



Board involvement in hospice strategy and planning

Good practice guide

This publication is part of Hospice UK's Governance Support Programme for hospice boards and trustees



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Contents

Foreword.....	3	5. The main strategy documents.....	9
1. What is strategic planning?	4	6. Top tips.....	10
2. The board role in strategic planning.....	5	7. Resources.....	11
3. Key benefits of strategic planning	6	Appendix 1: Some strategic planning tools ...	12
4. Steps involved in strategic planning	7	Appendix 2: A strategic plan framework	15

Cass CCE authors and contributors: Caroline Copeman, Cass CCE

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Foreword

The need for good hospice governance is greater than ever. We know from our members that the challenges faced by hospice boards and leadership teams right across the UK are increasing in number and complexity. Alongside this, the complexity of the strategic decision making required of them is increasing too, along with the risk of negative impact if they make poor decisions.

In 2013, the Commission into the Future of Hospice Care identified rapid demographic change, changes in patterns of illness, increasing financial constraints, and uncertainty about future funding as just some of the challenges that are causing hospices to become more vulnerable.

The Commission said that such pressures are only likely to increase, and in the three years since its final report was published, this prediction has proved entirely accurate. Added to this, in recent years we have seen rising public concern and media scrutiny of charitable fundraising and the quality of charity governance.

The Commission gave a clear message that hospices must adapt now to become fit for the future. It urged hospices to make positive, informed decisions about how they operate and to find new ways of ensuring that hospice care can match future needs. Good governance and effective leadership are central to hospices' ability to respond to these many and varied challenges. Yet it can be hard for hospice trustees to know who to turn to for support and how to tell whether they are getting it right.

This good practice guide is one in a series produced by Hospice UK as part of our Governance Support Programme for hospice boards and trustees. The series covers:

- Appraisal of hospice boards and trustees
- Board involvement in hospice strategy and planning
- Board reports that add value to your hospice
- Developing a balanced scorecard for your hospice
- Developing a dashboard for your hospice
- Effective board meetings in your hospice
- Hospice board recruitment and selection
- Quality governance for your hospice

We are confident that, taken together, these good practice guides will be an extremely useful resource for all hospice trustees and senior staff.

Antonia Bunnin
Director of Hospice Support and Development
Hospice UK

1. What is strategic planning?

A strategic plan captures an organisation's strategy and is used to communicate what the organisation intends to do over the next few years. Strategy development and planning is the process of creating the strategy and bringing it to life so that all involved are aligned and engaged in delivering the strategy.

An organisation's strategy will determine how it relates to the outside world – how it makes the most of opportunities, responds to change, and faces up to threats: seeking opportunities to innovate, improvise and improve. Strategy provides a framework for decision making, making it clear what the priorities are, and what the organisation's resources and capabilities should be concentrated on delivering: mobilising and aligning resources to better fit the changing environment.

