Strategic Plan

Risk Management Resource

Strengthening the sector
Context

A Strategic Plan describes an organisation’s aims and objectives to everyone connected with the organisation, including the Board, employees, people who use the service, families/carers and other stakeholders. The Plan also informs potential service users, funders and stakeholders (such as other community organisations, philanthropic trusts or businesses) about the direction in which the organisation is heading.

Strategic Planning which focuses on the future and provides direction and clear purpose in a changing environment is critical for long-term organisational sustainability. Understanding the internal and external operating environments enables an organisation to prepare and respond to issues likely to impact on the achievement of strategic goals.

The Strategic Plan is a high level document and does not contain specific actions to achieve organisational Goals. This detail is addressed in the Business Plan (referred to later in this document) and in Operational Plans including marketing and occupational health and safety.

Purpose

The Strategic Plan clearly articulates the Objectives and Goals of the organisation over a defined period. It takes into account the influence of the changing environment on the organisation’s operations and identifies strategies for achieving the organisation’s Mission, creating sustainable services and ensuring financial viability.

The Strategic Plan:

- Articulates the organisation’s direction for the next 3 to 5 years
- Describes the culture that best supports the organisation’s strategic Goals
- Describes the kind of organisation the Board and CEO are aspiring to create
- Indicates how the organisation’s effectiveness will be evaluated.
Considerations

Formulating a Strategic Plan enables the participation of all relevant stakeholders to ensure that the Plan is well considered and 'owned' by the organisation. Stakeholders include:

- Board members
- CEO
- Management
- Service users
- Employees
- Community members
- Partners and supporters
- Government
- Funding bodies.

The Strategic Plan considers the following areas of the Disability Risk Management and Controls Model which should be referred to when developing the Plan.
When undertaking planning, consider how the Strategic Plan aligns with the priorities and requirements of the Victorian State Disability Plan 2002–2012, the Disability Act 2006 and the Quality Framework Standards.


Procedure

The diagram below outlines the key elements of a Strategic Plan and a Business Plan:

![Diagram showing the Assess, Evaluate, Plan, Monitor, and Implement process]

The diagram below illustrates how central the organisation’s Vision and Mission is in the planning process. Vision and Mission inform the Objectives and Strategies in the Strategic Plan. These objectives and strategies underpin annual Business Plans and Action Plans.
Examples of Action Plans include Marketing, OH&S and Communications Plans. Larger Community Service Organisations may develop Business Plans for individual service areas. All plans align with the Strategic Plan so that resources are used effectively to progress the direction of the organisation.
Most strategic plans incorporate the following steps:

**Step 1: Vision, Mission and Values**

The Vision and Mission statements are developed first. These statements provide guiding principles for the organisation and serve as the platform for setting organisational Goals. Some organisations articulate the Values or behaviours underpinning the Mission. These can be developed as ‘Statements of Behaviours’ or ‘Values’ which can then be seen and measured.

Whether called a statement of Vision, Mission or Purpose, the statement is at the heart of an organisation’s development strategy and will have a direct bearing on its success. These statements assist employees and stakeholders to understand the role and direction of the organisation and what it wants to achieve.

Some organisations may choose to have both a Mission and Vision, or just the one. The Vision should describe why it is important to achieve the Mission. A Vision statement defines the purpose or overall goal for the organisation and can remain unchanged if well constructed. A Mission statement focuses on what the organisation can achieve through its own efforts.

Whether the Mission or Vision comes first will depend on the organisation. If a new business, program or plan to re-engineer current services is under way, the Vision will guide the Mission statement and the rest of the Strategic Plan.

If you have an established business where the Mission has been around for a long time, then the Mission can guide the Vision and the rest of the Strategic Plan. There are no hard and fast rules. Either way, the key is to understand the organisation’s fundamental purpose – the Mission, the organisation’s current situation in terms of the internal resources and capabilities (strengths and/or weaknesses) and external conditions (opportunities and threats), and where the organisation is going.

**Vision Statement:** A Vision statement outlines what the organisation wants to be, or how it wants the world in which it operates to be. It concentrates on the future. It is a source of inspiration. It provides clear decision-making criteria.

A sample Vision Statement:

> Choice, independence and open and inclusive communities for all Victorians living with a disability.

**Mission Statement:** A Mission statement describes the fundamental purpose of the organisation. It defines the customer and the critical processes. It outlines the desired level of performance.

A sample Mission Statement:

> To deliver high quality, innovative disability support services that encourage choice, self-determination and life opportunities for our clients and their families/carers.
Step 2: Context

Understanding where the organisation is now and where it wants to be in the future is essential to strategic planning. In order to determine this, a review of the internal and external environments is necessary.

