



INTRODUCTION TO PLANNING



KEY MESSAGES

Why plan?

Sustainability begins not with funding, but with planning – before organisations start thinking about money, they need to decide exactly what their mission, aims and goals are and plan how they will achieve these. Only once organisations know what they want to achieve, and have planned accordingly, are they in a position to assess which income sources are appropriate for them and begin to pursue them.

- All organisations need to plan no matter what their size
- Planning highlights opportunities as well as challenges
- Planning allows organisations to approach income generation strategically, and enables them to meet the needs of their service users more effectively
- Strategic planning is a key way to ensure the organisation remains effective

How should organisations approach planning?

A useful way to approach planning is to implement a 'planning cycle'. Below is the planning cycle outlined in *Tools for tomorrow – A practical guide to strategic planning for voluntary organisations*. This divides the planning process into six key stages enabling organisations to take planning one step at a time:



Tools for tomorrow – A practical guide to strategic planning for voluntary organisations is a comprehensive and easy-to-use toolkit - developed through collaboration between the Centre for Charity Effectiveness at Cass Business School,

City University and NCVO's Third Sector Foresight project. The toolkit is available from NCVO's publications team, email: publicationsorders@ncvo-vol.org.uk or telephone 0845 458 9911.

Stage 1 - getting the direction right

The first step in the process is to make sure that the direction in which the organisation is moving is the right one and meets the needs of the stakeholders, including service users and clients who are at the heart of every voluntary and community organisation.

This is achieved by:

- Referring to the organisation's mission statement and its original vision,
- Ensuring that their values are still relevant and championed throughout the organisation, and
- If not, consulting all stakeholders to revise and refresh.

When revising or establishing an organisation's mission, all the relevant stakeholders should be consulted, both internally and externally. Everyone who works in the organisation - including the volunteers - and the service users and beneficiaries need to be consulted with to see where they think the organisation currently sits, where it is going, and most importantly of all, where it *should* be heading.

Re-assessing the direction of the organisation should be carried out once every five years or so, unless the environment in which the organisation operates in is changing rapidly, in which case this exercise may have to be carried out more frequently.

Avoiding mission drift is crucial to keeping organisations on track and in touch with their service users.

Stage 2 - environmental analysis

No organisation can ignore the environment in which it operates. It is important early on in the planning process to assess the challenges and opportunities that an organisation is likely to face, as well as how fit the organisation is to carry out its work in such an environment.

This is achieved by:

- Looking at the organisation both internally and externally, taking in both the current state of affairs and the likely future,
- Using this assessment of what is going on - now and in the foreseeable future, both inside and outside - to underpin future decision-making.

The external environment includes:

- The Government and its emerging policies
- Economic trends
- New government legislation
- Society and demographics
- Clients/beneficiaries and their needs
- Other market players
- Purchasers
- Suppliers

There are many potential internal elements that might hinder an organisation. Things such as:

- Cultural changes within the organisation that might need to take place in order to take the organisation forward
- Training requirements of staff and beneficiaries that need to be addressed to implement the plan
- Insufficient resources

Being aware of your internal and external environment is the first step in dealing with it.

Stage 3 - options and choice

You will emerge from the analysis of your internal and external environment with a range of ideas about potential future activities and options; and a list of things you could and should be doing. These options need to be explored so that an informed decision can be made about the actions needed to achieve the desired future.

This is achieved by:

- Assessing the pros and cons of the various options available,
- Making decisions on which of the options best fits with your goals,
- Assessing the practicalities of what is achievable.

Options aren't just about choice, they are also about priority, feasibility and risk assessment.

Stage 4 - planning

This stage marks the half-way point in the planning journey, and therefore, is the ideal time for staff and trustees to take stock, review all the information generated, sort it and get down to the basics of mapping out plans for the next steps in detail.

This is when pen should be put to paper –turning options and choices about the future into reality, and creating the framework in which the organisation will carry out its work.

This is achieved by:

- Developing goals and targets,
- Capturing the strategy in some kind of written document,
- Thinking about the resources required to deliver the plan.

