

Mission Driven Strategy | By Mark L. Frigo

How can nonprofit organizations achieve superior performance? This column discusses Mission Driven Strategy, a set of guidelines for designing, developing, and evaluating strategy aimed at maximum, mission-based value creation. What is Mission Driven Strategy? It's a framework adapted

from Return Driven Strategy (see February 2002 column) that is based on the strategic activities of some of the best companies in the world. In executive workshops and board presentations at nonprofit organizations, the tenets and foundations of Mission Driven Strategy have helped management and board members to understand and refine strategy and make it more executable. It has also been used as a first logical step in developing a balanced scorecard framework.

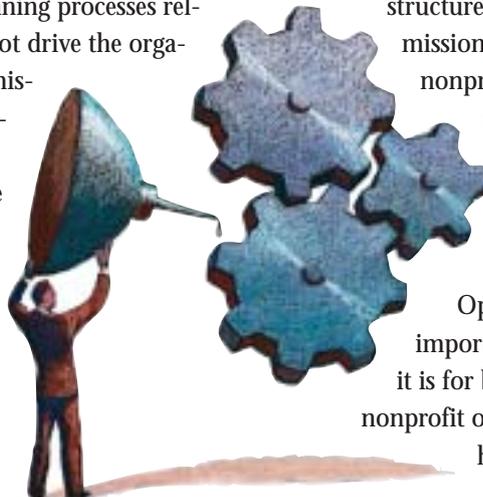
So why do nonprofit organizations need Mission Driven Strategy? For some of the same reasons many for-profit organizations do. What is termed "strategic planning" is often not strategy at all. Many times my colleagues and I see broken strategic planning processes relegated to infrequent retreats that do not drive the organization toward its highest goal—its mission. In a number of nonprofit organizations, we see strategic plans that are not focused on the true mission of the organization, are focused on the wrong customers, or are overly attached to particular product and service offerings that have become or are rapidly becoming obsolete.

Eleven tenets of Return Driven Strategy (see Figure 1) are based on

three levels: goal tenets, strategic competency tenets, and supporting tenets. For nonprofit organizations, the goal tenets of Mission Driven Strategy are Commit to Ethically Maximize Mission-Based Value, Fulfill Constituents' Unmet Needs, and Target Increasing Needs Segments.

Ethically Maximize Mission-Based Value
In Mission Driven Strategy for nonprofit organizations, the highest tenet of strategy is "Commit to Ethically Maximize Mission-Based Value." This goal tenet provides the disciplined commitment to create value as defined by an organization's mission and to do so ethically. "Commit" means having the right goals, performance measures, and structure to be able to create and maximize mission-based value. One executive of a nonprofit posed the following question at a recent strategy workshop: "Are we doing the right things for the right reasons?" This is exactly the type of question Mission Driven Strategy is designed to answer.

Operating ethically is perhaps more important for nonprofit organizations than it is for businesses. After all, a number of nonprofit organizations over the last few years have lost massive value in terms of



reputation, donations, and trust in very short periods of time because of unethical activities. The United Way of America is only one example. Colleges and universities must be ever vigilant about ethical activities ranging from athletics to academics. Nonprofit healthcare organizations can lose huge value when participating in unethical activities such as billing for services not rendered.

Fulfill Constituents' Unmet Needs in Increasing Segments

The second goal tenet of Mission Driven Strategy is "Fulfill Constituents' Unmet Needs." Better-defined needs can be more directly targeted and fulfilled by a nonprofit organization. How many nonprofit organizations have lost sight of the needs of their targeted segments?

The third tenet in Mission Driven Strategy for nonprofit organizations is "Target Increasing Needs Segments," which guides organizations to targeting the right segments. The term "increasing" refers to an organization's need and purpose to modify its services to target those areas where needs are growing. I would question the validity of an organization's mission if it targets a shrinking base of needs, particularly if the need itself is being met elsewhere. The most successful nonprofit organizations follow this tenet closely.

Genuine Assets

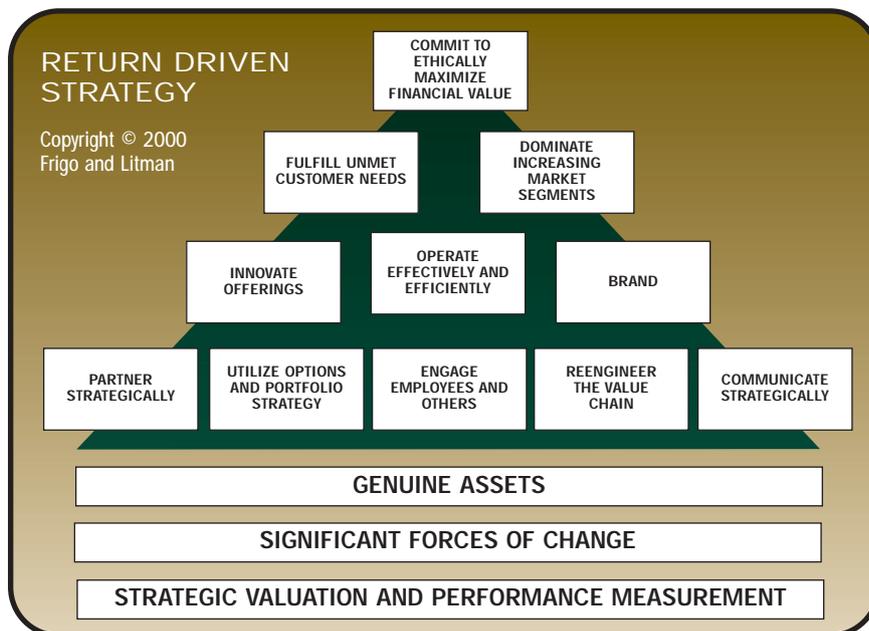
One of the foundations of Mission Driven Strategy is the concept of Genuine Assets. The ability to identify, create, and leverage Genuine Assets to innovate activities and services to fulfill constituents' needs should be considered part of the strategy of nonprofit organizations. DePaul University in Chicago has experienced

