

MAKING SENSE OF YOUR EXTERNAL ENVIRONMENT: CONTINUED

Linking between the two workshops....

.....The key steps of strategic analysis are:

1. Mapping the strategic drivers that could impact on your organisation (external trends or forces that may have a positive or negative impact)
2. Sorting them into the vital, the important and the interesting
3. Carrying out further research into the drivers that matter to you
4. Considering the implications of these drivers for your organisation and generating opportunities and options for your organisation
5. Taking strategic action – making decisions about your response

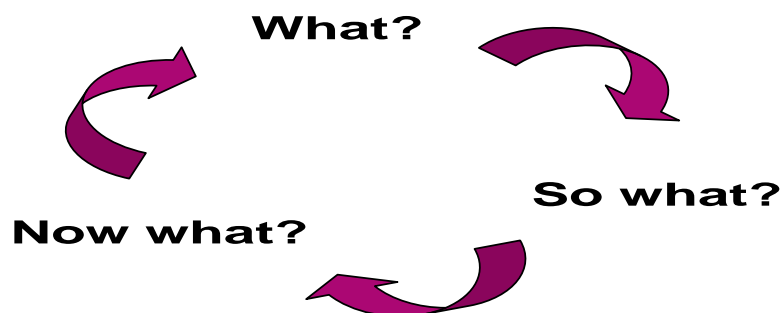
In the first workshop, we looked at steps 1-4.

In this workshop we look in more detail at step 4 and 5

4. CONSIDERING THE IMPLICATIONS OF THESE DRIVERS AND GENERATING OPPORTUNITIES AND OPTIONS FOR YOUR ORGANISATION

In the first workshop, we looked both at ways of identifying the **key drivers** - the '**what**' - that may affect your organisation and its beneficiaries in the future, and the '**so what**' (might this mean)?

The next step in the chain is considering the '**now what**' (should we do about it)?



What? = scanning the external environment to identify and prioritise the drivers

So what? = considering the implications for your organisation and key stakeholders, spotting opportunities (and threats and risks)

Now what? = considering the next steps your organisation might want to take :

- honing the opportunities down
- creating some strategic options
- making decisions about future plans

Drivers – Analysing Implications

Discussing findings from the drivers exercise

	How could each driver affect your organisation? What opportunities does this create?						
	External			Internal			
Your Key Drivers	Users and their needs	Funders and their priorities	Relationships & influence	Workforce (paid, volunteer) and Trustees	Your organisation's work (services and activities)	Governance including accountability & evaluation	Systems, Skills, Technology (communications, administration, management etc)
Driver 1							
Driver 2							
Driver 3							

Linking 'so what?' and 'now what?'

It is important to think laterally and really deeply about the implications of change (the 'so what'), to generate as many potential opportunities as you can to enhance your organisation's effectiveness and extend its impact.

The link between 'so what' and 'now what' is a crucial one, as you start to scope these opportunities, consider their implications, prioritise them, reject some, and turn the chosen ones into strategies that will form your organisation's agenda for the coming years.

Making sure you have considered a healthy range of opportunities

The 3 Is: Improve, Innovate and Improvise

Strategic analysis enables you to look into the future and establish with some confidence what could happen. This in turn presents opportunities to plan activities which will maximise your organisation's impact.

This chart below sets out the **variety of opportunity** available in relation to your mission and desired impact.

IMPROVE	INNOVATE	IMPROVISE
What opportunity does the information you have about the external environment give you to do what you do better:	What opportunity does the information you have about the external environment give you to do different things:	What opportunity does the information you have about the external environment give you to manage risks and threats:
<ul style="list-style-type: none"> • Change the way you work • Be more responsive • Join with new collaborators to be more efficient e.g. share resources • Take advantage of new developments to improve efficiency or effectiveness • Access different funding streams or sources of funds 	<ul style="list-style-type: none"> • Serve new beneficiaries • Provide different services, products, campaigns • Work in new geographical areas • Tap new sources of funds • Respond to changing beneficiary needs • Respond to changing Funder/Government needs • Join with new collaborators 	<ul style="list-style-type: none"> • Produce contingency plans to cope with threats • Join with others to fight threats together • Take action to reduce risks • Plan exit strategy • Carry out risk assessment • Change policy • Change tactics • Redesign processes • Redesign services • Learn new skills • Find new sources of funds

Try to find a mix of options to include in your plan:

- ❖ Something that will help you expand your organisation's horizons in a new and exciting way (innovate)
- ❖ Something to work on to combat a threat or manage a potential risk (improvise)
- ❖ Something that will help you improve the quality of service you provide, perhaps by working with others outside your organisation (improve)

5. TAKING STRATEGIC ACTION – MAKING DECISIONS

Once you have identified the key drivers, analysed their possible impact on your organisation and considered the opportunities, you are likely to find that you have a range of options from which to choose.

