

Nonprofit Organization

Date

Strategic Planning

Using the Drucker Foundation Self-Assessment Tool

*"This is a time to shape the future – precisely because everything is in flux.
This is a time for Self-Assessment, clear-minded decisions, and, above all, a time for action."
- Peter F. Drucker*

The Five Drucker Questions

What is our mission?

Who is our customer?

What does the customer value?

What are our results?

What is our plan?

Phases

Phase One: Preparing for Self-Assessment

- ◆ Commitment from the Board and management
- ◆ Effective, inclusive design
- ◆ Assessment Team steers process
- ◆ Environmental scan, customer research, and internal data

Phase Two: Conducting the Self-Assessment Process

- ◆ Reports of environmental scan, internal data, and customer research findings
- ◆ Retreat: The Five Questions
- ◆ Substance of the plan

Phase Three: Completing the Plan

- ◆ Assessment Team/Management:
Drafts of plan -- language, detail, budget
- ◆ Consideration and feedback by Board, staff, and others
- ◆ Board approval of vision, mission, goals, and budget
- ◆ Implementation

Self-Assessment: The First Action Requirement of Leadership

A Time to Shape the Future

Nonprofit institutions are central to quality of life, central to citizenship, and indeed carry the values of democratic society and the democratic tradition. The *social sector* organization has been America's resounding success in the last fifty years, whether we talk of institutions like the American Heart Association which has taken leadership on major health issues; of youth services such as the Girl Scouts of U.S.A.; of the recovery techniques of Alcoholics Anonymous; of the fast-growing synagogues, churches, and mosques; of the community developers that have revitalized urban neighborhoods; of outstanding museums and colleges; of the many other nonprofit groups that have emerged as the center of effective social action in a rapidly changing and turbulent world.

We are living through a period of sharp transformation. People born fifty years from now will not be able to imagine the world into which their own grandparents were born. Society is rearranging itself -- its worldview; its basic values; its social and political structure; its arts; its key institutions. Social sector organizations will be needed even more urgently in the next decades as needs grow in two areas. They will grow, first, in what has traditionally been considered *charity*: helping the poor, the disabled, those who suffer deprivation, the victims of violence or disaster. And they will grow, perhaps even faster, in services that aim at *changing the community* and at *changing people*.

What new questions will arise and where the big new issues will lie, we can, I believe, already discover with some degree of probability. In many areas we can also describe what will not work. But answers to most questions are still largely hidden in the womb of the future. What the future society will look like depends on leaders in all sectors, but above all on each of us in our work and life. This is a time to *shape the future* - precisely because everything is in flux. This is a time for Self-Assessment, clear-minded decisions, and, above all, a time for *action*.

Creating Tomorrow's Society of Citizens

Your commitment to Self-Assessment is a commitment to developing yourself and your organization as a leader. You will expand your vision by listening to your customers, by encouraging constructive dissent, by looking at the sweeping transformation-taking place in society. You have vital judgments ahead: whether to change the mission, whether to abandon programs that have outlived their usefulness and concentrate resources elsewhere, how to match opportunities with your competence and commitment, *how you will build community and change lives*. Self-Assessment is the first action requirement of leadership: the constant resharpening, constant refocusing, never really being satisfied. And the time to do this is when you are successful. If you wait until things start to go down, then it's very difficult.

We are creating tomorrow's society of citizens through the social sector, through *your* nonprofit organization. And in that society, everybody is a leader, everybody is responsible, everybody acts. Therefore, mission and leadership are not just things to read about, to listen to. They are things to *do* something about. Self-Assessment can and should convert good intentions and knowledge into effective action, not next year, but tomorrow morning.

-- Peter F. Drucker

The Self-Assessment Vocabulary

Definition of terms

- | | |
|-------------------------|---------------------|
| A. Mission | G. Budget |
| B. Environmental Scan | H. Customer Value |
| C. Vision | I. Primary Customer |
| D. Supporting Customers | J. Goals |
| E. Appraisal | K. Objectives |
| F. Results | L. Action Steps |

- _____ A set of three to five aims that set the organization's fundamental long-range direction.
- _____ The person whose life is changed through the organization's work.
- _____ A process for discovering and documenting facts and trends in the operating environment that are likely to affect the organization in its future work. Used to orient Self-Assessment participants.
- _____ The organization's bottom-line. Defined in changed lives — people's behavior, circumstances, health, hopes, competence, or capacity. Always outside the organization.
- _____ Specific and measurable levels of achievement.
- _____ A picture of the organization's desired future.
- _____ Detailed plans and activities directed toward meeting an organization's objectives.
- _____ Volunteers, members, partners, funders, referral sources, employees, and others who must be satisfied.
- _____ Why you do what you do; the organization's reason for being, its purpose. Says what, in the end, you want to be remembered for.
- _____ The commitment of resources necessary to implement plans — the financial expression of a particular plan of work.
- _____ Process for monitoring progress in meeting objectives and achieving results; point at which the plan for meeting objectives may be modified based on experience or changed conditions.
- _____ That which satisfies customers' needs (physical and psychological well being), wants (where, when, and how service is provided), and aspirations (desired long-term results).

