The Bridgespan Group

Useful Tools for the Nonprofit Strategic Planning Process

Collaborating to accelerate social impact

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Benchmarking

Benchmarking is a tool nonprofits use to determine how well their organizations are performing relative to external peers. It can also be used across sites in a network. The goal is to identify best practices and opportunities and to adapt for improvement. External benchmarking involves identifying a relevant pool of peers and creating a detailed analysis comparing the costs and benefits of one nonprofit's program or capability with another's. Internal benchmarking identifies the most effective practices of each program or site in order to replicate them. Benchmarking can be applied to many different aspects of a nonprofit organization, including elements of strategy (e.g., program design and partnerships), organizational structure (e.g., job descriptions and use of volunteers), and performance measurement (e.g., outcomes).

For more on this topic, see "Benchmarking."

Funding model

A funding model is a methodical and institutionalized approach to building a reliable revenue base that will support an organization's core programs and services. While it is common practice among most nonprofits to seek funding from multiple sources, research has shown that 90 percent of the largest nonprofits have embraced funding models built around a single dominant type of revenue source (such as government funding, corporate giving, or individual donors).

Developing a funding model can help nonprofits and NGOs achieve financial stability and sustainability. Organizations that have clear insight into their funding models are able to raise their revenues more efficiently because they can focus their development efforts on the most promising funding sources and build the internal capacity needed to identify and cultivate those funders.

For more on this topic, see "Funding Models."

Intended impact

Intended impact defines the results your organization will hold itself accountable for achieving within a reasonable time frame (e.g., three or five years). Since your organization will ideally measure its progress against the intended impact statement you develop, it is important to get specific:

- **Who** is your population of focus? This may not be the only population with whom you achieve results, or the only population you work with. Rather, it is the group you will prioritize in your work. Be as specific as possible here in terms of demographics, including naming race, ethnicity, gender, or economic status as relevant.

- **Where** will your organization do its work? Consider the specific geographies and settings in which your organization will work.

- **What** specific outcomes do you want to achieve? Outcomes refer to the changes or results achieved by or for the population you have prioritized in your work. Outcomes differ from outputs, which measure activities (e.g., 50 trainings delivered).

For more on this topic, see "What Are Intended Impact and Theory of Change and How Can Nonprofits Use Them?"

Landscape analysis

A landscape analysis, also known as ecosystem mapping, involves identifying the key players in a field, sector, or geography and classifying them by relevant characteristics (e.g., type of organization, target beneficiary). This helps nonprofits understand the broader political, economic, environmental, and societal context in which they are operating and design their strategies to achieve their impact.

Landscape analysis can help nonprofits chart their broader strategy and make critical decisions. It can be used to learn about a new field or geography, to discover important trends shaping a sector, or to identify peers and collaborators. It allows organizations to identify topics, approaches, or constituents that are well served by existing organizations, as well as any spaces where no organizations are currently active.

For more on this topic, see "Market Mapping and Landscape Analysis."

Learning agenda

A learning agenda is a codification of the most important questions (or knowledge gaps) that an organization doesn't currently have answers to but must address in order to achieve its goals for impact. It includes a set of associated activities (or experiments) to help the organization develop answers to those questions over time.

A learning agenda can help align key stakeholders (including board, funders, and staff) on what the organization hopes to learn, as well as lay out a common set of metrics that can be used to assess progress and move the organization forward. It is especially useful for organizations operating amid significant uncertainty in their external environment and that need to quickly test, learn, and adapt accordingly.

Operating model

A nonprofit's operating model is the blueprint for how to organize and deploy people and resources. It serves as a bridge between strategy and execution.

Every nonprofit has an operating model, even if it is not named as such, that describes where and how critical work gets done to achieve an organization's goals. It includes four interrelated elements:

1. Structuring the organization and distributing accountabilities, which clarifies where key work is done and who does it.
2. Managing priorities and allocating resources, including the executive forums, managerial processes, and metrics that support high-quality decision making.
3. Aligning leaders, talent, and culture. Organizational culture is shaped by how leaders guide their teams and how colleagues behave and interact with one another.
4. Building your critical capabilities, which optimizes performance across the other priority elements of the operating model. Critical capabilities include recruiting and talent development, data and technology, expertise in critical areas, learning and innovation, and supports to ensure partnerships with other organizations are successful.

For more on this topic, see "Operating Models: How Nonprofits Get from Strategy to Results."

Performance dashboard

A performance dashboard tracks the vital few metrics your organization needs to measure and monitor to understand and manage performance. While program and functional staff often track dozens of indicators to understand whether their work is on track, the best dashboards for senior leadership and boards typically focus on the vital metrics across those units that are critical to the entire organization's success.

Performance dashboards enable an organization to continuously learn and improve, consequently helping it achieve better results. The metrics (data points) should be derived from an organization's intended impact and theory of change—what the organization is holding itself accountable for achieving and how to get there. By measuring performance, nonprofits can:

- Track progress toward and be held accountable for their impact goals
- Identify opportunities for improvement and celebrate areas of strength

- Understand their impact among different populations by disaggregating data (e.g., by race, ethnicity, gender, etc.) and identifying opportunities to address disparities
- Communicate progress and successes internally and externally to staff, beneficiaries, funders, peer organizations, and the broader community
- Gain insights over time about program effectiveness and what works, and, if appropriate, prepare for rigorous program evaluations

For more on this topic, see "Performance Measurement and Improvement."

Program strategy map

A program strategy map (also known as a matrix map) is a visualization of each program's financial sustainability and its fit with the impact the organization is pursuing, generally with specific populations of focus in mind.

Using a program strategy map, an organization can visualize how each of its programs contributes to both financial sustainability and impact. The map illuminates tradeoffs such as, "If we did less of Program A, could we better allocate our unrestricted funds to Program B, having greater impact?" A leadership team can use a program strategy map to assess its programs in comparison to one another. This assessment also considers who else is doing similar work and how the organization's own programs fit into the larger landscape of services and needs for the people and communities it serves.

For more on this topic, see "How Nonprofits Can Map Their Programs to Their Strategies."

Theory of change

A theory of change explains how your organization will achieve its impact—the approaches you will undertake and the other actors you will work with or alongside. Hallmarks of a strong theory of change include:

- It should be a target, not a mirror—articulating what your organization will do to achieve its intended impact, not merely listing your current programs and activities. Of course, much of what your organization does today is likely to be important, but you might need to add, remove, or change some elements to achieve your impact.
- It should capture the approaches and capabilities that make your organization distinctly good at what it does. These may exist at the organizational level (e.g., our practices are informed by a deep understanding of the communities we serve) or at the program level (e.g., our programs are grounded in a rigorous base of evidence).

- It should be specific enough to help the organization understand which elements are driving or impeding progress toward its goals. For example, if progress is slow, is it because your theory of change is not producing the desired results, or because you are not fully implementing your theory of change?

For more on this topic, see "What Are Intended Impact and Theory of Change and How Can Nonprofits Use Them?"

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