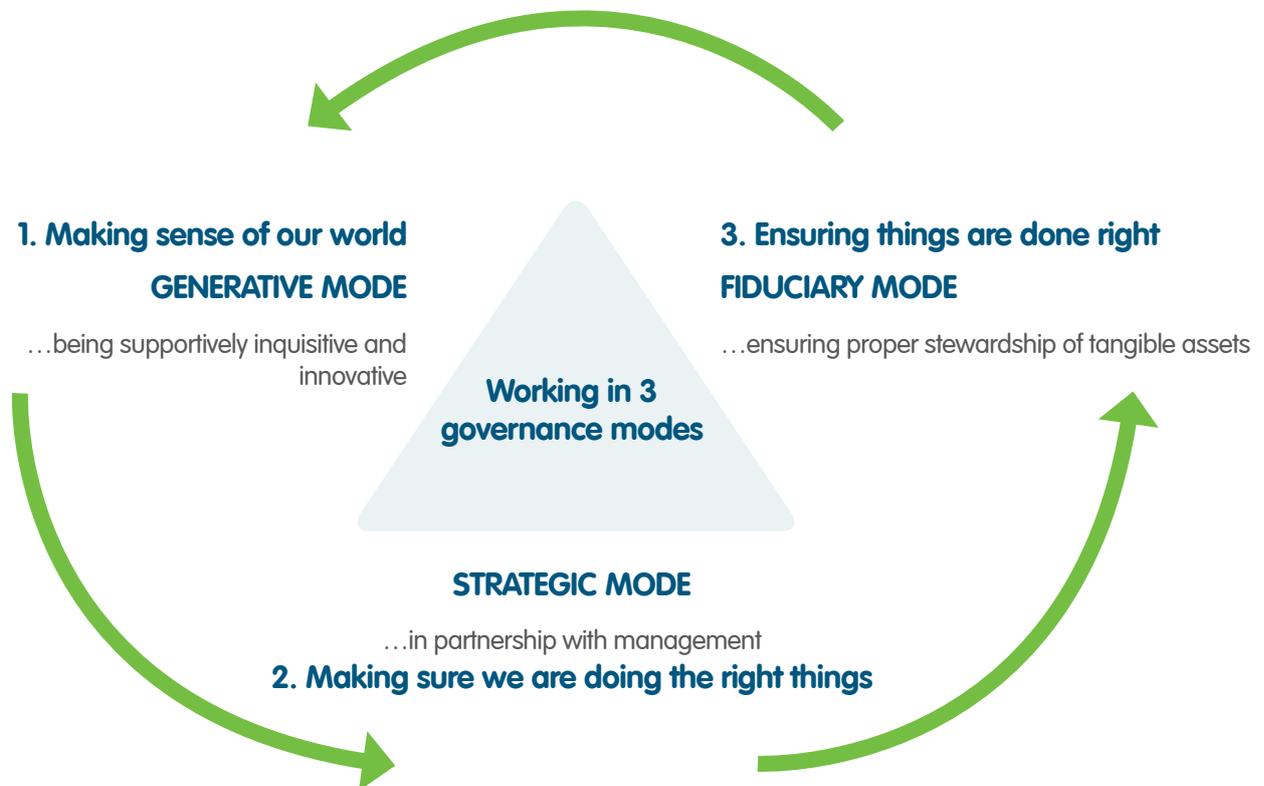
Strategy usually focuses on the medium to long term (three to five years), but is reliant on the short term too – you can't accurately predict when and how things will change, so your strategy has to be flexible, and so do you. Strategies are often developed 'top down' but increasingly organisations seek to mobilise and motivate everyone by early involvement.

The table below gives a view on the strategic planning cycle for the key elements of a strategy.

Values and vision	Revisit every five to ten years
Mission	Revisit every three to five years
Strategic direction (goals and objectives)	Revisit every year, but expect change as it is needed.
Strategic plan	Revisit regularly to check assumptions; significant change considered annually but subject to real time change on an ad hoc basis. Many organisations choose to 'zero base' their strategy every three to five years, ie start from a blank sheet of paper, without any assumptions – sometimes called a 'strategic review'.
Operational plan (sometimes called a 'business plan')	This would usually be completely rewritten annually, ie its basis – the strategic plan – remains the constant backdrop, so the operational plan should adapt to reflect changing circumstances at the level above.
Business case	A document supporting a new initiative or a significant investment injection or 'ask'; the logic/background for both would be contained in the strategic plan.

2. The board role in strategic planning

One helpful way of thinking about the board's role in strategic planning is to consider working in the three governance modes¹:



In each mode trustees have an important role to play and hold key responsibilities in the strategic planning process.

Making sense of our world – **generative mode** (being supportively inquisitive):

- Defining the preferred future: reflecting their external as well as internal view.
- Framing problems, making sense of things, reframing problems and issues, challenging assumptions and getting out of ingrained habits. Ensuring that the hospice's strategy is not simply a 'codification' of what is already known. Trustees have a vital role to play in ensuring the hospice asks different strategic questions to gain new knowledge and explore new thinking.

- Building consensus and getting buy-in externally as well as internally.

Making sure we are doing the right things – **strategic mode** (co-creation with management):

- Defining value and impact – trustees will challenge the executive to evidence the difference the hospice needs to make.
- Setting priorities to deliver value and impact, establishing clear decision making criteria to test future strategic options coming to the board.
- Allocating resources accordingly.
- Thinking strategically (not planning).
- Having conversations with key constituents externally and internally.

(1) Adapted from 'Chait RP, Ryan WP, Taylor BE. Governance as leadership: reframing the work of nonprofit boards. New Jersey: Wiley, 2005'.

