Strategic Planning in the Arts: A Practical Guide
A Plan for Planning
The Planning Process

The strategic planning process can be a powerful force in identifying institutional priorities and engaging organization stakeholders and influencers.

While it is essential to ensure that an arts organization's strategic plan has insightful, rich content, many planning efforts fail because the planning processes they employ are poorly designed. If important participants are left out of planning activities, if the planning process moves at a snail's pace, or if insufficient (or extravagant) resources are employed, an organization can easily begin to suffer from planning backlash, finding it is difficult to get *anyone* interested in creating, implementing, or even discussing the plan.

The previous chapters of this book focused on planning content; this chapter reviews planning process. In other words, while the focus to this point has been on developing effective plans, we now turn to the important issue of doing this in an efficient manner. A four-phase, eleven-step process is recommended:

PHASE I. SETTING UP
Step 1. Committing Resources
Step 2. Adopting a Framework
Step 3. Establishing a Planning Calendar
Step 4. Writing a Mission Statement

PHASE II. ANALYZING
Step 5. Collecting Data
Step 6. Performing External and Internal Analyses

PHASE III. STRATEGIZING
Step 7. Developing Strategies
Step 8. Creating an Implementation Plan
Step 9. Completing Financial Forecasts

PHASE IV. IMPLEMENTING
Step 10. Communicating the Plan
Step 11. Tracking and Revising

PHASE I. SETTING UP

Given the many people, data requirements and analyses needed to develop a comprehensive plan, it is essential to begin by creating a plan for planning. The discussions on participants, resources, calendars, etc. that preface the planning process set the stage for the entire process:

Step 1. Committing Resources

Although the decision to develop a strategic plan is often made without a great deal of forethought (but with the sense that planning is "good for you"), every organization must think carefully about the time and financial resources it is willing to commit.

While plans can be developed in many different ways, significant staff and Board time is required in any effective planning process. Ideally, one member of the Board or staff will have substantial planning experience and can guide the process. While a good plan will represent a consensus of staff and Board views, a strong leader is needed to ensure consistent progress towards developing that consensus. If no one on the staff or Board has the time or expertise required to lead the planning process, an outside consultant should be engaged. One caution about hiring consultants: while an experienced, sensitive consultant can be an invaluable aid, the staff and Board are responsible for implementing the plan, not the consultant. Therefore, while the consultant can be useful in guiding the process, collecting and analyzing data, helping to frame strategies and giving objective reaction to others' ideas, the resulting plan must not be considered the "consultant's strategy." If the organization feels no ownership of the plan, it will not get implemented. (A planning consultant need not be expensive. Many Board members will be affiliated with corporations boasting large planning staffs. Frequently a corporate planner will be willing and able to provide pro bono assistance. But this planner must be sensitive to the differences between for-profit and not-for-profit organizations, especially with respect to mission.) Apart from the hiring of a consultant, the out-of-pocket costs of developing a strategic plan should be minimal.

Ideally all staff department heads will be involved in the creation of the plan. Of course, the artistic and administrative leaders must also be actively involved. Participating in data collection, analysis, strategy sessions and review sessions can easily consume two working days per person. A similar amount of time should be committed by the sub-set of Board members who will be responsible for overseeing the development of the plan.

If the Board has an Executive Committee, this is the ideal group to participate in the planning process although some Boards will name a Planning Committee to serve this function. In either case, it is imperative that the Board members who participate in the planning process be the most respected and involved Board members, including the Board's officers. Plans developed by subordinates rarely, if ever, get implemented.

The decision to engage in a planning process should only be made after every participant has agreed to devote the time necessary to create a strong, implementable plan. Without these commitments, and a suitable planning coordinator, the resulting process will usually take too long and result in a meaningless plan.

