



# BRIDGING TO STRATEGIC PLANNING

Achieving Strategic Clarity program

## Toolkit materials

This document shares Bridgespan's high-level perspective on what effective strategic planning takes and offers some guiding questions for organizations to consider during this process.

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# Introduction

## Note to reader

Dear Nonprofit Leader:

Welcome to the *Bridging to Strategic Planning* toolkit! This toolkit is for teams planning to develop or refine their strategic plan, and who want to ensure this planning is grounded in the strategy they've set forth in their intended impact and theory of change. This toolkit will share Bridgespan's high-level perspective on what effective strategic planning takes and key considerations for teams navigating the different stages of this process. Much of the process outlined in the toolkit draws heavily on the Bridgespan article [Business Planning for Nonprofits: What It Is and Why It Matters](#) and incorporates learnings on strategic priority setting from recent Bridgespan collaborations with nonprofit leaders.

This toolkit has been designed for one individual on the team, who we'll refer to as the "Toolkit Lead," who might reference the toolkit alongside planning efforts. The reality, however, is that the strategic planning process is complex and often requires considering unique context, diverse stakeholder inputs, and modeling and analysis. Strategic planning also demands significant iteration. Simply put, there is no single "how-to" guide to navigate all of this! Instead, we hope to leave you with some thought-provoking questions for discussion or analysis that an organization might consider as it undertakes its planning process.

We've designed these materials so that you can either directly print hard copies or share this version digitally. The digital version includes links to writable versions (Microsoft Word and PowerPoint) of the included exercise templates. To optimize the document for easy printing, some pages were left blank.

At any point, if you have questions about this toolkit or suggestions on how it can be improved, please reach out to the Bridgespan Coaching team at [AcceleratorCoach@bridgespan.org](mailto:AcceleratorCoach@bridgespan.org). We value and appreciate your input and are here to help!

We hope you will find this experience to be highly valuable for your team and look forward to hearing from you. All the best as you get started!

Sincerely,

The Bridgespan Leadership Accelerator team

## About this toolkit

One reason you may have embarked on this strategic clarity effort was to ensure your future plans were grounded in a sound vision and strategy for achieving impact.

In our experience, organizations that are highly effective in strategic planning ground their approach by getting clear about their organization's vision for impact in 3–5 years, and systematically develop a plan to get there that bridges where they are now to this future ambition.

This process typically includes four distinct parts, which we'll touch upon in this toolkit:

- **Step 1:** Review the intended impact and theory of change you developed during the *Achieving Strategic Clarity* program, identifying where further learning and stakeholder engagement is needed before or alongside your strategic planning effort.
- **Step 2:** Build on your intended impact and theory of change to identify a short set of strategic priorities: Those specific actions or activities needed to move your organization from its current state to your future vision.
- **Step 3:** Determine the resources—financial, human, and organizational—that will be needed to achieve those strategic priorities while also reality-checking your ambitions and developing a plan to secure them.
- **Step 4:** Develop an implementation plan and establish clear metrics and milestones for measuring progress against your plan.

Although we have just walked through these steps one by one, strategic planning efforts are rarely (if ever) this linear. Resource and implementation planning can be eye-opening, and often leads teams to make adjustments to ensure their plans are still ambitious but also realistic and achievable. Organizations typically iterate and refine their plans throughout the process.


Teams also invest differentially in each of these steps depending on their starting point. As an example, is there still significant research that needs to be done to resolve open questions on your intended impact and theory of change drafts? Does your organization already have a set of strategic priorities to be refined, or will you need to invest significant time to draft them? The answers to these questions might lead you to take more—or less—time on the relevant steps.

This toolkit will not set forth a prescriptive set of activities, but focus on guidance that will push your team's thinking each step of the way and help you arrive at more robust answers for your organization.

## Step 1: Achieving strategic clarity

Strategic planning cycles provide an opportune time for you to “reset” your course as an organization, and to specifically consider and plan what it will look like to “live into” the ambitions (intended impact) and approach (theory of change) you’ve outlined in the *Achieving Strategic Clarity* program.

Before getting started, teams find it helpful to take stock of where they are with their intended impact and theory of change drafts. In particular, it’s valuable to consider the degree of change implied by their draft and their degree of confidence in that draft.