- Understanding strategic drivers including population-based assessment of local needs.
- Considering risks and the board's risk appetite.
- 'Pressure testing' the strategy and plan at each meeting against reports which show progress against the strategy.
- Being accountable for performance and monitoring the execution of the plan.
- Ensuring compliance.
- Safeguarding and optimising assets.
- Promoting the success of the hospice.
- Stimulating learning and change.

Ensuring things are done right – **fiduciary mode** (stewardship of all assets):

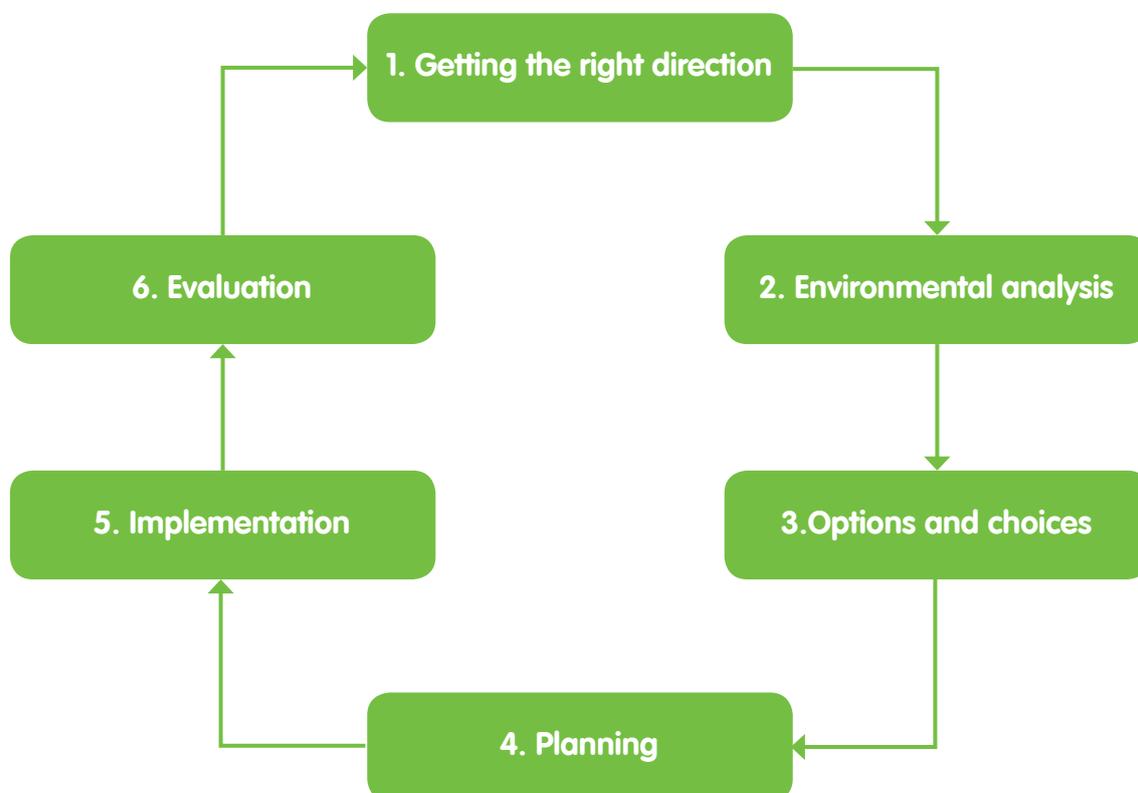
- Ensuring the organisation is faithful to and advancing the mission in all its activities, in line with governing documents.

3. Key benefits of strategic planning

- Helps you determine the most effective way of delivering your mission, with a focus on the difference you seek to make for patients, carers and the wider community.
- Aligns everyone in the hospice towards a shared goal (or set of goals): a range of risk management and performance measurement and management processes and tools can 'sit under' the strategy and ensure everyone focuses on the quality of delivery.
- Provides a sense of priority and a set of decision making criteria against which to 'test' future strategic options.
- Keeps stakeholders engaged in a continuing conversation about the future direction of the hospice: key external stakeholder involvement in the strategy development process is vital.
- Provides a baseline from which to change and amend the strategy in the future, in light of what actually happens as well as anticipated changes in the external environment.
- Gives the board a structure for ongoing discussion and debate: talking about the right things at the right time.
- Provides a framework for reporting, highlighting the critical data required to ensure that funds are applied to create the greatest value for patients.

