

Strategic Plan: Emphasizing Creative Revenue Generation

Social Entrepreneurship: A practical guide to managing in tough
times

GEWJC 2010 – WomenRising
November 15



Copyright 2002 by Randy Glasbergen. www.glasbergen.com



**“What software would you recommend to give
my presentation so much flash and sizzle that
nobody notices that I have nothing to say?”**

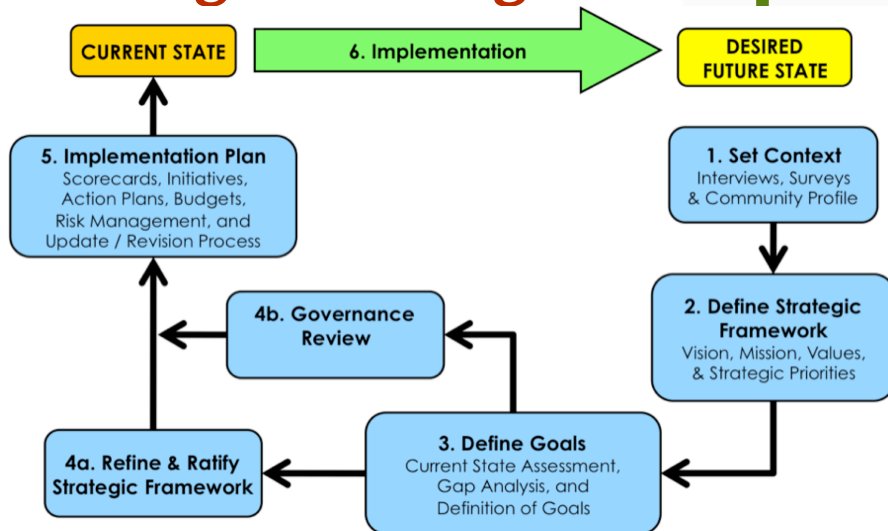


Strategic Planning

- Where are you going?
- How are you going to get there?
- What rules are you going to follow?
- How will you know that you are on the right track and how will you know when you have arrived?

3

Strategic Planning Process



4

Mapping the Future



Formulate aspirations that are worth believing in and fighting for by meeting three challenges:

- Challenge #1 - Vision Statement
- Challenge #2 - Mission Statement
- Challenge #3 - Core Values
- Challenge #4 – Strategic Priorities

5

Community Vision – Key Questions



1. What are your ultimate hopes for this community?
2. What conditions in your community would have to exist (within the segments you serve) for your organization to no longer be needed?

I wish to live in a community that....

6

Vision



Your ultimate hope for your target population:

- Habitat for Humanity Canada:
“A world where everyone has a safe and decent place to live.”
- Hospital for Sick Children (Sick Kids):
“Healthier children. A better world.”
- Canadian Cancer Society:
“Creating a world where no Canadian fears cancer.”

7



Mission – Key Questions



1. To achieve the vision, whose needs will you serve?
2. What role should you play in addressing these needs?

Our mission is to do.....for.....

8



Mission



The role your organization currently has, or would like to have, in realizing its vision.

- Habitat for Humanity Canada: “To break the cycle of poverty and build strong communities by helping people gain access to affordable and sustainable housing”
- Sick Kids: “As innovators in child health, we will lead and partner to improve the health of children through the integration of care, education and research.”
- “The Canadian Cancer Society is a national, community-based organization of volunteers whose mission is the eradication of cancer and the enhancement of the quality of life of people living with cancer.”

9

Core Values- Key Questions



1. What do we value in terms of how we do what we do?
2. What do we value in our relationships with each other and our partners?
3. What principles or beliefs should guide our work?
4. What do board members and employees stand for and embrace?

What rules will we follow?

10

Core Values



What your organization believes in, stands for, and embraces.

Sick Kids:

- “Excellence – in compassionate family-centered care and service that embraces diversity; in management and decision making; in promoting teamwork and encouraging leadership; and in a safe and healthy environment.”
- “Integrity – in our commitment to accountability and transparency; in respect for all; in effective communication; and in our ethical practices.”
- “Collaboration – in all our relationships; with families and children throughout the care process; building knowledge and capabilities across the health-care system; and supporting transitions of care and service.”
- “Innovation – in creating, evaluating and disseminating new knowledge; in developing and implementing creative approaches for family-centered care, research and education; and in responding to the unique and changing needs of children and of the health-care system.”

