

Chapter 9

Planning: Why and How Nonprofits Make Plans

In This Chapter

- ▶ Finding out why organizations plan
 - ▶ Preparing to plan
 - ▶ Converting plans into action
 - ▶ Making program plans
 - ▶ Comparing plans to results
-

The word *planning* can be intimidating. It brings up images of daylong meetings in stuffy conference rooms with outside experts wielding marker pens. Of course, not all planning takes that sort of effort — perfectly good plans can be made with a pencil on the back of an envelope, or even just imagined in your head. People make plans all the time, from organizing a vacation to deciding how to get all the errands done on a Saturday afternoon.

Organization planning, however, requires more effort. It's a group project that calls for research, brainstorming, discussion, and, in the end, agreement on a goal and the strategies and tactics needed to reach that goal. Simply put, organizational planning is deciding where to go and how to get there. The planning process helps to ensure that everyone is headed in the same direction.

In this chapter, we cover planning for nonprofit organizations in all its forms, from strategic plans to program plans to work plans. Plan to join us!

Why Spend Valuable Time Planning?

No organization has unlimited funds. Even the largest, wealthiest nonprofit needs to decide how to allocate its resources effectively. Planning helps you make decisions about how to spend your organization's money by answering questions such as "Is now the best time to invest in a new program?" and "Is it better to hire another staff person for the fundraising department, or should we hire a consultant?"

A nonprofit organization undertakes planning for the following reasons:

- ✓ To create a structure that guides its activities in pursuit of its mission.
- ✓ To allocate organizational resources in the most effective way.
- ✓ To create a framework against which the organization's performance can be evaluated.
- ✓ To reach agreement among board, staff, and supporters on desirable goals for the organization.

Think of a plan as a blueprint or scheme describing what needs to be done to accomplish an end. In an ideal world, if your organization completes every step of its plan, you achieve your goals.



The *act* of planning is equally important as the final plan itself because, in theory, the planning group's decision-making process ensures that everyone understands what needs to be done and agrees that it's worth doing.

Making Your Organizational Plan

Organizational planning is what people usually think about when they think about planning. Many funders, for example, ask whether you have a long-range or strategic plan, and some ask you to include it with your proposals. An organizational plan, usually covering a three- to five-year period, sets goals for the organization and describes the objectives that must be accomplished to achieve those goals.

The steps for successful organizational planning are as follows:

- 1. Decide whether it's the right time to plan.**
- 2. Look at your mission.**
- 3. Assess the external and internal situation.**

4. Hear from stakeholders.
5. Make decisions.
6. Write the plan.



Planning is an ongoing activity. A formal effort to develop a long-range or strategic plan may occur only once every three to five years, but planning for the purposes of accomplishing objectives, creating a budget, and developing fundraising programs goes on all the time.

Getting ready

Make no mistake: A full-bore, all-out organizational planning effort requires considerable time, energy, and commitment from everyone involved. Some nonprofits spend a year or more developing an organizational plan.

Don't jump into the process without understanding that it will add to your workload and complicate your life for a period of time. Also, you can't plan by yourself. If you're the executive director of a nonprofit organization who thinks that planning is needed, but the board of directors doesn't agree with your assessment, don't try to start the process on your own. Take a couple of steps backward and begin the work of persuading board members that planning is worth the effort.



Don't start the planning process if your nonprofit is in a crisis mode. It's tempting, for example, to launch a strategic planning effort if you just lost a major source of funding. But you have more immediate concerns to deal with in that situation. Delay organizational planning until you see a period of smooth sailing.

If you have the support, and foreclosure isn't hanging over your agency's head, the best way to get started is to form a planning committee. This small group of board members, staff, and one or two outside people can take on the role of guiding the planning process and, in the beginning, pull together the facts and observations that you need to make your planning decisions.

Working from your organization's mission

Reviewing the organization's mission statement is one of the first tasks facing an organization beginning the long-range planning process. (Chapter 3 covers mission statements.) Ask yourself these questions:

- ✔ Is the problem we set out to solve still a problem?
- ✔ Can we fine-tune the mission statement to make it more specific, or is the mission statement too specific?
- ✔ Does the mission statement contain enough flexibility to allow the organization to grow?



Keep your mission statement in mind throughout the planning process. At every turn, ask yourself: “If we do this, will we be true to our mission?” “Will this new program we’re considering help us accomplish what we want to do?”

