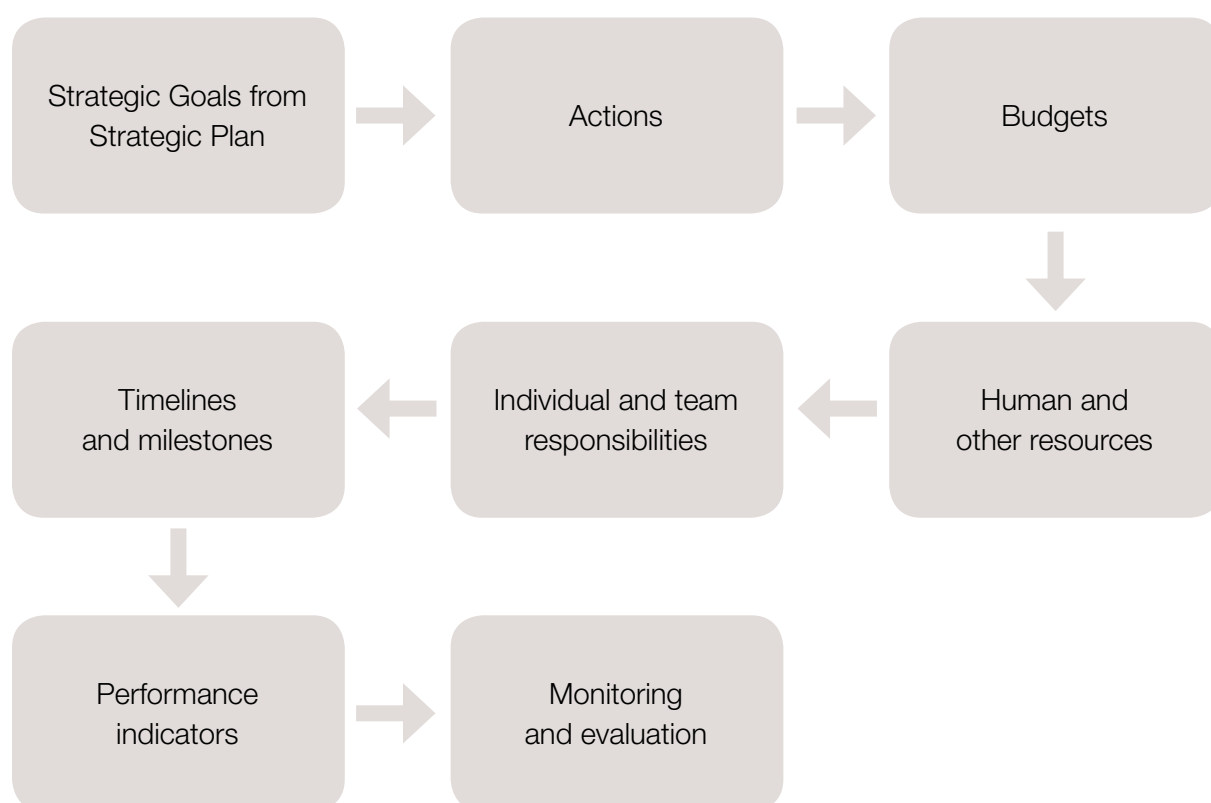
- confirming ongoing work that continues to align with strategic objectives
- deciding any changes to ongoing work and any new activities
- identifying the resources required
- documenting agreed actions, timeframes and responsibilities
- describing how the organisation will know that the plan is being followed and objectives are being achieved.

A strategic plan combines strategy and operations to outline where the organisation is now, its vision for the future and the actions and resources that will enable it to achieve its strategic goals and aspire to its vision. The plan is linked to a budget (or financial plan).

The strategic plan specifically identifies what is required to take each step forward, including:

- actions
- budget
- human and other resources
- individual and team responsibilities
- timelines
- milestones
- performance indicators
- monitoring and evaluation.

### Elements of a Business Plan



### 3.1.2 Why does the board need a strategic plan?

An effective strategic plan is a key tool for good governance. A strategic plan enables a board to provide leadership and maintain an overview of the organisation's priorities and direction.

A strategic plan is a considered plan for the organisation's future, based on an assessment of the present, and present the best guess about the future. While the strategic planning process enables directors to fulfil their governance responsibilities it is also a valuable opportunity for directors to actively engage with staff and build commitment for achieving a shared vision for the future.

As part of the strategic planning process, the board will agree on a vision, purpose and set of values, approve the steps needed to achieve strategic objectives and determine how progress and success will be measured. The strategic planning process encourages an organisation to be innovative, creative, open to change and forward thinking.

The strategic planning process helps the board to:

- fulfil its governance responsibility to set direction and monitor performance
- enable the board to practice due diligence re the future sustainability of the organisation
- understand, communicate and demonstrate the organisation's vision and purpose
- identify opportunities and challenges
- develop and confirm a shared commitment
- develop robust decision-making processes to act in the best interests of the organisation
- be confident the organisation will remain financially viable and sustainable
- identify clear responsibilities, resource needs and timeframes
- monitor and guide the organisation's progress towards the future vision.

### 3.1.3 Conclusion

Strategic planning provides structure and rigor to organisational decision making and plays an important role in good governance.

Members of the board have a responsibility to be active participants in strategic planning. The role of the board is to:

- act in the best interest of the organisation
- agree on the vision and purpose of the organisation
- develop and set overall strategic directions
- monitor progress towards achieving strategic goals
- evaluate the continued relevance of the plan
- agree to changes to the plan.

Directors' active participation in the strategic planning process is a key activity for good governance.