	<p><u>Key questions to consider:</u></p> <ul style="list-style-type: none"><li>• <b>How confident</b> are you in your current intended impact and theory of change draft?</li><li>• <b>How much change</b> do your intended impact and theory of change draft imply for your organization?</li></ul>
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Depending on where your team is on these dimensions, you may want to adapt your planning process accordingly.

### When you are less confident about your intended impact and theory of change draft...

While all teams have identified open questions for research, the questions may be more fundamental and genuinely unknown for some teams, and they may have less certainty on the organizational implications as a result.

If this is true of your team, your planning process should include time to clarify and investigate the most critical learning questions. This doesn’t necessarily mean investing time to answer all of your questions in-depth or trying to finish all learning before launching the rest of your planning process. But you do want to get answers to your priority open questions that are *good enough* to inform planning decisions.

Click [here](#) to view the *Crafting a learning plan toolkit*. After completing the steps in this toolkit, your team will have designed a learning plan to address the priority open questions about your intended impact and theory of change draft that you identified during the *Achieving Strategic Clarity* program.



### When your strategy implies significant changes for your organization...

For some organizations, your intended impact and theory of change draft reflects a confirmation of what your organization prioritizes today. Those priorities may be clearer and more explicit than ever before and will have benefited from pressure testing, but the daily implications may be relatively minor. For others, this process has resulted in a draft that may imply significant shifts.

A relatively small group has been involved in this process to date. The next steps in your planning are an opportunity to engage a broader group. If you are anticipating significant shifts from where you are today, it will be particularly important to engage a broader stakeholders group to gather input, generate buy-in, and manage change. These stakeholders include your clients, staff, Board, funders, or partners. This engagement will ultimately enable you to strengthen your draft, ground your future vision and plans, and more effectively manage change in your organization.

Click [here](#) to view the *Planning for Stakeholder Engagement* toolkit. At the end of this toolkit, you will have a clear roadmap to engage different stakeholders, which includes clear objectives, target engagement areas, talking points, activities, and owners for interactions with each stakeholder group.



## Step 2: Determine strategic priorities

While strategic plans can look quite different, nearly all strategic plans—and the most effective ones we see—are grounded in a few select strategic priorities. Teams define strategic priorities in different ways. There are no hard and fast rules, but they will serve as an anchor for their planning.

Strategic priorities typically surface in those places where you have “the greatest distance to travel” in terms of your current state versus your future vision. The priorities you name should be aligned with your intended impact and theory of change and help you achieve your intended impact ambitions by:

- **Improving your focus** on the populations you seek to work with (e.g., your ability to reach a specific population or your ability to reach more).
- **Improving the quality** of the work you do (e.g., higher impact services, service mix, or expanded services to support better outcomes).
- **Increasing the ability of your team** to achieve impact (e.g., improved organizational capabilities or adapting services or organizational structure to changes in the external environment).

Organizations generally articulate priorities in one of two forms:

- **Time-bound initiatives** that target achieving specific goals over a set period of time. Some examples include growth goals, campaign goals, outcome goals, and change efforts.
- **Organizational enablers** that articulate dedicated efforts to build or maintain a strong organization, critical to supporting time-bound initiatives. Some examples include improving operational performance, managing and developing talent, managing organizational culture and morale, budgeting and allocating resources, and ensuring financial sustainability.