Step 2. Adopting a Framework

This book has suggested one approach to planning that has been effective in many large corporations, small businesses and arts organizations. This framework is simply a road map that guides the planning activity. It suggests the analyses that should be performed, reveals the implications of these analyses, and describes how these implications can be used to develop effective strategies. While the framework described in this volume is not the only useful one, some structure must be employed to develop an effective plan in an efficient manner. (Ideally, the framework selected will be familiar to the person serving as planning coordinator.) While brilliant plans have been developed without the use of a framework, rarely, if ever, are these plans developed in an efficient or complete manner. The goal of the framework is to ensure that the plan is developed quickly, with a minimum of frustration and a good deal of rigor.

For the framework to be used effectively, it must be explained to all planning participants. A preliminary planning meeting that reviews the framework should mark the formal start of the planning process.

Step 3. Developing a Planning Calendar

While the framework details the conceptual flow of information and planning activities, the planning calendar describes the timing, desired output and accountable participants for each step. Apart from its importance as an organizational tool, the calendar serves as a contract, binding all participants to one work plan and schedule.

The specific calendar will differ by organization, depending on the participants, the framework, the availability of data, the depth of analysis, and the experience of the coordinator. However, as a rule of thumb, a good plan can typically be developed in a four-to-six month time period. If the framework presented in this book is employed, a planning calendar might resemble:

PLANNING CALENDAR

PLANNING STEP		ELAPSED TIME	PARTICIPANTS
1.	Solicit / Educate Participants	2 weeks	All Participants
2.	MEETING 1: Organizational		
3.	Write / Review Mission	2 weeks	All Participants
4.	MEETING 2: Mission Review		
5.	Collect Data	3 weeks	Coordinator
6.	Complete Environmental Analysis	2 weeks	Coordinator
7.	Review Environmental Analysis	1 week	All Participants
8.	Perform Internal Analysis	2 weeks	Coordinator
9.	Review Internal Analysis	1 week	All Participants
10.	MEETING 3: Environmental / Internal Review		
11.	Develop Proposed Strategies	3 weeks	Coordinator
12.	Review and Revise Strategies	2 weeks	All Participants
13.	MEETING 4: Strategy Development		
14.	Create Implementation Plan	1 week	Coordinator
15.	Create Financial Plan	1 week	Coordinator
16.	Write Draft of Plan	1 week	Coordinator
17.	Review and Revise Plan	2 weeks	All Participants
18.	MEETING 5: Final Strategy Review		
19.	Approval by Board		
20.	Communicate Plan	On-going	All Participants

In short, each of the steps discussed in this book must be included in the planning calendar. While sufficient time for each analysis must be allocated, the process should not be extended over a long period of time. Long, drawn-out planning processes tend to result in an unfocused effort, with participants forgetting the conclusions of past meetings and analyses.

It is particularly important that participants remain with the process from beginning to end. While some may "drop out" as the process progresses, it is disadvantageous to add people once

planning has commenced. New participants who have not been through the initial stages will force the entire group to re-trace its steps, resulting in a loss of momentum. This is an additional reason to complete the plan in a reasonable time frame.

While there is value in developing plans rapidly, rushing the process can be harmful as well. Achieving consensus is essential for successful implementation; it is important that enough time is allowed for the entire planning group to feel ownership of the document. If the planning coordinator "forces" a plan on the participants, it is unlikely to be implemented successfully.

Step 4. Writing a Mission Statement

As discussed earlier, the mission statement guides the entire planning process; without it, there is no motivation for planning. While great care must be taken to ensure that the mission statement truly captures the purpose of the organization, it is equally important that writing the statement does not paralyze the planning effort.

Many organizations suffer so much over the drafting of the mission that when it is finally completed, there is little energy left for the remainder of the planning process. While the arguments over the substance of the mission are vital to resolve, the specific choice of words should not become the focus of lengthy discussions. The mission is not an advertising slogan that must be catchy, nor is it poetry that must be inspiring; it is a guiding statement whose *meaning* must be clear.