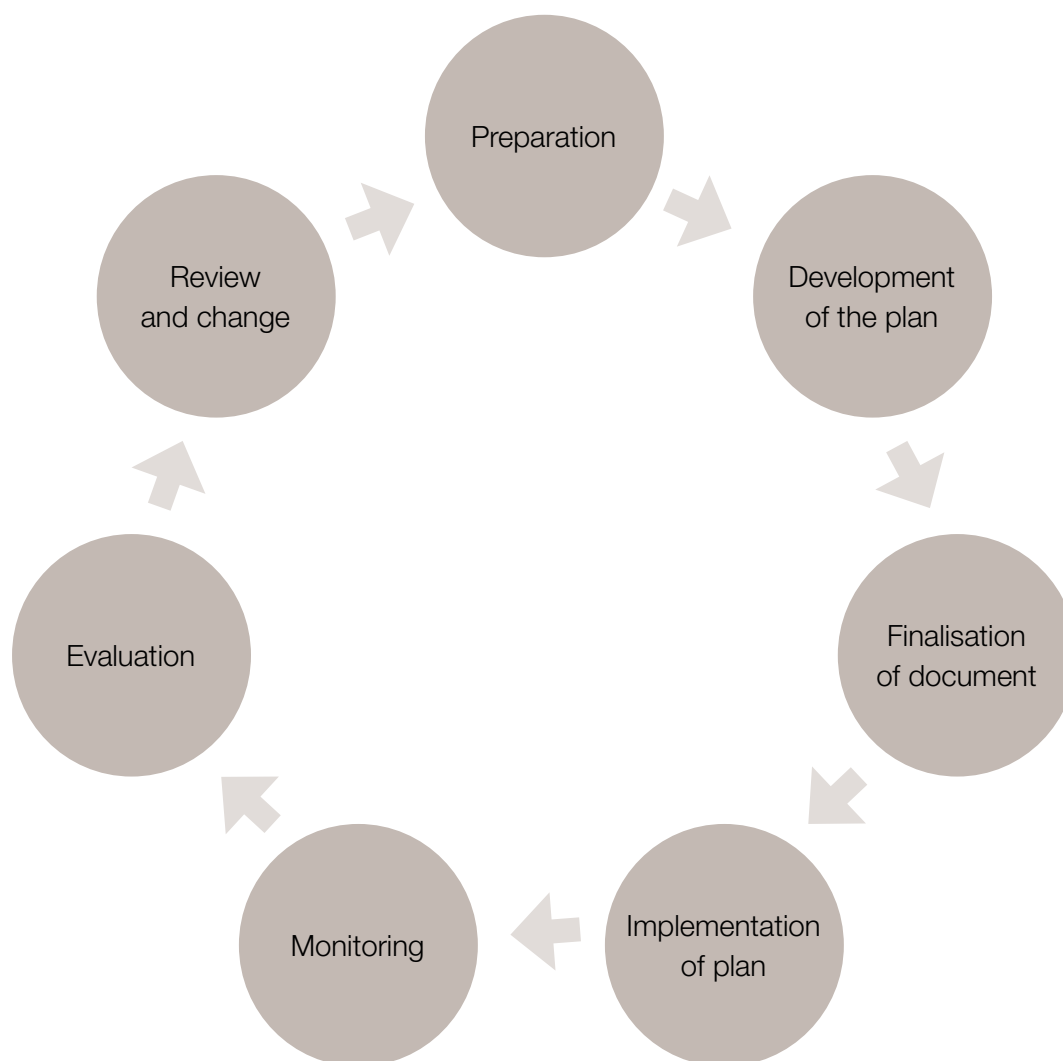


## 3.2 The strategic planning process

### 3.2.1 Introduction

Strategic planning is a continuous cycle of preparation, development, implementation and monitoring.

The diagram below illustrates the different stages of the planning cycle:



### 3.2.2 Preparation

Before planning starts the board will need to consider the following:

- who should be consulted and how
- the scope of the exercise
- how the plan will be developed (whether external facilitation would be beneficial)
- resources
- how the plan will be used
- the most suitable format of the plan
- what information will be needed and where this can be gathered
- links with other planning processes
- timeframe.

Information for further analysis and assessment may be gathered via research and consultation from a range of sources including:

- client and stakeholder consultation
- service delivery records
- board and staff records
- organisation reports
- quality assurance/accreditation reports
- financial performance
- trends or direction in social policy
- other services or agencies.

Many organisations use an external consultant to conduct an environmental scan.

Understanding the key influences that may impact on the operating environment helps the board to decide on strategic priorities and consider possible contingencies in their planning.

An environmental scan involves developing an understanding of significant external factors and players that will have an effect on the organisation. Some examples could be upcoming policy changes, competitors, potential collaborators, current and potential customers. A framework often used in conducting environmental scans is the PESTLE Framework (see 3.3.3).

All stakeholders can contribute to the planning process where relevant. Views of stakeholders can be canvassed through face to face consultations or workshops, or through surveys or interviews.

### 3.2.3 Developing the plan

Many organisations use the process of developing the strategic plan as an opportunity to engage both board and staff and external stakeholders in order to strengthen ownership of the organisation's strategic goals and connection with community. Organisations are generally established to respond to a community need and act on behalf of community members. It is important that community and/or clients are consulted to ensure that services provided align with community need. In an increasingly customer-centric environment, it is important to understand the views of as many stakeholder categories as possible, including customers and potential customers.

Every organisation is different and the strategic planning process will vary according to resources available and how much a part of organisation's culture strategic planning is. Strategic planning can include:

- consultation with clients and stakeholders to identify need
- establishment/review/and confirmation of the organisation's vision and purpose
- analysis of the organisation's current situation, including services provided, resources, and financial position
- analysis of the external environment
- anticipating future trends and likely impacts
- identifying key strategic focus areas for the next 3 – 5 years (Key Result Areas)
- setting strategic goals for future business opportunities and actions to achieve planned results
- resource and risk analysis.

