

# **STRATEGY FOR IMPACT**

NPC's practical approach to strategy development for charities

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We have prepared this guidance to share how NPC approaches strategy and to provide charities with a framework for thinking about the process.

The focus is on the first two aspects of the strategy process: **preparing** for the strategy process and **developing** your strategy. We bring together a number of different models and frameworks in our strategy triangle that we hope will be a useful tool for organisations looking to sharpen up their approach to tackling social problems.



# WHAT'S IN THIS GUIDE?

NPC's approach to strategy development builds on 15 years' experience of working with charities, funders and social enterprises. We support organisations at different points throughout the strategy process, from full strategy reviews through to work on theory of change and internal capabilities.

From every assignment we learn more about the characteristics of successful organisations and what drives a good strategy. We have now brought together these lessons and experience into a process specially tailored for the charity sector. Our approach helps charities to find the sweet spot between their core purpose, their external environment, and their own internal resources and capabilities (this is the focus of our strategy triangle, [page 10](#)).

Wholesale transportation of business models into the charity sector are rarely appropriate. Yet many frameworks developed for the private sector can be applied to analyse charities and we use a variety of these. We also use tools specifically designed for charities such as [theory of change](#), our [What makes a good charity?](#), needs mapping and [impact measurement frameworks](#).

Here we outline our approach to help you develop and implement your own strategy. We cover:

- [Why strategy is important](#)
- [What makes a good strategy](#)
- [What the over all strategy process looks like](#)
- [How to prepare for developing your strategy](#)
- [How to develop your strategy](#)
- [What comes next](#)

# WHY IS STRATEGY IMPORTANT?



*‘A vision without a plan is just a dream. A plan without a vision is just drudgery. But a vision with a plan can change the world.’*

At NPC, we firmly believe that **charities and social enterprises will struggle to create impact without a strategy**. An absence of strategy can lead to a failure to understand and meet the needs of those the charity is seeking to help, poor services or products, failure to adapt, and a lack of common purpose among staff.

Finding time and space to step back from reactive decision making in order to proactively develop a strategy can be hard, especially when management is under pressure and time is short. But regularly asking strategic questions can help to avoid firefighting scenarios.

Involving staff, trustees, users, and stakeholders in the strategy process builds a common understanding of what you are trying to achieve. Analysing the external environment helps to refresh management thinking and ensure your plans are fit-for-purpose.

**Developing and following a strategy results in clear purpose, effective decisions, better implementation and ultimately greater impact.**

# WHAT MAKES A GOOD STRATEGY?

## Strategy is about asking yourself vital questions

What are we trying to achieve? What is the external situation and how can we address it? Are we effective? How can we convince others of this?

## Strategy is different for every charity

**A heart-searching discovery of core purpose** is needed where a charity is uncertain of its direction.

**A detailed roadmap** may be best for the charity that faces a demanding external environment.

**A long-term vision** where the path towards it is regularly refreshed<sup>1</sup> would suit a charity experimenting with new ways of working.

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<sup>1</sup>See the Harvard Business Review's piece on an agile approach: Leberecht, T. ['Make your strategy more agile'](#), 31 October 2016.

# WHAT MAKES A GOOD STRATEGY?



## The process is as important as the product

**Strategy should be developed and owned by those who will take it forward.** Engaging staff, trustees, users, and stakeholders in the process helps ensure that they are part of the plan for realising your strategy.