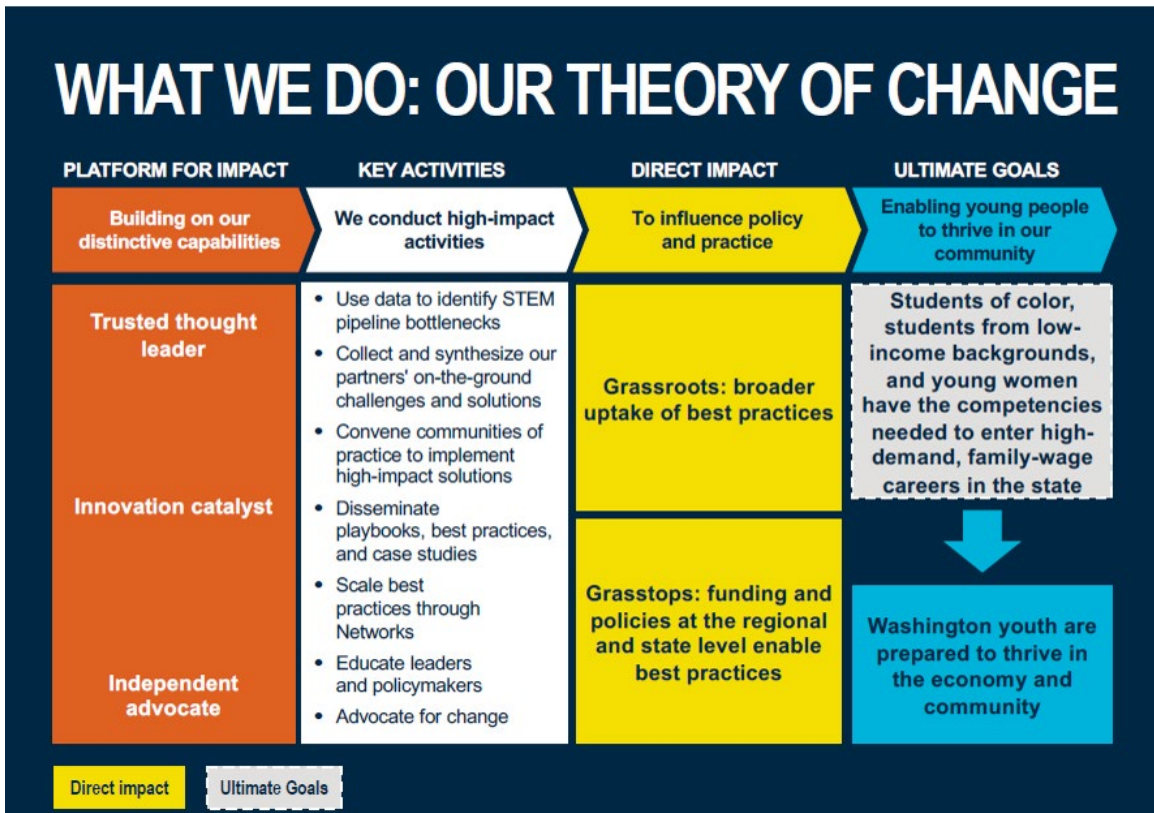
There is a limit to how many priorities an organization can truly “prioritize” and execute. In our experience, we’ve found that limiting priorities to 3–4 time-bound initiatives and 1–2 organizational enablers can help to ensure focus and feasibility.

What might these priorities look like in practice? Let’s consider a brief example.

**Example: [Washington STEM](#)**

Washington STEM is nonprofit think tank and advocacy organization with a mission to advance excellence, equity, and innovation in science, technology, engineering, and math (STEM) education for students in Washington state. As a part of a Strategic Clarity project, the group defined the following intended impact statement, ultimate social goal, and theory of change:

- **Intended impact:** By 2030, we will triple the number of students of color, students from low-income and rural families, and young women who are on track to earn high-demand credentials\* and enter family-sustaining careers in the state. *\*Specifically defined*
- **Ultimate social goal:** Washington youth are prepared to thrive in the economy and community.
- **Theory of change:**



Coming out of this strategy work, Washington STEM considered how their current work mapped to these ambitions, and the organization identified three core priorities for the next three years alongside implied organizational shifts needed to support these priorities:

Time-bound initiatives:

- Double down on early STEM and career pathways, focusing on achieving concrete 2021 milestones and 2030 goals across the state
- Spread what works, focusing on dramatically improving the longitudinal data available and used to improve student STEM education and employment outcomes

Organizational enablers:

- Grow a strong and sustainable organization, focused on a set of subgoals that include diversity, equity, and inclusion priorities for staff, fund development, and brand recognition

Implied shifts:

- Shift from a focus on audiences (a set of partners, government leaders, and funders) to a greater focus on key topic areas, requiring shifts in departments and organizational structures
- Shift to a greater focus on data collection and publication, requiring additional hires with specific capabilities
- De-prioritization of a few legacy lines of work in order to focus more fully on these priorities

Below are questions you might consider to understand gaps to achieve your vision and to surface and prioritize related priorities.



Key questions to consider:

*Note: For each, consider where you are closest to your vision today, where you have the greatest distance to travel, and where more information is needed to answer.*

- How well does our existing impact (WHO, WHERE, WHAT including scale) and approach (HOW) align with our ambitions? How well does our existing impact and approach align with ambitions when we apply a lens of diversity, equity, and inclusion?
- How well is our organization performing (operations, financial sustainability, culture and morale, diversity, equity, and inclusion) compared to our ambitions?
- Where might we most need to adapt to support changes in our external environment (e.g., new regulations, staffing)?