Each meeting of the Planning Committee should be motivated by a completed analysis that can provide the basis for discussion. Thoughtful preparation will eliminate many hours of unnecessary discussions. The formulation of the mission is no exception. The planning coordinator, or another member of the Planning Committee, should draft a proposed mission (or several alternatives) to be distributed prior to the first meeting. While it is unlikely that this statement will remain unchanged, it provides a starting point for discussion. Once the group has agreed on the substance of the mission, a Committee member should draft the working mission statement and distribute it to all planning participants. (The arguments over specific wording can then be negotiated between the coordinator and the other participants outside of formal meetings.) If substantive disagreements over the mission persist, a sub-committee of the group including the head of the Board and the artistic and administrative leadership of the staff should convene to develop the working mission statement. (Some organizations want the entire Board to be involved in drafting the mission statement; this can be rather cumbersome in organizations with sizeable Boards.)

It is essential that meetings on the mission statement involve both staff and Board members. While it is sometimes efficient to hold separate meetings when reviewing other portions of the plan (e.g., environmental analysis), it is potentially dangerous to hold separate staff discussions on the mission statement. If either the staff or the Board become wed to a mission that is not supported by the other group, serious Board/staff conflict is inevitable, with the staff leadership placed firmly in the middle.

In some instances the mission statement is not formally adopted until the planning process is completed. Frequently, the environmental and internal analyses will influence the specific elements. The working mission does not become final, therefore, until the planning participants are satisfied that it is appropriate and that the proposed strategic direction is consistent with the mission.

PHASE II: ANALYZING

The best plans are based on thoughtful analysis of key strategic issues; the best planning processes employ analytical tools that reveal these strategic issues in a most efficient manner.

Step 5. Collecting Data

The development of rigorous industry, peer company and internal analyses rests, in large measure, on the availability of good information. Frequently, organizations spend too little time on data collection because they believe, mistakenly, that all important information is already known. This is a dangerous assumption. Basing a plan on conventional wisdom rather than facts can lead to unrealistic, ineffective strategies.

In truth, collecting the data required for planning in the arts is easy compared to the same task in the for-profit sector. The lack of severe competition, the desire for publicity, the need to provide information to potential donors and the presence of industry organizations leads arts organizations to publish substantial amounts of information. Most important, the collegial spirit among arts organizations makes the data collection process much more open.

The data upon which planning analyses are based are described in previous chapters. The primary sources for this data include:

• Industry Associations

> There are major industry associations for virtually every art form. Opera America, Dance USA, Association of Art Museum Directors, etc. all collect information that is available to its members. This data frequently includes income statement and balance sheet items for industry participants as well as overall industry trends in major expense and income accounts. This information can provide the basis for industry and peer company analyses. The staffs of these associations frequently possess a great deal of knowledge and insight into their art forms. It is very useful to mine this source of information. Given their desire to be supportive, the industry associations may be willing to review and comment upon an environmental analysis.

> Frequently, the industry association will be able to identify other peer organizations that have been doing similar kinds of planning work; sharing insights with other

organizations, particularly on industry trends, can speed-up the data collection and analysis processes substantially.

• <u>Newspapers and Magazines</u>

A good base of knowledge can be obtained from published articles. The simplest way to get a list of available references is to perform a thorough literature search of the published articles that are relevant to the art form and the organization. Any good library (university libraries are usually available and very helpful) will offer computerized or reference book services that allow the researcher to find articles in major publications concerning developments in the art form, peer companies, new entrants, fund-raising trends, corporate, foundation and individual donor prospects, regional economic growth, etc. If a particular article is not available in the library or online, call the relevant publication and ask for its "morgue," the internal library that contains files of every article it published. (For very modest sums, most newspapers will send copies of every article contained in a morgue file.)

• <u>Trade Journals</u>

Many art forms are also served by specialized magazines and newsletters that may not be covered by the bibliographic services in libraries. <u>Dance Magazine,</u> <u>Opera News</u>, etc. are all good sources of information. Again, make use of the staffs of these publications to determine if back issues included articles that may be helpful in completing an analysis.

• <u>Peer Company Data</u>

Almost every arts organization has a package of information intended for the press and potential donors that they are willing to share with others. These packages may include performance/exhibition information, annual reports, staffing information, brochures, etc. This information is clearly useful for peer company analysis. If additional information is needed, the staff of the peer company will frequently be helpful.

