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Lofty Missions, Down-to-Earth Plans

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Most of the nonprofits operating today make program decisions based on a mission rather than on a strategy. In fact, many nonprofits don't have a strategy at all. They rally under the banner of a particular cause, be it "Fight homelessness" or "End hunger." And then, since that cause is so worthwhile, nonprofits support any program that's related to it—even if only tangentially. While it's hard to fault people for trying to improve the state of the world, this approach is misguided. Acting without a clear long-term strategy can stretch an agency's core capabilities and push it in unintended directions.

Consider, for example, the work of SOS Kinderdorf, headquartered in Innsbruck, Austria. Founded in 1949 by Hermann Gmeiner to "provide orphaned, abandoned, and destitute children with a new and permanent home, and lay a sound foundation for a useful and productive life," SOS Kinderdorf currently operates more than 425 children's villages in 131 countries, mostly in Africa, Asia, and Latin America.

Gmeiner envisioned a children's village that would be more personal than a traditional orphanage. At the outset, each village consisted of a cluster of ten to 15 homes, and each home housed six to eight children, selected by age to approximate sibling patterns. Every family was cared for by a "mother"—a carefully selected single woman who received training in home economics, cooking, family health, and education.

Before long, this straightforward program became more complex. Kinderdorf's managers realized that the children needed more than a secure and loving home: They needed education and vocational training. But in most countries where Kinderdorf operated, decent schools were unavailable or inaccessible. So the organization decided to open kindergartens in its villages. Then it started K–12 schools and vocational training centers. Because quality K–12 schools would not be viable without the scale to accommodate a couple of hundred children across the various grade levels, Kinderdorf opened them to children from neighboring communities, some of whom paid tuition. Along with the revenue this decision generated, it allowed the Kinderdorf children to become integrated with the larger community. When Kinderdorf added medical centers to its villages, they, too, were made available to neighboring communities. By 2000, nearly 40% of Kinderdorf's annual budget was spent on schools, medical centers, and other such services, and only 60% on the core services concerned with food, housing, and clothing.

In one way, it made perfect sense for Kinderdorf's trustees and senior managers to broaden the nonprofit's range of activities. The children in their care wouldn't be able to lead productive lives without an education, vocational training, health care, career placement, and even (in some countries) arranged marriages, when they reached adulthood.

When taken to its logical conclusion, though, this kind of expansion could have continued until the organization became too stretched to be effective in addressing the core dimensions of its broad mission. For instance, what was to keep Kinderdorf from providing housing for women and children displaced by natural calamities or civil war? That's exactly how country managers in India interpreted the mission in 1996, when they chose to participate in disaster relief after an earthquake razed the town of Latur. But the dimensions of service creation and delivery are entirely different in the stable environment of a children's village from what they are when looking after families displaced by calamities—even though both involve taking care of orphaned children. Or what's to prevent Kinderdorf from caring for children orphaned by AIDS? Nothing. In fact, that is its mission, but should it be drawn into the care of families struck by AIDS in order to ensure a psychologically smooth transition for the children when their parents ultimately succumb to the disease?

Expanding into emergency relief or AIDS rehabilitation is perfectly consistent with the organization's mission. But even a superb organization like Kinderdorf probably can't function effectively in such a broad range of health, education, and community services. Like all nonprofits, it must decide how much of a stretch is necessary—even visionary—and how much is a drift and a drain.

Mission Stick Versus Market Pull

Nonprofits have strong reasons to stay loyal to their missions. After all, the mission is what inspires founders to create the organization, and it draws board members, staff, donors, and volunteers to become involved. What's more, the founders often deliberately ensure that their original vision is embraced by the next generation of leaders. At Kinderdorf, for example, Gmeiner groomed Helmut Kutin as his successor. Kutin had come to one of the villages as an orphan at 12 and had grown up to become a very successful travel industry executive. Kutin in turn chose as secretary general Richard Pichler, a computer science professional who had come to the village at nine. Kutin and Pichler, both products of the system, reflected its core values and culture; they didn't know otherwise. This also holds true of key leaders, board members, and volunteers at other nonprofits. With such similar self-perpetuating representations of an organization's culture at different levels, the core mission becomes cemented into the consciousness of the entire organization. But sometimes that "mission stickiness" is detrimental. Nonprofits risk becoming rigid and falling behind the changing times.