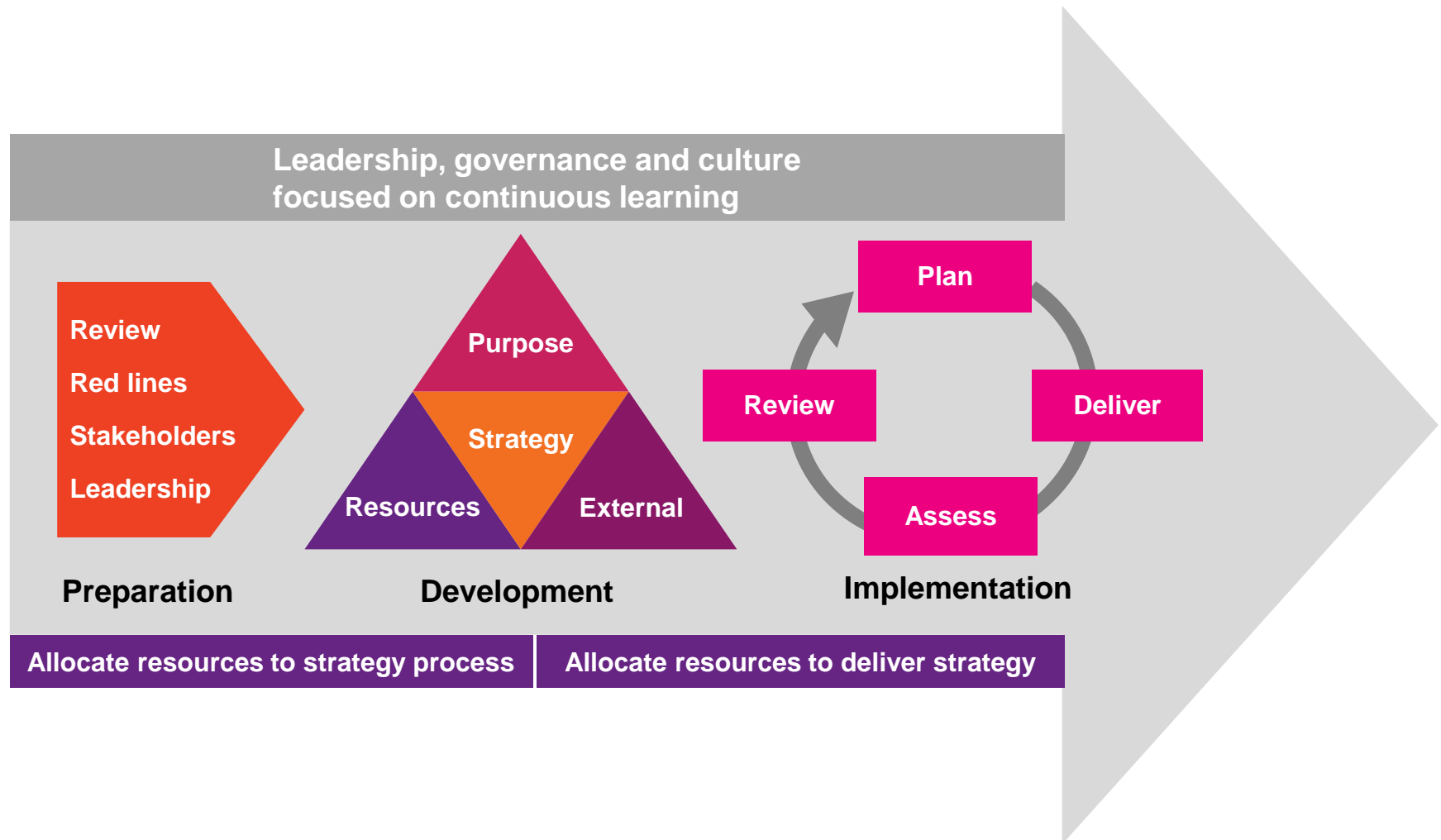
**Strategy should get to the heart of what the organisation is about.** Creating space for important or difficult conversations results in a more robust and meaningful strategy.

**Strategy should combine analysis with imagination.** Strategy development is structured—but structure is not necessarily the enemy of creativity. Beethoven would have had a hard time composing his symphonies without structure.

**Strategy must be *lived*—not a dusty document filed on a shelf.** Good strategy should be emergent—setting a direction of travel but adapting along the way. Effective charities regularly review their strategy as they learn more about what works in practice.