### 3.2.4 Finalising and documenting the plan

#### 3.2.4.1 Strategic Plan

After the planning process has taken place a draft document is written (by a member of staff or a consultant).

The draft strategic plan should include:

- vision and purpose
- overview of planning context
- key result area – statement of overall result
- strategic goals for each Key Result Area
- key performance indicators to monitor progress towards outcomes.

The final strategic plan should be approved by the board.

Once the strategic plan is documented and agreed, senior staff should in addition, in addition, develop a business plan.

### 3.2.4.2 Business Plan

The draft business plan should include:

Actions and activities to achieve strategic goals for a defined period:

- timeframes
- responsibilities
- performance measures for evaluating the outcomes
- detailed resource analysis
- budget details.

### 3.2.5 Implementation

Responsibility for the implementation of the organisation's overall strategic plan generally rests with the senior staff. The plan will inform individual and team work plans and progress will be reported to the board.

### 3.2.6 Monitoring

The board is responsible for undertaking regular (monthly, bi-monthly or quarterly) monitoring of the organisation's performance against the strategic plan.

The board monitors:

- the achievement of milestones and objectives in relation to the budget and timeframes
- general achievements reflected in KPIs
- staff may present written reports addressing actions and milestones for the board to compare against the budget to monitor how well the plan is progressing.

### 3.2.7 Evaluation

The formal evaluation of the impact of the plan is generally conducted at the end of the planning period and feeds information into the preparation stage of the next planning cycle.

The evaluation may involve internal and external stakeholders and should be carried out with enough time to develop and agree on the new plan before the previous plan ends.

A useful governance tool for boards is an annual calendar which identifies review times 12 months in advance.

### 3.2.8 Board responsibilities at different stages of the planning process

The board can delegate responsibility for most aspects of the strategic planning and implementation process to members of staff. The board is primarily responsible for establishing the broad strategic directions, for approving the finalised plan and for regular review. However, the strategic planning process can serve as an opportunity for board and staff engagement in a shared process.

To summarise the responsibilities of directors in relation to strategic planning, the board should:

- provide leadership in determining the organisation's vision and values
- set strategic directions
- ensure effective risk analysis is undertaken
- be committed to the implementation of the plan
- ensure staff accountability for delegated responsibilities
- undertake regular and effective performance monitoring
- agree on and monitor changes
- ensure compliance with any external reporting requirements
- drive, and participate in, the evaluation of the plan
- make sure the next planning cycle starts in good time.

### 3.2.9 Conclusion

Strategic planning is a cyclical process that includes planning, developing, implementing and reviewing. The board should maintain an overview of the entire planning process but need not have a detailed role to play at every stage.

## 3.3 Developing the strategic plan

### 3.3.1 Introduction

There are many ways to develop a strategic plan. The board will need to make decisions about who is to be involved at particular stages. It is most common for boards to set aside dedicated time and hold one or two planning sessions (with or without staff). The planning process should be participatory and consultative.

External facilitators are commonly used to provide structure to the discussion, ensure that it stays on track and then analyse and document the outcomes.

### 3.3.2 Establishing the organisation's vision and purpose

An organisation's vision statement should inspire, uplift and explain why the organisation exists and what motivates leaders and staff to give time to their work.

A vision statement is aspirational, often timeless and should clearly and concisely communicate "how you want the world to be".

A purpose statement (also called a mission statement) is a high-level statement which defines succinctly the scope (the who and what) of the business. The 'who' identifies the boundaries of the target group the organisation aims to provide services for and the 'what' defines the services provided.

A purpose statement is usually accompanied by a statement of core values – the beliefs and principles that guide the manner in which an organisation operates.

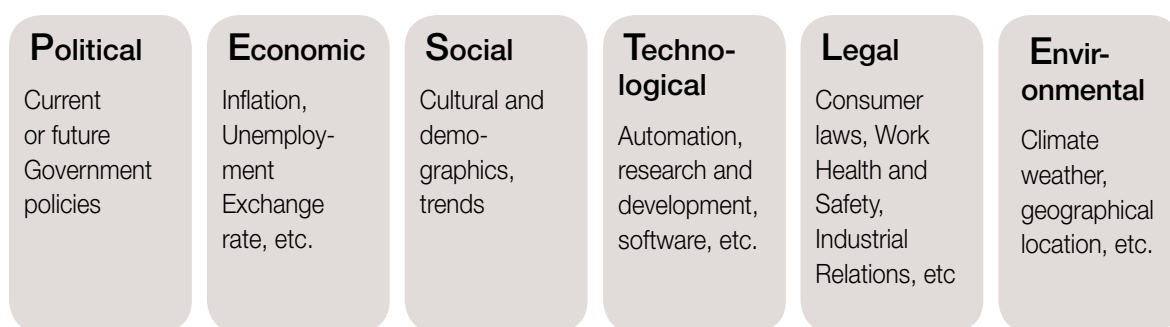
Most organisations will already have a vision and a purpose statement. It is important to check that they remain relevant on a regular basis. The board can refer to the vision and purpose statements when making decisions to ensure the activities they approve are within the agreed scope.

### 3.3.3 Environmental analysis

Conducting an environmental analysis of the organisation's current situation is an important part of the planning process to help the board make decisions about the future based on current information.