Founded in 1916, Planned Parenthood Federation of America is the world's oldest voluntary reproductive health care organization. It champions individuals' fundamental rights to manage their fertility, regardless of income level, marital status, age, national origin, or residence. By the early 1990s, Planned Parenthood had a network of more than 100 affiliates, and revenues exceeding $400 million. Then suddenly its market environment shifted: Managed care broke the virtual monopoly of indemnity plans in the health insurance industry, and because these managed-care plans covered a broader range of reproductive services, Planned Parenthood's earned revenue declined. At the same time, many uninsured patients, who could not afford to pay, had no choice but to rely on Planned Parenthood for reproductive health services.

In 1993, Planned Parenthood commissioned a task force to consider its response to the decrease in paying customers and increase in nonpaying ones. The task force proposed a bold step forward into general women-centered health care from its narrow focus on reproductive health, and it also proposed con-

V. Kasturi Rangan is the Malcolm P. McNair Professor of Marketing and one of the founding cochairs of the Social Enterprise Initiative at Harvard Business School in Boston. He can be reached at vrangan@hbs.edu.

solidation moves to garner a better position in the new managed-care market.

Within four months' time, however, Planned Parenthood affiliates rolled back the task force's two key recommendations—the expanded approach to women's health care and recommendations to consolidate smaller affiliates. These actions were seen as diluting the organization's mission of supporting and protecting abortion rights and of providing an environment that allowed all—but especially indigent—women to seek such services. The change program, many thought, was too responsive to the shifting commercial winds of Planned Parenthood's environment. For good or for bad, mission stickiness won out.

Yet even as nonprofits are stuck to their mission, they are also pulled by market forces. The need to attract new donors often compels nonprofits to take on programs that don't fit their existing capabilities and expertise well. Consider New York–based STRIVE (Support and Training Result In Valuable Employees), for instance. It distinguished itself in the early 1990s with impressive and measurable results in the relatively narrow niche of soft-skills job training (such as interviewing abilities) and in the placement of a highly self-selective group of acutely disadvantaged inner-city residents in entry-level employment. The agency's success attracted private funding for core programs and operations, and its reputation for delivering results helped attract a large Ford Foundation short-term grant. This grant was tied to a program that provided hard-skills training (such as computer literacy) to place clients in career-path positions. And while it was arguably consistent with STRIVE's mission of helping unemployed inner-city residents gain self-sufficiency through work, almost overnight the grant significantly broadened the organization's focus, accounting for one-third of the budget and personnel. Naturally, some of these extensions proved very challenging.

Small, cash-strapped nonprofits often find that the most accessible funding is restricted to specific initiatives, programs, and contracts. They accept them because they nominally fall within the organization's broad mission statement, but they are much better aligned with the donor's strategy than with the nonprofit's. Because the funds barely cover the direct costs of the additional activity, much less the indirect costs, the nonprofit reenters the funding market again and again, each time as a bigger, less focused, and more cash-starved entity.

Large nonprofits aren't immune to market pull, either. In fact, it is precisely because agencies such as Kinderdorf, the United Way, and the American Red Cross are so successful that they shoulder more demands from their donors and trustees to take on programs that address the core mission—in however roundabout a manner.

The combination of stickiness to the mission and stretchiness to market demands can undermine a nonprofit's effectiveness. The stretchiness keeps it very busy on a day-to-day basis; it's constantly executing programs and working to raise funds. But in a strategic sense, the organization moves very slowly because the stickiness holds it in place. Before it can move forward, it must unstick the inertia at its center and then creep forward one step at a time, carrying with it all its baggage.

As a consequence of this stick-and-stretch syndrome, nonprofits often develop anaerobic life styles. At one extreme is the bloated bureaucracy: It may have some hardworking parts, but as a whole, it's slow moving and survives because of mission legitimacy, not mission performance. At the other is the ever-busy nonprofit characterized by action paralysis. The organization is so busy executing the day-to-day stuff, raising money, implementing programs, and so on, that it never steps back to consider the full implications of its actions.

