



5. Direction

Tools for success:
doing the right things and doing them right



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About this guide

This guide will help you set a direction for your organisation. In difficult economic circumstances it is particularly important to be sure you are using resources efficiently and effectively. Clarifying your direction and purpose can help you do this. With clear aims and focus everyone with an interest in your work can have confidence that you are all working towards the same goal.

The guide covers five main areas:

1. Involving stakeholders
2. How to develop a vision and mission
3. How to understand your organisation in relation to the environment
4. How to prioritise and set objectives
5. Developing a plan.

Involving stakeholders

‘Stakeholders’ is a generic term for anyone who has an interest in the success of your charity. Typically an organisation’s stakeholders include: staff, volunteers, funders, local authority officers, beneficiaries or service users and their families.

Different stakeholders will have different priorities for your organisation and different criteria by which they will judge success.

For example, a group of homeless people might measure the success of a homelessness organisation by whether it provides hot showers and good food. While the funders might want to see hot showers and good food, they might see reducing the number of homeless people on the streets as a higher priority.

Before you start developing your direction, assess your stakeholders.



Assessing your stakeholders

1. Draw up a list of stakeholders.
2. For each group of stakeholders consider
 - How will they measure success for your organisation? What is it that they want to see?
 - How much influence do they have? Could they stop or seriously undermine your activities if they wanted to?
 - How important are they to you? Are they a key group and central to your organisation’s purpose?

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Involving beneficiaries and service users

Service users and beneficiaries are particularly important in developing your direction. However, this important group of stakeholders can often be overlooked, because it can be difficult to get feedback from them or to get them involved.



Collecting user views

- ❑ **Be clear:** From the beginning be clear about the aspects on which you are seeking their views; design your method and questions accordingly. Never consult on anything that you are not prepared to change.
- ❑ **Work to your service users' interests and agenda:** Collect views whilst service users are engaged with your organisation in another capacity – for example, asking questions whilst they're waiting in reception. Consider using pictures and stimuli which help explore and prompt discussion.
- ❑ **Be sensitive:** Don't forget your service users' situation; they may be going through a particularly traumatic time and this may not be the appropriate time to ask for feedback on your organisation's direction.
- ❑ **Make it enjoyable:** When people are relaxed they will tell you what they really think. Create an environment where people will want to get involved.
- ❑ **Invest time in it:** If you get a poor response this does not mean people are not interested. Review your methods.
- ❑ **Adopt an open and curious mindset:** Put aside what you think is best and listen fully to your beneficiaries or service users.

How to develop a vision and a mission

Developing a vision

Your vision provides an overarching goal of the ideal, which everyone can share and strive towards achieving. It brings everyone together, uniting them in a co-operative effort.

A vision is a statement of why the organisation or group exists and describes the change they want to see in the world. For example, RNIB's vision is:

“...a world where people who are blind and partially-sighted enjoy the same rights, freedom, responsibilities and quality of life as people who are sighted.”

A good vision is an inspirational picture and a powerful motivator.



Your vision

To develop your vision, bring together different stakeholders; if necessary, divide them into smaller groups with no more than four in each group.

Pick a date in the future (maybe 20 years ahead) and ask each group to visualise what the world would be like if your organisation has been truly and totally successful.

Remind everyone that this is an idealistic view and they should imagine a 'perfect world scenario' not hampered by any constraints which might exist in real life. Ask each group to come up with a description of this 'perfect world scenario'. People may prefer to draw rather than write their description.

The kind of questions you will want them to answer for this perfect world scenario are:

- What can you see?
- What can you hear?

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- What is happening in the news?
- What is a typical day for your beneficiaries and supporters?

Once each group has developed their vision, share these and highlight common themes. These common themes can form the basis for writing your vision.

Developing a mission

A mission statement outlines the nature and identity of the organisation and how it works to achieve its goals. It guides the operations of the organisation. The best mission statements are clear, straightforward, memorable, demanding but realistic and stable, so you don't have to change them every few years (Barnard and Walker, 1994).

A mission states what the charity or group does and why and for whom it exists. For example, RNIB's mission is:

“...to challenge blindness by empowering people who are blind or partially sighted, removing the barriers they face and helping to prevent blindness.”

To develop a mission, bring together a selection of materials describing what your group does. These can be from funding applications, feedback from service users or any press coverage you may have received. Make sure you include your objects or memorandum of association as registered with the Charity Commission.