tremendous growth during the last 20 years to become the largest Catholic university in the nation. Its Kellstadt Graduate School of Business has one of the largest accredited part-time MBA programs in the world and is consistently ranked in the top 10 by *U.S. News & World Report*.

How did DePaul achieve this growth and quality? By creating and continually leveraging unique Genuine Assets, DePaul has found ways to modify and change its services and activities to meet the changing needs of its communities. DePaul's physical Genuine Assets include its Lincoln Park campus, which is locat-

Significant Forces of Change

Another foundation of Mission Driven Strategy is the concept of significant forces of change. A nonprofit must consider how the needs of its constituents are changing over time. The Mission Driven Strategy framework identifies three forces of change to help guide this thinking process. Here we look at scientific and technological breakthroughs; statutory, regulatory, and political change; and cultural and demographic shifts. Peter Drucker, in an article on nonprofit organizations ("What Business Can Learn from



ed in a very desirable area of Chicago, which makes a suitable platform for its undergraduate campus in an urban setting. DePaul's downtown Chicago campus, home to its business and law schools, is located in the heart of Chicago's commercial district. Both of these Genuine Assets were developed dramatically during the last 20 years with an eye on providing its constituents with offerings not being provided by other institutions.

Nonprofits," *Harvard Business Review*, July-August 1989), describes a number of examples of this vigilance by nonprofits.

In one example, Drucker describes how the Girl Scouts, looking at significant forces of change, saw an unmet need where they could leverage unique Genuine Assets. Their Genuine Assets included experience, network, and the brand of the Girl Scouts. Demographics showed a growing number of working parents

with “latchkey” kids. This led to the innovative offering, Daisy Scouts, a program for five-year-olds. The offering broke with a 75-year tradition where first grade had been the minimum age for entry into a Brownie troop. This situation is a good example of a nonprofit considering how forces of change would drive unmet need in its mission-based segment and how it could leverage its unique Genuine Assets to develop and deliver the offering. In setting up this story, Drucker reminds us of the importance of mission: “A clearly defined mission will foster innovative ideas and help others understand why they need to be implemented—however they fly in the face of tradition.”

Today, the Girl Scouts have established a one-year pilot program to extend membership standards for Daisy Girl Scouts to include girls that are age four who have enrolled in Head Start or another formal pre-kindergarten program. This is a good example of one of the supporting tenets, Options Strategy, where the Girl Scouts are experimenting with a new offering before considering a full rollout.

Strategic Performance Measurement

Strategic performance measurement is a foundation of Mission Driven Strategy and represents the performance measures and execution frameworks used by nonprofit organizations. This includes the balanced scorecard framework, used by many nonprofits to communicate, execute, and monitor strategy and performance (see Robert Kaplan and David Norton, *The Strategy-Focused Organization*, Chapter 5, and Paul Niven, *Balanced Scorecard Step by Step for*

Governments and Nonprofits).

Kaplan reminds us of the importance of performance measures in nonprofits: “By adopting strategic performance measures, nonprofits can bring focus and discipline to their mission and much-needed information to donor and supporting organizations.” (Robert Kaplan, “The Balanced Scorecard and Nonprofit Organizations,” *Balanced Scorecard Report*, November-December 2002). Clearly, nonprofit organizations must have the right set of performance measures to continuously monitor and refine their strategy. What are the measures of success for a nonprofit organization? They need to find performance measures that “roll up” to the Mission, which means performance measures directly or indirectly link to the mission of an organization.

Mission, Strategy, and Execution

Mission Driven Strategy can provide a way for a nonprofit organization to articulate its mission with regard to its strategy and, more importantly, to its execution. Prioritizing the myriad strategic activities and projects must be done carefully and with a disciplined approach. A high-level review of the strategy of a nonprofit organization using the tenets and foundations of Mission Driven Strategy can reveal ways to refine strategy and make it more executable. It can also reenergize efforts to find better ways to manage and measure performance. The result of using Mission Driven Strategy is, ideally, an organization’s ability to better serve its communities and make the world a better place as defined by the goals set forth in its mission. ■

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