A Four-Step Strategy Process

The fundamental problem is that these agencies don't have a strategy. They have a mission, and they have a portfolio of programs, but they have hardly made any deliberate decisions regarding which programs to run and which to drop or turn down. What most nonprofits consider strategy is really just intensive resource allocation and program management activity.

Nonprofits don't have the discipline of the bottom line and of performance-obsessed capital markets, so they can go for years without having to make strategic choices. Moreover, because neither the nonprofits nor their funding sources are especially skilled at measuring results, it's easy for them to fall into a vicious cycle of ineffectiveness that can take years to become apparent. Only a grave crisis, a visionary leader, or an outsider (such as a board member) would be able to highlight the need for strategic deliberation and redirection.

Without such a spur, large nonprofits and foundations rely on policy guidelines that determine the appropriate proposals or programs to support. These rules and principles provide a rationale for how and why the programs fit the organizations' broad mission. But that is not strategy. Strategy is about future action, not historical justification. Small nonprofits, for their part, do not have the luxury of choice. They must instead go where the money is, as long as it is broadly consistent with the mission. Both large and small nonprofits are overly busy emphasizing mission fit and program delivery.

Think of strategy formulation as a stairway linking the organization's core mission to its programs and activities.[1] (See the exhibit "The Strategy Stairway.") To create a strategy that is both effective and measurable, nonprofits first need to translate their core mission into a narrower, quantifiable operational mission. Next, the nonprofit needs to convert the operational mission into a strategy platform. Only then can it make reasoned and strategic decisions about which programs to run and how to run them.

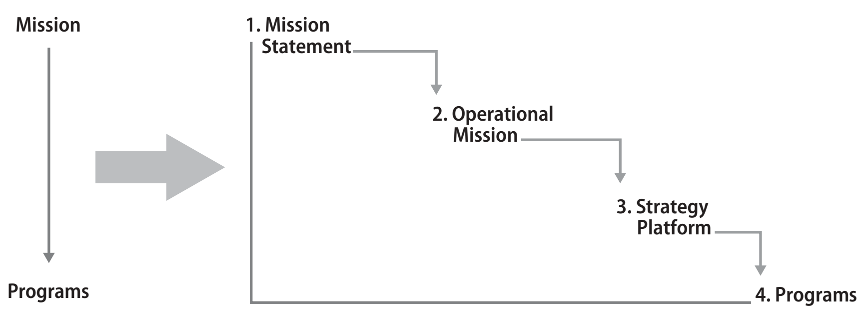
Step 1: The Mission Statement. This statement tends to be broad and far-reaching and usually identifies the customer need the organization attempts to serve, such as hunger, homelessness, or unemployment. The purpose of the mission statement is to inspire. Its credibility lies in the significance and scope of the problem it has identified. A powerful and compelling long-term goal will draw the attention of funders, workers, and volunteers. Habitat for Humanity International's goal is "to eliminate poverty housing and homelessness from the face of the earth [and] put the subject of inadequate housing in the hearts and minds of people." The mission tells you the nature of the problem, but it doesn't identify how Habitat will address that need or how much of it will be served by the organization.

Over the years, the core mission does not change much. That's because the fundamental problem that a nonprofit addresses rarely disappears entirely, although it may decrease in size and scope. (Sometimes, however, when the problem is well under control, a nonprofit may declare victory—as in 1958 when the March of Dimes changed its mission to fighting birth defects after the Salk vaccine eradicated polio.)

Step 2: The Operational Mission. This step brings the lofty, inspirational mission into the realm of quantitative goals. While the big mission should be broad enough to guide action through periods of organizational and environmental change, the operational mission must be narrow enough to allow the organization to trace its impact. The organization's work should always be measurable, even if it must use proxies to do so. Habitat for Humanity, for example, tracks not only the number of homes it has built, but in some areas it also

The Strategy Stairway

Too many nonprofits rely on their core mission to guide their program delivery decisions. They miss two critical intermediate steps: formulating an operational mission and devising a strategy platform. Without those steps, nonprofits easily fall prey to the stick-and-stretch syndrome.



estimates the extent of poverty housing yet to be eliminated.

