

A New Look for Planning: Lean, Agile, Strategic

BY KATE DOUB

Challenged to respond to a dynamic and complex environment, academic institutions of all sizes and types have become more strategic and intentional in their planning. In particular, those schools and small colleges with fewer assets are finding an even greater need for effective planning to help them optimize results with limited resources.

The past decade has taught us a lot about organizational planning — what it is, and what it is not. Fueled by the super-economy of the late 1990s, academic institutions across the country shelved their long-range plans to capture the surge of the “boom” era.

It was a time of ready financing, robust institutional endowments, and extraordinarily generous donors. Overnight, long-delayed campus renewal and construction projects became a reality. Universities expanded research partnerships with industries from medicine to applied technology. Even the smallest independent schools suddenly had funding for new initiatives.

The boom years vanished as swiftly as they arrived. Concerned administrators, seeking to bolster shrinking endowments and eke more out of

existing resources, turned back to their long-range plans — only to find they were no longer relevant or adaptable to current realities.

Long-Range Planning

Long-range planning took root in academia during the relatively stable 1950s and 1960s, when the future was predictable enough to ensure long-term implementation. These early plans projected out over eight to 10 years and involved representatives from across the broad academic community. Planning took months of work and addressed all areas of institutional endeavor. Arduous to develop and cumbersome to manage, these long-range plans were not designed to accommodate a rapidly shifting environment.

Lessons learned in the new millennium have brought planning even more into the forefront of academic management, but with a different twist. In response to challenging times, planning is back, but the cycle is shorter and more intensely focused. Today’s plans are lean, agile, responsive — and strategic.

Long-range planning will always maintain a place in academic management, but with a shorter cycle, perhaps three to four years. Such

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Strategic planning takes place in “real time,” utilizing emerging trends to shape new opportunities and strengthen distinctive competencies that set an institution apart.

planning will be reserved for times when widespread consensus is needed to effect a change in culture or advance major initiatives. Examples include positioning a new president’s vision, effecting a dramatic change of mission, overhauling the curriculum, or establishing a new school.

Strategic Planning

Strategic planning, the nimble cousin of long-term planning, is short-term and keenly targeted. It takes place in “real time.” Strategic planning uses emerging trends to shape new opportunities and strengthen the distinctive competencies that set an institution apart from its peers. Further, strategic planning advocates that some organizational choices are more important than others — and that much of the strategy lies in identifying what is most important to institutional success.

Because expeditious action is a prime ingredient in strategic management, these trimmed-down plans are developed by the heads or presidents of institutions, teamed with a small committee of key trustees, administrators, staff, and faculty. The planning process is conducted over a three-to-six-month period, in time to identify the goals an institution wants to accomplish in the coming year.

The Planning Process

Strategic management builds toward the achievement of long-term potential by focusing on the strategies and resources needed to resolve short-term issues. Strategic planning requires vision and a shared sense of final destination. Without it, tactical execution of a plan will be aimless. It is the shared vision that brings all of the working units together and allows the institution to advance.



Step 1: Articulate mission and vision: The strategic planning process begins with an affirmation of mission, vision, and the core values that guide the institution. To be successful, an institution must be unambiguous about what it does, who it serves, and how it operates.

Strategic planning assumes that an institution’s mission and vision for the future are clearly articulated and accepted by its broadest constituency. A need to recraft either mission or vision would suggest that long-range rather than strategic planning should be undertaken.

Step 2: Identify critical issues: Step two requires a realistic assessment of the current environment and the identification of the most important issues that the strategic plan must address. This phase of the process makes clear those critical issues that have major impact on the direction of the institution and require resolution if the organization is to advance. Critical issues form the basis of the strategic plan and must be identified before goals and objectives can be developed for action.

Typically, the process of identifying and prioritizing issues and the subsequent development of goals and objectives are undertaken by institutional leadership and the planning team. This process sounds simple enough, but this step requires the collection and study of a considerable body of information and data before pivotal issues can be correctly targeted. It is during this phase that an institution examines its strengths and weaknesses, as well as opportunities for and threats to its advancement.