4. Steps involved in strategic planning

The strategic planning process is a journey, with a number of steps²:



1. Getting the direction right

Being sure about where you are going, your desired future and whether this is the right future for beneficiaries is the important first stage. Starting with the board, all those involved with the hospice have a contribution to make in deciding where to focus the thinking time. This step will involve the board in lots of generative thinking. This will include exploring who else to work with to gain better advantage for patients, and even asking questions about whether your hospice is best placed to deliver what patients and the public need.

2. Environmental analysis

It is important early on to assess the challenges and opportunities the hospice is likely to face, as well as how fit it is to carry out its work. This assessment of what is going on (now and in the foreseeable future) both **internally** and **externally** will form a backdrop for future decision making and open up your thinking to opportunities to innovate, improvise and improve.

(2) Bruce I, Copeman C, Forrest A, Lesirge R, Palmer P, Patel A. Tools for tomorrow: a practical guide to strategic planning for voluntary organisations. London: NCVO, 2012. Available from: www.ncvo.org.uk/component/redshop/1-publications/P66-tools-for-tomorrow

3. Options and choices

It is likely that there are a number of options about how the desired future can be achieved. These options need to be explored so that an informed decision can be made about the actions needed to achieve the desired future. This isn't just about choice, but is also about priority, feasibility and risk assessment, and often about compromise.

4. Planning

At a suitable point in the journey trustees and staff need to take stock, review all the information generated, sort it and get down to the basics of planning the next steps in detail. Often at this stage organisations like to document the actions in a written plan. Just because things are documented doesn't mean that they are carved in stone – new strategies and actions will always need to be encouraged.

5. Implementation

Once decisions have been made about the future direction and the actions needed to achieve this desired future, the actions (often expressed as goals, objectives, measures and indicators) need to be built into everyday life – embedded in the systems and processes of the organisation. Often these actions are a mix of continuing to do the things that have always been done (but maybe do them better), plus new projects to implement new initiatives.

6. Evaluation

Progress on the journey needs to be assessed at appropriate intervals – to make sure things are on track, heading in the right direction and continuing to achieve the outcomes established at the start (delivering the impact). It is really motivating to have results discussed and reported, not just for staff and volunteers, but for patients, commissioners and other funders too.

Some examples of strategic planning tools that could be used at board level can be found in Appendix 1. You can find more signposts to tools and techniques in the Resources section below.

5. The main strategy documents

The strategic plan is the foundation for a number of key documents that together will form the basis of the strategy and the means for reporting against the strategy through the year.

Strategic plan

This contains the broad strategic direction for the hospice, a summary of the analysis that has been considered as part of the strategic planning process, along with the strategic objectives and high level activities for the forthcoming period. A high level budget is usually attached to the plan to indicate how the strategy will be resourced. The plan will feed into a strategy map.

Strategy map

This identifies the few select things that the hospice must do. These are the hospice's key strategic objectives and will be interrelated and mutually supportive. A strategy map helps you summarise your strategy, and helps you create a strategy matrix.

Strategy matrix

This lists the key initiatives in the current strategy to support the objectives, states who is responsible, and how success will be measured. A strategy matrix helps you focus on the really important data and measures in the strategy which helps you create a balanced scorecard.

Balanced scorecard

This is the regular report showing performance against your chosen indicators and targets, to help you monitor your performance in delivering your strategy. This will be linked to (and provide a summary of) your regular board reports.

Regular board reports

Regular board reports that together enable you to carry out your stewardship responsibilities, ensuring that you continue to do the right things in the most effective and efficient way.

Appendix 2 contains a suggestion for the structure of a strategic plan for you to adapt to your own needs. More can be found on strategy maps, the strategy matrix and balanced scorecard reporting in 'Developing a balanced scorecard for your hospice'. More can be found on board reports in 'Board reports that add value to your hospice'. Both these good practice guides can be downloaded from the Hospice UK website:

www.hospiceuk.org/governancepublications

6. Top tips

- Take a step by step approach and don't try to do too much too soon; having a two page plan that is the result of some good conversations across the hospice and beyond is far better than having a 20 page document that no one reads.
 - Eight pages is an ideal size for a strategic plan (or at least something to aim for – those whose job it is to read, understand and buy into it will thank you).
 - Involve as many people as you can in strategic conversations to get them into the habit. Staff at the front line (eg nurses, housekeeping staff, fundraisers) often have extremely valuable and informed perspectives of people's needs and wants.
 - Constantly review how the board keeps itself up to date with what is going on in the external environment and with patient needs and wants: When did you last update your knowledge? To what extent are you relying on anecdotes and myths? Are you using any outcome measures in your hospice?
- Consider the expertise you need to get fully involved in strategy development, implementation and evaluation. One study found that 44 per cent of boards say that they simply review and approve management proposed strategies, and some of this is down to an 'expertise gap'³.
 - Focus on the results you expect to see as a consequence of your strategy – this will really engage people and enable you to measure the extent to which you deliver and make a difference.
 - Have the board spend at least 30 per cent of every meeting discussing future strategy (rather than limiting such discussions to the odd annual away-day); use away-days to get quality time together to focus on the longer term, and 'blue-sky' generative thinking.
 - Remember that the strategy and plan are always a 'work-in-progress'; be firm about the things that must stay the same, but be prepared to be flexible around the things that need to change.

(3) Bhagat C, Hirt M, Kehoe C. Tapping the strategic potential of boards. McKinsey Quarterly, February 2013. Available from: www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/tapping-the-strategic-potential-of-boards

7. Resources

There are lots of (perhaps too many) resources available. The ones listed below include those specifically for nonprofit organisations.

General strategy material, including case studies:

www.knowhownonprofit.org/organisation/strategy

On strategic analysis and external drivers:

NFP Synergy PEST Analysis
www.nfpsynergy.net/look-nfpsynergy-did-my-pest-analysis-february-2011

On organisational health-checks:

Organisational capacity assessment tool
www.mckinseysociety.com/ocat/

Some books and journal articles:

Bhagat C, Hirt M, Kehoe C. Tapping the strategic potential of boards. McKinsey Quarterly, February 2013. Available from: www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/tapping-the-strategic-potential-of-boards

Bruce I, Copeman C, Forrest A, Lesirge R, Palmer P, Patel A. Tools for tomorrow: a practical guide to strategic planning for voluntary organisations. London: NCVO, 2012. www.ncvo.org.uk/component/redshop/1-publications/P66-tools-for-tomorrow

Chait RP, Ryan WP, Taylor BE. Governance as leadership: reframing the work of nonprofit boards. New Jersey: Wiley, 2005

Clark, C. Managing risk: guidelines for medium sized voluntary organisations. London: NCVO, 2001.

Appendix 1: Some strategic planning tools

Some examples of tools that might be used to engage boards in strategy development are included below. More tools can be found in 'Tools for Tomorrow'⁴.

A. Getting the direction right

Key questions for a direction setting board workshop:

1. Vision: what is the ultimate difference we want our work (combined with that of others) to achieve for patients and their families? And for the local community?

Describe the changed community we want to see (not the changes we want to see in our organisation).

2. Mission: what is our role in creating this change? Be clear about what is in scope and out of scope – what we will do, for whom, where, etc.

3. Values: what are the principles that will guide our behaviour as we deliver our mission? Start with the principles, strike out those that apply to everyone in the world (eg honesty and respect would seem quite basic), and focus on those that differentiate your hospice.

4. Key priorities: What four or five big things should be our focus for the next three or five years, to enable us to deliver on the mission? Often four of these will be outward facing (doing things for patients and the community) and the fifth will be to strengthen the hospice for this endeavour.

B. Options and choices

Business model sustainability

It might be useful to get the board to consider the current portfolio of activities and projects and the health of the overall business model.