The operational mission answers the following provocative questions: What are you going to do about this problem? What is your unique role? Will you fight homelessness by, for instance, building homes, reforming public housing, or boosting no-interest housing loans for the poor? Will you address rural or urban homelessness or both? The best answers specify the form of engagement through which the organization will have the most impact in the foreseeable future, given its expected resources and capabilities.

While the big mission is usually sacrosanct, the operational mission should reflect environmental changes that might either constrain or provide new opportunities for accomplishing the overarching mission. In other words, the operational mission should change as the organization learns more about the environment and its mission performance.

The Nature Conservancy, for instance, changed its strategic direction when it realized that buying up land to protect rare species wasn't doing enough to fulfill its big mission of preserving plants and special habitats. The Nature Conservancy began its work by purchasing or managing large tracts of land that it could protect. At one point, it was protecting more than 10 million acres. Its revenues by the late 1990s were about $575 million, and it was growing at 18% annually. The former CEO, the late John Sawhill, described the issue this way: "From an institutional perspective, the traditional measures of bucks and acres seemed to tell a story of uninterrupted success. But in the backs of our minds there lurked a nagging question. How good are bucks and acres in terms of assessing concrete, measurable progress toward our mission of conserving biodiversity?"

The Nature Conservancy recognized that it couldn't operate successfully if it ignored the communities and businesses surrounding its land. For instance, the bog turtle population of Schenob Brook Preserve in Sheffield, Massachusetts, was declining several years after the Nature Conservancy acquired the property because activities outside the area affected the water the turtles depended on. According to Sawhill, "It became clear that we needed to influence land use in larger areas…to ensure that the economic and recreational activities going on outside the preserves don't undermine the balance of life inside them."

So while the organization remained true to its core mission, it revised its operational implementation: "The mission of The Nature Conservancy is to preserve plants, animals and natural communities that represent the diversity of life on Earth by protecting the lands and waters they need to survive." This directional adjustment spurred the Nature Conservancy to devise ways to collaborate with communities, governments, and businesses rather than simply trying to own all the land all the time. Obviously, with such a change in approach, the measures changed as well.

Step 3: The Strategy Platform. This delineates how the operational mission will be achieved, including which programs to run and how to run them. The strategy platform consists of four important components: client and market development, program and service development and delivery, funder and donor development, and organization development and governance. (See the exhibit "Blueprint of a Strategy Platform.") Each one should directly relate to the operating mission and should dovetail with the other components. Most important, every program should

Blueprint of a Strategy Platform

A nonprofit's strategy platform outlines how the organization will fulfill its operational mission—in terms of funding, organization, client, and program development. Once the platform is in place, the nonprofit will be able to make reasoned, strategic decisions about which programs to run and how to run them.

If a nonprofit doesn't develop the operating mission and the strategy platform in a disciplined way, its management tends to think every program is important.

correspond to its appropriate strategy platform component.

A prime example of a well-conceived strategy platform is that of Aravind Eye Hospital in India. The hospital, founded by Dr. Venkataswamy in 1976, began with just 20 beds and today has more than 2,500 in a four-hospital network. Its core mission is to provide quality eye-care services to all those who need them without regard to their ability to pay. Its operating mission revolves around cataract surgery, since cataracts cause roughly 75% of the 30 million cases of blindness in India. It has developed a unique, self-sustaining strategy platform that allowed it in 2002 to screen nearly 800,000 patients free of charge (and another 600,000 for a fee). The hospital has also provided free surgical care to 150,000 patients (and another 50,000 for a fee) and still has made a $3 million contribution to its bottom line. It hasn't been this successful by luck or happenstance. The four areas of Aravind's strategy platform work together like a well-oiled machine.

Client and Market Development. Instead of waiting for those in need to come to its door, Aravind holds eye camps in rural areas to find patients. Medical teams work closely with community leaders and service groups to set up camps that screen hundreds of people in a single day. Free screening camps are held every day, and while Aravind provides the staff and the medical equipment, community partners like the Lions Club, charitable organizations, or local philanthropists organize and publicize the camp and provide food and busing for those selected for surgery.