Step 3: Agree on goals and strategic approaches: Once the critical issues are identified, the general and specific results desired (goals and objectives) are developed, as well as the approaches (strategies) to produce preferred outcomes. As in the previous step, this requires considerable discussion. The end result is that the planning committee and leadership agree on how to resolve critical issues.

Step 4: Obtain consensus and write corresponding work plans: Building consensus requires taking the completed plan to the deans, directors, and other key individuals within the institution to determine whether proposed goals can be developed into working plans. This will take time, flexibility, and open communication, but must not be short-circuited as it is the most important step in building consensus. A failure to build consensus will ultimately result in the undermining of the plan.

Step 5: Implement and monitor plan progress: Because the strategic planning cycle is short, methods must be developed for efficient implementation and for monitoring operating plan progress. This means that all members of the planning and implementation teams must develop milestone targets and key progress indicators. Monitoring sessions should take place at least biannually, but more likely quarterly, to ensure that work plans are on course for completion within stated timeframes.

Elements of Strategic Planning

Developed for implementation over a period of no more than 12 to 18 months, streamlined plans attend to critical resource areas: finances, enrollment management, marketing, and development. They consider academic areas and physical plant only when new resource development opportunities exist, or when a program’s relevancy, quality, or viability is at stake.

If, as forecasters believe, we are on the front line of an extended period of relative unpredictability, strategic management will help us maintain the stability of our schools and colleges and create opportunities to reach new levels of attainment.

Although there are many ways to conduct



analysis and planning, the diagram above is a proven way to distinguish broad areas for scrutiny and plan development. Depending on an institution's complexity, I recommend developing no more than five to 10 strategic initiatives that target vital areas for change or growth over 12 to 18 months.

This will require understanding our environment well enough to identify forces that can promote or impede the fulfillment of academic mission. It means asking the right questions about the right subjects in order to identify critical decisions that must be made.

Academic and Co-curricular Programs

There is a direct correlation between the academic quality of a school, college, or university and its degree of capitalization. There is no greater determinant of destiny than reputation. It determines the eminence of the faculty and students an institution will attract, as well as the level of overall charitable support it will derive from constituents. Questions to ask:

- Are all academic programs relevant to the times and of sufficient quality and subscription to warrant their continuance?
- What new programs should be added to advance the institution or drive additional resource development?
- Are all faculty members achieving the level of scholarship required to bring distinction to the institution?
- Is the level of compensation, including funds for professional development, allowing the institution to build a quality faculty?
- What demographic and economic trends might impede the institution's ability to attract and retain fine faculty?

Physical Plant

The level to which the physical plant supports the academic purposes of an educational institution is a major factor in determining the success of the institution. Questions:

- Is the physical plant adequate to support current and newly planned academic programs?
- Are sufficient funds available for the regular upgrading and renewal of equipment or to cover plant failure?
- Are there opportunities to develop auxiliary income by augmenting or upgrading the physical plant?

Enrollment Management & Marketing

Enrollment management is ultimately about mission and vision and an institution's ability to define and attract the markets it wants to serve. Healthy enrollments are created by strategically growing admission waiting pools and effectively marketing the institution. Sustaining a superb image by marketing academic strengths positions an institution for success. Questions:

- Is our institutional image sufficiently strong to attract diverse and able faculty and students?
- Are there new markets we want to serve? What adjustments to program and plant will it take to serve these new markets well?
- Are there opportunities for new or additional resource development?
- What demographic and economic trends might affect future enrollment?

