

Strategic Planning in the Arts: A Practical Guide

A Framework for Strategy Development

Building on the Mission

A clear framework is essential to the development of a coherent, integrated plan. Following a specific framework will help focus discussions and maximize efficiency. Defining the mission, analyzing external environment and available resources, designing an implementation plan, and following through with an appropriate financial plan make the overwhelming task of strategic planning more accessible by breaking down the process into manageable components.

Strategizing is a creative process that cannot be performed simply by filling out forms. However, putting people in a room and asking them to think creatively about the future can yield very little and can waste a great deal of time. These sessions frequently devote too much time to the interests of a vocal minority, usually omitting discussions on many substantial issues and always prohibiting the development of a coherent, integrated plan.

Any planning process is made more efficient when it employs a structure, or framework, as a guide. This chapter introduces a framework that underlies one effective approach to planning. This approach is a generic one that has been used successfully by both for-profit and not-for-profit organizations. Just as this framework provides a guide for the planning process, it will also provide an outline for this book. In the following chapters, each element of the framework will be tailored specifically to the needs of arts organizations.

THE MISSION STATEMENT

The foundation of this framework, and the starting point of all strategic planning, is the mission statement. The mission statement describes the central goals of the organization and the scope of its operations. The goal of a corporation in the for-profit sector is easy to describe: maximize stock price by making as much money as possible for as long as possible. While the mission statements for profit-oriented companies may include some discussion of the product line, customer base or geographical scope, the central focus must be on profit. (Unfortunately, many for-profit organizations are not honest in their missions, emphasizing specific products or services rather than profit. This can lead to a great deal of confusion when product line changes are made through acquisition or divestiture.)

For arts organizations, and all not-for-profit organizations, the mission statement is more difficult to define. We know the company is not in business to make a profit; but why does it exist? To offer world-class performances or exhibitions? To educate? To sustain itself financially? To train young artists? To serve a specific region? To encourage the creation of new works of art? To preserve and present older masterworks? When one removes the overwhelming profit motive, the mission becomes more difficult and, therefore, more important to formulate. For although the specific wording of the mission statement is not of key importance (too many people spend too much time worrying about the semantics of the statement), the implications of the organization's

mission are staggering. They guide the entire planning process and, more important, should influence all programmatic and administrative decisions.

Those organizations without explicit missions have a difficult time managing themselves. Individual members of the staff or Board may make decisions that they feel are best for the company but that counteract the actions of their peers; consistent progress in a mission-less organization, therefore, is a result of luck.

If a mission statement is to be an effective management tool, every person who influences the behavior of the organization must understand its implications. For example, a symphony Board that accepts world-class quality as an element of its mission must be willing to commit to raising the funds needed to achieve this ambition. Similarly, a regional theater company that aims to produce experimental works must be prepared to mount a more focused marketing effort than a counterpart producing light comedies and musicals.

While the mission clearly directs the remainder of the planning process, the final wording of the mission statement need not be drafted before planning commences. The planning process is an enlightening, iterative procedure that allows the participants to "fine tune" the mission statement as they reveal the full implication of each parameter of that statement. However, while the final wording of the mission does not have to be determined in advance, a broad outline of the company's goals must be developed before any effective strategizing can commence. For without a goal, a strategy is meaningless.

ENVIRONMENTAL ANALYSIS

While a strategy without a goal is meaningless, a goal without a strategy is a wish. For this reason, developing a mission statement is not enough: expressing one's goals does not guarantee attaining them. Yet many organizations' plans are little more than a mission statement followed by several affirmations that the mission will be accomplished. ("The company will build its audience by improving its marketing program.") Clearly this is not sufficient.

The first step in determining what the company's strategy should be is to review the environment in which the company operates. No arts organization operates in a vacuum, despite the level of isolation its Board and staff might feel. The success of a company depends, in great measure, on the way it understands the environment in which it operates and its ability to respond appropriately. There are two parts to an environmental analysis.