Program and Service Development and Delivery. Aravind's process of readying the patient for surgery, performing the surgery, and getting the patient through recovery is all configured like a modern assembly line. So while the average ophthalmologist in India performs about 200 cataract surgeries a year, an Aravind doctor performs about 1,500—an efficiency multiple of 7.5. To keep the cost of surgery low, the hospital initially offered its free-care patients intracapsular surgery, which was performed without an operating microscope. These patients didn't receive a $30 intraocular lens, which cost too much for the hospital to absorb. But Aravind's mission was to provide the highest quality care to poor patients, so in 1992, it decided to produce intraocular lenses in its own facility, Auro-Lab. It cut the cost of each lens to just $7, so by 2002, all patients were able to receive it.

Generally speaking, a nonprofit developing a model for program delivery should ask such questions as the following: What are the distinctive aspects of the service delivery model? What are the leverage points? Is there a more effective or efficient way to deliver the programs? What resources, capabilities, and systems are needed?

Funder and Donor Development. Paying patients make up approximately 40% of the total pool. The paying segment is crucial to Aravind's strategy for two reasons: These patients pay market prices for their eye care because Aravind is the quality leader in its field, and the income generated subsidizes the organization's core mission. Second, paying clients set high demands on quality care, and those standards are used as a benchmark for nonpaying clients as well. Because the paying patients are so central to its funding model, Aravind does give them some special services—hot meals, beds (as opposed to floor mats) in air-conditioned areas, and private bathrooms—but it delivers equal-quality surgery to both client segments.

Because Aravind's paying clients subsidize the nonpaying clients, it avoids some of the critical problems other nonprofits face on this front. Many donors will want to attach strings to their contributions—influencing the nature of the program or starting an entirely new initiative. Before a nonprofit alters its program portfolio, it must evaluate the repercussions such a move would have on the operational mission. If an initiative lies outside the scope of the operational mission, the organization must resist the temptation to cater to donors' wishes.

It may surprise many nonprofits, but donors are frequently quite open to guidance on how to further the cause they feel so passionately about. Even so, it can involve much persuasion and discussion, and unfortunately, too many nonprofits insulate their development arm from their service delivery arm.

Organizational Development and Governance. Aravind translates its strategy into every organizational system, norm, and value. To reinforce the ideal of quality without prejudice, for instance, doctors rotate between the free and the paying hospitals, and the quality control procedures are identical at both. Moreover, every doctor does outreach work at the eye camps. In addition, all doctors are encouraged to undertake research, and several of them have been sent to the United States and Europe for further training. Each of these HR policies cultivates the pursuit of high-quality care.

Aravind's strategy platform is so successful because each component directly addresses the organization's operational mission. The long hours of work, the intensive outreach, and the adherence to the highest standards of quality are not just good things to do; they are core elements of Aravind's strategy, and each component dovetails with the others.

Consider, for example, how the funding and marketing models work together. Without the earned-income pool of paying patients, market feedback would be muted. If that occurred, the discipline needed to maintain high-quality standards would diminish, and so would the treatment of poor patients. Partly to address the market needs of this funding segment, Aravind offers a comprehensive variety of noncataract specialty clinics. Retinal detachment corrections, vitreous surgery, laser procedures, and other services make up roughly 20% of Aravind's total surgeries. (In other words, the program and service delivery model allows Aravind to maintain its funding model.) Even more important, Aravind's doctors are challenged to master new skills for these other disciplines, which help them remain committed to Aravind (reinforcing the organizational model). Without such intangible benefits, doctors would be apt to give up their work at Aravind and join private clinics for more substantial salaries. Employee churn would affect morale and quality standards and lead to the collapse of this carefully constructed strategy.

Step 4: The Choice of Programs. Once an organization has the platform for supporting the various strategy components in a coherent way, the day-to-day tasks of choosing which programs to fund and which to cut are much better guided. When a new program appears on the organization's radar, the first question to ask is, How does the program contribute to the appropriate strategy component—funding development, for instance, or operational development?