External Environment

Circumstances outside an organisation may impact on the development of the Strategic Plan. In particular, changes or developments in the Political, Economic, Social and Technological (PEST) environment may influence the organisation’s core Objectives and outcomes.

When developing a Strategic Plan, consideration is given to the external context in which the organisation operates, as the following example demonstrates:

- **Political**
  - Changes in legislation
  - Change of Government
  - Policy and regulatory changes (self-directed approaches, service re-orientation, pension indexation)

- **Economic**
  - Downturn in economy
  - Reduced government spending
  - Reduced organisational funding
  - Client affordability
  - Return on investment ratio

- **Social**
  - Changing demographics
  - Changing preferences for services

- **Technological**
  - Changes in technology
  - Changes in accounting systems
  - Assisted technology that supports client communication
Internal Environment

Circumstances that exist within an organisation will impact on the development of the Strategic Plan. Workforce, finance, operations, maintenance and occupational health and safety should all be taken into account.

An examination of an organisation’s Strengths, Weaknesses, Opportunities and Threats (SWOT) as illustrated by the examples below, set the scene for the development of business strategy:

**Strengths**
- Strong client focus
- Staff training and development system

**Weaknesses**
- Lack of marketing expertise
- Limited funding for maintenance of equipment

**Opportunities**
- Develop a strong focus on client satisfaction – nil complaints
- Develop marketing expertise and establish a marketing and advertising section

**Threats**
- Economic outlook: Global Financial Crisis
- Aging workforce

Risk Profile

Understanding the organisation’s operating environment is enhanced by structured review of its risk profile. That is, identifying the key risks that will be taken into account when formulating the strategic objectives.

The outcomes of the risk review should be considered as part of the environmental analysis because risks impact on the organisation (i.e. risk likelihood and consequences).
Step 3: Strategic Plan

A Strategic Plan contains key Objectives for each area of the organisation. The development of the Strategic Plan follows articulating the organisation’s Mission and Vision and examining the environmental and risk factors that impact on the organisation.

The Strategic Plan assists in:

- Establishing Goals
- Identifying how these will be achieved
- Developing milestones to evaluate progress towards achieving agreed Goals.

The Strategic Plan is monitored and evaluated to ensure that the organisation is ‘on track’ and responding effectively to changing circumstances.

The Strategic Planning Process

The strategic planning process is cyclical, involving assessment of the environment, planning and identification of Goals/Objectives; followed by monitoring and evaluation of performance against these Goals.

A sample template is provided to lead organisations through the strategic planning process, including Goals, Strategies and Milestones.
Goals

The ‘Goal’ section of template 1 below lists the planned achievements for each area of the Plan (for example ‘Our People’). Goals captured in a Strategic Plan should be:

- Specific
- Measurable
- Consistent with the organisation’s Mission and Vision
- Informed by the Board and other key stakeholders.

Strategies

The ‘Strategies’ section of template 1 describes how Goals will be achieved.

Milestones

The ‘Milestones’ section of template 1 lists key achievements or the agreed statements that demonstrate progress towards the Goal.
### Sample Template 1.

<table>
<thead>
<tr>
<th>GOAL</th>
<th>STRATEGIES</th>
<th>MILESTONES</th>
</tr>
</thead>
<tbody>
<tr>
<td>The goal is a brief statement of what you would like to achieve in each section of your Strategic Plan</td>
<td>The strategy outlines how you will achieve the Goal</td>
<td>Milestones are statements which indicate that progress towards the goal</td>
</tr>
<tr>
<td><strong>Our Clients</strong></td>
<td>To provide the client with a high level of service that meets their needs.</td>
<td>e.g. Develop client service standards. e.g. Build client relationships and understanding through enhanced communication with client. e.g. Develop a service delivery plan for each client.</td>
</tr>
<tr>
<td><strong>Our People</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Our Operations</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The Business Plan

After developing the Strategic Plan the next step is to determine what your organisation needs to achieve each year in order to meet those medium- to long-term Goals. The Business Plan outlines the steps the organisation will take over the next 12 months to reach its Goals, the people responsible for those actions and the timeline for completion.

The Business Plan should be reviewed and updated annually. Each separate service stream, as well as the organisation’s administrative function (for example finance, information management and human resources), should produce a Business Plan.

The information captured in a Business Plan should be verifiable, complete and up-to-date. It may be useful to draw on research in the Marketing Plan to inform the Business Plan.

Business Plans have Key Performance Indicators (KPIs) which determine how the organisation is progressing towards achieving its Goals. KPIs are specific, measurable and monitored regularly.

How to prepare a Business Plan

These suggestions can be adapted or amended depending on an organisation’s structure and mode of operation.