Assessing the external situation

Early in the long-range planning process you need to collect information about external factors that influence the nonprofit’s operation. Someone, or a subcommittee of the planning committee, should find the answers to the following questions and distribute them to everyone on the committee before the formal planning meetings begin:

- ✔ Are other nonprofits providing similar services in the community? If so, how are our services different?
- ✔ What are the demographic trends in our area? Will they have an impact on the number of people who may need or use our services?
- ✔ What are the trends in the professional area in which our nonprofit operates? Are new methods being developed? Will there be a shortage of professionally trained staff?
- ✔ How stable are the funding sources on which we depend? What about changes in government funding? Can we find new potential sources of funding?

The decisions you make are only as good as the information on which you base them. Therefore, it’s important to find the best and most up-to-date data available that may have an impact on your organization and its programs.

You may want to collect information from the general public or a particular constituency of your nonprofit. Questionnaires and focus groups are two ways to get input from the public. Before you undertake either of these techniques, however, spend some time thinking about what you want to find out. Write a list of questions for which you want answers.



If possible, consult with someone experienced in preparing surveys, because the phrasing of questions affects the answers you get. Look for expertise in this area at local colleges and universities. If you can’t get expert help in this area, consider doing a series of one-on-one interviews with fewer people.

Bad information leads to bad decisions. Or, put another way, garbage in, garbage out. So, when gathering background information to guide planning decisions, take the time to get the most accurate, up-to-date facts available.

Assessing the internal situation

In addition to surveying the environment in which the organization operates, you need to expend some effort assessing the organization itself. Consider the following factors when doing an internal analysis:

- ✓ Is the board of directors fully engaged with organization? Should any weaknesses on the board be filled? Is the board engaged in fundraising?
- ✓ What are the capabilities of the staff? Does the organization have enough staff to implement changes in how it operates? Is staff training needed?
- ✓ What are the organization's major accomplishments? What are its milestones?
- ✓ Has the organization operated within its budget? Is financial reporting adequate? Are appropriate financial controls in place?
- ✓ Does the organization have adequate technology? What are its future equipment needs?
- ✓ Does the organization have a variety of funding sources? Are funding sources stable?

Hearing from all your stakeholders

Unless you have a very small organization, you probably can't include every single person in the planning process. You do need to include all stakeholder groups, however. A *stakeholder* is someone who has a reason for wanting the organization to succeed. Paid employees and, presumably, members of the board certainly qualify. But although these two groups may be the most closely connected to the nonprofit, they're by no means the only people who have a stake in the organization's success.

In our view, you should include all the following groups in planning:

- ✓ Board of directors
- ✓ Staff
- ✓ Users of services
- ✓ Volunteers

- ✓ Donors
- ✓ Community leaders

Some organizations make the mistake of leaving planning only to the board of directors. Although the board does hold the final responsibility for guiding a nonprofit, the staff, clients, and donors have different perspectives on the nonprofit's operation that should be included when considering the organization's future.

If you don't have a client representative on the board (and you probably should), organize a client advisory committee and empower the members to appoint one or two people to the planning committee. The same holds true for staff. Although we don't recommend that paid staff members serve on the board of the nonprofit that employs them, they should be involved in the planning process. Staff members often have information about the organization and the environment in which it operates that's crucial to the making of a good plan.



Check out the sample planning retreat agenda (CD0901) for some guidance in organizing your planning retreat.



One purpose of organizational planning is to bring stakeholders together in pursuit of a common goal. People work harder to achieve the goals when they're asked to help set the goals.

Studying your organization's pros and cons

Be objective when looking at the pros and cons of your organization. It's tempting, for example, to put the best face on the activities of the board of directors. They're volunteers, after all. How much time do they really have to govern the organization? But if you don't identify important deficiencies because you don't want to hurt someone's feelings, your planning efforts will be handicapped by bad information.

The same advice holds true when evaluating staff strengths and weaknesses, and when assessing your external situation. For example, pointing out that the executive director needs more training in staff supervision may not be easy, but if you aren't honest, you can't identify problems, and positive change can't occur.



Guard against bias. Sometimes people get so close to the situation they're evaluating that they can't see the true picture with an objective eye. Include outside people who have no history with the organization and have no personal stake in the outcome.