11



Strategic Priorities



- Define what your organization will do about its most critical, strategic issues.
- Each strategic priority should define two key elements:
 1. The critical issue that the organization must address to deliver on its mission, and
 2. Measurement.

12



Strategic Priorities

- Program Priority
 - What must you excel at in order to achieve it mission?
 - Through our... understand and meet the social services needs of the vulnerable/ community
 - Needs assessment
 - Set priorities
 - Product services design
 - Evaluate

13

Strategic Priorities

- Stakeholder Priority
 - Who are your stakeholders?
 - What value do you offer them?
 - What do you want them to be saying about you?

14

Strategic Priorities

- Organizational Priority
 - How will we sustain our ability to change and grow?
 - Human resources
 - Infrastructure (IT, buildings...)

15

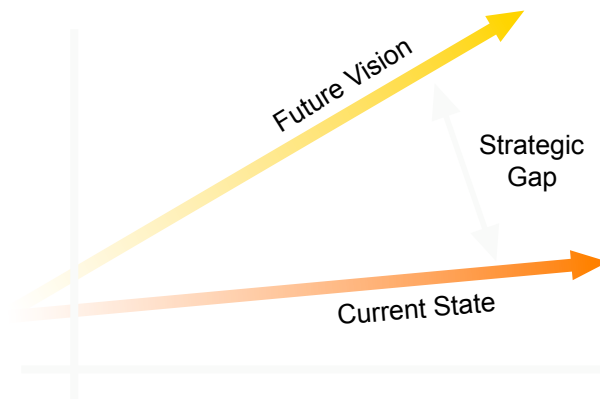
Strategic Priorities

- Financial Priority
 - How do we wish to appear to our funders?
 - To meet our future needs – what should the funding mix be?
 - What should our budget be?

16

Gap Analysis

Gap between Current State and Future Vision



17

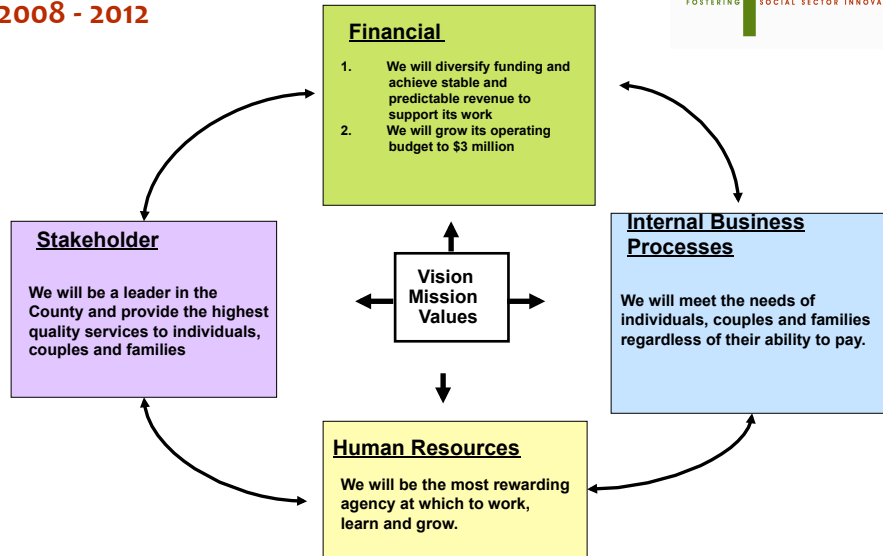
Supporting Goals – Key Questions



1. What is your organization's current state relative to each strategic priority?
2. What are the major, strategic gaps between your current state and each strategic priority?
3. What goals will need to be achieved to bridge the gaps over the next 3-5 years?

18

Strategic Planning: Priorities 2008 - 2012



Revenue Generation



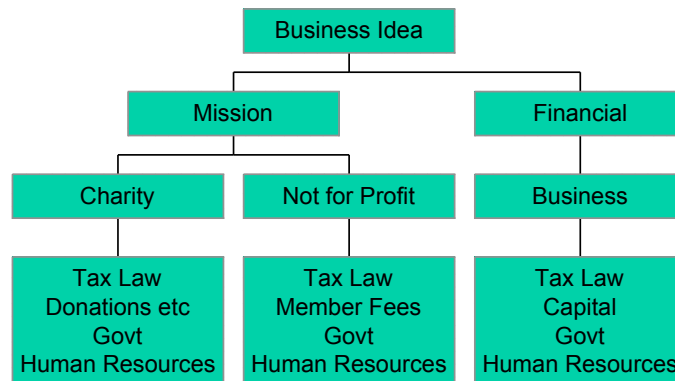
- earned income
- growth

Rationale for Earned Income

- Generates revenue
 - Unrestricted – can fund overhead, innovation, unpopular causes
 - Enables growth beyond funding base, decreases risk
- Creates valuable new services
- Creates an entrepreneurial spirit
- Enhances understanding of clients
- A test of social value
- Adds skills and competencies to the organization
- Enhances the profile of the organization

