

Alignment, Diagnosis, and Hedgehogs: Characteristics of an Effective Strategic Planning Process

Rebekah Lambert, Senior Vice President

“Our strategic plan isn’t useful to our senior leadership team,” commented the Executive Director of a mid-sized museum.

And that’s a major problem in the arts and culture sector.

Too often, strategic planning processes result in documents that fail to meet the needs of nonprofit organizations, education institutions, and government agencies in arts and culture. They sit on the shelf, either literally or figuratively, and business continues on without a shared sense of direction or a clear understanding of the goals and objectives needed to move forward. Even worse, skepticism can emerge, limiting future prospects for a more effective process that results in a useful plan.

In this edition of *Arts Insights*, Arts Consulting Group (ACG) will explore several characteristics of a good strategic planning process, resulting in clearly conceived plans that can more effectively serve the arts and culture sector and the communities they serve.

Alignment

Alignment has two familiar meanings—the first, an arrangement of items in relationship to each other, and the second, an agreement on a common purpose. There is also an interesting definition as the ground plan of a road or railway. All three definitions are appropriate in the context of designing a pragmatic strategic planning process.

Definition 1: As items in relationship to each other, alignment is an assessment of whether an organization is truly ready for strategic planning. Is there a shared sense of urgency and prioritization for this effort? It may not be a good time to undertake strategic planning if there are other significant initiatives underway that sap organizational attention and resources. For example, if an organization is dealing with a leadership transition, it may choose to delay strategic planning. This allows the new leader charged with plan implementation to be engaged in the planning process, thereby building ownership in the future direction and actions of the organization.

Definition 2: With alignment on a common purpose, it is important to understand and agree upon who should be engaged in guiding the strategic planning effort. In nonprofit arts and culture organizations, the responsibility for strategic management of the institution is shared between board and executive/artistic leadership, with the board having a more significant role in setting the overall strategic direction of the organization and the staff having the greater role in operationalizing and implementing the strategic plan. Both must have responsibility for measurement and evaluation. As such, the most effective strategic planning processes are shared learning and decision-making efforts by board and staff, led by a strategic planning committee or task force made up of board members and senior executive and artistic staff. In some cases, artists, such as musicians, curators, actors, and others closely engaged with programming the organization, are also included on that core committee, when appropriate.

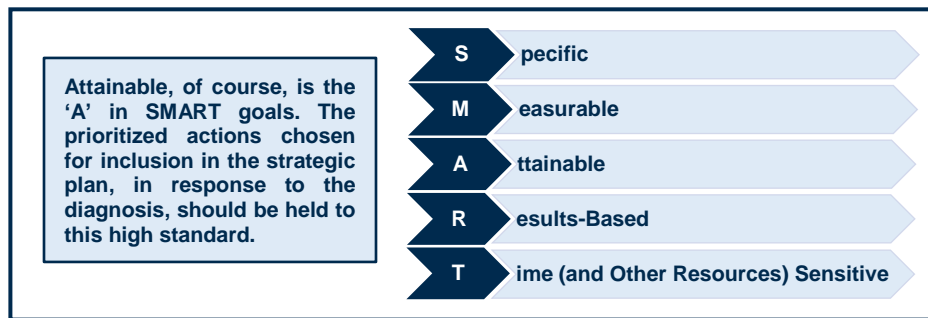
Definition 3: As a ground plan, alignment means determining the full scope of the effort, including timeframe, budget, and extent of research and information gathering at the start of the strategic planning process. Any thoughtful planning process requires a significant commitment of intellectual, financial, and temporal resources. As a result, planning processes, and their resulting strategic plans, must be designed with the organization’s context and culture in mind. Clearly, the breadth of a strategic planning process for a historical museum in a rural community should differ from that for a professional orchestra in a major metropolitan area. However, in an April 2017 board governance and planning survey distributed and administered by ACG to arts and culture organization executives and board members throughout North America, only one-third of respondents rated their organization’s effectiveness at “aligning strategy and organizational culture” as extremely effective or very effective.

Diagnosis

In *Good Strategy/Bad Strategy: The Difference and Why It Matters*, Richard Rumelt writes that good strategy contains, among other things, “a diagnosis that defines or explains the nature of the challenge.”¹ A robust strategic planning process incorporates a time of discovery about the organization’s strategic environment. Depending on the scope of the effort, this may involve various forms of qualitative and quantitative information gathering about internal and external factors that relate to shaping the strategic direction of an organization. Once all that information is gathered and analyzed, a diagnosis must be made. Indeed, “a great deal of strategy work is trying to figure out what is going on. Not just deciding what to do, but the more fundamental problem of comprehending the situation.”²

By way of example, an arts and culture organization may identify declining ticket sales as a weakness. Rather than simply setting a goal to increase ticket sales, the organization needs a thorough diagnosis of the nature of the challenge in order to determine the actions to take in response. The organization must ask and answer, what is really going on here? It might be affected by changing audience interests or community demographics. Perhaps the organization is lacking a clearly articulated or compelling identity or suffers from inconsistent program quality. Depending on the diagnosis, a different set of potential actions will emerge for consideration.