With a group of stakeholders, start picking out the common words across all these documents. Once you have a list of words, experiment by putting them in different orders and linking them in different ways until you have developed a draft mission everyone can work with. Check that your mission (and therefore your organisation) stands out in some way from other organisations doing similar work, thus avoiding the risk of duplication.

Understanding the context of your work

Developing a clear direction a good understanding of how your organisation relates to the environment in which you are working – a SWOT analysis provides a framework to do this.

SWOT analysis

SWOT stands for Strengths, Weaknesses, Opportunities, Threats and is designed to help you plan your direction by assessing your organisation and the environment you work in.

With a group of stakeholders make a list of ideas under each heading. Under each heading consider things such as people you know, services you provide, funding you have secured, the skills, knowledge, motivation of your staff and volunteers and the resources you have access to.



About your organisation

Strengths

- What are the best things about your organisation?
- What do you know you are good at?
- What are your recent achievements?
- What is it that you do that no-one else can do?
- What positive feedback have you received?

Weaknesses

- What are you not so good at?
- What have been your organisation's disappointments?
- What feedback have you had from opportunities where you have not been successful?

About the world in which you operate

Opportunities

- What is happening in the outside world which might provide an opportunity for you to develop?
- What more could you do by working in partnership with other organisations?
- What areas are funders/contractors developing their interest in?
- What needs amongst your beneficiaries are developing and not being addressed?

Threats

- What is happening in the world which might threaten the way you work?
- Are there potential policy or legislative changes which could negatively impact on your work or on your beneficiaries?
- Is your funding insecure?
- Are other organisations competing directly with you for contracts, service users or funding?

You can use 'External environment scanning' to achieve a clear view of the world in which your organisation works, see pp.9–12.

Environment scanning

External environment scanning and analysis is fundamental to your organisation's effectiveness. It will help you:

- Anticipate what might happen (and the likelihood) so that you can prepare for it
- Make the most of this new knowledge by considering the range of possible responses
- Find out where knowledge about possible future events is held in your organisation (this can lie with front line staff, volunteers, board members and many others).

When incorporated into an organisation's strategy and plans, external environment analysis will lead to clearer, more relevant goals, and better quality decisions; it will also stimulate innovative development, help to improve the quality and/or quantity of services and facilitate a more secure future as you become better prepared. In addition, getting everyone involved in this kind of analysis will improve their understanding of strategic change and make the quality of their response more effective.



The three steps of external environment scanning and analysis

You will need to:

1. Map the drivers

- Identify and record the major trends or forces that can positively or negatively shape or influence the future of your organisation
- Explore the whole landscape: political, economic, social, technological, environmental and legal (sometimes called a PESTEL analysis – see p. 15 for more information)
- Sort the drivers into the vital, the important and the interesting
- Narrow down the list of drivers you have identified, making decisions about what is vital to your organisation – focus on those drivers that are high impact, fairly likely to happen and imminent, and those that will really help you make a difference for your beneficiaries.

2. Carry out further research into the drivers that matter

- Concentrate on what's already known in your organisation
- Establish what is readily available from easy sources.

3. Consider the implications of the key drivers, generating opportunities and options for future strategies based on these (see below for more information on how to do this):

- Explore how the drivers you've selected might impact your organisation, your beneficiaries, your funders and other organisations in your field
- Investigate what the implications might be for key relationships, for your workforce, your work, the governance etc. of your organisation
- Exploring your opportunities, options and choices
- Consider the range of responses that might help you improve services, reduce costs, work with others, innovate, manage risks and threats.

The best place to start the quest for relevant drivers is at the heart of your organisation, with your mission statement (see pp. 5–7).

Ask yourself:

- What difference does my organisation want to make and to whom?
- What change do we want to see as a result of our efforts?

Keep this in mind when you start to think about strategic analysis of the external environment. It will help you to isolate the factors that will really help you make a difference for your beneficiaries.