Development

The development plan supports the strategic planning initiatives and the institution as a whole. It is an integral part of financial planning and provides philanthropic support to achieve both short- and long-term goals crucial to the mission. Questions:

- What strategic initiatives must be supported by philanthropy and at what level?
- What ongoing academic, co-curricular programs and what physical plant and equipment needs must be funded?
- What are ongoing base funding programs needs; e.g., endowment, annual fund, etc.?
- Is the management and growth of our major donor pool sufficient to ensure future funding at adequate levels?
- What economic and demographic trends will potentially affect fundraising?

Finances

The financial plan plays two roles in strategic management. It provides the base of support for current strategic initiatives, and it provides a plan for achieving the long-term stability and vitality of the institution.

The objective of successful financial management is to maintain a higher-ratio of hard income to soft income. Financially stable institutions are hard-income driven, with as much as 85 to 95 percent of all income coming from tuition, fees, auxiliary programs, endowment income, research partnerships, government contracts, etc. The more dependent an institution becomes on soft income from charitable gifts, the more vulnerable it is to external economic and demographic forces. Questions:

- What current strategic plan initiatives need funding and at what level?
- What cash reserves are needed to provide overall stability or additional revenue; e.g., to cover an enrollment shortfall, purchase adjacent property, fund an income-producing project?
- What tuition/fee levels and other hard income from endowment and programs will be necessary to maintain a strong ratio of hard income?

The planning cycle is now shorter and more intensely focused. Today's plans are lean, agile, responsive — and strategic.

Building Philanthropic Capacity — for Today and Tomorrow

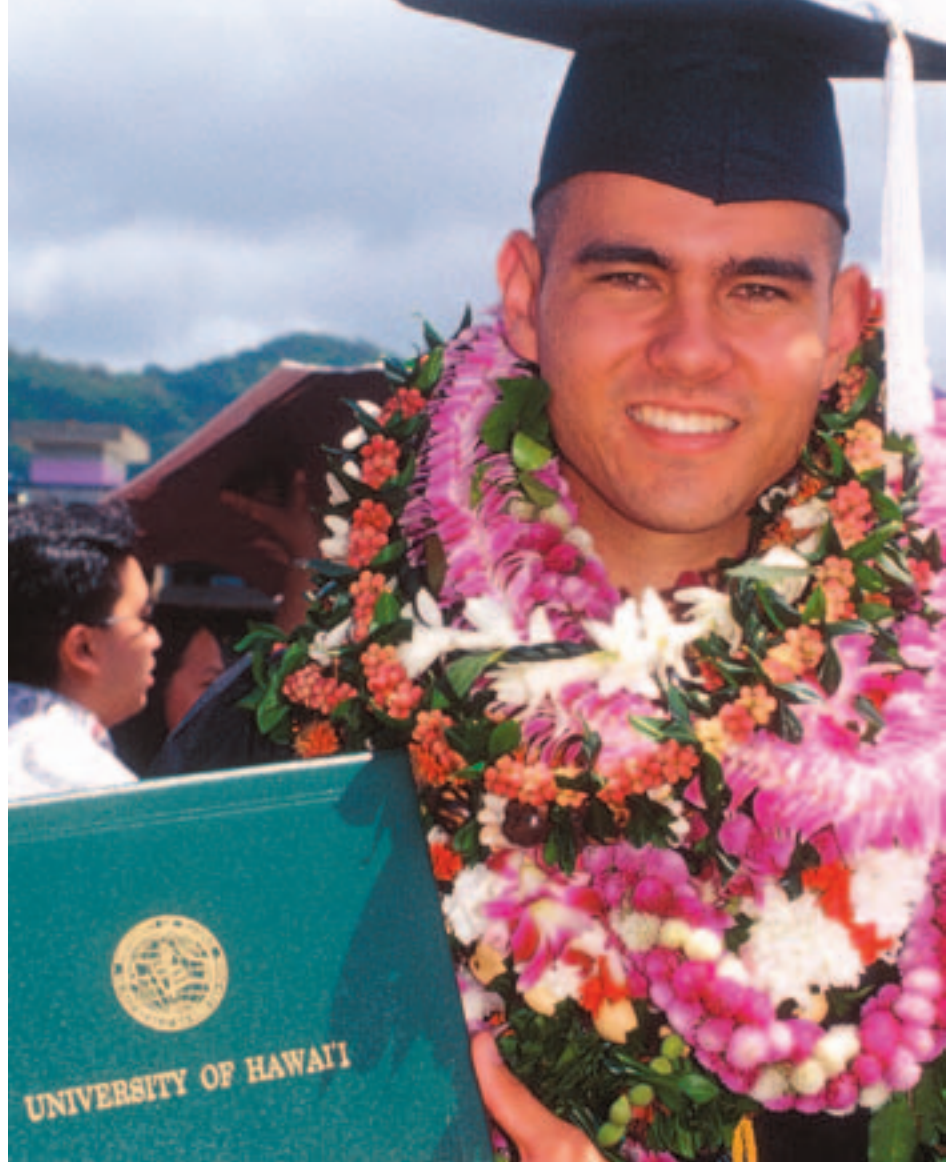
A case study documenting Marts & Lundy's consulting engagement with the University of Hawaii Foundation