Say, for example, a foundation approaches the Nature Conservancy to develop a proposal for an advocacy program that focuses on global environmental preservation. The Nature Conservancy has to evaluate whether the program will enhance its operational mission and whether the program is consistent with its strategy goals. In fact, it is not—the Nature Conservancy is a preservation agency, not an advocacy organization, so taking on the program would stretch the nonprofit in a counterproductive direction. Of course, the advocacy activities of institutions like the World Wildlife Fund directly improve the Nature Conservancy's ability to perform its operating mission, but that's why that program is best left to such a collaborator.

It is, of course, possible to make a transition from one operating mission to another. Population Services International (PSI), for example, was originally focused on family planning in developing countries and by 1990 it was one of the leading agencies—in about a dozen countries—of "contraceptive social marketing."

The instruments used to effect a voluntary change in behavior were the classic marketing methods of communication, information, persuasion, and distribution. But during the mid-1990s, the agency's growth in contraceptive social marketing was threatened by a decline in U.S. Agency for International Development funds for family planning. At the same time, HIV/AIDS prevention became an important issue, and many agencies, new and old, staked claims for the available funds. In addition to laying the groundwork for its entry into HIV/AIDS social marketing, PSI decided to expand into a variety of other preventive public health programs. These programs included developing insecticide-treated nets for malaria prevention, iodized products that prevent deformities and IQ loss, water purification products, and prenatal multivitamins.

This entire range of products and services was a perfect fit for PSI's very capable marketing and distribution arm. The transformation of its operational mission increased its revenue base from $3 million in 1987 to about $100 million in 2000. It has enabled a diversification of funding resources, and even though PSI still addresses the core mission of third-world family health, its operating strategy is much broader than family planning. It is now in the business of family health in developing countries.

Putting It All Together

It is important to remember that the stairway is a framework for strategy formulation, not a methodology. For instance, nonprofits still finding their feet in terms of resources will rely on the fourth step—choosing the programs—to drive their day-to-day operations. Nothing is wrong with that, but once a nonprofit matures, the board and management team members must meet to assess the organization's capabilities based on its execution record. Once the nonprofits know what they're good at, they should carve out a tentative operational mission and strategy platform. In other words, the sequence might work as Step 1, 4, 2, then 3. As soon as all the steps have been established, however, it makes sense to follow the sequential cycle that has been laid out here. If an organization hasn't been able to come up with an operating mission and strategy platform within three to five years of its inception, it should probably shut down.

The operating mission should be the anchor of any long-range strategic plan, and the strategy platform should anchor the annual plan—although no step should be considered in isolation. Therefore, long-range discussions would involve Steps 1, 2, and 3 and should be undertaken every three to five years. Senior managers, the board of directors, and key funders all play important roles in this process. But the board owns responsibility for it. The key questions to ask are as follows:

- Is the core mission a statement of an important problem in society (and therefore an opportunity to improve its state of well-being)?
- Does our operational mission contribute to the core mission in a significant way?
- Does our strategy platform contribute to

The Dos and Don'ts of Serving on Nonprofit Boards

In corporate boardrooms, each board member is expected to bring unique specialties, expertise, and connections. Not so on nonprofit boards, which require a broad, holistic understanding of the issues. That's why the first and foremost task of corporate executives on nonprofit boards is to attend a large majority of the board meetings. Otherwise, regardless of how talented the board members are, they cannot make a meaningful contribution. Executives who spend a couple of days at the nonprofit's field office (or better still, in the field) are likely to be much more credible and thus much more effective. Without a solid understanding of the operations, board members are hampered in their ability to raise money, because that money will not be spent wisely. So even though having a nonprofit link feels good and looks nice on a résumé, executives should not accept board positions if they can't accept that minimal requirement. Honestly gauging his or her ability to contribute is the executive's responsibility.

Once on the board, the commercial-sector executive trained to look for a monetary bottom line is usually befuddled. The bottom line in the social sector is remarkably complex, or at least nonprofit managers make it appear that way. The board member's role, therefore, is usually one-dimensional: fund-raising and more fund-raising. Too many nonprofit boards are stuffed with people who unquestioningly and uncomplainingly give because they care about the mission. Posing questions about the effectiveness of the strategy is equated with lack of confidence in the staff and, worse still, lack of passion for the mission. Even so, the corporate executive should actively participate in questioning strategy.