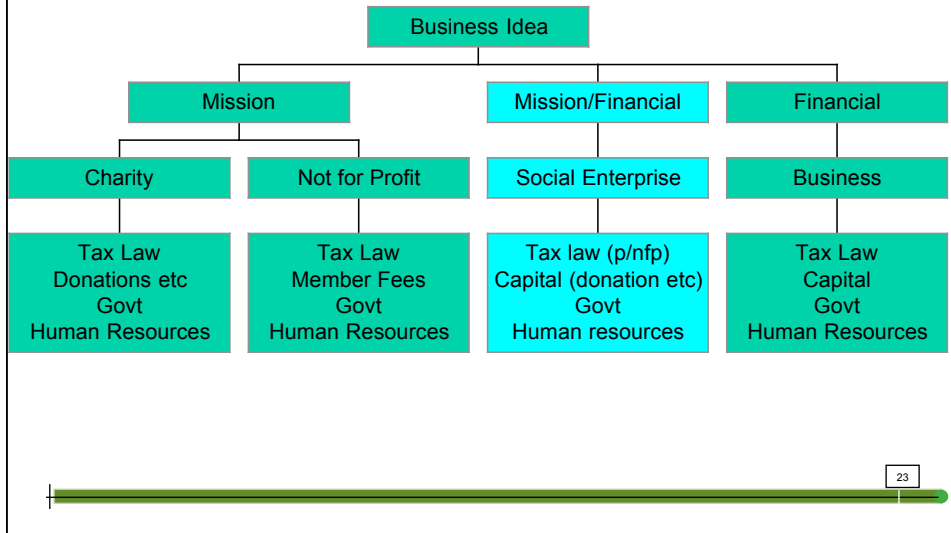
21

Traditional View



22

Social Enterprise View



Common Misunderstandings / Myths

- The purpose of social enterprise is to make money
- The purpose of social enterprise is to employ people
- Social enterprise will distract my organization from achieving its mission
- We will lose our non-profit status
- Social enterprise is a new concept
- We will never need to fundraise again
- If we make too much money, funders will cut us off

Legal – A Quick Note

- There's usually a way to make it work:
 - Legally
 - Transparently
 - Risk-Managed
- You should get advice from counsel
- The time to get it is AFTER you know what you want to accomplish

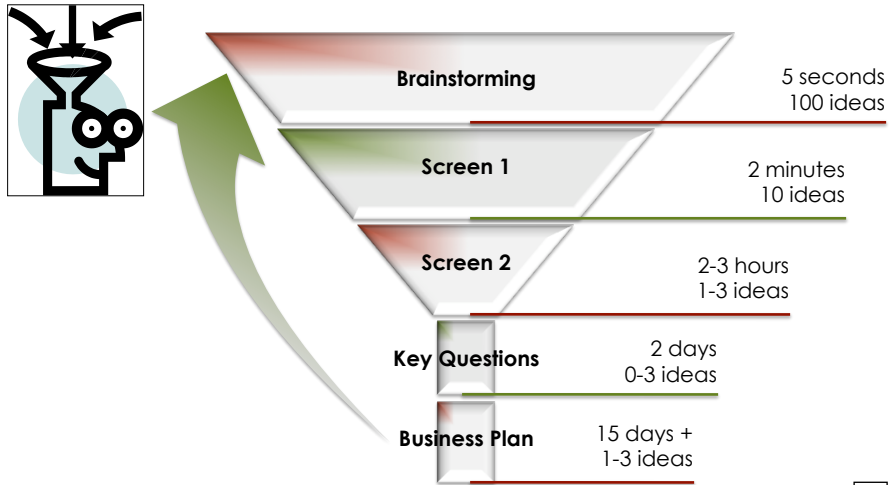
25

Systematic Approach

- Organizational readiness and commitment
- Product development
 - Search for opportunities
 - Create new services and screening
 - Research, design, testing
 - Launch, evaluation and revision
- Portfolio approach

26

Social Enterprise Development Funnel



27

Level 1 Screening Criteria



Does the idea further the vision, mission, values and strategic priorities?