• <u>Field Interviews</u>

There are many people knowledgeable about each art form, peer companies and one's own organization, which can provide useful information for planning analyses. Staff members in peer companies, government agencies and industry associations can all provide useful information. Of course, all staff heads and involved Board members from one's own organization should be asked to provide input to the internal and environmental analyses.

Before these interviews are conducted, however, it is useful to have gathered data from all other sources and have already performed some preliminary analysis. Field interviews are time-consuming and should only be performed as needed. It is difficult to know what additional information is needed until substantial data collection and analysis has been performed.

The quality of each analysis depends, in great measure, on the quality of the underlying data. Organizations that spend little time on data collection will have a difficult time developing an objective understanding of the environment in which they operate and of their own strengths and weaknesses. Without this analytical underpinning, it is difficult to write plans that create change.

If the planning coordinator does not have the skill or time to gather the required information, a planning consultant may be employed effectively.

Step 6. Performing Analyses

There is a wealth of data that can and should be used to develop a plan; the challenge is to draw insights from this data through environmental and internal analyses. A substantial portion of this book has been devoted to describing the analyses that underlie the development of a strategic plan. While these analyses need not be difficult to perform, the amount of time devoted to them depends on the planners' experience and the desired level of depth.

The application of environmental analysis techniques is perhaps the most challenging part of planning. With little training, most people can begin to apply these tools effectively. Yet the challenges are to generate insight from the analysis and to integrate these individual insights into a coherent analysis, or "story line." Without a cohesive story line, it is difficult to communicate results in a manner that allows the eventual plan readers to remember the key issues. Writing a memorable plan is important. Since implementers will need to shift direction as they observe changes in the environment, it is important that they remember the basis upon which the strategies were developed. Few arts administrators have time to refer back to a written document with any frequency. Developing a story line that makes the analysis more memorable is an invaluable implementation tool.

The development of the story line should begin with the commencement of the external analysis. It should not wait until the day before the analysis is due and after all the relevant data has been collected. Just as Sherlock Holmes always had an hypothesis concerning the identity of the criminal, so should the planner always have a theory concerning the driving forces in the industry and the expected behavior of the peer companies. As the hypothesis is disproved by the analysis, it should be re-formulated to accommodate the new data.

Before completing any environmental analysis, therefore, it is useful for the planner to speculate about the results; if the results support the hypothesis, one can proceed to the next step. If, however, the results are not as expected, it means that either the hypothesis is wrong or the analysis was performed incorrectly. Frequently the biggest insights in the analysis process are generated when the expected results and actual results diverge.

The analyst must be willing to be cavalier when performing the environmental analysis. It is unlikely that every single piece of desired information will be available, nor will every analysis be completed with a great deal of certainty. Just as in all phases of a creative process, the trade-off between time and product is important; if the analyses are reasonable and insightful, one must be willing to "let go" and move on to the next step of the process even if the underlying data are not as specific as one might have wished. (Frequently, the desired information will emerge later in the planning process anyway.)

The internal analysis must be more specific than the environmental analysis. This is facilitated by a substantially easier data collection job. The difficulty in internal analysis is not so much finding accurate data as it is maintaining honesty and objectivity. As noted earlier in this volume, many organizations tend to be overly generous with praise for their own capabilities while others tend to be too self-critical. A clear, mature evaluation is required. In order to achieve this desired objectivity, the internal analysis should be performed by either a new staff or Board member or an outside consultant - someone with planning experience but with few historical ties to the organization.

As with environmental analysis, hypotheses about the strengths, weaknesses, culture, etc. of the organization should be formed as the analysis progresses. Reviewing these hypotheses with staff and Board members allows one to test their validity. One-on-one interviews are very important; internal analyses based solely on printed financial data will frequently fail to reveal the motivating factors that can frequently be the most important revelations. If a theater company is managed by an artistic director whose real motivation is to have an opportunity to direct or to act in his own productions, this will have a substantial impact on the functioning of the organization. This information would not emerge from financial or other printed data.