The first is an exploration of the "industry" in which the company operates - the museum industry, the theater industry, etc. While many arts professionals may be uncomfortable with the word "industry," it is appropriate. Each art form offers products and services and has customers, competitors for resources, and suppliers - the participants that define an industry. Industry analysis suggests constraints that the organization will face and paths of action that may overcome these constraints. In other words, industry analysis suggests those factors that are crucial to success.

In addition, this analysis will suggest how the industry is likely to change in the future. Understanding industry evolution in advance is a key to effective strategic planning because it gives the company time to decide on appropriate responses to expected environmental change.

The second step in environmental analysis is the review of peer organizations - those organizations that face similar opportunities and constraints and whose actions may affect one's own organization. For-profit companies study their competitors in order to predict how they will compete in the future. In the not-for-profit sector, competition is less direct. While the regional nature of the arts means that few arts organizations outside of major cities compete with other similar organizations for audience dollars or local contributions, they do compete with touring companies and for artists, gifts from national corporations and foundations, and grants from the National Endowment for the Arts, the National Endowment for the Humanities and other government agencies. (Of course, some cities do support multiple opera companies, symphonies, art museums, etc.; in these cities direct competition is a more important factor.)

In addition to forecasting future competitive actions, peer organization analysis allows one to learn from similar groups' successes and failures. A review of the financial performance of a group of peer companies also reveals benchmarks that are very useful in evaluating one's own performance.

The result of the integration of the industry and peer organization analyses is a firm understanding of the requirements for success in the art form - today and in the future.

INTERNAL ANALYSIS

Once an understanding of the industry structure and of the ways the peer organizations cope with this structure has been achieved, it is possible to evaluate the way one's own organization "fits" into the industry. This internal analysis is an integral part of the strategy development process. It suggests what the organization is doing well and what it is not doing well.

Internal analysis is difficult to perform because it demands objectivity in exploring areas of weakness and self-confidence in describing one's own strengths. By matching these internal characteristics with the industry success factors, one can identify those areas the organization must address in its strategic plan - both the strengths it can exploit and the weaknesses it must overcome.

STRATEGY DEVELOPMENT and IMPLEMENTATION PLANNING

An organization's strategies are simply a description of the way the organization expects to pursue its mission in light of industry requirements and their strengths and weaknesses. The truly successful strategic plans are those in which each strategy is derived from one, coherent strategic direction. If the strategic direction of the organization is clear, the specific operating strategies "fall out." It is not difficult, for example, to formulate the marketing, casting or development strategies for a theater company whose core strategy is to develop world-class productions in an

effort to attract national audiences and funders. The specific operating strategies that must be developed will depend on the nature of the organization, as illustrated by the following list of headings in the strategy sections for two organizations in differing industries:

DANCE COMPANY

- Artistic/Repertory
- Production
- Touring
- Education Programs
- School
- Development
- Marketing
- Finance
- Administration
- Personnel
- Volunteers
- Facilities
- Governance/Board

MUSEUM

- Exhibitions
- Collection Development/Loans
- Publications
- Education Programs
- Conservation
- Development
- Marketing
- Finance
- Administration
- Personnel
- Volunteers
- Facilities
- Governance/Board

As this example suggests, virtually every organization, regardless of art form, will develop strategies for the same administrative functions; it is the programmatic functions that differ.

Once the major strategies of the organization have been developed, one can produce an implementation plan - a more detailed short-term agenda for the operations of the company. This plan will include details of the specific tasks to be accomplished, the staff members and others who will work on these tasks, and the time frame for completion.

FINANCIAL PROJECTIONS AND BUDGETS

A final step in the planning framework is to translate the strategies into measurable financial results. While it is impossible to project financial results with great certainty, an attempt should be made to quantify the financial implications of each operating strategy. After a complete projection is developed, one can determine whether the financial results are acceptable. If not, a second iteration of the strategy development process should be initiated to suggest ways to improve financial performance.

This framework for strategy development, which leads from a mission statement to a long-term financial plan, is little more than structured common sense. Experience suggests, however, that organizations that use this framework, or similar ones, for strategy development develop effective plans in a most efficient manner.

FRAMEWORK FOR STRATEGIC PLANNING