1=fit with mission, 2=fit with mission & some priorities, 3=fit with mission & all priorities

Does it bring value to the customers?

1=one customer, 2=some customers, 3=all

What is the competition?

1=high, 2=medium 3=low

Profit?

1=by year 5, 2= by year 3, 3= by 1st year

Up front Investment?

1=lots, 2=some, 3=little

Can we access the capabilities, skills, and competencies?

1=expensive & difficult, 2= challenging to obtain 3=easy to obtain or already exist

Scoring: each idea will have a score of 6-18

28

First Set of Measures



Financial Measure	Weighting	Rating			
		0	1	2	3
Significant customer problem	2	Not a significant need	Need that is addressed by others reasonably well	Urgent unmet need	Urgent unmet need consistent with mission
Appropriate solution	1	Do not address need as well as competitors	Addresses need as well as competitors	Addresses need in a unique and more effective way	Addresses need and no one else does at all
Revenue potential	1	Under 50K	50-100K	100-250K	>250K
Profit potential	2	Likely loss	0-50K	50-100K	>100K
Investment required	1	Major investment >100K	Large amount of funding required - 25-100K	Modest funding required - <25K	Could achieve with existing resources
Investment financial payback	1	None	>3 years	1-3 years	First year

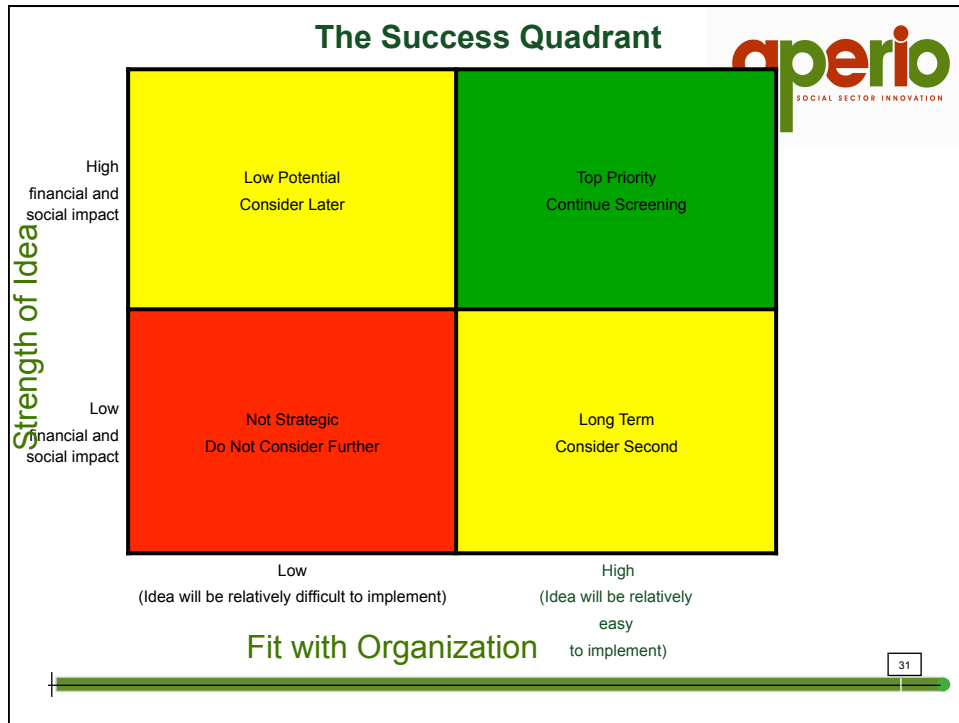
29

Second Set of Measures

Product A

Success Measure	Weighting	Rating			
		0	1	2	3
Fit with mission/ values	2	Contrary to mission	Not a fit	Partial fit	Yes
Similar products in the market	2	Many similar product exist	Few similar product exist, and customers are satisfied	Few similar product exist, but customers are not satisfied	No similar products exist
Stage of development	2	Conceptual	Defined idea	Developed marketing plan	Business plan thought out
Spin-off effects	1	Negative impact on organisation reputation	No impact beyond initiative	Positive impact on organisation	Strong positive impact on organisation and community
Risk	2	High risk	Low / Medium risk	Manageable risk (strategies to address)	No risk
Existing skills	1	Significant skill gap	Skills are readily available through partners	Can address skills with modest training	Have the skills already
Competitive advantage	2	Competitive disadvantage	No significant difference from competitors	Good value proposition but can be matched	Sustainable unique solution with niche
Partnership opportunity	1	No likely partners	Believe there are partners, but not sure who	Possible partnerships but unclear of interest	Likely partners exist and are interested
Inhibitors	1	Significant cultural or other change required	Some inhibitors which may be difficult to address	Some inhibitors, but likely to be able address	No significant inhibitors