While the prioritized actions that are eventually chosen for inclusion in the strategic plan can surely be ambitious, they must also be attainable. To illustrate, Dean Acheson, Secretary of State in the Truman Administration, put it this way: “What the engineer has to do is to understand the strength of materials at his disposal. He has to understand the limits of cost at his disposal, and he has to understand the limits of his objective. He does not start out to say, ‘I will build a bridge which goes around the world.’ There is no sense in that.”³



Hedgehogs

There are many approaches to strategic planning and numerous analytical models and tools that can be used during these processes to encourage critical thinking and to support decision making.⁴ Using a strengths-based approach in a strategic planning process can be particularly appealing and effective, especially given some of the distinct characteristics of nonprofit arts and culture organizations, including reliance on the passion and drive of volunteers and donors as well as the natural affinity to strive for excellence in artistic practices.

This is perhaps best exemplified by, and most familiar through, Jim Collins’ hedgehog concept in which an organization focuses on the intersection of three concentric circles, as illustrated:⁵



¹ Richard P. Rumelt, *Good Strategy/Bad Strategy: The Difference and Why It Matters*, (Brown Business, 2011), 77.

² Rumelt, *supra*, 79.

³ Kevin Peraino, *The Wall Street Journal*, “From Truman to Trump: The Great Divide Over China,” (September 23 – 24, 2017)

⁴ In addition to the model presented here, there are numerous other strategy management tools worthy of consideration, including Balanced Scorecard, Hamel and Prahalad’s Core Competencies, and MacMillan Matrix.

⁵ Jim Collins, *Good to Great and the Social Sectors: A Monograph to Accompany Good to Great*, (Jim Collins, 2005), 17-23.

In other words, as articulated in a recent *Forbes* article, a “strong and sensible” nonprofit strategy “is built on existing capabilities,” “ignites the passions of those who must implement it,” and “is aligned with stakeholders who care enough to open their wallets.”⁶

Using a strengths-based framework, a significant performing arts organization in a major city recently assessed a wide array of input from stakeholders, along with other data on its internal and external environment, to clearly define its unique artistic identity and its value to the audience and community it serves. It also recognized a distinct strength in its youth education program, which stood out amongst similar programs in the community, was valued by educators, and was recognized by funders. These then served as the foundation for articulation of the organization’s strategic direction, including specific tangible actions to build upon those strengths.

Regardless of the model chosen, an effective planning process is well-served by the use of a “thinking and learning” framework, which complements an organization’s culture, for strategic prioritization and decision-making.

Alignment Revisited

Ultimately, the mark of a good, useful strategic planning process, and its resulting strategic plan, is that it is in alignment, both with itself and the organization. The right people, engaged at the right time, take ownership of a process that is well-articulated and appropriate for the organization’s size and sophistication. Sound diagnoses are backed up by data, research, and an understanding of the environment in which the organization operates. A cogent critical thinking framework selects goals and actions that flow logically from vision, mission, and values, and are congruent with each other as well as with organizational capabilities and resources. Finally, the process results in a usable strategic plan that is straight-forward and compellingly stated, includes a prioritized set of measurable actions that will logically advance the organization, and allows for flexibility and continuous improvement.

Clear-headed in its diagnosis and aligned with the culture and resources of the organization, a good strategic planning process results in a strategic plan that makes common sense. To go back to the railway analogy, the organization can move along the alignment.



Rebekah Lambert, Senior Vice President

Ms. Lambert joined ACG in 2009 with more than 19 years of experience in performing arts management, planning, board development, artistic administration, operations, and program planning. Throughout her career, she has proven to be a thoughtful, creative, and flexible leader. Prior to joining ACG, Ms. Lambert held positions at the Los Angeles Philharmonic, the Young Musicians Foundation, the Honolulu Symphony Orchestra, and Symphony of Southeast Texas. From 1996 to 2003, Ms. Lambert served as Executive Director of the Eugene Symphony. During her tenure, the orchestra experienced unprecedented stability and artistic growth. Ms. Lambert also served on the board of directors of the League of American Orchestras and as faculty of the Orchestra Leadership Academy. She holds a bachelor of music degree from the University of California, Santa Barbara, master of business administration from the

Yale School of Organization and Management, and strategic management certificate from The George Washington University and Strategy Management Group. Ms. Lambert is a certified Strategic Management Professional and currently serves as President of the board of directors of ShelterCare, an Oregon-based housing and human services organization.

Contact ACG for more information on how we can help your organization implement an aligned and effective strategic planning process.

(888) 234.4236

info@ArtsConsulting.com

ArtsConsulting.com

⁶ Ann Latham, *Forbes*, “8 Signs of a Great Nonprofit Strategy,” (May 15, 2016), <https://www.forbes.com/sites/annlatham/2016/05/15/8-signs-of-a-great-non-profit-strategy/#44f7f3236b56>.