One way of approaching the documentation stage is by writing a 'business plan'. Below are some suggested headings:

- An overview of the proposed scheme
- Why the scheme is needed
- Why your organisation?
- Scheme description
- Scheme outcomes
- Staffing and management structure
- Budget
- Funding and marketing plan

A full understanding of an organisation's cost base is fundamental to its long-term sustainability. Undertaking full cost analysis is therefore crucial to it being able to serve its beneficiaries in the long-term. Cash flows and budgets also need to be considered at this stage and should be an accurate reflection of what it will cost an organisation to deliver a particular service or product.

Plans should not be weighty tomes that are complicated and burdened down with graphs and figures, and thus understood by only those who wrote them. Plans should be easy to use and contain information that is both proportionate and relevant to the options chosen by the organisation.

Stage 5 - implementation

Once decisions have been made about the future direction and once the actions needed to achieve the desired future have been identified, these decisions and actions (often expressed as goals, targets and outcomes) need to be built into the everyday life of the organisation; i.e. embedded in the systems and processes of the organisation.

This is achieved by:

- Identifying desired outcomes and how these will be assessed
- Applying for appropriate funding
- Recruiting or training staff and allocating resources

It is at this implementation stage that organisations finally start thinking about funding.

Stage 6 - evaluation

Once the strategic plan is firmly embedded throughout the organisation, it is time to take stock and evaluate what works well, and just as importantly, what doesn't work as well.

This is achieved by:

- Outcome assessment – stakeholder questionnaires, focus groups, feedback.

The evaluation stage is the ideal time to identify what the next issues are for the next round of the strategic planning cycle. Once this has been established, you are then ready to embark upon the journey of strategic planning once again.



KEY TERMS

Planning / planning cycle - This should be placed firmly at the heart of all organisations. It should be approached as a 'journey' and not as a final destination; strategic planning is an on-going process, and as such should be regarded as a cycle with key stages along the route that will enable organisations to map out the direction they are going and identify the key challenges and opportunities along the way.

Stakeholders – All individuals, organisations etc involved or associated with your work and upon whom it may impact. Stakeholders typically include: funders; staff; volunteers; trustees and most importantly the service users or beneficiaries.

Full cost recovery (FCR)- All organisations, public, private and voluntary, incur organisational overhead costs in addition to direct project costs. FCR means accounting for an organisation's expenditure on the basis of incorporating all costs incurred by the organisation. This will include –

- Core (or overhead) costs such as organisational rent, utility bills for organisation, salary for core staff like director and finance manager
- Project specific costs

It is essential to ensure that:

- Funding bids accurately cover all potential costs
- Contracts are negotiated for the full cost of delivering a service
- Pricing for products and services developed to generate trading income fully reflect the cost to your organisation of producing or providing those goods

Essential for ensuring funding bids accurately cover all potential costs, contracts are negotiated for the full cost of delivering a service, and pricing for products and services developed to generate trading income fully reflect the cost to the organisation of producing or providing those goods.

Outcomes - These are the results of your work. They are often changes, such as in attitude or health, but they can also involve keeping things the same, or preventing a certain event taking place, such as preventing children taking up smoking.

Outcome funding - Funders, such as the Big Lottery Fund, are increasingly seeking more meaningful returns for their funding – funding for outcomes not outputs, i.e. not just counting the 'bums on seats', but more about long term impacts such as confidence building and developing self-esteem. As a result, the requirement for funded organisations to measure their outcomes and impact is ever more pressing.

Outcome assessment - Outcome assessment is a way of thinking and a process enabling organisations to understand the impact that their work is having on their beneficiaries. As such the process, if it is to be effective, needs to be fully integrated into product design and delivery - not bolted on as an afterthought, as an end of project evaluation or funder requirement.



SIGNPOSTING

Publications

NCVO and the Centre for Charity Effectiveness (2004) *Tools for Tomorrow – A Practical Guide to Strategic Planning for Voluntary Organisations*. London. NCVO.

Wilding et al (2006) *UK Voluntary Sector Almanac*. London. NCVO

Web links and other guides

NCVO's Third Sector Foresight Project aims to help voluntary organisations to plan effectively for the future, with a particular emphasis on providing information about trends affecting the voluntary and community sector. For more information go to their website at: www.ncvo-vol.org.uk/foresight

The project's annual publication, *The Voluntary Sector Strategic Analysis*, is a useful tool for future planning and decision-making.

All publications are available from NCVO's publications team, email publicationsorders@ncvo-org.uk or telephone 0845 458 9911.