Also, don't assume that all the people you interview know what they're talking about. Accepting statements without verification can lead to bad decisions. For example, if someone says that getting a grant to pay the costs of a program

start-up is a piece of cake, check with potential funders before you agree that it's an easy task.

Yes, honesty can create conflict. Be prepared for it. Set some rules when going into planning meetings. Make sure that all the participants have a chance to state their case. Demand that all the participants show respect for one another. Arguments can be productive if they don't disintegrate into shouting matches. Always place the emphasis on the organization, not on personalities.

Calling in the SWOT team

One common way to analyze the information you've collected is to perform a SWOT analysis. *SWOT* is an acronym for Strengths-Weaknesses-Opportunities-Threats. SWOT analysis is usually done in a facilitated meeting in which the participants have agreed upon ground rules. If you prefer, however, stakeholders can complete their version of the analysis individually and then come together to discuss the results as a group.

For example, the results of a SWOT analysis for an organization providing counseling services to families may look something like the following:

Strengths

- ✓ The program staff is highly qualified and committed.
- ✓ Clients rate the program services as high quality.
- ✓ The organization has a surplus equal to approximately three months of operating expenses.
- ✓ Program costs are largely funded by government grants.

Weaknesses

- ✓ The cost per client is higher than in similar programs.
- ✓ Most revenues are from government sources; contributed income is low.
- ✓ The programs aren't well known in the general public.

Opportunities

- ✓ Population trend predictions indicate that the client base will increase over the next ten years.
- ✓ Review of news coverage suggests that the media are showing increasing interest in covering issues important to nonprofit organizations.
- ✓ The organization has cash reserves to invest in growth.

Threats

- ✓ Local government (the primary funding source) will face a budget deficit during the next fiscal year.
- ✓ Over the past five years, program costs have increased at a rate of 3 percent a year.

A review of this SWOT analysis reveals an organization that has been successful in providing quality services and getting those services funded by government contracts. However, the responses also make it clear that the program's future may be in jeopardy if organizational change doesn't take place. Depending on a single source of income for most costs is troublesome, especially because the funding entity apparently needs to make budget cuts in the next few years. Even if the program continues to be funded by government, cost-of-living increases may cease because of tight financial needs. Over time, as program costs increase and funding remains stagnant, the organization runs a risk of not being able to get reimbursed for the full costs of its programs.

On the positive side, this organization has time and resources to begin to diversify revenues. Little effort has been made to interest donors in supporting the organization's work; in fact, the programs are more or less invisible in the community. One strategy to increase revenue is to develop an annual campaign led by the board of directors and, at the same time, to work toward getting coverage of the nonprofit's programs in the local media.

As this example shows, one or more items often can be listed as both a strength and a weakness. Here, for instance, you see the fact that programs are largely funded by the government as a strength, but it's also a weakness because it has created a situation in which the organization relies on a single source of funding.

Pulling it all together

After the research, analysis, and discussion, it's time to determine future directions and put the results into a final plan. Ideally, the plans of the organization will become apparent after sifting through and discussing the material assembled. If the planning group can't reach a consensus, more discussion (and perhaps more data) is needed.



We recommend using a professional meeting facilitator. A facilitator brings a neutral viewpoint to the proceedings and can be very effective in helping a group arrive at a consensus about organizational goals.

Making sure your goals make sense

Organization goals need to be specific, measurable, and attainable within a set period of time. Don't set a goal like "In five years, the XYZ Tutoring Project will be the best tutoring program west of the Mississippi." You have no way to evaluate whether the organization is the best tutoring program west of the Mississippi, and even if you could determine the "best" program, the goal is so general and vague that you can't set objectives to achieve it.

Instead, an organizational goal for this program may be something like, "In five years, the XYZ Tutoring Project will provide tutoring services that are recognized by classroom teachers as effective in improving student performance." This goal can be measured. It's also attainable through implementing a series of strategies that may include better training for tutors, improved communication with classroom teachers to determine student needs, acquisition of computers to aid in tutoring sessions, and so on.

Itemizing the parts that form your plan

When you reach a consensus about your organization's goals, assemble a written plan. The components of the plan include the following items:

- ✓ An executive summary
- ✓ A statement of the organizational mission (and vision and values statements if you have them)
- ✓ A description of the planning process, including the groups represented
- ✓ Organizational goals
- ✓ Strategies to achieve those goals
- ✓ Appendixes that contain summaries of the background material used to determine the plan



Have a look at the sample outline for writing an organization plan (CD0902) for some help in getting started.