# WHAT IS THE STRATEGY PROCESS?

Strategy development sits within a wider, iterative process

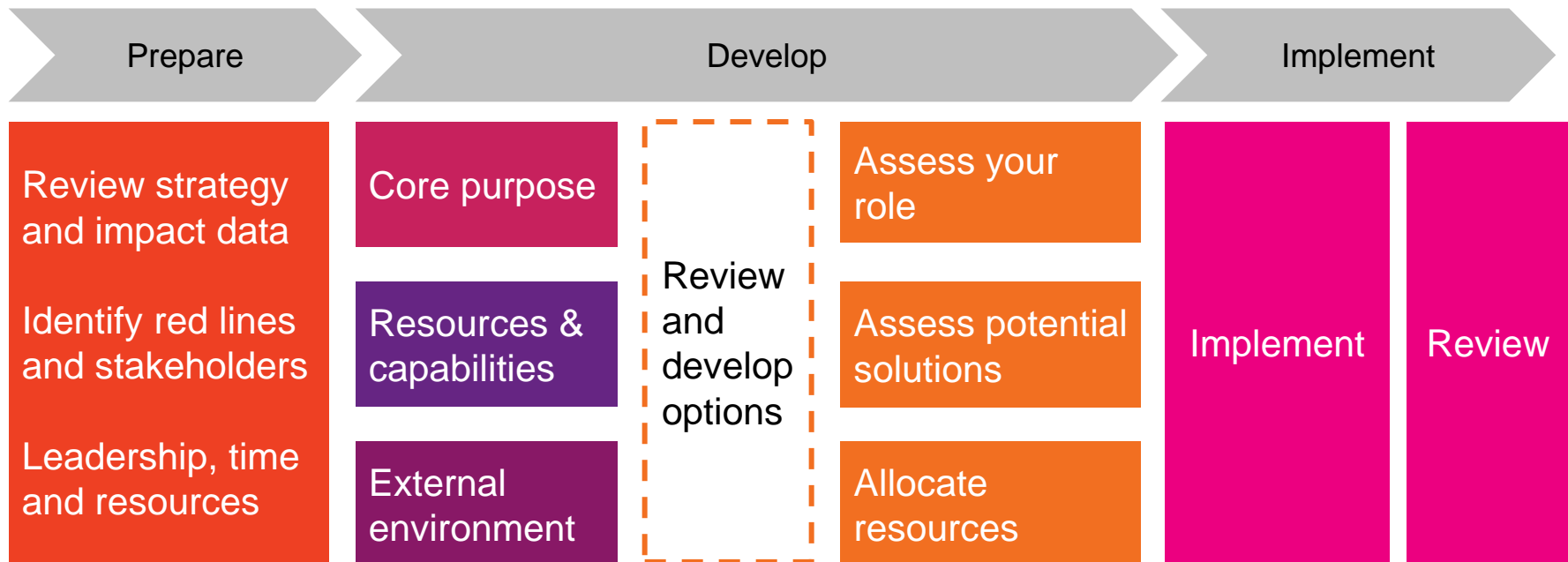


# WHAT IS THE STRATEGY PROCESS?

Strategy development sits within a wider, iterative process

This guide focuses on the first two aspects of the strategy process: **preparation** and **development**.

Our approach takes organisations through preparation and onto information-gathering and analysis (the strategy triangle), before bringing this together to assess options and develop the most suitable strategy. The strategy can then be implemented, and regularly reviewed.





# PREPARATION: BEFORE YOU START



A new strategy may result in change—a new direction, cessation of activities, different people. Before you embark on developing your strategy, make sure you are prepared:

- **Review your existing strategy and impact data:** Previous strategy is likely to include successes you want to maintain, as well as elements that need to change. Impact data will provide insights into what works. Reviewing what has gone before—both what is written and what happens in practice—helps to identify what should be stopped, continued, or scaled up.
- **Identify your red lines:** What are the things that cannot change? Is your mission set in stone? How about your organisational structure? Being clear upfront about what is up for discussion—and what is not—helps identify how radical the new strategy can be.
- **Identify key stakeholders, including users:** Engaging stakeholders in the strategy process will lead to better decisions, provide legitimacy to any change of direction, and spread ownership of the organisation's purpose. Considering when and how to involve different stakeholders is vital.
- **Assess leadership:** Change requires a CEO, senior management team and board that is up to the task. A strong team sets a clear direction, makes difficult decisions, takes tough action and implements uncomfortable processes. Board support is vital. Not all charity leadership meets this demanding criteria—a strategy is still helpful where leadership needs strengthening and can help to determine the ultimate composition of the team.
- **Commit time and resources:** Last but not least, effective strategy takes time and resources. Allocate these both to the strategy development process and also to delivering the strategy.