BY RON ARENA

Among the riches of Hawaiian culture and language is an old proverb, "*He lawai'a no ke kai papa'u, he pokole ke aho; he awai'a no ke kai hohonu he loa ke aho.*" Translation: A fisherman of shallow seas uses only a short line; a fisherman of the deep sea uses a long line. It's a precious reminder that we reach only as far as we aim.

That message remains timely in the 21st century, particularly for the nonprofit sector. Today institutions of all shapes and sizes are being challenged to prepare for the future in new ways. This includes taking a fresh look at their advancement activities. Never has philanthropy been as complex, competitive, and challenging as it is today — and never has it been as critical to the fiscal health and well being of nonprofits.

This understanding forms the backdrop for Marts & Lundy's consulting engagement with the University of Hawaii Foundation, an independent corporation that raises private support on behalf of the University of Hawaii. The engagement, begun in 2002 and continuing today, has included a wide range of services in support of the Foundation's plans to launch a comprehensive campaign and build long-term philanthropic capacity.



About the University of Hawaii

The University of Hawaii serves approximately 80,000 students on 10 university and community college campuses, anchored by the University of Hawaii at Manoa, the system's flagship research institution. The UH system, the state's only public higher education institution, is integrally linked to Hawaii's future. As an economic driver, it has a profound impact on the state's 1.25 million residents. That's why all eyes have been on the University as it moves forward with what is expected to be its largest campaign ever.

The University has been encouraged recently by a steady

build-up of momentum. This includes: 1) the successful completion in 2000 of the first major campaign in its history, with \$115 million raised; 2) new executive leadership for both the University and Foundation; 3) the Board of Regents' approval of a far-reaching strategic plan; and 4) a growing list of notable achievements, including breaking ground for a new medical school and realizing a robust increase in private giving.

Philanthropic Challenges

Despite recent fundraising successes, the Foundation faces two pressing challenges moving forward. The first, common to public universities, is the fact that its development operation traditionally has relied heavily on corporate and foundation support. Giving from alumni, by contrast, has historically been modest.

The second centers on public perception. For a variety of reasons, the community has not singled out UH as the one institution with the potential to transform Hawaii and effect broad scale economic change. Donors have typically supported UH at the same level as other nonprofits, most of which are important to Hawaii's quality of life but have far less impact on people statewide.

In considering these challenges, Marts & Lundy and the UH Foundation agreed that sound fundraising principles and a strong case would continue to win the day. We also concluded that Marts & Lundy's core advancement services — including a campaign "readiness" assessment, a feasibility study, and general counsel — should be augmented by a strategic focus on alumni relations and communications and marketing.

strategic vision for energy and direction. The Foundation has already seen tangible results:

- The feasibility study found solid support for the University among its most important donor constituencies. The study also revealed strong support for the campaign initiatives, especially for strengthening academic quality and investing in faculty, and for the University's potentially transformational role as an economic driver within the state of Hawaii. The study recommended that the Foundation conduct a system-wide, five-to-seven-year comprehensive campaign, which began last year with its quiet phase.