Assign the task of drafting the document to your best writer. When he finishes the draft, the planning committee should review it to ensure that the plan is stated clearly. Submit the final draft to the full board for approval.

Don't chisel your plan in stone

Although having a plan is important, flexibility in its implementation is just as important. Things change. Reviewing your plan is an ongoing activity; probably

Clear and simple language is your friend

A common failing of planning documents (and grant proposals, for that matter) is the use of jargon and vague language. An organizational plan that uses such wording and lacks clarity does nothing to increase your credibility with your constituents or your funders. You don't want readers to ask, "What is it that they're going to do?"

If you have a choice between a five-syllable word and a one-syllable word, choose the one-syllable word. Don't try to impress people

with your vocabulary. Clear, simple language is better than complex language.

Monitor your use of jargon. People working in a particular field or area develop special meanings for words that their colleagues understand. In a way, these words are a sort of shorthand that makes communication easier and faster. But avoid using these "professional" terms when writing a document for general consumption. If you have no other alternative, be sure to define all terms.

once a year, you should submit your organizational plan to a formal review by the stakeholders who developed it.

Your plan should be flexible. For example, suppose that your organization has decided through the planning process to begin offering after-school tutoring services but later discovers that another agency plans to do the same thing. In that case, don't move ahead until you consider the consequences of entering into competition with another nonprofit. If you face this situation, we recommend talking with the other nonprofit to find a common solution. Maybe a joint program is called for, or maybe you find that the other group is in a better position to offer the program. Don't force your decisions. If circumstances change, change your plans.

Putting Plans into Action

Unfortunately, too many well-crafted plans end up in a drawer or on a bookshelf. Participants may have expended great effort to create the document, and board and staff may have formed close bonds during the planning process. But if the decisions made during that wonderful board/staff retreat at the charming lakeside inn aren't translated into goals, objectives, and outcomes, what's the point besides camaraderie?

No matter what sort of plan you create — organizational, fund-raising, marketing, program, or a plan to help an employee structure his work — you need to break the larger, all-encompassing goals into smaller pieces so you can achieve your goals one step at a time.

Defining and setting goals, strategies, objectives, and outcomes

Getting lost in all the terminology is easy. Goals, strategies, and objectives have been a part of planning for many years. Only in the past ten years or so have planning specialists put more emphasis on outcomes.

Here are brief definitions of the four terms:

- ✓ *Goals* are things your organization hopes to achieve. Goals can be set at the organizational level, the program or department level, or the individual employee level. Using a road trip as an analogy, a goal is traveling from Chicago to New York.
- ✓ *Strategies* are approaches or ways to achieve goals. Usually, more than one option exists. You can travel to New York by several methods: plane, train, automobile, or on foot. After considering the costs, your schedule, and your hiking ability, you decide to travel by car.
- ✓ *Objectives* are smaller steps that one must accomplish to reach a goal, and they're always stated in a way that can be measured. So on a trip from Chicago to New York, an objective may be to drive 325 miles on the first day. When you pull into the motel parking lot, you can check your odometer to see whether you've achieved your objective for the day.
- ✓ *Outcomes* describe the result of reaching a goal. In the example of driving from Chicago to New York, the outcome is clear — you're in New York, not Chicago. Like objectives, outcomes should be measurable or in some way testable. In New York, you look out the hotel window and see the Chrysler Building. Yep, you're in New York.

To see how all four terms come into play, look at the example of a plan in Table 9-1. Reading from top to bottom, you have the whole plan, from organizational goal to outcome.

Table 9-1	Organizational Goal to Outcome
<i>What We Call It</i>	<i>What It Is</i>
Organizational goal	Diversify income
Strategy	Increase individual contributed income
Strategic goal	Develop annual campaign
Objective 1	Compile prospect list

(continued)

Table 9-1 (continued)

<i>What We Call It</i>	<i>What It Is</i>
Objective 2	Create appeal letter
Objective 3	Mail appeal letter
Outcome	Organization is less dependent on a single funder



Don't get bogged down in terms. How you label the different steps in the planning process doesn't really matter all that much. The important thing is to understand that goals, strategies, objectives, and outcomes are a good way of talking about what you're trying to accomplish and how you're going to do it.