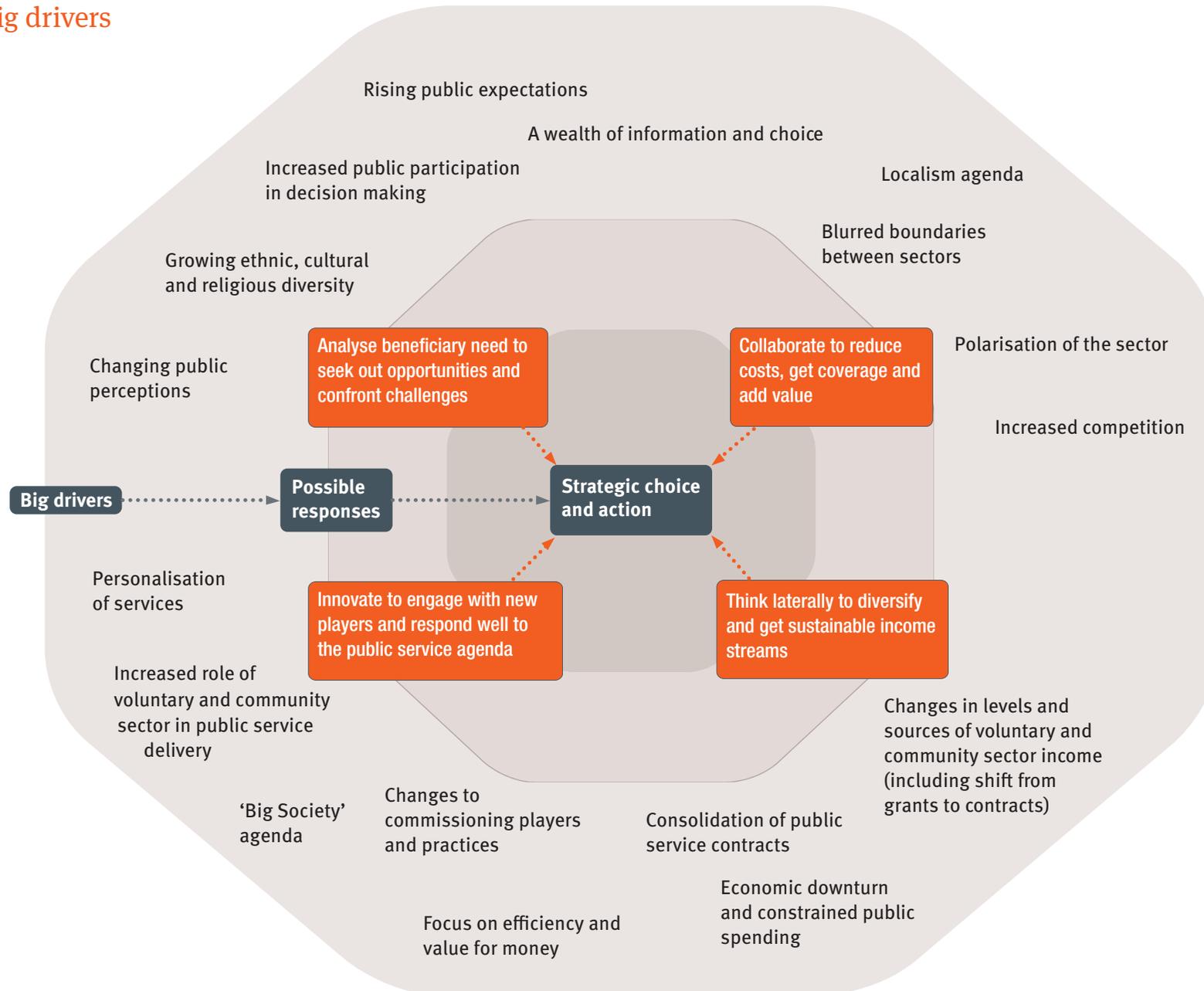


If you get as many people as possible involved – from outside as well as inside your organisation – you will get a broader and more informed analysis. You may find some disagreement about what is important and what is not... such disagreement is normally a fruitful source of new ideas! Think about holding a meeting or workshop. There are tips on how to do this at: www.knowhownonprofit.org/organisation/strategy/implement/involvingpeople

Big drivers

Every organisation will have its own unique set of drivers, but the big drivers that seem common to many are shown on the diagram on the next page. The big drivers are in the outside layer; their implications, indicating possible responses to them, are in the inner layer.

Common big drivers



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You can find out more about each of these drivers from NCVO's Third Sector Foresight website (www.3s4.org.uk/drivers). The site has a bank of over 100 drivers, and for each one there is a summary description, links to related drivers, information about possible implications, plus sources of further reading if you want to go into more detail.

Scanning for opportunities, considering implications

Step 1 of environment scanning is to map the drivers in the external environment. The tool on p.15 is a very useful template you can draw up on some flip chart paper to help stimulate your thinking about those that apply to your organisation.