The board should consider:

- **The market for the organisation's services and how this may be changing.** This involves reviewing current services provided, their effectiveness and efficiency, changes in client needs, client responses to current services, current and potential competitors and trends in government policy. Many organisations, particularly in the disability services sector, have traditionally relied on government funding to support services. A shift to a market service environment where clients purchase services directly has required organisations to change their strategies for how they do business.
- **The organisation's environment.** This involves identifying current trends and likely changes, such as social or population group changes, government changes or policy developments, new requirements or standards, local community developments or activities of other agencies. An external environment analysis can be carried out using a PESTLE framework:



- **Internal issues that need to be addressed.** Any issues with the organisation's operations previously identified, (as a result of an evaluation or review process for example) should be considered in the planning process.

These issues may include limitations or problems in staffing, systems and processes, administration, management, communication and other operational aspects.

Understanding internal capability limitations alerts the board to possible obstacles to achieving strategies. Boards may decide to focus on internal issues as a key strategy area.

- **External relationships**

The board should consider the health and productiveness of external relationships with partner agencies, government, other agencies and networks which may impact on the organisation's plans. Opportunities for potential new partnerships or working arrangements should also be considered. How the organisation is perceived by others can be identified with the stakeholder surveys carried out in the early preparation stage. The health of external relations will influence whether the organisation needs a strategic focus on building a positive reputation and productive relationships with other agencies. As part of the environmental scan, the board should also consider if there are areas of its strategic plan and vision, which could be better pursued by establishing strategic partnerships and collaborations with other organisations.

- **The financial position of the organisation.** The financial analysis informs the business planning in terms of the financial feasibility of existing and new initiatives. It is imperative for organisations to develop a thorough understanding of their current and ongoing financial position. Each existing service and new/proposed services should be carefully evaluated for their feasibility, with a particular focus on demand, competition, unit costing and cashflow.

**TIP:** With the transition to NDIS and a move to a more person-centred environment, it's important for your organisation to have an in-depth knowledge of your competitors and consider partnership agreements where appropriate.

## **SWOT**

A SWOT analysis is a useful process for the board and staff to take part in as it combines an assessment of the organisation's internal environment (strengths and weaknesses) and its external environment (opportunities and threats). It is usually conducted as a facilitated group brainstorm and discussion.

### **Strengths**

Strengths focus on the internal abilities in the organisation and its capacity to achieve its objectives. Strengths may include:

- a strong financial base
- an established and experienced team of capable staff and volunteers
- highly regarded services
- a committed and highly skilled board.

Strengths need to be protected and used to reduce the impact of weaknesses and threats.

### **Weaknesses**

Weaknesses often appear as the direct opposite of the strengths. They may include:

- demoralised and fragmented staff
- inefficient and /or outdated systems
- limited cashflow.

It is essential that the plan addresses issues like these directly with specific action as they will otherwise undermine the achievement of objectives.

### **Opportunities**

Opportunities are the possibilities for growth, diversification and consolidation because of new or previously untapped business opportunities, sources of support or changes in the external environment. Opportunities may include:

- new potential sources of revenue/business opportunities
- new practices or products that could streamline service delivery
- demographic changes (could also be a threat)
- government policy changes (could also be a threat)
- growing public awareness
- increasing interest in corporate responsibility programs.

The board needs to ensure that the organisation is able to take advantage of such opportunities when they arise.



### Threats

Threats are the factors that may limit or prevent the growth or further development of the service. Threats may include:

- a potential partner organisation choosing to work exclusively with another agency
- competition from other service providers for clients
- expansion of competing providers into the same geographic market area
- potential increases in expenses such as wages, office rent, equipment, transport
- demographic changes (could also be an opportunity)
- government policy changes (could also be an opportunity).

Threats can be managed by seeking alternative opportunities or by taking positive action to turn them around.

### Benefits of a SWOT analysis

Carrying out a SWOT analysis will enable the board to identify:

- positive internal and external influences
- potential difficulties
- necessary changes to protect the organisation from negative influences
- opportunities to be explored.

**TIP:** It is good practice to develop a systematic approach to collect and manage feedback from your clients. This is to ensure you take action on any issues that may have arisen with the transition to NDIS and that the issues are rectified in a timely manner.

**TIP:** With the transition toward NDIS, your organisation should seek regular input from the broader community and stakeholders. This will help to leverage the benefits NDIS will have for your organisation as well as gain an understanding of improvements that may need to be made.

### 3.3.4 Setting strategic directions

#### Key Result Areas

The board considers all the information gathered in the preparation stage to discuss and agree the key focus areas for the next three – five years. It is important at this stage that the board stays focussed on high-level results (Key Result Areas) that align with the vision and purpose and the anticipated changes to the external environment. It is usual to select between 4 – 6 Key Result Areas. Typical Key Result Areas to select from include:

- service provision
- growth
- organisational consolidation
- leadership (management and/or governance)
- strategic human resource development
- quality
- partnerships/key relationships
- promotion and reputation
- organisation capability – systems, culture, structure, assets

#### Strategic Goals

Once the board has agreed KRAs the next step is to define strategic goals for each KRA. These are generally up to three big picture goals with more defined results than the KRAs

Below are some examples of KRAs and related strategic goals

KRA 1: Quality	KRA 2: Partnerships	KRA 3: Leadership
<ul style="list-style-type: none"><li>• Achieve ISO 9001</li><li>• Customer feedback informs continuous improvement</li><li>• Achieve 95% customer satisfaction rate</li></ul>	<ul style="list-style-type: none"><li>• Focus on partnerships to extend service offering</li><li>• Strengthen partnerships with key suppliers</li></ul>	<ul style="list-style-type: none"><li>• Transition to skills-based board</li><li>• Review governance framework</li></ul>

### 3.3.5 Resource analysis

Strategic goals need to be assessed against the resources required. This involves estimating the resources that may be needed, including:

- direct costs
- impact on staffing
- changes or developments
- equipment requirements
- office space.

Some of these items can be estimated in terms of actual financial costs and others will need to be assessed in terms of the impact on overall productivity.