30



- aperio**
FOSTERING SOCIAL SECTOR INNOVATION
- ## Social Enterprise Success Factors
- Is consistent with mission
 - Meets a significant customer need
 - Has a competitive advantage
 - Leverages the strengths and assets of the organization
 - Has assumptions that make sense and are realistic
 - Has a credible business plan
 - Risk is managed and a reasonable exit strategy exists
 - Has opportunities for growth
 - Is not an “airline”
 - Can be piloted on a small scale
- 32

Social Enterprise - examples

- Small arts group - Toronto
- Small youth services group - Philadelphia
- Shelter for the homeless - Toronto
- Food box program - Ottawa
- Toronto Enterprise Fund
- OSSA/Proventus
- Casa Del Pedro - New Jersey
- Real Benefits - Boston
- Evaluation program - Toronto

33

Definition of a Market

- Identifiable
- Customer has a pain / need
- Willing to pay to satisfy need –
above cost of service
- Large (either lots of people or high
profit)
- Competitive advantage

34

Definition of a Good Idea

- Meets a significant customer need (market)
- Fits with mission
- Leverages a strength / asset
- Competitive advantage
 - Cost
 - Quality
- Return on investment
- Risk is manageable

35

Sources of Value – Maximizing Intellectual Property

- Program related
- Same product – new market
 - New geography
 - New customer
- Staff resources
- Client resources
- Hard and soft property
- Unrelated business
- Investment

36

Guidelines For Fast Screening Process



- Trust experience / judgment
- Be objective
- Think about the customer / donor perspective
- Simple and quick discussion – screen quickly
- Don't split hairs – the winners will be clear winners
- Accept that some good ideas will not be selected
- No more than 2 minutes per idea
- Ask "What do I need to believe is true?"

37

Suggested Criteria



- Does it fit with / advance the mission?
- Is there a customer? Does it address an urgent need?
- Is this a "big" dollar idea? (ie >\$100K revenue)
- Will we need a "big" investment to launch?
- Is anyone enthusiastic?

Ask each question and rate 1-3.

Overall rating of 5-15.

Be discriminating.

38

Rationale for Growth

What questions would you ask?

Q: Why do you want to grow?

OR

How does growth support your strategic plan?

A: Financial or social or some mix of both.

Q: How should you grow?

1. **Organic:** Increase market share with the same product in the same market
2. **Aggressive:** New product, service or program
New market (segment or geography)
New product and new market

Q: How should you grow?

Relate to:

Strategy

Market Needs

What is your current value proposition?

What would it be after growth?

Q: How should you implement?

1. **Self:** Increase marketing or productivity
Expand to new locations (centralized or decentralized)
2. **Partners**
3. **Franchise:** Product
Manufacturing
Business Opportunity
Business Format

Q: How should you implement?

Relate to:

Strategy

Market Needs

What is core to your value proposition? What do you
need to hold onto to be successful?

Q: How should you implement?

Tension & Balance



Q: What are the financial implications?

Q: What are the financial implications?

Considerations:

1. Fixed:variable costs & economies of scale
2. Staffing, capacity & productivity
3. Investment, ROI & forecasting

What are the resources needed to grow?

Q: What are the risks & trade-offs?

Q: What are the risks & trade-offs?

1. Financial
2. Market
3. Organizational/ Cultural/ Reputational

Which risks should you take? How can you shield your organization from the risks?

Q: What are the social implications?

How does the growth strategy impact your ability to achieve your vision?

Q: When & how do you reign in bad growth?

Growing pains
vs.
bad growth

Summary

There is no “right way” to grow.

Instead there is a series of trade-offs that must be measured against the internal (strategic) and external (market) environment.

What you do depends on what you are trying to achieve:

Why do you want to grow?
How should you grow?
How should you implement?



End of Presentation

Chad Martin

Aperio
59 Lincoln Park, Suite 250
Newark, NJ 07102
1-800 -479-2782
www.aperio.us