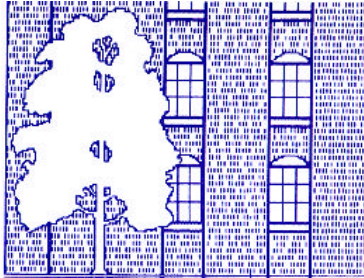


Strategic Program Reviews for Business Planning

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Collective Wisdom... Fresh Ideas

When organizations have a single goal or outcome, it is easier to conceive of a business plan on how to get there and it is easier to manage a process that credibly brings staff and stakeholders to the realization of what needs to be done.

However, with greater complexity the task of devising a business plan on how to get there is harder analytically and much harder in terms of organizational process.

The starting place is to be clear about what needs to be in such a business plan.

Four Key Elements of an Ideal Business Plan

Strategically Balanced Portfolio — Have a balance of programs with different characteristics to serve the overall mission. The portfolio typically needs to be varied, with some being very high "fits" with the mission and others less so:

- Some programs with high, current, economic attractiveness contribute to those programs needing to take operating funds.
- Some programs with low economic attractiveness but the mission fit is very high and no one else can do it as well as us.

- Some programs with potential economic attractiveness, with adequate or high mission fit, which are worth investing in (receiving funds) so that they can grow and be self sustaining or contributors in the future.

Balanced Economic Model Now and Into the Future — The financial model must make sense and the budget balanced. This means that the discretionary pot of funds must be large enough to subsidize the 'mission' programs, invest in (contribute to) potentially attractive programs to allow them to grow or increase their performance, top-up administration where programs can not pay their freight. It also means that the future results are in balance — the attractive programs produce contributions that benefit current results and future results, recognizing that some potentially attractive programs are improving their contributions based on investments.

Competitively Strong Portfolio — Ideally, the agency has programs where it is superior to the alternatives, or where the agency is in the process of building up to become superior, or getting out of owing to its weak position. In some cases, a few programs may be weak individually but contribute to the agency being strong in terms of its collection of programs or Strategic Program Group.

Strategic Directions



Agency Organization and Infrastructure Supports Strategy and is Supportable — The agency's organization and infrastructure provides the right level and type of administrative, Information Technology, and related supports to allow programs to be strong. Further, the economic model must generate sufficient contributions to pay for the infrastructure so that it delivers its supports and builds them for the future.

Consultants Bring Methodology, Objectivity & Facilitation Skills

The process for Strategic and Program Reviews needs to balance support from an external consultant with internal management and staff participation. Insiders have a different depth of understanding about, and commitment to, programs and clients, and a real sense of what is practical and feasible.

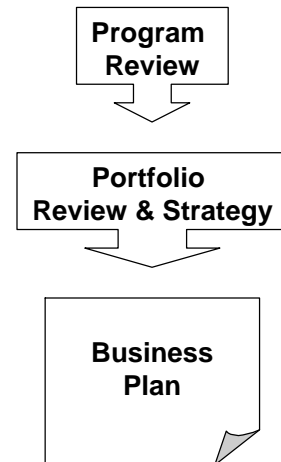
Our consultants bring their experience, methodology and objectivity. Accordingly, our approach has the following ingredients.

- Work with a Steering Committee or the Senior Management Group to direct and guide the process, and more importantly, the content of the business plan.
- Work with a broader group of participants (Task Force Teams) who need to bring their ideas and insights into the process to make it better and to get their commitment through involvement.
- An established methodology selected to fit the circumstances — multi-program strategic review.
- Customization of the methodology — refining criteria to be used, adjusting terminology to fit the agency's culture.

From Program Review to Business Plan

Our methodology for developing the business plan is based on the work of I.C. MacMillan reported in *"Competitive Strategies for Not-for-Profit Agencies"*. This approach adapts business management techniques for use by non-profit organizations. We have applied it in other non-profit settings, most notably the Family Service Association of Toronto, and the YWCA of Greater Toronto.

The starting point to develop a business plan for an agency with multiple programs is to undertake a program review. A Program Review provides a foundation to rethink the agency's business strategy. It makes the management and staff consider each program from a broad set of perspectives — are we making a difference in terms of its mission? Are we well positioned for success in relation to other agencies? And, are we financially sustaining? Although it is an important step, there are others that must follow. These are graphically shown and described below.



1. **Program Review** — The agency assesses each program relative to its fit with mission, program (economic) attractiveness, the competitive positioning (ability to support the program relative to others) and alternative coverage (existence of other agencies potentially serving the target client group). This leads to some preliminary ideas about what to do with each program — grow, divest, maintain, etc.



2. **Portfolio Review & Direction-Setting** — Building on the program review, the agency needs to look at its portfolio of programs. Then it can decide whether the collection (mix and number) of programs serves the agency well and how to alter that portfolio to create a better balance in terms of mission fit, program economic attractiveness and competitive strength. This means grouping like-programs, or strategic program groups, and reassessing their overall attractiveness and positioning.
3. **Business Plan** — Consistent with the results of the program and portfolio reviews, the business plan provides the overall strategy recognizing issues of financial resources, investments, agency infrastructure, and implementation of the individual program strategies.

The Deliverable: A Business Plan

Specifically, the business plan needs to include the following components.

- Overall portfolio of Strategic Program Groups (SPGs) determined to be sufficient and necessary to achieve the mission and which the agency can adequately support financially.
 - Operating financial plan (revenues and costs) — contribution/receive targets for SPGs and programs that balance to zero.
 - Capital reserve target plans recognizing need for investments.
- For each Strategic Program Group, the agency needs to articulate the following:
 - Program Strategy — Grow programs or restructure, and so on.
 - Resource Targets — Whether the total budget will increase or decrease and whether the program will contribute to the surplus/administration or take from discretionary funding.
 - Actions — Flowing from the strategy, actions that need to be taken in the next year to move forward with the strategy in the context of the resources.

- Agency infrastructure and administration plan in terms of use of funds, size and priorities.

These individual plans need to be sensible in light of the program review conclusions — assessment of mission, economic attractiveness, and positioning of the agency.



Berkeley supports senior management to lead their organizations through strategic transitions to create the capacity for sustained successful performance. Supporting this mission, Berkeley's practice includes strategy development & planning, organization design, change management, outcome management, and leadership feedback and development.

Formed in 1986, Berkeley Consulting Group, a Canadian partnership, has a full time staff of 5 consultants and support staff in our Toronto office. The office supports our affiliate Berkeley Feedback & Development Inc. and its associate in London England and Berkeley's network of twelve consulting associates in Ontario.

Berkeley's philosophy and consulting approach is captured in the phrase, ***Collective Wisdom...Fresh Ideas.*** Berkeley's core competence lies in its ability to bring seasoned associates together as a team, to use leading edge methods applied to the client's strategic challenges so that results are delivered with cost-effective use of consulting dollars and management time.

- Our consultants are knowledgeable and experienced in their industry or part of the public sector.
- Our teams are formed to fit the client's needs and not just to utilize available junior staff.
- We think about each project on its own merits and avoid simplistic black-box answers.
- We combine sound analysis and thinking with effective process to promote implementation.

To keep 'fresh' and broaden our network, Berkeley has linkages with other organizations. For over a decade, we have worked with the Rensselaerville Institute (TRI), a non-profit organization in New York that is a leading edge player in public sector results and outcome management. We also have close links with academic learning centres, since Berkeley's Managing Partner is an Adjunct Professor of Strategic Management at Schulich School of Business (York University).