The Self-Assessment Vocabulary

Answer key

- J. Goals:** A set of three to five aims that set the organization's fundamental long-range direction.
- I. Primary Customer:** The person whose life is changed through the organization's work.
- B. Environmental Scan:** A process for discovering and documenting facts and trends in the operating environment that are likely to affect the organization in its future work. Used to orient Self-Assessment participants.
- F. Results:** The organization's bottom line. Defined in *changed lives* — people's behavior, circumstances, health, hopes, competence, or capacity. Always *outside* the organization.
- K. Objectives:** Specific and measurable levels of achievement.
- C. Vision:** A picture of the organization's desired future.
- L. Action Steps:** Detailed plans and activities directed toward meeting an organization's objectives.
- D. Supporting Customers:** Volunteers, members, partners, funders, referral sources, employees, and others who must be satisfied.
- A. Mission:** Why you do what you do; the organization's reason for being, its purpose. Says what, in the end, you want to be remembered for.
- G. Budget:** The commitment of resources necessary to implement plans—the financial expression of a particular plan of work.
- E. Appraisal:** Process for monitoring progress in meeting objectives and achieving results; point at which the plan for meeting objectives may be modified based on experience or changed conditions.
- H. Customer Value:** That which satisfies customers' *needs* (physical and psychological well-being), *wants* (where, when, and how service is provided), and *aspirations* (desired long-term results).

Customer Research

A systematic quest for insights

"*What does the customer value?*" may be the most important question. Yet it is the one least often asked. Nonprofit leaders tend to answer it for themselves. "It's the quality of our programs. It's the way we improve the community." People are so convinced they are doing the right things and so committed to their cause they come to see the institution as an end in itself. But that's a bureaucracy. Instead of asking, "Does it deliver value to our customers?" they ask, "Does it fit our rules? And that not only inhibits performance, it destroys vision and dedication.

What customers value -- what satisfies their needs, wants, and aspirations -- is so complicated that it can be answered only by customers themselves. And the first rule is that there are no irrational customers. Almost without exception, customers behave rationally in terms of their own realities and their own situation. Leadership should not even try to guess at the answers -- it should always go to the customers in a systematic quest for them. When board members, staff, and your customers together shape the mission and the goals, you create an organizational direction with passion and energy behind it that carries you even further than you can imagine.

-- *Frances Hesselbein and Peter F. Drucker*

Who Is Our Customer?

What Does the Customer Value?

How Will I Participate in the Customer Research Effort?

Excerpt from Participant Workbook

Your organization's Assessment Team will design a process to conduct customer research. Opportunities may be available to participate in data gathering or the discussion of findings.

Check one or more ways you are willing to be involved.

I am willing to:

- Help decide questions to be answered through research.
- Help determine appropriate research approaches.
- Help design research tools.
- Provide training to volunteer researchers.
- Make telephone survey calls.
- Conduct one or more in-person interviews.
- Facilitate one or more focus groups.
- Help analyze data.
- Help write a report of findings.
- Make a presentation of findings.
- Attend a session in which findings are reported and discussed.

Drucker Foundation Self-Assessment Process

The Five Drucker Questions

What is our mission?

Why you do what you do; the organization's reason for being, its purpose. Says what, in the end, you want to be remembered for.

Who is our customer?

Those who must be satisfied in order for the organization to achieve results. The primary customer is the person whose life is changed through the organization's work. Supporting customers are volunteers, members, partners, funders, referral sources, employees, and others who must be satisfied.

What does the customer value?

That which satisfies customers' *needs* (physical and psychological well-being), *wants* (where, when, and how service is provided), and *aspirations* (desired long-term results).

What are our results?

The organization's bottom line. Defined in changed lives – people's behavior, circumstances, health, hopes, competence, or capacity. Results are always outside the organization.

What is our plan?

Defines the particular place you want to be and how you intend to get there. Encompasses mission, vision, goals, objectives, action steps, a budget, and appraisal.



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What do we do?

Save social service activities money, time and sanity by aligning organizational processes with standardized performance management, "best-of-breed" processes.