For this reason, internal analysis is not necessarily an enjoyable endeavor. The analysts must question the performance of their own organization. This requires courage, strength and the open support of the Board and staff. Defensiveness always leads to poor planning.

It is impossible to over-emphasize the importance of insightful environmental and internal analyses. The difference between a good strategy and a bad one is frequently the level of understanding that underlies its creation. The development of high quality analyses will increase the chances of developing a realistic, implementable plan rather than simply a good-looking document.

PHASE III: STRATEGIZING

While a substantial analytical foundation for planning is crucial, the "meat" of the process is the creation of the strategies themselves.

Step 7. Developing Strategies

Just as there is no simple prescription for writing a symphony, so there is no magic formula for creating an effective strategy. Using the framework described in the preceding chapters simply guides the creative thinker.

The most effective way to create a strategy is to ask one member of the Planning Committee to develop a set of proposed strategies, a "straw man plan,"' upon which the remainder of the group can comment. This yields much better results than placing the entire Committee in a room and asking them to create a plan. Groups tend to go around and around with all members repeating their favorite strategies until they are sure they will be included. These group strategies, typically dominated by the views of the loudest participant, have no focus nor much real substance.

Equally dangerous is dividing the strategy development task among separate functional teams (e.g., marketing, development, etc.). While this is an appropriate technique for evaluating strategies or even developing implementation plans, it is not appropriate for developing the strategies of the organization. Every individual strategy must link to and support an overall direction. In fact, one should be able to summarize the key strategies in no more than one page. While many pages of detail might follow this summary, the core of the strategic plan should be an integrated set of actions designed to achieve the mission.

For this reason, having different sub-committees list their strategies for an assigned functional area often results in disjointed, unimplementable plans. Organizations that pursue the "straw man" method of planning endorsed above find that strategies can be suggested, evaluated in the context of an entire direction and adopted or rejected as appropriate. Strategy review meetings must be carefully planned. Board and staff members do not have time to waste on unproductive meetings. The planner needs to establish credibility for the process and the plan; long, unfocused meetings do nothing but reduce the interest of the participants. Frequently, Planning Committee members stop coming to meetings altogether and the entire plan loses credibility.

To avoid dissipation of interest, every meeting should focus on a specific segment of the plan. Review materials should have been sent in advance of the meeting. This leads to an efficient, product-oriented meeting with clear results. This does not mean that all meetings will end with alignment on all issues; any serious planning effort will involve controversy. But isolating the source of controversy and making progress in other areas is one sure way to maintain momentum.

Step 8. Creating an Implementation Plan

Once agreement on each functional strategy has been reached, the Planning Committee must develop a detailed implementation plan that suggests how these strategies will be put into action.

If the strategies have been developed in a rigorous manner, the implementation plan should be rather easy to complete. One Committee member should be assigned the task of creating a proposed implementation plan. Since the central issues to be addressed in the implementation plan involve assigning specific tasks and deadlines to key personnel, administrative leaders are the ideal candidates to develop this first draft. They are in a position to know how much can truly be accomplished within realistic time frames.

The Board members who serve on the Planning Committee can then decide whether the administrator's plan moves quickly enough (or too quickly) to put the selected strategies into effect.

Step 9. Completing Financial Forecasts

The final section of the plan, the long-term financial forecast must be developed with great care and realism. For many readers, the forecast will be an indicator of the rigor of the overall plan. If the forecasts are unrealistic or sloppy, the entire planning effort will be suspect.

This does not mean that financial plans should be ultra-conservative or should show little change in the fiscal status of the organization. If major new strategic initiatives will be implemented, financial condition is bound to change. But the forecasts must be supported by clear explanations of the reasons for these changes.

Too often, the Planning Committee is exhausted by the time it comes to develop these forecasts and leaves the job to the staff controller. While this is an efficient way to begin, the Board representatives must review these forecasts with as much rigor as they review the annual budget. If the plan is taken seriously by the staff and the Board, these forecasts will provide the foundation for developing each annual budget during the planning period.

PHASE IV. IMPLEMENTING

The true pay-off from planning comes from implementation. Everything accomplished to this point in the planning process is just prologue.