Strategy development is all about choices – choosing the best selection to maximise the change you can make for your beneficiaries. It is also about priority, feasibility and risk assessment.

*Tools for Tomorrow*¹ has a range of practical tools that are designed to be self explanatory and assist you with the decision making process once this phase of strategic analysis has been undertaken.

See also Information/References below for more information on strategic planning tools.

Tools to help with the exploration of options include:

- Force Field analysis
- Cost benefit analysis
- Break even analysis
- Risk analysis

Some questions you might want to ask yourselves and your stakeholders²

- What is realistic and achievable in the next five years?
- Are there quick wins we could make in the next year?
- Are there ideas to capture but to be taken forward in a more gradual way or agreed to revisit at some later point?

¹ Tools for Tomorrow (2004) NCVO – www.ncvo-vol.org.uk/publications

² Thinking Ahead : An introduction to Strategic Planning (2008) NCVO - www.ncvo-vol.org.uk/publications

MATRIX RANKING OF OPTIONS

Strategic decision making can be tough, particularly if there are a range of different options for the future. Sometimes it will help to compare a number of options against some common selection criteria, extending the evaluation of options thinking carried out earlier when looking at your chosen key opportunity:

Sample Selection criteria	Option 1	Option 2	Option 3
Fit with Mission, Vision, Values			
Impact on beneficiaries			
Appropriateness to the organisational culture			
Impact of change agenda on organisation (structure etc)			
Capacity to pursue (consider investment, other effort etc)			
Level of support for the option (internal & external)			
Break even point (in years)			
Sustainability (years to receive payback after break even)			

LINKING WITH THE STRATEGIC PLAN

As a result of the work you have been doing, you should now be able to populate significant elements of your STRATEGIC PLAN.

*Thinking Ahead: An Introduction to strategic planning*³, describes strategic planning as a 5 step process :

1. Get ready

Decide on the process, the timescale and divide up tasks between a planning group

2. Clarify your organisation's purpose

3. Open up options and choices

Look internally - the organisation's strengths and weaknesses, competencies and capacity

Look out – undertake strategic analysis

4. Make decisions

Refine options for the future
Develop detailed priorities

5. Communicate, implement and review your strategy

We have set out on Knowhow Nonprofit a suggested framework for a strategic plan, and indicated how strategic analysis can contribute to each element. Take a look at the site and add your comments about both the framework (hopefully you can improve it!) and the suggestions about how carrying out in depth strategic analysis can help make it a more effective plan.

<http://knowhownonprofit.org/organisation/strategy/plan>

³ Eliot J (2008) *Thinking Ahead : An introduction to Strategic Planning*, London NCVO

INFORMATION / REFERENCES

Copeman C et al (2004) *Tools for Tomorrow : a practical guide to strategic planning for voluntary organisations*, London, NCVO

Copeman C and Griffith M (2007) *Looking Out : How to make sense of your organisation's external environment*, London, NCVO

Copeman C (2006) *Picture This : a guide to scenario planning for voluntary and community organisations*, London, NCVO

Eliot J (2008) *Thinking Ahead : An introduction to Strategic Planning*, London NCVO

All the above publications are available from NCVO (www.ncvo-vol.org.uk/publications) or freephone 0800 2 798 798

Bryson J M *Strategic planning for Public and Nonprofit Organisations A Guide to strengthening and Sustaining Organisational Achievement* (2004) Jossey-Bass

NCVO Third Sector Foresight website - <http://www.3s4.org.uk>

This site is a free on line resource with strategic insight and planning tools for Voluntary and Community organisations interested in strategic /environmental analysis. This resource contains a searchable bank of drivers and trends relevant to the UK voluntary and community sector.

Share your knowledge and experiences with us!

Knowhow Nonprofit

This is a new website being developed by the Cass Business School's Centre for Charity Effectiveness to provide free learning resources specifically for people working in our sector. The site has a section all about strategy and planning:

<http://knowhownonprofit.org/organisation/strategy>