## Step 3: Identify resource needs

Once you've agreed on the strategic priorities that will guide your organization over the next few years, it's time to look at the practical implications. The objective in this phase of strategic planning is aligning your staff, infrastructure, and finances in a way that can support sustainable implementation.



As a part of your previous team conversations, you've defined some concrete markers related to your future vision. You've also agreed on a short list of strategic priorities you need to execute as an organization to achieve this vision. Identifying resource needs will require getting even more concrete about your end vision and what it will take to implement your strategic priorities.

As mentioned previously, it's important to note that this resourcing process is highly iterative. After doing an honest assessment of what it will take to implement priorities, you will need to step back, review, and reality-check what is feasible for your organization. You'll also need to make adjustments to your resourcing, pacing, and the targets you've set in your vision and strategic priorities. At this point in the process, many organizations create financial projections to help them understand how their budget will have to change, and use them to model out different scenarios.

### Considering talent investments

Staff and staff-related expenses often comprise the largest portion of nonprofits' annual budgets, and talent can be one of the most significant drivers of additional resource needs. As examples, many organizations grow staff directly to grow programs, for example maintaining staff-to-participant ratios while building out new areas of expertise or adding management to support increased scale.



It is also important to consider the development needs of current staff. It's possible that you have some of the right people in place already but will need to offer them training or other professional development support in order to carry out the new strategic priorities.

 	<p><u>Key questions to consider to identify talent investments:</u></p> <ul style="list-style-type: none"><li>• Do we have the right organizational structure in place to implement the plan?</li><li>• Does our existing staff have the skills and expertise to execute our strategic priorities?<ul style="list-style-type: none"><li>○ If so, how much capacity does our current staff have to take on new work? Do we need to add positions or scale back our goals?</li><li>○ If not, what roles do we need to create, and where will we find the right people to fill these roles?</li></ul></li><li>• How soon do we need to bring new people on board? What's a realistic timeline given our culture and ability to raise funds?</li></ul>
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### Considering infrastructure investments

The temptation to allocate every available resource to program delivery can be almost irresistible. But over time, this takes a toll on the organization, particularly on its infrastructure. Common areas of under-investment include information technology systems, office space, and financial tools.



Strategic planning can provide a valuable opportunity to invest in the critical systems that will allow your organization to deliver services more effectively and more sustainably. Much like talent investments, determining the needed infrastructure for your organization requires that you understand both your current capacity and the new resources you'll incur by pursuing your objectives.

 	<p><u>Key questions to consider to identify infrastructure investments:</u></p> <ul style="list-style-type: none"> <li>• How much staff and client growth can our current office and program space accommodate?</li> <li>• What new or improved systems do we need to do our work more effectively (e.g., IT performance, measurement, financial)?</li> <li>• What human resource systems should we put in place to manage our organization (e.g., recruiting, orientation, training, evaluation)?</li> </ul>
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**Considering financial implications**

Once you have a handle on the people and infrastructure, it’s time to establish the financial implications of implementing the new strategy. Is the picture that emerges reasonable? When you add everything together, does this seem like a feasible rate at which to grow? To answer this question, consider both your organization and the external funding environment.

In addition to considering how investments will affect important metrics like cost per outcome, it’s important to consider your organization’s capacity to manage a larger budget and the likely impact on your culture. Finally, it’s important to explore the funding environment to help gauge whether you’ll be able to raise adequate funds to support this new direction.

 	<p><u>Key questions to consider to identify financial implications:</u></p> <ul style="list-style-type: none"> <li>• Can we manage the budget required by the talent and infrastructure investments?</li> <li>• How will the increased budget affect our organization’s culture?</li> <li>• How will the new costs affect our cost per outcome?</li> <li>• How is the funding community likely to respond to the spending plan? Can we secure the money we need?</li> </ul>
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No matter how thorough your financial projections, there will always be a fair degree of uncertainty. Short of having money in the bank, can you know for certain that you’ll find a foundation to fund a new initiative or that you’ll win a crucial government contract? Probably not.

Laying out two or three financial scenarios can help manage this risk, allowing you to determine in advance how you might prioritize under different funding situations. In addition to the core budget, you may want to consider a "stretch" scenario and a "delayed" scenario to help you think about what you would do in the event of a significant new funding stream or an unanticipated funding shortfall.