Creating a work plan

You can see in Table 9-1 that the objectives are still general. You can add a way of measuring them by stating how many prospects you want to acquire, how much the appeal costs to produce, and how many appeal letters you plan to mail. But each objective in Table 9-1 requires several steps. Here's where *work plans* come into play. Work plans break tasks into small steps so they can be easily managed.

Work plans grow out of organizational and program goals and are the nuts and bolts of planning. They're also called *action plans*. They contain specific objectives associated with a deadline for completion and a notation as to who's responsible for completing the task.

Sometimes grant proposals, especially proposals for government funds, require specific objectives described in a work plan. Individual employees also can develop work plans, either at their supervisor's request or simply as an exercise to help the employees organize their work. People also use work plans to deal with an organizational crisis or rapid organizational change. They can also use them as management tools.

Think of a work plan as a blueprint. It provides a way to keep on top of what has to be done and when it needs to be completed. An action plan contains the answers to the following questions for each objective:

- ✓ What is the end result? (If possible, quantify the results. For example, three grant proposals will be submitted.)
- ✓ How long will it take to do the job?
- ✓ Who will be responsible for doing the job?
- ✓ What resources are needed?

A typical work plan may look like Table 9-2.

<i>Objective</i>	<i>By When</i>	<i>By Whom</i>	<i>Resources Needed</i>	<i>Date Completed</i>
Research three potential foundation funders	April 30, 2007	Allen	Foundation directory, Web search	April 28, 2007
Prepare three grant proposals	July 30, 2007	Allen	Program objectives, budgets	July 21, 2007
Follow up on proposals	September 15, 2007	Allen	None	September 10, 2007

Work plans require that a job be broken down into smaller tasks. In Table 9-2, for example, the three objectives can be split into even smaller tasks. The objective to complete three grant proposals can be divided into the individual steps for writing a grant (covered in Chapter 17):

- ✓ Assembling background information and support materials
- ✓ Developing the budget
- ✓ Writing the first draft
- ✓ Revising and rewriting
- ✓ Proofing and assembling the proposal
- ✓ Submitting the proposal by the deadline



Be aware that you can take the creation of a work plan to a point of absurdity. For example, you can split the job of submitting a proposal into even smaller steps, such as finding the envelope, affixing proper postage, walking to the post office, and dropping the envelope in the mail slot. You see what we mean. Don't make work plans so detailed and specific that writing the plan takes more time than doing the work the plan specifies.

Planning for Programs

Program planning is such an important part of nonprofit work that we think it needs its own section. Nearly all nonprofit organizations provide a service of one sort or another. The organization provides services through programs.

A small nonprofit may have only one. Larger nonprofits may have dozens. No matter how many programs you have, you may be thinking of adding a new one or changing the ones you have.

Assessing needs

A needs assessment is an important part of program planning. If you're thinking of starting a new program, for example, a needs assessment to determine whether the program is necessary should probably be the first step you take.

A *needs assessment* is more or less a research project. You don't necessarily need to hold to the strict requirements of scientific inquiry, but just as you do when collecting information to help guide organizational planning, you should do everything possible to ensure that the information is accurate and free of bias.

Determining the questions to be answered

You probably already have a general idea of what you need to find out in your needs assessment. The most basic question is whether the program is needed. But in order to answer that question, a needs assessment should evaluate the answers to the following questions:

- ✔ **Are other programs providing the same service?** Obviously, you don't want to duplicate services if another organization is already doing the job. If you believe that your competition isn't doing a good job, that's another question. Jump to the second point.
- ✔ **How many people might use the service?** Getting a good estimate of the number of people the new program will serve is important. Doing so helps you justify establishing the program and helps you to plan for staff needs.
- ✔ **Can and will people pay for the service?** If so, how much? This question brings us to how to fund the program. Can you expect 25 percent of your clients to pay the full fees for the service; 25 percent to pay 75 percent; 25 percent to pay 50 percent; and 25 percent to need full subsidies?
- ✔ **Do any special requirements for providing the program exist?** Does it need to be near good public transportation? Is parking important? Will people come to the neighborhood where you're providing the services?
- ✔ **What are the trends?** Will the number of people using the service increase or decrease in the future? Is the population in your community increasing, decreasing, or staying the same? If you begin with 25 clients, how many clients do you expect to have in three years?

