

STRATEGIC PLANNING AND THE ROLE OF NON PROFIT BOARDS

Presented by: Mike Balkwill

Balkwill & Associates
m.balkwill@iasc.on.ca

Welcome to your handout for this session!

The following package includes

- an introduction to the theoretical construct of how and why to do strategic planning using a nine cell matrix model,
- a discussion of the two dynamics that effect organizations

Table of Contents

There are two sections to the package.

Section One: The theoretical framework of the nine cell matrix includes a description of:

- The levels
- The functions
- The diagram of the nine cell matrix

Section Two: The discussion of the two dynamics covers:

- The Guardian/Trader dynamic
- Assessing the Dynamics of the Guardian/Trader dynamic
- The Growth dynamic
- Assessing the Dynamics of Growth and Decline

Section One: The Theoretical Framework

- The Levels
- The Functions
- The Nine Cell Matrix

The Levels:

Governance (Strategic Level)

Governance refers generally to the Board of Directors. The main task of nonprofit governance is managing uncertainty in the tasks of achieving the broad social mission (community imperative), acquiring resources (business imperative), and building relationships with community leaders and funders which build trust in your organization (social capital requirement). This is the 'strategic' level of planning and problem solving in the organization.

Board members fulfill their governance responsibilities when they manage uncertainty successfully by

- fulfilling their responsibility in the three organizational functions of vision building, resource acquisition, and community capacity building
- Attending to the tensions created by the contradictory values of community advocacy and institutional accountability.
- Attending to the internal tensions created by growth and development.

Management (Operational Level)

Management refers to the senior staff (i.e. executive director, and senior managers). the operational level tasks of translating goals into service plans, allocating resources, and building relationships with other organizational leaders that enable co-operation with your organization.

Program Delivery (Service Level)

Program delivery refers to the front-line staff and volunteers. At the programme level, the main tasks are designing activities that build support with other service providers about the goals and vision of your organization, allocate resources to individual users and groups, and build relationships with users that fosters trust for the organization.

It is important to note that these descriptions are proposed in an overly simplified way for purposes of illustration. There are areas of overlapping responsibility between the Board of Directors and senior staff and between senior and front-line staff.

The Functions:

Goal Function:

All nonprofit organizations have goals. They may vary in the degree to which they are intentional, public, and effective. Non profit organizations should organize themselves to articulate a shared vision of the social need they seek to address, why they believe the need exists, the service strategy they prefer in addressing the need, the resources they require to successfully address the need, and how they well determine their effectiveness.

This vision is used by the Executive Director to create operational plans, policies and procedures and to guide programme design and implementation by staff, volunteers, and community members.

Resource Function:

Non profit organizations must acquire resources – information, money, people and authority - allocate them to support the operational plan (budget, service priorities) and deliver these resources (usually in the form of service) to the community.

The resource allocation strategy is used by the Executive Director to set the context for the annual operating budget

Trust (Social Capital) Function:

The nonprofit organization must organize itself in such a way that it maintains a balance between business and community imperatives. This we define in terms of building trust and maintaining the confidence of the community. This “confidence” must be maintained at three levels:

1. The community publics and legislative authorities in whose jurisdiction the nonprofit organization operates,
2. The network of organizations with which the nonprofit organization must successfully inter-act to be effective in the delivery of its service,
3. The clientele or community members who receive service from the nonprofit organization, and by extension the general public as their needs relate to the clientele being “well-serviced”.

The Nine Cell Matrix

The table below is a ‘map’ to illustrate the three functions each nonprofit must attend to and the three levels of organizational responsibility related to each of these functions. Each of the three primary groups in the organization, - the Board of Directors, Executive Director and programme staff and volunteers – have a primary responsibility for each of these functions. The chart outlines a nine-cell matrix of organizational function and responsibility.

	Goal	Resources	Social Capital
Governance (Strategic Level)	Creating Vision, and Values	Acquiring money, information, people, and authority	Negotiation of mandate with publics and authorities
Management (Operational Level)	Creating Goals and Objectives	Allocation, Operations	Co-operation among organizations
Program Delivery (Service Level)	Creating Programs	Distribution and Sharing of Resources	Capacity Building, Fostering Trust & Social Cohesion

Section Two: The Dynamics

- The Guardian Trader Dynamic
- The Growth Dynamic

The Two Dynamics:

Guardian / Trader Dynamic

The activities of non-profit organizations are propelled by two imperatives. The first imperative is a ‘guardian’ like desire to protect and improve the quality of life of the people in the community whom the organization has been formed to serve. The second imperative is a ‘trader’ like desire to engage in as much ‘business’ as possible with as many willing ‘buyers and sellers’ as is feasible. (Non-profits often justify this growth as a means to meet their ‘guardian’ imperative in order to provide service to as many people in their community as possible. However, the trader imperative may simply propel them in the direction of doing as much business as they can). As Jane Jacobs has written, these imperatives are opposite, contradictory and in spite of this difference, essential to society.

Non-profit organizations in fact may be a unique blend of these two imperatives. Traditionally in non-profit organizations the guardian imperative is the domain of the Board of Directors, and the trader imperative is the domain of the staff. In non-profit organizations the guardian imperative (and social capital formation) is primary, in contrast to private sector or economic organizations whose primary imperative is trading (and financial capital accumulation).

Assessing the Guardian Trader Dynamic:

MIKE BALKWILL uses a participatory assessment tool to gather information from Board members and Executive Staff about

- the guardian and trader activities of the organization,
- the degree to which each functional role in the non-profit (Board, Executive Director, program staff and volunteers) exercises the guardian or trader imperative
- the capacity of Board members and Executive staff for specific guardian and trader activities

and provides an assessment of how this dynamic is influencing the operations of the non-profit.

Growth Dynamic

The size and maturity of the organization drives the scope of the responsibilities of the Board of Directors and Executive Director. As non-profit organizations grow there is a shift in the boundary between the responsibilities of the Board of Directors and the Executive Director. Typically growth means an increased complexity in the business of the organization. This usually translates into the Board assuming an increased role in policy setting and strategic planning, and a diminished role in direct oversight of programmes and services and a consolidation of the Executive Directors co-ordination of programmes services and staff.

Assessing the Dynamics of Growth and Decline

MIKE BALKWILL uses a participatory technique (LifeLine analysis) to create with the members of the organization a history of the activities of the organization and the phases of growth and decline. Along this line we chart the growth of the Board of Directors and staff and analyse the changing patterns of staff responsibility. We then look at a conceptual model that matches varying levels of Board governance and Executive management to periods of growth in the history of the organization. This provides an assessment of how the growth dynamic is affecting the governance and management in the organization now.

We then 'bend' the historical timeline into an S Curve to forecast growth and decline dynamics for the organization (and its sector, if appropriate) to identify the governance and management issues they organization can expect to face in the immediate and intermediate future. This assessment can be supplemented with an analysis of selected data from the organization.

Mike Balkwill

Mike Balkwill is a consultant to communities and non-profit organizations, providing consulting and training services in Strategic Planning, Evaluation, Organizational & Staff Development, Social Research, and Community Development.

Mike Balkwill holds an M.A. in Social Welfare Policy, from the School of Social Work, McMaster University in Hamilton. Mike lectures part-time, leading undergraduate courses in Community Development and Social Movements.

Mike Balkwill is the co-author of *Participatory Planning for Action* with Bill Lee, a handbook of planning techniques for citizen groups. Mike is also the publisher of *Pragmatics of Community Organization* used by twenty community development programs in colleges and universities across Canada.