## Step 4: Develop your stakeholder engagement plan

Strategic planning requires a great deal of discipline; implementation requires even more. To set yourselves up for success, it helps to lay out a clear plan that you can monitor to assess progress and course correct—or change course—as you learn new information or where progress is off track. A good implementation plan might include the steps needed to achieve each strategic priority, who will be responsible for each step, and the metrics and milestones you will use to track progress.

Some organizations also use a more narrow set of these metrics and milestones (sometimes called a dashboard) to communicate progress and learning with their Board, funders and other supporters.

What’s important is that these milestones flow directly from the strategic priorities and the decisions the team has made about the resources required to implement the plan.



As you read earlier, most organizations find that their strategic priorities fall into one of three categories: (1) *improving their focus* on the population(s) they seek to work with; (2) *improving the quality* of work they do; or (3) *growing the capabilities of their organization* to achieve impact.

By developing milestones across three categories—programmatic, operational, and financial—you can track progress across these varied types of priorities in an easy-to-understand and complete way.

### Programmatic milestones

Programmatic milestones refer to those goals associated with your services and the populations you work with. For example, if your goal is to expand a particular program, one of the key milestones will probably be the year-by-year targets for the number of recipients served. Program milestones should also include metrics designed to evaluate the effectiveness of your service delivery, so that you can track whether you are maintaining the quality of your program and having the desired impact.



Most grant applications call for some form of program metrics, so you probably have some systems for data collection and analysis in place already. However, in many cases, these metrics do not wholly align with those outcomes or intermediate measures your executive team defined in your intended impact and theory of change. We encourage organizations to use strategic planning processes as an opportunity to revisit their program metrics. This means considering how to put a system in place that is more informative for management purposes, while also balancing the desire for perfect data with considerations about how difficult and expensive the system might be to use or build.



 	<p><u>Key questions to consider to identify programmatic milestones:</u></p> <ul style="list-style-type: none"><li>• What goals have we set associated with improving our focus on the population(s) we seek to work with?</li><li>• What goals have we set associated with improving the quality of our work? What outcomes or other intermediate measures will we use to measure progress?</li><li>• What data best aligns with our management purposes and is also realistic to acquire, given the systems we have today and reasonable investment?</li><li>• For each of the above, what is a reasonable path (e.g., intermediate milestones) to achieve these goals?</li></ul>
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### Operational and financial milestones

Operational and financial milestones refer to those goals critical to supporting the organization’s capabilities to deliver programmatic milestones. Operational milestones encompass both talent and

infrastructure goals, while financial milestones most often lay out the yearly budget and revenue projections.

 	<p><u>Key questions to consider to identify operational milestones:</u></p> <ul style="list-style-type: none"><li>• What goals have we set associated with building a stronger organization (e.g., organizational culture; diversity, equity, and inclusion efforts; talent development; operational performance)? How will we measure our success?</li><li>• What talent and infrastructure investments will be required to support programmatic milestones and to support building a stronger organization?</li><li>• For each of the above, what is a reasonable path (e.g., intermediate milestones) to achieve these goals?</li></ul>
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 	<p><u>Key questions to consider to identify financial milestones:</u></p> <ul style="list-style-type: none"><li>• What, if any, financial measures (e.g., cost per participant) represent important metrics and/or milestones for our organization?</li><li>• What total budget is needed each year to support new investments and ongoing operations?</li><li>• What revenues are needed and from what sources each year? Is this realistic? If not, what budget changes are needed?</li></ul>
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In establishing milestones, it is important to be clear about both timing and ownership. Some organizations create detailed calendars and assign various members of the organization discrete responsibilities each month. Others prefer a higher-level map in which timelines are divided into quarters or six-month increments, and the head of each program area or operating unit is responsible for mobilizing their team to get the work done on time.

In many ways, agreeing on milestones and setting them to paper is the final step in the formal strategic-planning process. At this point, it's likely that your team will be excited about the strategic plan and a bit nervous about the challenges ahead. One way to ease tensions is to remind everyone that the milestones are a guide intended to inform decisions going forward, and not an end in and of themselves. Returning to the milestones over time is a sign that your organization is continuing to think strategically, and presents both the opportunity to celebrate progress, and also speak candidly about challenges and course correct.