- An assessment of UH's alumni relations program led to strategies for designing relevant programs aimed at a select number of influential alumni. This is consistent with Marts & Lundy's belief that programs that effectively engage key alumni enhance everything from institutional reputation to recruitment to philanthropic support.

- A communications and marketing assessment, including an e-survey of more than 800 staff and faculty, helped shape the core campaign messages for appealing to donors. The assessment highlighted the need to strengthen the working relationship between the Foundation and UH's Office of External Affairs and University Relations — a partnership essential to campaign success.

Conclusion

The University of Hawaii has taken steps to redefine its place in higher education. Its vision, when implemented, will



The Consulting Engagement

Marts & Lundy views advancement in the scope of broad institutional priorities. We don't see fundraising as a stand-alone operation, the sole domain of development professionals. Those institutions best positioned to attract philanthropic support have created an institution-wide atmosphere that fosters giving and builds long-term philanthropic capacity. We think of it as creating a "culture of philanthropy."

We have worked closely with the UH Foundation, stressing the need to integrate fundraising, communications and marketing, and alumni relations — while looking to the University's

transform the University and elevate it to new heights of excellence. Marts & Lundy is confident that the Foundation's willingness to think broadly and build a system-wide culture of philanthropy will not only assure campaign success but also position the University to meet its long-term philanthropic potential. **M&L**

*Senior consultants **John Cash** (fundraising), **Ron Arena** (communications and marketing), and **Ann Duffield** (alumni relations) were part of the Marts & Lundy team pleased to work with the University of Hawaii Foundation.*

Musings from the Field

A potpourri of findings, anecdotes, and observations about philanthropy

Facing the Staffing Challenge

In philanthropy's rapidly changing environment, one constant remains: people still give to people. That's why a top-notch development staff is a prerequisite to success, notes Marts & Lundy senior consultant Ilisa Hurowitz.

"The best campaign framework or organizational structure will only be as strong as the professional leaders who partner with volunteers and donors to bring the plans to life," Hurowitz says.

The challenge to recruit and retain a strong team are numerous — and increasingly difficult to address. Executive search firms compete for candidates at all levels. Experienced development professionals, particularly those with a major gifts background, are becoming increasingly scarce. Salaries continue to escalate as institutions struggle to remain competitive in appealing to candidates with multiple professional options.

Though each institution must define its own staffing solutions, Hurowitz believes a few constructive principles are in order:

1) Be clear, yet creative and nimble. It is important for institutions to design unambiguous organizational plans based on functional needs. The strongest plans, however, will be dynamic — reviewed and updated regularly — leaving room to attract, accommodate, and respond to talented colleagues who add value to the team.

2) Take advantage of internal and external resources. Consider, when appropriate, outsourcing certain services to replace or complement internal capabilities. An efficient use of outsourcing may be cost-effective and energizing, freeing internal financial and human resources to be deployed in new and flexible ways.

3) Address each stage of staffing.

Evaluating personnel needs, recruitment, training, and retention all demand equal billing. Put in place a solid professional development initiative to assure the right balance of "homegrown" talent and "outside" hires. Once a strong team is in place, it's up to senior leaders to maintain staffing as a priority. Leading institutions are defining staff mentoring programs and developing staff retention plans that include post-campaign "team-based" bonuses, sabbaticals, and professional development opportunities.

"Clearly," Hurowitz says, "nonprofits concerned about rewarding performance and holding on to their best talent can distinguish themselves in a competitive marketplace." **M&L**



Ilisa Hurowitz

A Vision for Jordan

"This is a project that is utterly progressive, utterly idealistic, utterly optimistic — and utterly necessary."