Remember to keep your mission and the needs of your beneficiaries in the forefront of your mind as you go through step one of the three-step process and develop your thinking about the external environment. And keep your focus on those drivers that are vital.

Step 2 is about doing more research into the drivers that will really matter to your organisation. Perhaps you've narrowed them down to five or six. The first place to look is within your organisation and see what exists either in documents or in people's heads. You will have staff, board members and perhaps volunteers who will have a deep understanding of need, good knowledge of issues, and helpful insights into where to go for more information.

The next place to seek more detail about the drivers that are significant is from outside the organisation where someone else has collected, analysed and stored it – they may need help to find and access the information: the Third Sector Foresight website gives signposts to further research and related websites. And your organisation will also have access to local information and data banks.



Mapping drivers in the external environment

Political	Economic
Social	Technological
Environmental (the natural environment)	Legal

Tips on using this template

- Think about the drivers (trends and forces) impacting your organisation under each of the headings.
- Get a group together to strengthen thinking about both the known as well as the unknown.
- Go for broad analysis as well as depth about:
 - Which other drivers will affect funders?
 - What is the range and nature of the other players, and how will they be impacted?
 - What do we know about our beneficiaries and how will they be affected?

Some drivers may crop up in more than one box.

You might notice that there are connections between some drivers; think laterally about how best to use these links.

- Try to focus on the root cause as well as on symptoms – always ask 'but what might cause that?'
- Include the uncertainties as well as the certainties – you need to be strategic about both.

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Step 3 is an equally important one: this is where you start to consider the implications of your significant drivers. The ‘Impact assessment grid’ (from Copeman C and Griffith M (2007) *Looking out: how to make sense of your organisation’s external environment*, London: NCVO) on the opposite page will help you to extract the implications and opportunities across the whole range of your activities. It is important to really open up thinking to cover all possible implications, threats and opportunities before you select and prioritise those that will inform your decisions and actions.

Impact of drivers

The grid on the opposite page will help you to clarify your thinking about the impact of each driver in relation to:

- **Users** and their needs
- **Funders** and their priorities
- **Relationships** and influence
- **Workforce** – paid, volunteer and trustees
- **Your work** – services, campaigns and activities
- **Governance** including accountability and evaluation
- **Systems, skills, technology** – communications, administration, management etc.

Scanning the environment: impact assessment grid

Use the table on the opposite page to assess the impact of drivers. Ask yourself:

- How could each driver affect your organisation?
- What opportunities does this create?
- What are the challenges and threats?

The information and understandings you now have will help you to be clear and focussed in formulating strategic and operational plans for fund-raising, marketing, PR etc – see the **Operations guide** for information on marketing and communications.

Scanning the environment: impact assessment grid

	Internal drivers			
	Impact on systems, skills, technology	Impact on governance	Impact on work	Impact on workforce
External drivers	Impact on relationships			
	Impact on funders			
	Impact on users			
		Key driver 1	Key driver 2	Key driver 3

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For a workbook taking you through the detail of the strategic analysis steps, see Copeman C and Griffith M (2007) *Looking out: how to make sense of your organisation's external environment* (London: NCVO).

For web-based information see the Third Sector Foresight website www.3s4.org.uk/how-to and KnowHow NonProfit www.knowhownonprofit.org/organisation/strategy/externalanalysis

How to set objectives

Having undertaken a SWOT analysis and scanned your external environment, you can start thinking about what is really important to you.

Bearing in mind the key drivers you have identified, and the SWOT analysis you can agree your priorities in terms of:

- What we must do
- What we could do
- What we must not do.

The results of this exercise will form the basis for developing your organisational objectives.

Objectives

Objectives are expectations which a group or organisation is seeking to achieve. They cover all areas of the organisation, and are usually set for about a three-year duration. You can develop your objectives using the results of themes arising from your prioritisation. These objectives will then guide the work of your organisation. The **Operations guide** tells you more about turning objectives into action.

You are more likely to succeed with your planning if you develop objectives which are 'SMARTA'. This is an acronym and stands for:

- **Specific.** Your objectives state exactly what will be achieved
- **Measurable.** You can measure what is different as a result of achieving these objectives
- **Achievable.** The objectives are achievable. (Unachievable objectives are demotivating and can discourage people from taking any action at all)
- **Relevant.** Your objectives are relevant to your overall mission and vision
- **Timed.** You have put a timescale on your objectives and know by when you will have achieved them
- **Agreed.** Your objectives are agreed by all parties involved.