Finding the right data

Just as when you collect information for organizational planning, your goal is to get the most accurate, unbiased data available. Don't depend on only one source of information. Here are some ways to get it:

- ✓ **Talk to colleagues in your community.** Ideally, you have relationships with the people and organizations that provide similar services. Ask their opinions about your ideas for new programming.
- ✓ **Look at census data.** The best sources for population information are the numbers collected through a census (www.census.gov). Some municipal and regional planning groups also publish population growth projections. These projections are estimates, but census data doesn't represent an absolutely accurate count of the people in your community, either. Get all the numbers you can get.
- ✓ **Get information from potential users of the service by distributing questionnaires and holding focus groups.** The questions you ask in large part determine the answers you get. If possible, find someone who has experience in preparing survey questions to give you a hand.
- ✓ **Look at similar programs in other communities.** Although you can't always depend on the experience of others fitting exactly with your particular situation, examining what others have done is always wise.



We've put together a needs assessment questionnaire (CD0903) as an example of a simple survey.



Some people say that they don't want to share an idea with others because they're afraid someone may steal it. Although you can't rule out the chances of this happening, we believe that it's a rare occurrence. In almost all cases, being open about your plans is a good idea.

Going beyond the needs assessment

Just because a new program is needed doesn't necessarily mean that your organization should be the one to start it. You need to take other factors into account before taking the leap into starting a new program. Consider the factors in the following sections when assessing your ability to start a new program.

Paying attention to the budget

A new program is almost always going to add expenses to your organizational budget. If we thought about it long enough, we could think of an example in which increased program costs aren't a factor, but we don't have all year. To

Expanding the Elmwood Tutoring Project

Consider the case of the imaginary Elmwood Saturday Morning Tutoring Project, a five-year-old volunteer tutoring program serving 50 children ages 8 to 14. Volunteers tutor children in 30-minute sessions. Supervised activities and refreshments are available from 9 until noon on Saturdays during the school year. The program has one paid staff person: a volunteer coordinator and trainer who sometimes writes grant proposals. A board member does the bookkeeping. Eight members of the 12-member board also volunteer as tutors. The nonprofit doesn't charge fees to families. The \$75,000 annual budget covers the costs of the single staff person's salary, supplies and refreshments, and insurance. Elmwood receives grants of \$25,000 a year from the school district and \$30,000 from the city. The organization raises the remaining \$20,000 from small foundation grants and contributions from board members, volunteers, and parents. The program takes place in the Methodist church basement, the use of which is donated to the program.

The Elmwood board of directors is considering expanding its programs to offer after-school tutoring one afternoon per week from 3:30 to 5:30 p.m. The directors decide that the following questions need to be answered:

- ✔ Do parents express interest in additional tutoring and activities for their children? If so, how many? Are parents able and willing to provide transportation to and from the tutoring program on a weekday afternoon? Do they prefer a day of the week?
- ✔ What are the enrollment trends of the school district? Is the number of students increasing or decreasing? If so, at what rate?
- ✔ Are other organizations, or is the school district itself, considering establishing an after-school tutoring program?
- ✔ Will volunteer tutors be willing to increase their time commitment to provide tutoring in the afternoon program? Are other members of the community willing to become tutors?
- ✔ Will the church basement be available during this time?
- ✔ How much additional administrative work will the new program require?
- ✔ Will funders support the program's expansion by increasing their financial support?

Not all these questions require a needs assessment, of course. For example, discovering whether the church basement is available is probably a simple matter of a single phone call. The Elmwood board president can speak to the school district and city government about the chances of increased funding. Additional scheduling and volunteer training will be needed. Elmwood determines that enough additional work will be created to warrant the hiring of one half-time assistant for the volunteer coordinator and trainer. Hiring an additional staff person will slightly increase the bookkeeping needed.

The other questions, however, should be addressed by completing a needs assessment. Elmwood decides to go about it this way:

- ✔ Elmwood receives permission from the school district to mail a questionnaire to parents of third through seventh graders. The questionnaire begins with a short description of the proposed program and questions about interest, time, and transportation. Volunteers also pass out questionnaires to parents whose children are enrolled in the Saturday program. Elmwood board members who serve as tutors discuss the proposed program with parents who use the Saturday morning program.

- ✓ Elmwood acquires population trend projections for the next ten years for the community from the city government. It secures school district projections from the principal's office.
- ✓ Elmwood board members make contacts with social service agencies in the community to determine whether a similar program is being considered.
- ✓ Elmwood polls tutors about their interest and availability for an afternoon program.