It is critical that the board ensures that appropriate levels of resources are available for all proposed strategic goals.

### 3.3.6 Risk analysis and contingency planning

The board has a responsibility to take all reasonable steps to avoid foreseeable harm or loss to the organisation, therefore a risk assessment of the strategic plan should be carried out.

### 3.3.7 Conclusion

The organisation's vision statement and an analysis of the operating environment will form the basis for the development of KRAs and strategic goals. Senior staff will then align operational activities with the strategic goals.

The board's vision and commitment are critical to the overall strategic plan. Active engagement with the process by the board will ensure a solid foundation exists to develop the plan.

## 3.4 Finalising and documenting the plan

### 3.4.1 Introduction

Once the board has determined the strategic priorities for the organisation, the strategic plan needs to be finalised and documented.

The guiding principle for writing or critically assessing the plan should be to keep it clear, short and simple.

### 3.4.2 Finalising the plan

The finalisation of the strategic plan involves:

- presentation of the vision statement, purpose statement and values
- documentation of Key Result Areas and strategic goals for each KRA
- development of budgets and any associated plans
- review and approval by the board.

### 3.4.3 Documenting the business plan

The business plan needs to be documented so that it can be used to:

- guide the work of staff
- monitor progress and achievements
- make adjustments as a result of monitoring and review
- provide information to key stakeholders or the community in general (although it is not usually necessary to provide detailed implementation plans to the public).

A strategic business plan is the combination of the strategic plan and the business plan.

Together, they provide the organisation not just with the clarification of the high-level strategic view but also with the focus and detail to operationalise the strategy.

A business plan need not be long or complicated but should include the following:

- broad timeframes
- key performance indicators
- overview of proposed activities and services
- analysis of the resource implications
- broad timeframes
- risk analysis and contingency plans
- plan for the review and update of the plan.

### 3.4.4 Conclusion

The board has a critical role to play in overseeing the final content and shape of the strategic plan. Once the required detail has been added, the board needs to review the plan to ensure that it accurately reflects the decisions about strategic directions and is achievable.

## 3.5 Monitoring and evaluation

### 3.5.1 Introduction

It is the role of staff to carry out the implementation of the strategic plan. The senior manager should ensure the plan is implemented and monitored appropriately.

Effective implementation of the strategic plan requires the senior manager to:

- effectively communicate
- document processes
- ensure the development of individual and team staff work plans
- develop contingency plans
- align actions with cashflow and financial cycles
- monitor the budget
- regularly report to the board.

### 3.5.2 Monitoring by the board

The board is responsible for regularly monitoring the successful implementation of the plan. The board should review:

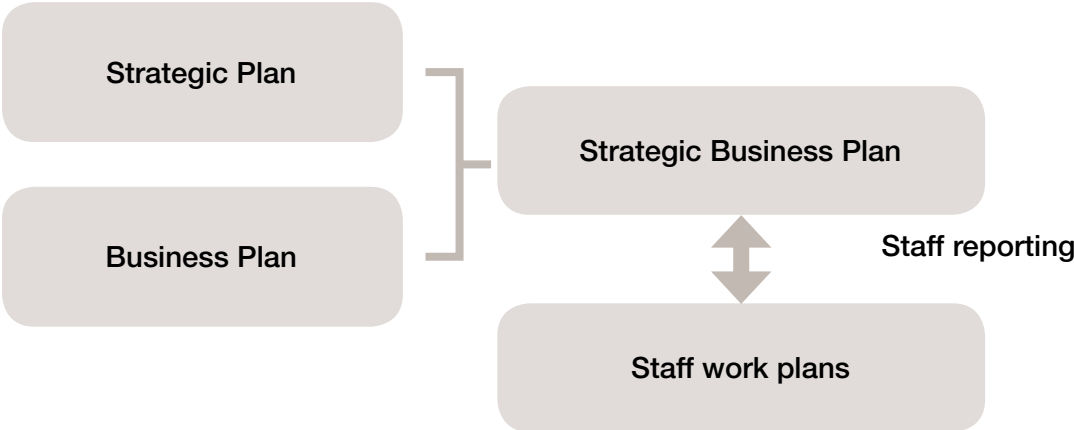
- progress of the plan
- performance against the budget
- achievements.

The board will also need to be made aware of any new information that may impact on the organisation.

Monitoring may indicate that planned work is happening on or ahead of time, or within budget, or meeting or even exceeding objectives. Positive feedback is encouraging and helpful for promoting the reputation and worth of the organisation.

Monitoring may show that intended objectives have not been achieved. In these cases, the board will need to respond and may need to make adjustments to the plan to make sure that the objectives and actions are realistic and fit with changed circumstances or new information.

The following diagram illustrates the relationship between the plan, staff reporting and monitoring by the board.



**Summary results of staff work plans**

Organisational performance data related to performance measures

**Performance measures**

The board need not be involved in the actual development of performance measures but they are responsible for approving them for the strategic plan.

The quality of the performance measures is very important for effective monitoring. The board should consider whether the performance measures are SMART (Specific, Measurable, Achievable, Relevant and Timely). Performance measures should not:

- be too broad or unachievable
- be difficult to collect data on.

Performance measures should accurately reflect the activities of the organisation. All performance measures can fit into one of four categories, derived from the intersection of quantity and quality versus effort and effect. This is used by Mark Friedman in his Results Based Accountability Framework, [resultsaccountability.com](http://resultsaccountability.com)

	QUANTITY	QUALITY
EFFORT	<b>How much did we do?</b> How much service did we deliver?	<b>How well did we do it?</b> How well did we deliver our service?
EFFECT	<b>Is anyone better off? (number)</b> How much change for the better did we produce	<b>Is anyone better off? (percentage)</b> What quality of change for the better did we produce?