Management will determine the frequency, content and style of Business Plans to be produced by each service stream. Each section of the Business Plan constitutes a working document and should be as concise as possible.

Business Plans are developed for all parts of the organisation responsible for the achievement of the Strategic Plan. Constructing a Business Plan involves the following steps:

1. **Introduction**
   State the life and scope of the Plan and any assumptions, limitations or qualifications.

2. **Describe the services and clients addressed by the Business Plan**
   If the service has a life cycle (e.g. a specific timeline and project funding), the stages of the life cycle should be recorded in the Plan. If it is an IT department or HR function, ‘client’ refers to parts of the organisation that provide those services.

3. **State the current level of performance relative to the desired level of future performance**
   If there is a minimum (threshold) level of future performance that has been determined as a requirement to guarantee service continuity (e.g. a core of 25 service users with Internet Service Providers at any one time), this should be noted. Organisations re-orienting their service models will use this section to describe what the re-orientated organisation will look like.

4. **List/review the key elements that could impact on performance**
   For example the organisation’s location, workforce and/or market reputation.
5. **List/review the previous Business Plan’s achievements**
   This includes items which were partially achieved and matters to be carried forward.

6. **List other service providers**
   Include an assessment of the service’s relative strengths and weaknesses (this can be derived from the Marketing Plan). This might look at elements including service models, relationships and referral systems, market presence and penetration, workforce and management characteristics and strengths, profile, technological capability.

   Any strengths which are unique to the service or which are shared by very few of other service providers should be clearly identified. At the end of this stage, if the service has a unique client proposition (a point of differentiation), it will have been clearly captured.

7. **State market opportunities**
   These may include:
   
   - Current business that can be grown
   - New areas of business activity that will be explored (e.g. becoming a Registered Training Organisation or starting a new Client Assessment and Planning function)
   - Possible areas of collaboration, alliance, joint venture.

   A Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis should be applied to each of the above to test that they are able to be performed, thus supporting effective risk management.

8. **State the activities required to operationalise market opportunities**
   Include timelines for achievement and who is responsible for the actions. Examples include upgrading management capability; finding new premises; changing the size, quality, skills or composition of the workforce; applying for special permits or licenses; and acquiring new equipment or infrastructure.

9. **Link the Business Plan to the service’s budget**
   Quantify the financial results expected from the Business Plan’s implementation.

10. **Conduct a sensitivity analysis**
    In relation to the anticipated financial results, client numbers, service costs, etc., include an analysis that discloses the consequences of variations. Where a small negative variation discloses a high impact, it should be rigorously tested and examined. If the impact cannot be reduced to an acceptable level it presents a significant business risk.

11. **State the agreed Key Performance Indicators and Review Milestones**
    Everyone who implements the Business Plan must know what success will look like. This ensures actions at all levels address the key priorities at any point in time.

12. **State the new business risks arising out of the Business Plan’s implementation**
    Conduct an evaluation and identify mitigation strategies.
13. Translate the Strategic Plan into annual Goals and Strategies with performance measures
Allocate responsibility and resources to each area of the Business Plan as follows:

Business Plan Template:

Year: 2010

CATEGORY: OUR CLIENTS

Goal: To increase the level of positive feedback on services by 50%.

<table>
<thead>
<tr>
<th>STRATEGY</th>
<th>MAJOR TASKS</th>
<th>PERFORMANCE MEASURES</th>
<th>RESPONSIBLE OFFICER</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop client service standards</td>
<td>Conduct research into quality standards of each service offered.</td>
<td>25% increase in positive client feedback on quality of services by 30 June, 2010.</td>
<td>Client Services Officer</td>
<td>Active</td>
</tr>
<tr>
<td></td>
<td>Liaise with relevant stakeholders in government and the community re. developing service standards.</td>
<td>And so on...</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>And so on...</td>
<td></td>
<td></td>
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Resources
A wide range of resources and learning opportunities are available to assist community service organisations to undertake effective risk management:
NDS Victoria: www.nds.org.au/vic
VMIA: www.vmia.vic.gov.au

Funding
VMIA and the DHS provided project funding.

Disclaimer
The information provided in this document is intended for general use only. It is not a definitive guide to the law and best practice, does not constitute formal advice, and does not take into consideration the particular circumstances and needs of your organisation.

Every effort has been made to ensure the accuracy and completeness of this document at the date of publication. NDS cannot be held responsible and extends no warranties as to the suitability of the information in this document for any particular purpose and for actions taken by third parties.

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About National Disability Services
NDS is the national peak body for disability services. Its membership includes more than 650 not-for-profit organisations that collectively operate several thousand services for Australians with a disability.

NDS provides a wide range of advice and information to the disability services sector and governments regarding all significant disability matters.

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