— His Majesty King Abdullah II of Jordan, on the call to create a premier independent boarding high school near Amman

Picture a large, undeveloped plot tucked away some 30 kilometers south of Jordan's capital city of Amman. The land, among the most fertile in a region dominated by arid desert, sits empty and unadorned. It's little more than a pass-by on the way to more dazzling sites nearby, including Madaba, home to the spectacular sixth century mosaic map of the Holy Land, and Mount Nebo, where Moses climbed to survey the Promised Land.

Now fast-forward to September 2006. Imagine not just a new picture coming into focus but also a new day for Jordan and its neighboring Middle East countries.

At that time, on that site, an extraordinarily diverse group of high school students will gather together for the first time, joined by teachers, coaches, staff, and parents. Their presence will mark the opening of King's Academy, an independent boarding school modeled after King Abdullah's alma mater, Deerfield Academy in Deerfield, Mass.

The King proudly refers to his time at Deerfield as "among the best years of my life." Two-and-a-half decades later, he remains convinced that his education during those formative years shaped not only his mind but also his character and values — qualities

that serve him well as head of a growing nation and an emerging leader both in the region and world.

These are the same qualities the King wishes to instill in the next generation of global leaders. To that end, the Academy will bring together the brightest young minds from across the region — Jordanians and non-Jordanians, Arabs and non-Arabs, Muslims and non-Muslims — to learn together and live together.

The Academy also hopes to plant the seeds for future peace and stability. "It will be a place," King Abdullah says, "where students will set aside class, background, and pretense to learn and grow together, while embracing personal and community values that include dignity, honesty, tolerance, and compassion."

The Academy is slated to begin with 300 students and expects to reach its 600-student capacity by 2008. Architectural designs have been completed, reflecting the rich architectural heritage of the Arab world.

Marts & Lundy senior consultant John Lewis serves as fundraising counsel to the project, which seeks to raise \$100 million in philanthropic support (\$40 million in the Middle East and \$60 million in the U.S. and U.K.). Funds will be used for construction and capital costs and for building the school's endowment. **M&L**

Beyond Work, Wisdom, and Wealth

An old aphorism notes that trustees of nonprofit institutions should bring a combination of work, wisdom, and wealth to their task. Marts & Lundy senior consultant Tom Anderson carries the profile a bit further by suggesting the following characteristics of the most effective trustees he has known:

✓ **Committed:** This covers knowing and caring about the mission of the institution, spending time getting to know and understand the institution and its culture, reading its history, and concluding that the institution and its mission are important enough to invest not just nominal time and money, but real commitment.

✓ **Prepared:** “This seems basic,” Anderson notes, “but it is amazing the sins that are committed by trustees who are not prepared for board and committee meetings, speaking engagements, and friend-raising/fundraising opportunities.” If the institution’s staff is not providing the proper materials or background briefings, the trustee must insist they be provided.

✓ **Thoughtful:** Trustees have the responsibility to take the long view and to insure the institution’s future in perpetuity. Trustees should resist the all-too-human impulse to “shoot from the hip” and the all-too-frequent bottom-line ori-

entation that calls for a decision “right now.” “If the institution is being led properly by the administration, very few trustee decisions need to be made today,” Anderson says.

✓ **Available, but detached:** Good presidents and vice presidents use their trustees as sounding boards on a wide variety of issues. Trustees are needed to provide advice, support, and an occasional shoulder to cry on. They also need to be available for “friend-raising/fundraising” assignments. “But trustees,” according to Anderson, “should never confuse their role as policymakers with the actual management of the institution.”

✓ **Loving Critic:** “In almost 20 years as either a university dean or vice president, the most useful advice, wisdom, and correction I received came from several outstanding trustees with whom I worked,” Anderson recalls. The key: these conversations took place in private, between persons of mutual respect, and in the best interests of the institution.

✓ **Generous:** Trustees are called on to be generous with both time and money, within reasonable capacity. “I believe we all act on our deepest values through our time and money,” Anderson says. “If a trustee isn’t being generous with one or



“I believe we all act on our deepest values through our time and money.”