# DEVELOPING YOUR STRATEGY

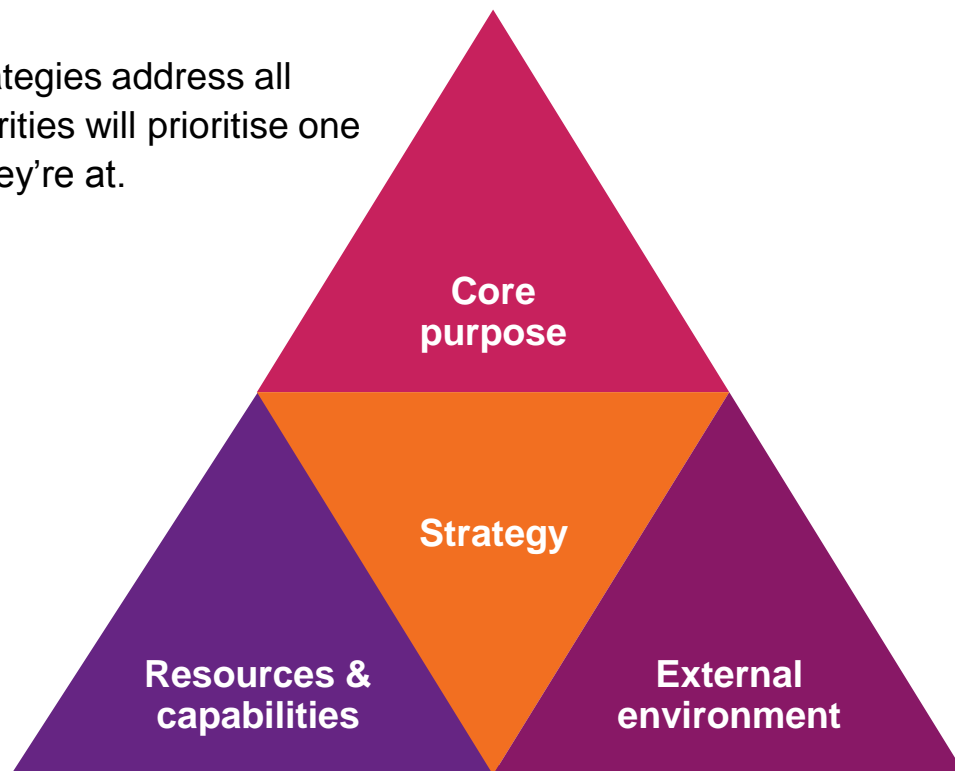
How NPC's strategy triangle can help

NPC's strategy development work often starts with our strategy triangle, which can be used at the organisational or programme level. **The tools we use and the questions we ask are designed to help organisations maximise their impact.**

The strategic questions will vary but the best strategies address all three corners of the triangle—although often charities will prioritise one or two of the corners over all, based on where they're at.

For example:

- A new Chair or Chief Executive may want to understand the **capabilities** within a charity before embarking on a strategy process.
- Many charities need to refresh their **core purpose** (vision, mission and values) before considering the other corners of the triangle.
- A charity may want to understand a changing **external environment** before considering whether its mission is still fit-for-purpose.

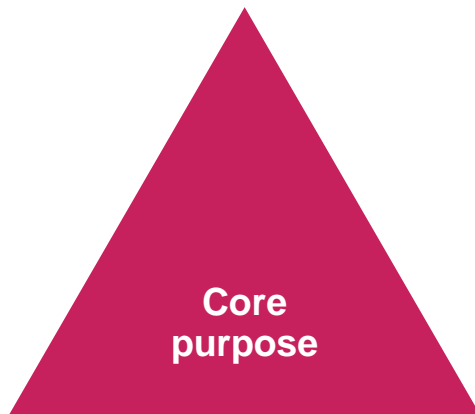


# DEVELOPING YOUR STRATEGY

## Identify your core purpose

A natural starting point is to look at your core purpose, and to agree this with key stakeholders. Many charities get confused between different terms and how to frame the core purpose. Your core purpose may comprise of:

- **Vision:** How you want the world to be. It is inspirational and specific, but not limiting.
- **Mission:** The purpose of your charity and the change you want to make. This change should *contribute* to the vision—it does not have to provide all the answers.
- **Goals:** These are specific to a strategy or project and usually measurable in some way. Goals can be high level and ambitious, complemented by lower level objectives contributing to the endgame.
- **Values:** The attitudes and beliefs the underpin all of your organisation's work.



### Questions to ask:

What is your core purpose?

What change do you want to make? What concrete things do you want to achieve?

What are your top priorities; what activities deliver these?

How can you add most value? Do stakeholders agree?