Step 10. Communicating the Plan

The strategic plan should be of interest to a variety of people: Board members, the staff, major contributors, major suppliers and the press. It is beneficial, therefore, to devote time to developing an appropriate method of communicating with each of these interested parties.

Obviously a complete written document is vital; it provides an easy, convenient reference for everyone. But there are no awards given for length. The "planning by the pound" mentality that suggests that the heavier the document, the better the plan, misses the point. If implementation is the true end product of planning, then the document must be easy to read and of reasonable length. Rarely should a plan have to exceed 75 pages unless an organization is unusually complex.

The "bigger is better" approach is symptomatic of a common misunderstanding about the role of the written document. It is imperative that all planning participants understand that *the planning document is not the plan.* The plan is the common understanding that all strategy implementers have about the direction of the organization. The document itself is not sacred.

The simplest way to organize the planning document is to use the framework that underlies the strategy development process. (One hint: the titles for the chapters of this book can easily serve as chapter, or sub-chapter headings for the plan.)

When the Planning Committee has completed its work, the entire Board should be asked to read and approve the document. Frequently, some changes to the plan will be requested by those Board members who did not serve on the Planning Committee. Rarely is a carefully crafted plan rejected by the Board.

Staff members should also be given an opportunity to read and comment on the plan. Frequently, the staff that did not serve on the Planning Committee will have ideas that can strengthen the document.

While many donors, particularly professionally-managed foundations, corporations and government agencies, may have an interest in reviewing the entire document, other donors should be provided with a summarized version that includes the mission, key implications of the environmental and internal analyses, the major strategies and summary financial projections.

In some organizations, the staff is asked to provide a very abbreviated Executive Summary for the Board and donor group. This can prove to be counter-productive. If a reader is not given a sense of the depth of the underlying analysis and thought, the proposed strategies may appear superficial, at best. One must accept that many readers will begin with a prejudice about

planning, having taken part in unfocused, unproductive planning efforts. If a synopsis appears superficial, the plan will be deemed superficial.

In-person presentations to groups of donors can be a good way to "engage" them in the functioning of the organization and has the corollary effect of demonstrating professionalism. Those organizations pursuing a focused marketing campaign may wish to invite selected prospects to these presentations. Most major donors will be assured that their contributions are not "going down the drain" if a rational plan for the future is presented.

Step 11. Tracking and Revising

Since so much time and effort can be devoted to developing a strategic plan, there is a tendency for participants to memorialize their efforts by creating an impressive, leather-bound, formal document. The strategic plan, however, should be a living entity, residing more in the mind than in the bookshelf. The ability to alter the plan as the organization's situation changes is more important than the quality of the binding.

An organization's strategies should not be static. Despite our best efforts to forecast environmental changes, exogenous shocks to the arts environment (e.g., radical shifts in government funding) create the need for reevaluation of the strategy. Data collection and analysis leading to periodic reviews must be on-going.

This tracking process should review industry and peer company behavior, progress towards fulfilling the implementation plan, and financial and other performance measures versus objectives. Tracking the progress of the plan should be performed at regular intervals. Quarterly evaluations are usually sufficient although in some specific instances (e.g., when large projects are in progress), more frequent ones may be necessary. As deviations from expected results are encountered, strategy alternatives must be developed and implemented.

The results of the tracking process should be presented at Board meetings, Executive and Planning Committee meetings and staff meetings. Once a year, a revised financial plan should be produced. Every three years, a complete new plan should be created. While the mission should not change, and even some strategies may remain consistent, changes to the environment and financial performance are inevitable and the implementation steps must be revised to accommodate changes in staff, Board leadership, etc.

While the nature of a book forces a presentation of planning activities in a sequential fashion, the steps to creating a superior plan are not necessarily performed in a strict linear order. Above all, strategizing is a creative process. Blindly following a series of steps impairs creative thinking; the results of one analysis may suggest revisiting a prior analysis, a new conclusion may influence an old one.

Those arts organizations that design and pursue coherent planning processes support the development of rigorous analyses that result in the creation of creative, effective strategies.