The two groups of performance measures that are most important for the board to consider are:

- **quality and effort** – these tell whether the service and its related functions are done well. They include business administration issues such as timeliness of service, accessibility, cultural competence, staff turnover and morale
- **quality and effect** – these tell whether clients are better off as a consequence of receiving a service.

Performance measures should also:

- be directly relevant to the board's role as decision makers
- enable reporting to key stakeholders
- be realistic
- provide a balance between short and longer term objectives, qualitative and quantitative data and economy, efficiency and effectiveness
- be relevant
- be unbiased and supported by data that is reliable and easy to collect.

The board might want to align some of its KPIs to the outcomes or areas of focus outlined in the relevant Standards or Acts they operate within.

### 3.5.3 Evaluation

The strategic planning process is ongoing and should be updated on a yearly basis to reflect any major changes affecting the organisation. This would generally be internal to the organisation, and at the end of the plan a more thorough evaluation, perhaps using an external consultant and seeking input from external stakeholders, should be undertaken.

The evaluation will help the board to prepare for the next strategic planning process.

The purpose of evaluation is the same as the plan itself – to keep the organisation heading in the right direction, towards the vision it has for the future and consistent with its purpose and values.

**TIP:** Under the NDIS, the environment your organisation operates in will be more competitive. Because of this you need to ensure there is a process in place to regularly review and assess your strategy to ensure relevance to the current market conditions.

### 3.5.4 Conclusion

The implementation and management of the strategic plan is primarily the responsibility of staff, whereas monitoring the plan is primarily the responsibility of the board.

The purpose of the board monitoring the implementation of the strategic plan is to:

- ensure that progress is made
- recognise successes and achievements
- take action to correct problems
- adjust the plan to take advantage of, or address changes in the organisation's environment.

Staff have an advisory role and there should ideally be a collaborative relationship between staff and the board in the implementation and monitoring of the plan.

The timing of the planning process is important. That is, it is important to identify the linkages between the planning cycle and current and / or future accounting period reporting requirements (e.g. annual reports, financial statements).

A strategic plan is also an excellent communication tool, both internally and externally. Ensuring the strategic plan, and the organisation's progress against it, are properly communicated to the relevant internal and external stakeholders, allows the organisation to foster greater accountability while maintaining a consistent open narrative about its vision and what it is doing to pursue such vision.

**TIP:** With the changes the NDIS transition will bring to your organisation, it is important to clearly communicate your strategy internally to your staff and ensure they have a clear understanding of their role and responsibilities.

**TIP:** With the transition to NDIS, you should widely communicate your strategy externally with all relevant stakeholders to ensure they are aware of the changes as well. Depending on the needs of stakeholders your organisation could consider publishing and promoting the strategic plan in innovative formats such as through video or pictures to ensure the plan can reach a variety of audiences.



# Resources

SWOT Analysis Template (refer to 3.3.3)

INTERNAL FACTORS	
<p>List items that are <b>strengths</b> within the organisation</p>	<p>For each <b>strength</b>, indicate how this strength can be supported and used to support the plan</p>
Empty space for strengths	Empty space for strength support
<p>List items that are <b>weaknesses</b> or vulnerable points within the organisation</p>	<p>For each <b>weakness</b>, indicate how this area could be strengthened or improved</p>
Empty space for weaknesses	Empty space for weakness improvement

## EXTERNAL FACTORS

List items that present **opportunities** for the organisation

For each **opportunity**, indicate how this could be pursued

List items that present **threats** or challenges for the organisation

For each **threat**, indicate how this could be prevented from impacting on the organisation, or even turned into an opportunity

### Working through the planning process (refer to 3.2)

The following can be used to guide the involvement of your board in the strategic planning process. Tick the boxes as you achieve each step. Stages 10 and 11 will be repeated throughout the period of the plan.

1. Preparation	Achieved
Ensure the board is committed to the planning process	
Start the planning cycle in good time to prepare a new plan before the current one has ended	
Decide the scope and the period of the plan (e.g. 1, 3 or 5 years)	
Consider recommendations from senior staff about how to carry out the proposed planning process	
Decide who is to be involved and the broad process that will be followed	
Decide whether external facilitation would be beneficial	
Allocate necessary resources	
Set up planning / coordination team	
Allocate tasks	
Set dates for planning sessions that will involve the board	
2. Carry out background research and consultation	
Identify key stakeholders to be involved, including service users	
Identify the range of information required	
Approve stakeholder input being gathered (consultations, surveys, interviews)	
Receive summary reports of research (service data, financial data, relevant population or client data, review of organisational performance, external issues and factors)	
3. Establish the organisation's vision	
Confirm the continued relevance of purpose statement and values (and make agreed changes)	
Provide leadership in determining the organisation's vision	
Sign off on the vision and purpose statements	
4. Analysis of organisation's current situation	
Play an active role in analysing the organisation's operating environment	
Receive reports from staff with delegated responsibilities for other agreed analysis	

<b>5. Set strategic directions</b>	<b>Achieved</b>
Participate in planning sessions involving stakeholders	
Identify key objectives	
Identify key actions or strategies	
Decide on priorities	
<b>6. Resource and risk analysis</b>	
Review resource implications of draft plan	
Ensure effective risk analysis is undertaken on the draft plan	
Approve contingency plan	
<b>7. Documenting the plan</b>	
Provide input to drafts of the plan	
Participate in the development of appropriate performance measures for key objectives	
<b>8. Budget setting</b>	
Provide input to the draft budget	
Approve the final budget	
<b>9. Finalise and approve</b>	
Approve the final version of the strategic plan	
Confirm your commitment to the implementation of the plan	
<b>10. Implementation and monitoring</b>	
Undertake regular and effective performance monitoring	
Monitor the budget against the financial reports	
Agree and monitor changes to the plan or to work practices, policies, systems or resource allocation, arising from the monitoring process	
Ensure compliance with any external reporting requirements in relation to the strategic plan	
<b>11. Evaluation</b>	
Drive and participate in the evaluation of the plan annually	
Drive and participate in the evaluation of the plan at the end of the planning period	
Focus on continuous improvement by incorporating the outcome of the evaluation in the development of the new plan	

## Checking your plan

Does your strategic plan have these seven features? What can you do to enhance the effectiveness of each feature?