Through these activities, Elmwood discovers that parents are interested in the program. By comparing the results of the returned questionnaires and discussions with parents, it's estimated that an average of 30 children may be enrolled in a program on Tuesday afternoons. Parents can provide transportation to and from the program, and the church basement is available. Both the school district and the city indicate that additional funding is a possibility, and the school population is projected to increase slowly but steadily over the next ten years. No other agencies are planning to start tutoring programs.

So far, so good. Parents and the school district appear to be interested. Increased funding is a definite possibility, and space is available.

One problem, however, arises. Only two volunteer tutors are available on Tuesday afternoons from 3:30 to 5:30. Other volunteers have either work or family commitments that don't allow them to add time to their volunteer activities.

Elmwood needs to secure more tutors before the program can proceed. Before Elmwood commits to the program, it has a local radio station air public service announcements calling for volunteer tutors. A short feature article about Elmwood appears in the local newspaper. It also sends out a call for more volunteers. Within a week, Elmwood has received 20 phone calls from people expressing interest in volunteering for the project. Elmwood assumes that if half these people actually become tutors, it will have sufficient volunteers to carry out the new program.

Voilà! The pieces have fallen into place. Perhaps a bit too neatly for the real world, but you get the idea.

be sure that you don't get yourself into a financial hole, carefully project the extra costs you'll have from additional staff, increased space, equipment, and insurance.

After you have solid expense projections, you have to project where you're going to find the added revenue needed to pay these costs. If you're sitting on a surplus, be careful about tapping into this money for new program expenses. Program expenses recur every year; your surplus funds may not be there next year.

Evaluating organizational and staff capability

Does your organization have the knowledge and expertise to provide the program services? This question may not be a concern if the proposed program is merely an extension of what you've been doing. If your organization is branching out into new areas, however, be sure that you or someone in the organization has the credentials to provide a quality program.

Also pay attention to hidden staff costs. For example, consider whether your current program director will have sufficient time to provide adequate supervision for the new program.

Remembering special requirements

Check whether you need additional licensing or accreditation to provide the program. This issue is especially important for human services programs. For example, if you've been working with teenagers and want to expand to elementary and preschool children, find out whether your program space must meet additional code requirements in order to serve a younger client group.

Arts organizations also should be aware that adding new programs can create problems with building codes. For example, suppose you have a visual arts gallery that typically serves no more than ten people at a time. If you decide to hold poetry readings every Tuesday night and expect audiences of 50 or more, your building may not have enough exits.

Fitting it into the mission

From time to time, we're all tempted by the idea of doing something new. Gee, wouldn't it be nice if we could sell goldfish in the front lobby? But you have to ask yourself what selling goldfish has to do with your organization's mission. If you go too far afield, you'll be exploring unknown territory.

You can change your mission, of course, but you shouldn't do so without considerable thought. Altering a mission statement just to justify a new program probably isn't reason enough to do so.

Thinking long term

An idea that looks good today may not look good next year or the year after. Don't forget that costs rise year after year. Your staff appreciates raises occasionally, and the overall cost of doing business increases. Try to imagine where the program will be five and ten years into the future.

Doing program planning as a team

As with organizational planning, program planning should be done as a group exercise. It doesn't have to be as extensive as the organizational planning process, but you get more acceptance of the new program and guard against omitting important details when you work with others to develop new programs.



To explain your program, take a tip from the business sector

If you were starting a new business and looking for investors, one of the first things you'd do is create a business plan. Nonprofits are wise to follow this model when developing a new program. A business model is useful in explaining the program and can form the basics of grant proposals when you seek funding.

Business plans should include the following information:

- ✓ An executive summary that covers the main points of the plan.
- ✓ An explanation of the need for the program and who will use it. (This information is

comparable to the market analysis in a for-profit business plan.)

- ✓ A description of the program and your strategies for implementing it.
- ✓ Resumes and background information about the people who will provide and manage the program services.
- ✓ Three-year projections of income and expenses for the project, including an organizational budget for the current year.

Hindsight: Evaluating How You Did

Planning helps you move toward the future in an orderly fashion, but the goals and objectives that result from the planning process also encourage a nonprofit organization to look backward and evaluate its performance and (we hope!) its successes.