How to develop a plan

A plan sets out the steps between where you are now and where you will be when you have achieved your objectives. A plan is a useful shared document for staff and volunteers. By setting out the shared direction it prevents people from being pulled in too many different directions and provides a useful reference to ensure work is on track. Some organisations develop 'business plans' which demonstrate to funders and other stakeholders the business case for objectives.



Your business plan

A business plan includes all the information relevant to how you have developed your plan as well as detailing your objectives and how you will achieve them.

Different organisations write plans to different levels of detail but most importantly a good plan will demonstrate that the ideas and thinking behind your plan are sound. Plans should therefore be evidence-based, incorporating research wherever appropriate.

A plan will usually include:

- ❑ Where you are now (for example, an overview of your organisation, its activities and analysis of the environment and other players – see the **Connect guide** for more on mapping the territory)
- ❑ Where you are going (vision, mission and objectives)
- ❑ What you need to do to get there (what you need to do to achieve your objectives, a description of activities)
- ❑ Key milestones (the key stages in achieving your objectives, important dates and timescales – see the **Operations guide**)
- ❑ How you will know you've been successful (what measures you will set and how you will collect evidence to show you have been successful. See monitoring and evaluation in the **Operations guide**)
- ❑ Financial implications (how much it will all cost, see the **Finance guide** and how you expect to fund this.)
- ❑ Staffing implications (what staff you'll need with which skills, see the **People guide**).

Showing evidence of your achievements

Having set your direction, you need to be able to demonstrate your thinking and keep hold of the evidence which shows how you came to your conclusions. This is particularly important as staff, volunteers and the Board in your organisation change, or if you are applying for funding or you decide to use a quality assurance system.

Evidence can include notes of meetings and discussions, reports and any relevant emails or correspondence.

Signposts

Publications

Adirondack S (2006) *Just about managing* (London: LVSC)

Barnard H, Walker P (1994) *Strategies for success* (London: NCVO)

Copeman C, Bruce I, Forrest A, Lesirge R, Palmer P, Patel A (2008) *Tools for tomorrow* (London: Cass Business School and NCVO)

Copeman C, Griffith M (2007) *Looking out: how to make sense of your organisation's environment* (London: NCVO)

Evans E, Garvey B ed (2006) *Mission impossible* (London: NfP Synergy). Download from the NfP Synergy website: www.nfpsynergy.net

Lawrie, Alan (2001) *The complete guide to business and strategic planning* (London: DSC)

Saxton J, Guild M (2010) *It's competition but not as we know it* (London: NfP Synergy). Download from the NfP Synergy website: www.nfpsynergy.net

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Websites

Business Link. This website is aimed at for-profit organisations but still has very useful guidance on planning: www.businesslink.gov.uk

KnowHow NonProfit. This website combines expert knowledge with real-life experiences on setting the right direction for your organisation: www.knowhownonprofit.org/organisation/strategy

NCVO Third Sector Foresight. This website includes guidance and discussion on all aspects of strategic planning in the nonprofit sector: www.3s4.org.uk

Volresource. This website includes free briefings, guidance and information on all aspects of charity management: www.volresource.org.uk

Courses

Cass Centre for Charity Effectiveness offers training in many aspects of management including project and strategic management: www.cass.city.ac.uk/cce

Directory of Social Change training courses in project management, strategy planning and change: www.dsc.org.uk

Links to PQASSO

PQASSO is the practical quality assurance system for small organisations designed by Charities Evaluation Services. Independent data suggest PQASSO is by far the most widely-used quality system in the nonprofit sector. For more information, see www.ces-vol.org.uk

Following this guide will help you to meet several of the indicators of PQASSO quality area 1 (Planning for quality) in the second edition, and PQASSO quality area 1 (Planning) in the third edition of the framework.

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1. Introduction
2. Self-assessment
3. Compliance
4. Governance
5. **Direction**
6. Finance
7. People
8. Operations
9. Connect



Cass Business School

In 2002, City University's Business School was renamed Sir John Cass Business School following a generous donation towards the development of its new building in Bunhill Row. The School's name is usually abbreviated to Cass Business School.

Sir John Cass's Foundation

Sir John Cass's Foundation has supported education in London since the 18th century and takes its name from its founder, Sir John Cass, who established a school in Aldgate in 1710. Born in the City of London in 1661, Sir John served as an MP for the City and was knighted in 1713.

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