	Yes/No	Actions needed
<b>1. Vision</b>		
Members of the board and staff team have participated in a process to agree our organisation's vision for the future.		
We have a written statement that accurately states our vision.		
<b>2. Commitment</b>		
All members of our board support the plan.		
We have a sign off process for confirming the commitment of directors and key staff to implementing and reviewing the plan.		
All members of our board recognise that the plan is a living document that must be used, and adjusted as required.		
<b>3. Timelines</b>		
Our plan covers a set period.		
Our plan includes clear timeframes for undertaking each action.		

	Yes/No	Actions needed
<b>4. Objectives</b>		
All actions in our plan relate to a stated objective		
All objectives in our plan relate directly to achieving our vision.		
Stages in progress towards meeting our objectives (milestones) are identified in our plan.		
We have developed KPIs that will show we have reached our milestones and our objectives.		
<b>5. Reporting</b>		
Our plan clearly states who is responsible for implementing each action in the plan.		
We have a standard format for staff to report against the plan in relation to their particular areas of responsibility.		
Our board regularly discusses progress towards meeting our objectives.		
When this monitoring process shows that what we have achieved is different to what we planned (in terms of cost, timing, outcome), we carefully analyse the reasons for this.		
We take decisive action to adjust either our plan, or our policies/practices/ systems, as necessary and appropriate.		
Our report incorporates service users' feedback, complaints and outcomes of any consultation processes.		

	Yes/No	Actions needed
<b>6. Contingencies</b>		
Our organisation undertook a risk analysis of our plan before sign off.		
Our plan identifies potential risks to achieving our objectives and vision.		
Our plan includes contingencies (agreed changes to our actions in the event of certain risks occurring).		
<b>7. Change</b>		
Our organisation monitors our environment to identify changes that may impact on the success of our plan, as part of our regular reporting/ monitoring process.		
We make changes to our plan to respond to significant change in our environment.		

## Checklists

### Checklist Strategic Planning

This checklist contains issues your board should consider in developing and implementing successful strategic planning for the organisation.

Tick 'Yes' or 'No' to indicate your organisation's status for each item.

Questions	Yes	No	Comments/Actions
<b>Understanding of strategic planning (Refer to 3.1)</b>			
Our board:			
Has an existing strategic plan that has met our needs and/or understands what a strategic plan is.			
Has engaged in a strategic planning process that met our needs and/or has a good understanding of the features of successful strategic planning.			
Understands the benefits for our organisation of having a strategic plan and going through a planning process.			



Questions	Yes	No	Comments/Actions
<b>The planning cycle (refer to 3.2)</b>			
Do we understand the components of the planning cycle?			
Do we have a broad understanding of each of the steps in the strategic planning process? <ul style="list-style-type: none"> <li>• Design the planning process</li> <li>• Carry out background research and consultation</li> <li>• Develop the broad plan:               <ul style="list-style-type: none"> <li>– Establish the vision</li> <li>– Analyse the organisation's current situation</li> </ul> </li> <li>• Identify key objectives and actions</li> <li>• Undertake financial and risk analysis</li> <li>• Finalise and document plan</li> <li>• Approve and implement plan</li> <li>• Monitor and review</li> <li>• Evaluate</li> </ul>			
Do we understand the role of the board at each step in the planning cycle?			
Do we understand the role of staff at each step of the planning cycle?			

Questions	Yes	No	Comments/Actions
<b>Developing the broad plan (Refer to 3.3)</b>			
Do we have a vision statement that succinctly states our aspirations for society?			
Do we have a purpose statement that defines our scope – the who (our target client group) and the what (the nature of the services we provide )?			
Do we have an agreed procedure to conduct a strategic analysis of our organisation and its operating environment?			
<p>Are we able to answer each of these questions:</p> <ul style="list-style-type: none"> <li>• Who are our clients/service users?</li> <li>• How do we know that what we do is effective and results in our clients being better off?</li> <li>• How do we know if we are delivering our services efficiently?</li> <li>• How well are we doing at the moment?</li> <li>• Who are the people and organisations that have a key role to play in working with us to improve what we do?</li> <li>• What works and what could work better in our organisation?</li> <li>• Where do we want to be?</li> </ul>			

Questions	Yes	No	Comments/Actions
<b>Developing the broad plan</b>			
<p>Do we have a good understanding of key factors affecting our organisation:</p> <ul style="list-style-type: none"> <li>• Legal regulations and compliance requirements?</li> <li>• Sources of revenue and the contracts/service agreements requirements?</li> <li>• Our operating costs?</li> <li>• Our access to financial and human resources?</li> <li>• Our profile and reputation?</li> <li>• Government policy affecting our sector and area of work?</li> <li>• Our relationships with other agencies?</li> </ul>			
Have we undertaken an analysis of our organisation's internal strengths and weaknesses, and the external opportunities and threats?			
Have we developed a vision for our future based on an understanding of our external operating environment and internal capacity?			