# DEVELOPING YOUR STRATEGY

Core purpose: Questions to ask and how to answer them

<ul style="list-style-type: none"> <li>• Does our organisation have a shared sense of purpose?</li> <li>• How will values affect strategy?</li> </ul>	<p>Vision, mission, goals &amp; values</p>	<p>Workshop to understand differing perspectives, and reach consensus.</p>
<ul style="list-style-type: none"> <li>• How does our charity create the change it wants to see?</li> <li>• What are its assumptions?</li> </ul>	<p>Theory of change</p>	<p>Workshop to map how the charity reaches its goals.</p>
<ul style="list-style-type: none"> <li>• How do our current activities fit with our core purpose?</li> <li>• What should we stop doing?</li> </ul>	<p>Activities mapping</p>	<p>Exercise to map how your current or future activities fit with the theory of change.</p>
<ul style="list-style-type: none"> <li>• What do our users value most?</li> <li>• How can we optimise user experience of our services?</li> </ul>	<p>User journey mapping</p>	<p>Engaging with users and potential users to understand their journey through services.</p>
<ul style="list-style-type: none"> <li>• How can we collaborate with others or complement their work for maximum impact?</li> </ul>	<p>Impact networks</p>	<p>Exercise to map how your activities fit within a wider impact network and identifying gaps.</p>

# DEVELOPING YOUR STRATEGY

## Assess your resources and capabilities

Charities face a seemingly non-stop escalation in demand against a background of funding cuts. They can work only so hard—understanding a charity’s resources and capabilities, and linking these to ambition while recognising the risks, will lead to smarter working. NPC’s [What makes a good charity?](#) provides a structure for this analysis, covering:



- |                                 |   |
|---------------------------------|---|
| <b>Purpose</b>                  | Does the charity have a good strategy, and do its activities reflect the strategy?  |
| <b>Impact practice</b>          | Does the charity know what it’s achieving, and does it use information to learn and improve? Is it open about its findings?     |
| <b>People</b>                   | Does the charity have good leadership? Do people using the charity shape its work?  |
| <b>Finance &amp; operations</b> | Is the charity financially secure? Does it have good financial management, and does it make efficient use of all its resources? |



### Questions to ask:

- What are you good at and what makes you distinctive?
- What evidence do you have of your impact (overall and at programme or project level)?
- Do you have the right skills and experience to achieve your aims?  
How does your board contribute?
- What resources do you have? Do you use resources efficiently?

# RESOURCES AND CAPABILITIES

Resources and capabilities: Questions to ask and how to answer them

<ul style="list-style-type: none"><li>• What are our organisational strengths &amp; weaknesses?</li><li>• How should we operate?</li></ul>	Charity analysis	Charity analysis with site visits, interviews, SWOT analysis, and tailored operational research.
<ul style="list-style-type: none"><li>• Do we have the right people and processes to achieve the mission? What's missing?</li></ul>	Governance and leadership review	Review of board/SMT roles, composition, skills, interaction, processes, and culture.
<ul style="list-style-type: none"><li>• Does our culture support or undermine the strategy?</li><li>• What should we keep/change?</li></ul>	Culture and values analysis	Analysis of culture and readiness for change using tools such as the Cultural Web/BRAVE framework.
<ul style="list-style-type: none"><li>• What does the organisation achieve? How do we know?</li><li>• How do we manage impact?</li></ul>	Impact assessment and assurance	Support to assess impact; audit of impact practices, or validation of impact data.
<ul style="list-style-type: none"><li>• Is the charity financially secure?</li><li>• Is our business model sustainable?</li></ul>	Financial analysis	Analysis of charity accounts, financial management systems, and business model.

# DEVELOPING YOUR STRATEGY

## Map your external environment

A charity has to understand its external environment and how developments there could impact its ambitions. We find that most charities feel confident in this area, but can still benefit from a regular analysis of need, assessment of external research, plus reviews of peers, partners and competitors.

- **Needs mapping** can determine the areas of greatest need and how these might be changing in response to services being delivered and policy change.
- **Landscape analysis** can pick up new entrants into the sector, and highlight competitive threats as well as opportunities for collaboration.



### Questions to ask:

What needs are you addressing now? And what are the future trends in needs?

How is society changing? Eg, demographics, technology

What is the policy environment and what risks does it pose?

What opportunities and threats exist?

Who is doing what and where you you fit?