Evaluation is particularly important to nonprofit organizations because, unlike for-profit businesses, nonprofits can't evaluate their performance by showing a profit at the end of the year or increasing the value of their stock. Foundations almost always require that grant-funded projects be evaluated, and of course, you yourself will want to know how you're doing.

Selecting the right kind of evaluation

Evaluations come in many varieties. Sometimes they're as simple as documenting that the program did what it was supposed to do; more in-depth evaluations may test whether some anticipated change occurred as a result

of the project. Elaborate and complex evaluations often require an outside professional evaluator.

Nonprofit organizations are concerned with three basic types of evaluation:

- ✔ **Process evaluation:** Did the project do what it was supposed to do? Often, this answer requires no more than simple counting. “This series of school concerts will have a combined audience of 1,500 children.” To complete the evaluation of this statement, all you need to do is to keep audience attendance figures.
- ✔ **Goal-based evaluation:** Did the project reach its goals? Depending on the goal you’re evaluating, this type of evaluation can be either simple or complex: “Establish an AIDS awareness program in the southeastern quadrant of the city that reaches 500 individuals during its first year.” Determining whether a program was established is simple; figuring out how many people the program actually reached is a little more difficult. This answer depends, of course, on what method the project is using to reach people. In other words, you must define what you mean by “reach” before you start the program.
- ✔ **Outcome evaluation:** Did the project have the desired outcome? For example, if you oversee an AIDS awareness program, a desired outcome may be a reduced risk of contracting HIV. Evaluating such an outcome requires an in-depth study of the population in that section of the city to determine whether behavior changed in a way that reduces the chances of HIV exposure. The evaluator needs to collect or have access to baseline data about HIV exposure before the program begins in order to evaluate this outcome adequately.



Sometimes we use more than one type of evaluation on a project. Combining process- and goal-based evaluation is very common, for example. The type of evaluation you use depends on the requirements of your audience for the evaluation. For whom are you evaluating the program? Yourself? Donors? Funders, for example, may request that one or all of the above types of evaluation be carried out on a project they’re supporting. A board of directors may want to know whether your program is accomplishing its intended outcome. Ideally, every project is evaluated in all the ways mentioned above. In reality, evaluations take time and cost money that you may not have. Outcome evaluations in particular can be very difficult to accomplish.

Planning for evaluation

Setting up an evaluation framework after a project has started isn’t impossible, but it’s certainly more difficult. Under the best circumstances, you should

determine what you're going to evaluate and how you're going to evaluate it upfront during the program design. For instance, many, if not most, evaluations require that data be collected during the life of the project. So if the plan is to ask clients to evaluate the services they receive, you should be ready to hand over a questionnaire to the first person who walks in the door.

Planning for evaluation also helps you to set program goals and objectives. Just ask yourself: Can it be measured? Here are some other questions to ask yourself when planning for evaluation:

✔ **For what purpose is the evaluation being done?**

✔ **Which of the following people will read the evaluation?**

- Foundation program officers
- Board of directors
- Managers and supervisors
- Professional colleagues
- Yourself
- The public

✔ **What is the method of evaluation?** Evaluations can be done in several ways. Decide which of the following methods or combination of methods is best for your purposes:

- Questionnaires and surveys
- Review of project documentation
- Interviews/focus groups with users of the program
- Program observations
- Pretesting and post-testing

Choosing evaluators: Inside or outside?

Some projects require an outside evaluator — someone who's familiar with the program area, has experience as an evaluator, and isn't associated with your organization. In other words, you're looking for a person who has nothing at stake in the results of the evaluation. Projects that need this in-depth analysis are usually large and complex. If a funding agency requests an outside evaluator, expect the agency to pay for the evaluation as part of project expenses.

Internal staff members do most evaluations. Though not as expensive as hiring a consultant, even an internal evaluation involves costs. Project budgets should reflect the staff and materials costs that result from evaluations.

Telling the truth

Honesty and forthrightness are important in evaluations. You may be tempted to fudge the results of attendance figures or the number of clients the program has served, but in more cases than not, the truth comes out in the end. An organization can damage its reputation among its peers and funders if someone discovers that evaluations have been falsified.



Programs do fall short of their goals. We wish this didn't happen, but it does. Remember, you're evaluating against a set of goals and objectives that were projections, maybe as long as three years earlier. The best approach is to provide honest numbers and explain why or how the results are different than those results you expected at the beginning of the project.