Questions	Yes	No	Comments/Actions
<b>Documenting the plan (refer to 3.4)</b>			
Does our planning process ensure that the board develops a strategic plan with these key features:			
<p>Strategic analysis of the organisation, its environment and key challenges?</p> <ul style="list-style-type: none"> <li>• Vision</li> <li>• Purpose</li> <li>• Key Result Areas</li> <li>• Clear strategic goals</li> <li>• Key Performance measures</li> </ul>			
Does our planning process ensure that senior staff develop a business plan to align with the strategic planning result areas and strategic goals.			
<p>Does our business plan include:</p> <ul style="list-style-type: none"> <li>• Activities /Actions for each strategic goal</li> <li>• Resource analysis, including human resources and financial resources (budget)?</li> <li>• Risk analysis and contingency plan?</li> <li>• Plan and performance measures for monitoring?</li> <li>• Detailed implementation plan and action plans, with timeframes, responsibilities and resource needs?</li> </ul>			
Do we have a clear understanding of why we need performance measures?			

Questions	Yes	No	Comments/Actions
<p>Do we have a process to design performance measures that will:</p> <ul style="list-style-type: none"> <li>• Tell us that we have achieved what we set out to do?</li> <li>• Be easy to collect information for?</li> <li>• Be the best way to know that we have achieved our results?</li> </ul>			
<b>Implementation and monitoring (Refer to 3.5)</b>			
Do we have a good understanding of the factors that are important to effective implementation of our plan?			
Do we have a good understanding of the factors that are important to effective performance monitoring?			
<p>Do we have a process in place that will enable the board to monitor performance in relation to:</p> <ul style="list-style-type: none"> <li>• Progress of the plan?</li> <li>• Quantity of effort?</li> <li>• Quality of activities?</li> <li>• Impact and outcomes?</li> <li>• Efficiency of activities?</li> <li>• Performance against the budget?</li> </ul>			

Questions	Yes	No	Comments/Actions
Do staff reports to the board provide useful information to assist us monitor our performance effectively?			
Do we use our strategic plan as a reporting and monitoring tool?			
Does the board use the information gained from monitoring performance to: <ul style="list-style-type: none"> <li>• Recognise successes?</li> <li>• Take action to correct problems?</li> </ul>			
<b>Evaluation (refer to 3.5.3)</b>			
Do we have a process in place to evaluate the results of our plan every year?			
Do we fully evaluate the outcomes of our strategic plan in its final year?			
Do we have a process in place to feed what we have learned from our current plan into the development of our next plan?			
Policies, procedures and systems			
Do we have policies, procedures and systems to: <ul style="list-style-type: none"> <li>• Develop a strategic and business plan?</li> <li>• Implement a strategic plan?</li> <li>• Monitor performance against our plan?</li> <li>• Evaluate our plan?</li> </ul>			
Are board and staff responsibilities for strategic planning clearly stated in our schedule of delegations?			

<b>Director: Strategic Planning</b>			
<b>Points to remember</b>			
	<b>Tick to indicate understanding</b>		
<b>Use this checklist to review the information within the decision making section of this resource.</b>	<b>Yes</b>	<b>No</b>	<b>Limited</b>
<b>An introduction to strategic planning (Refer to 3.1)</b>			
Do you understand what strategic planning is?			
Do you understand the distinction between a strategic plan and a business plan?			
Do you know the features of effective planning?			
Do you understand why the board needs a strategic plan?			
<b>The planning cycle (Refer to 3.2)</b>			
Do you know the components of the planning cycle?			
Do you know the steps in the planning process and what each entails: <ul style="list-style-type: none"> <li>• Designing the planning process?</li> <li>• Carrying out background research and consultation?</li> <li>• Developing the broad plan?</li> <li>• Establishing the vision?</li> <li>• Analysing the organisation's current situation?</li> <li>• Identifying key objectives and actions?</li> <li>• Undertaking financial and risk analysis?</li> <li>• Finalising and documenting the plan?</li> <li>• Approving and implementing the plan?</li> <li>• Monitoring and reviewing progress and achievements?</li> <li>• Evaluating the outcomes of the plan?</li> </ul>			
Do you know your responsibilities as a director at each step of the planning cycle?			
Do you know the responsibilities of your staff at each step of the planning cycle?			

	Tick to indicate understanding		
Use this checklist to review the information within the decision making section of this resource.	Yes	No	Limited
<b>Vision, purpose and values: developing strategic directions (Refer to 3.2)</b>			
Do you understand why your organisation has a vision and purpose statement?			
Do you understand what a vision statement and purpose statement should contain and reflect?			
Do you understand your role as a director in setting strategic directions for your organisation?			
Do you understand how your vision and purpose statement and a strategic analysis of your organisation and its operating environment form the basis for setting strategic directions?			
Do you understand the ways your organisation might develop strategic directions?			
Do you understand what is involved in conducting a SWOT analysis?			
<b>Documenting the plan (Refer to 3.4)</b>			
Do you understand the key features of a good strategic plan?			
Do you understand what should be documented in a strategic plan?			
Do you know what a performance measure is?			
Do you know what makes a performance measure effective?			
Do you understand how to identify performance measures for your organisation?			
<b>Implementation and monitoring (Refer to 3.5)</b>			
Do you know what is required of your staff to undertake effective implementation of the plan?			
Do you know what is required of the board to undertake effective performance monitoring?			
Do you know the different aspects of your organisation and its performance that you can monitor?			
Do you understand the relationship between reports to the board and the monitoring undertaken by the board?			
Do you know how to analyse and act on the results of monitoring?			



Use this checklist to review the information within the decision making section of this resource.	Tick to indicate understanding		
	Yes	No	Limited
<b>Evaluation (Refer to 3.5.3)</b>			
Do you understand the different aspects of your organisation and performance that can be evaluated?			
Do you have a broad understanding of when and how the board will evaluate the strategic plan?			

**If you have ticked the 'No' box please review that section again.**