# DEVELOPING YOUR STRATEGY

External environment: Questions to ask and how to answer them

<ul style="list-style-type: none"> <li>• What is happening that might affect the strategy now and in the future?</li> </ul>	<b>PESTLE analysis</b>	Facilitated discussion of political, economic, social, technological, legal & environmental trends.
<ul style="list-style-type: none"> <li>• What are the points of leverage in the system?</li> <li>• How can you influence others?</li> </ul>	<b>Systems mapping</b>	Mapping systems around charity and users: actors, connections, root causes of issues.
<ul style="list-style-type: none"> <li>• What is the scale, nature and location of need?</li> <li>• How it is changing?</li> </ul>	<b>Needs mapping</b>	Analysing needs data; assessing future trends and considering impact of early intervention.
<ul style="list-style-type: none"> <li>• Whose interests are aligned with yours? Who has power and influence in this sector?</li> </ul>	<b>Stakeholder/landscape analysis</b>	Desk research & expert interviews to understand other players in the landscape and their interests.
<ul style="list-style-type: none"> <li>• Should you develop a new product or move into a new market?</li> </ul>	<b>Market analysis</b>	Analysis of market context for your products & services, using tools such as Porter's five forces.



# DEVELOPING YOUR STRATEGY

## Make your strategic choices

So once you have carried out your research, how does this translate into decisions and a plan for action?

Strategic decisions require management to make careful and dispassionate judgments. Building on analysis from previous stages, the task is to:

- **Assess your role:** When is service delivery appropriate and what are the alternatives?
- **Assess potential solutions:** What are the pros and cons of different options?
- **Allocate resources:** Can you deliver on the strategy or do you need to prioritise?

Framing options to assist decision making—such as setting criteria for how to decide—will help groups to engage with choices, determine what is possible and consider sensitive trade-offs.



### Questions to ask:

Is your leadership up to delivering change and embedding a strategy?

How will you develop your strategy and decide between options?

How will you make your strategy happen?

What has worked in the past?

# DEVELOPING YOUR STRATEGY

Strategic choices: Questions to ask and how to answer them

<ul style="list-style-type: none"> <li>• What approach will maximise impact? What role will best complement others' work?</li> </ul>	<p>Role assessment</p>	<p>Assess whether your focus will be on addressing needs, changing systems, or changing behaviour.</p>
<ul style="list-style-type: none"> <li>• How do we prioritise options?</li> <li>• Which issues to focus on?</li> <li>• What initiatives to develop?</li> </ul>	<p>Options appraisal</p>	<p>Select criteria for assessing solutions, score potential options (eg, using matrix) and prioritise.</p>
<ul style="list-style-type: none"> <li>• What are the risks associated with different scenarios?</li> <li>• What are our assumptions?</li> </ul>	<p>Scenario planning</p>	<p>Building on previous analysis, develop plausible scenarios and discuss implications for strategy.</p>
<ul style="list-style-type: none"> <li>• What is the cost vs impact?</li> <li>• What do our resources permit?</li> <li>• What are the trade-offs?</li> </ul>	<p>Resource allocation and trade-offs</p>	<p>Estimate resources needed to deliver on priorities; identify any tensions (eg, depth vs breadth).</p>
<ul style="list-style-type: none"> <li>• What will bring strategy to life?</li> <li>• Is our ambition matched by leadership, culture, resources?</li> </ul>	<p>Action planning</p>	<p>Plan next steps to implement strategy and revisit leadership, culture, resources, stakeholders.</p>

# FROM DEVELOPMENT TO IMPLEMENTATION



## Some principles and advice

NPC intends to publish further about strategy implementation in the future, but here are some initial tips we can offer from our work with charities:

- **Be proportionate:** Do not think you have to look at everything at once—perhaps start on a single programme.
- **Include relevant stakeholders early:** If you neglect key viewpoints during strategy development the strategy is unlikely to be realistic and implementation will be challenging.
- **Strategy change takes time:** Especially if there are implications for peoples' roles, or if you want to change working cultures or staff behaviour. Allow your timelines to be flexible if it proves necessary.
- **Leadership needs to match ambition:** If your strategy requires taking risks, your leadership style will need to support this. The leadership team may itself need support to adapt and change.
- **A radical change will require a change in cultures and habits:** This is as important as processes and implementation plans. Consistent communication will be key to embed change.
- **Strategy and operational plans go hand in hand:** Do not be tempted to include operational detail in your strategy (often 3–5 year plans), but recognise that if strategy is not translated into operational plans (often annual plans), it is unlikely to be acted upon.