Unfortunately, nonprofit boards are usually very poor at assimilating and empowering executives who give in nonmonetary ways, especially those executives who take their roles as strategic thinkers seriously. Executives, therefore, should clarify their anticipated roles before signing on, and if the board isn't receptive to what they can contribute strategically, they should decline.

Questions of program effectiveness and efficiency are rarely raised at board meetings. Fund-raising initiatives and program details, such as breadth and scope, occupy most of the board's time. Even when impact measures are discussed, the executive may be offered a spun version aimed at donors—under the assumption that this is what board members need in order to cultivate potential donors. The executive should push back and ask for more details. Of course, that would be much easier to do if the board chair understood and truly valued the executive's role in strategy formulation and assessment. Unfortunately, that is rarely the case, because the board chair wants to preserve the morale and motivation of key staff.

Most corporate executives have an acute sense of how to differentiate the work of their organization from that of their competitors. After all, competitive advantage is the name of the game in the corporate sector. Nonprofits, especially arts and cultural organizations, also face competition in their client markets, but the biggest challenge for most human service organizations is the competition for donors. So much of the art of differentiation must be applied upstream, not downstream. This subtle distinction is often lost on board members, who put their energy into eking out a competitive advantage in the client market. Then they pitch that differentiation to the funding community. But donors aren't interested in differences; they're interested in solving the social problem. And they often support multiple agencies working on the same problem. What is needed, then, is a careful pitch to the donor that fits the donor's own goals, values, and programs.

our mission impact? How do we know?

Too often, nonprofit boards punt their responsibility for this crucial process. What passes for a long-range planning exercise is simply the annual event staged on a grander scale. Not only that, but the senior executives who pull the event together often have a vested interest in prolonging the status quo, and the "discussions" turn into much celebration and rationalization—and little reflection and correction.

At its annual planning and review meetings, by contrast, the organization should focus on Steps 2, 3, and 4. Here management and staff play a larger role than board members. After all, many of the questions regarding fit, efficiency, and integration are best addressed by the people on the front lines of day-to-day implementation.

Even so, the board should ask the following questions at these meetings:

- What is the strategy platform?
- Does the organization have a coherent model to execute the strategy?

Unfortunately, nonprofit boards are not very adept at tackling these two important questions. Some board members, who are also the key sources of funds, skip these strategic questions to dive directly into programming details.

Frequently, their funding clout allows them to influence program choices. Board members who don't bring in the money are often viewed as not holding up their end of the bargain, and, add to that, their input isn't taken as seriously. However, because these members have not invested their own resources in the programs, they may actually, in fact, be more objective in assessing a program's fit.

Programs are the critical units around which the organization carries out its work. If a nonprofit doesn't develop the operating mission and the strategy platform in a disciplined way, its management tends to think every program is important. After all, each addresses the core mission in some fashion, so each is justified. But that kind of thinking causes a nonprofit to drift from its original goals. It also contributes to the burnout of executives and staff, who feel as though they are working as hard as they can but see few results for their efforts. They may resist asking the following questions, but it's crucial that they do:

- How effective are our programs?
- How efficiently are they executed?
- Which programs should we drop?
- Which should we seek to add?

If it doesn't ask these tough questions, a nonprofit risks spreading itself too thin. While all programs may address the core mission in some way, their collective impact is severely diluted by a lack of coherence and consistency.

Instead of trying to be all things to all people, nonprofits should pick a niche, craft an operational mission and, flowing from it, formulate a coherent strategy platform. Then it should vigorously pursue those programs that support the logic of the entire strategy. That approach improves nonprofits' chances for changing the world. Unfortunately, too few nonprofits conduct such strategic assessments of their work. There are approximately 1 million nonprofits operating in the United States, and about 5 million nonprofits operating worldwide. A recent estimate put the combined annual 2000 budget of U.S. nonprofits at $600 billion. The framework offered here will help those dollars be spent more effectively.

1. The phrase "strategy as a stairway" was coined by Robert Burakoff, an independent nonprofit strategy consultant.

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