— Tom Anderson

the other, or both, then the institution and the trustee should revisit the first item on this list.”

✓ **Probing:** Nothing sharpens a president or administration like the expectation that trustees will ask the hard questions — gently but firmly, and without intent to embarrass, but also without tolerance for sloppy, negligent, or dishonest responses. **M&L**

Risk vs. Uncertainty: Making the Distinction

There is an important difference between risk and uncertainty — and campaign decision-makers who fail to uphold the distinction do so at their own peril. That’s the premise of Darrow Zeidenstein, vice president for advancement at Rice University and a former Marts & Lundy senior consultant.

“Risk,” he says, “refers to factors we reasonably know and model into our business decisions. Uncertainty refers to factors we may or may not know, but cannot with any degree of accuracy factor into our business decisions.”

Zeidenstein believes many institutions are overly concerned with elements of uncertainty and not concerned enough with elements of risk.

“For example,” he notes, “decision-makers often worry too much about the economy — always an element of uncertainty, especially over the seven-year life of a typical campaign. But they worry too little about risk factors they can move on with more precision, such as adequate staff size and composition, depth and breadth of the prospect pool, and giving opportunities to attract donors at the top of the pyramid.”

He encourages nonprofits to use the distinction between risk and uncertainty to think more strategically about their fundraising initiatives.

Three challenges emerge: 1) to think about capital campaigns as drivers for long-term value and strategic positioning; 2) to focus on those business decisions that link fundraising efforts to institutional vision and vitality; and 3) to plan campaigns in a way that maximizes not just the dollar goal but also the institution’s identity and core values. **M&L**

A Lofty Profession



Tom Anderson

Tom Anderson knows a thing or two about the qualities of a good development officer — the result of 30 years experience in higher education administration and teaching before joining Marts & Lundy in 1999. He offers this one-paragraph description of the ideal development professional

— a summation he penned several years ago and recently rediscovered framed in a client’s office:

Consummate development professionals defy all the stereotypes. They have broad interests; they listen more than they speak; they are rarely in the spotlight; they share all of the credit and take all of the blame; they rarely talk about raising money but have deep resources of information on their institutions; they are genuine in their relationships and would never be considered “slick”; and they bring a sense of stability to their professional lives that inspires confidence and respect. **M&L**

- Are there opportunities for new resource development, such as additional summer programs or specialty programs, distance learning, etc?
- What economic and demographic trends will affect our overall financial picture?

Tool for the Future

A solid strategic plan that builds on an organization’s core competencies is a key to resilient management in fickle times. Committed to providing ever stronger academic experiences for the students they serve, strategic planning has become an annual priority for many schools, colleges, and universities. Through recurrent planning, management teams discover their institution’s capacity for change and are able to leverage the success of previous plans. Armed with the skills to influence change, they are prepared to meet future challenges with confidence and proficiency. **M&L**

Kate Doub is a senior consultant with Marts & Lundy. A graduate of the University of New Hampshire, she joined the firm in 2000. Kate lives in Andover, Mass. She can be reached at doub@marts&lundy.com.



Marts & Lundy INC.

HOME OFFICE
1200 Wall Street West
Lyndhurst, NJ 07071
Phone: 800-526-9005
201-460-1660
Fax: 201-460-0680

Web site:
www.martsandlundy.com

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1200 Wall Street West
Lyndhurst, NJ 07071

Fund-raising fundamentals don’t change, but today the effective application of those fundamentals is specialized, diverse, and often complex. Marts & Lundy combines decades of experience with new ideas to meet these challenges and serve the full spectrum of nonprofit organizations.

Our specialists offer a wide range of counsel and services, including: campaigns, major gifts, annual giving, gift planning, office assessments, strategic planning, development communications, prospect screening and management, e-philanthropy, data analysis, and more. Please visit our Web site for a complete list of services.

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