# LEARNING FROM IMPLEMENTATION

## The impact cycle

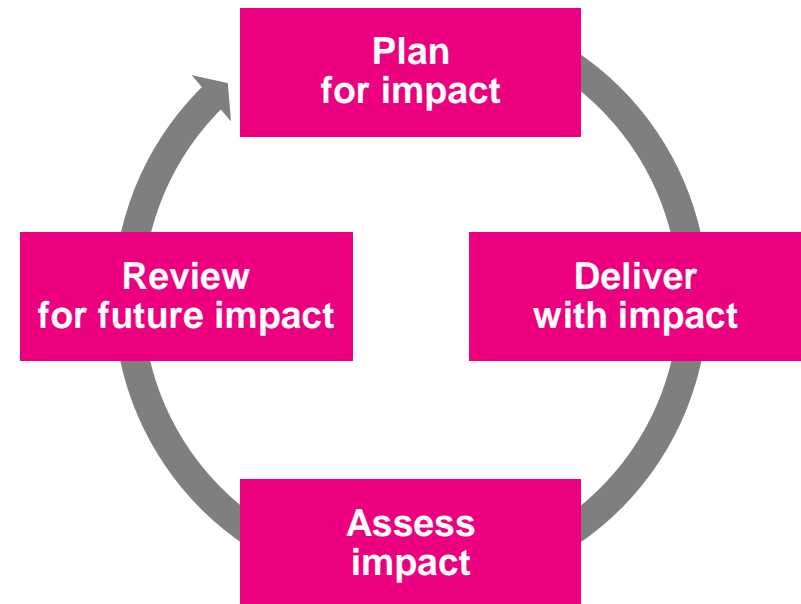
*‘However beautiful the strategy, you should occasionally look at the results.’*

Winston Churchill

Strategy implementation should take place within a feedback loop where results are continually reviewed and improvements are made to maximise impact.

Day-to-day feedback loops can be used to check progress and adjust direction. Regular strategy reviews look at the bigger picture and question whether the strategy is still fit-for-purpose.

Good impact measurement systems are crucial if charities are to learn from their activities, develop their strongest work, and provide effective help to the people who rely on them. Our [four pillar approach](#) provides guidance on how charities can build an effective measurement framework.





NPC has seen strategy processes derailed by weak culture, poor stakeholder buy-in, or leadership teams unwilling to bite the bullet.

We can facilitate workshops with stakeholders, support teams that are embarking on culture change, and provide informal support to leaders during the strategy process.



# HOW NPC CAN HELP

## Free guides and publications:

*What makes a good charity:* NPC's guide to analysing charities

*Creating your theory of change:* NPC's practical guide

*NPC's four pillar approach:* Building your measurement framework

*Keeping account:* A guide to charity financial analysis

*Impact networks:* Charities working together to improve outcomes

## Training workshops:

- Our expert consultants run regular training sessions on strategy, theory of change, impact measurement and more—check the events section of [our website](#) for the latest dates.

## Tailored consultancy services covering the tools and approaches in this document, including:

- Workshops focused on mission, vision and values work
- Theory of change development
- Strategic decision making structures
- Internal capacity analysis
- External environment research, including needs mapping
- Data analysis and measurement frameworks to capture impact

We work flexibly with our clients to choose the best approaches and tools for their situation. Find out more about our services [here](#).

# NPC CLIENT FEEDBACK



*‘NPC facilitated an excellent workshop and did an extremely good job of writing it up. The charity now has a theory of change for two of our key aims, which we are using as a basis for effective communication, focusing our priorities and developing our measurement. As an additional benefit, workshop attendees told us how valuable they found learning about theory of change and could see its potential in their day to day work.’*

**Nina Copping, Strategic Development Director, National Osteoporosis Society**

*‘We sought NPC’s help shortly after I joined MS Society as chief executive in 2013. NPC’s comprehensive and thoughtful assessment helped management and trustees to understand the strengths and weaknesses of the Society, and to identify future actions. The process was constructive, and we have since used the team again to support us in developing our theory of change.’*

**Michelle Mitchell, Chief Executive, MS Society**

Find out more about our consultancy work and read client case studies on our website [thinkNPC.org](http://thinkNPC.org)



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