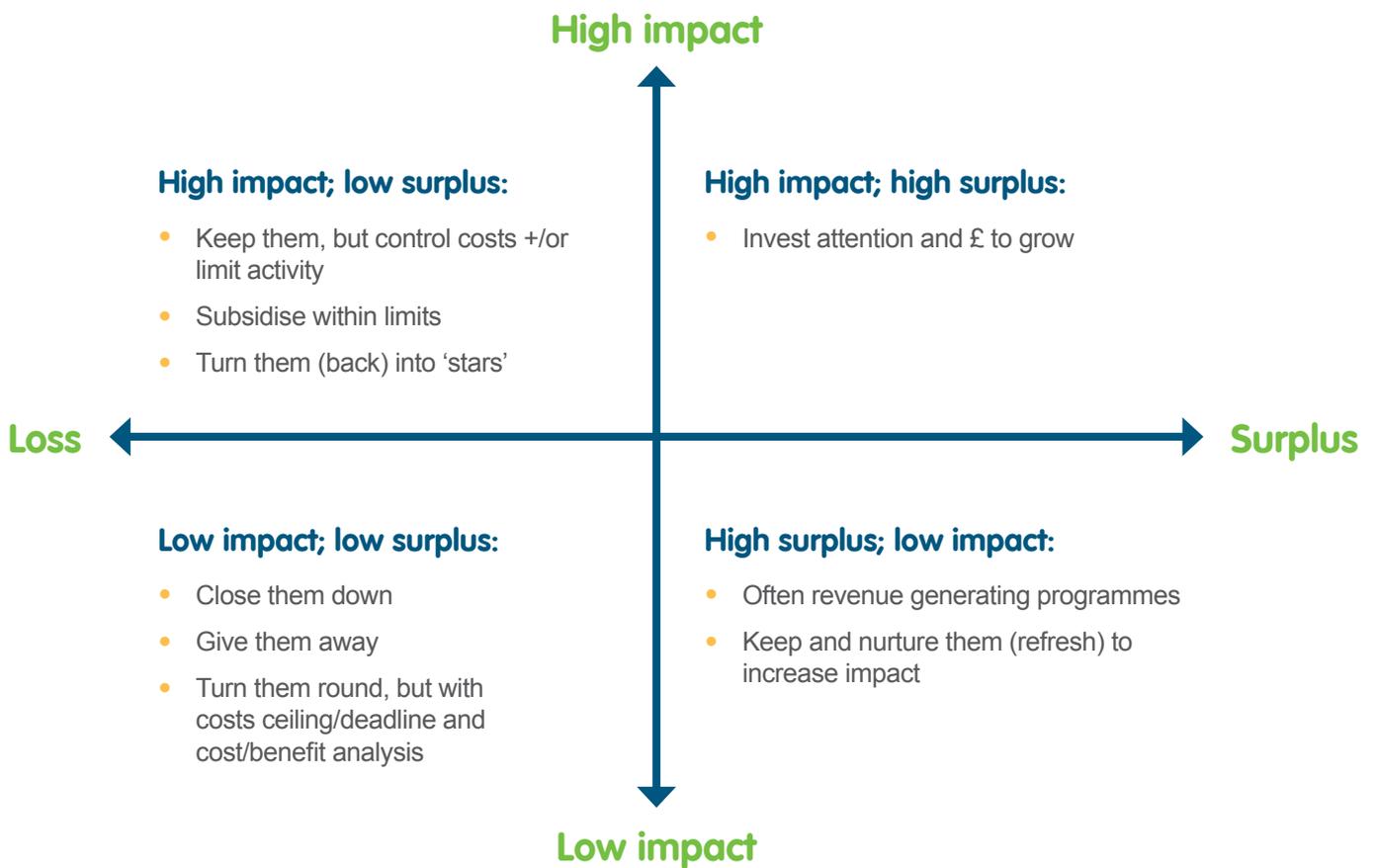
Business model: who we are; what we do; why we do it; how we do it; with what resources.

Sustainability: doing what's required to meet the needs of the present without compromising the ability of future generations to meet their own needs⁵ (sustainability can be attained through a blend of philanthropy, grants, loans, contract income, earned revenue).

A sustainable business model can be seen as having both a relevant and impactful portfolio of activities, along with sufficient working capital (funds to continue operations) to meet the needs and activities of the organisation over the medium to longer term. To determine sustainability, Bell, Masaoka and Zimmerman encourage nonprofits to look at how their whole portfolio of activities works together, and map both the mission impact and financial return/surplus of all activities (products, services, campaigns and revenue generation activities).

(4) Bruce I et al, op cit.

(5) Bell J, Masaoka J, Zimmerman S. Nonprofit sustainability: making strategic decisions for financial viability. San Francisco: Jossey Bass, 2010. Also see the 'Organised Abandonment Grid': www.socialent.org/pdfs/NONPROFITWORLDOrganizedAbandonment.pdf.



Profitability: revenue minus costs for each activity.

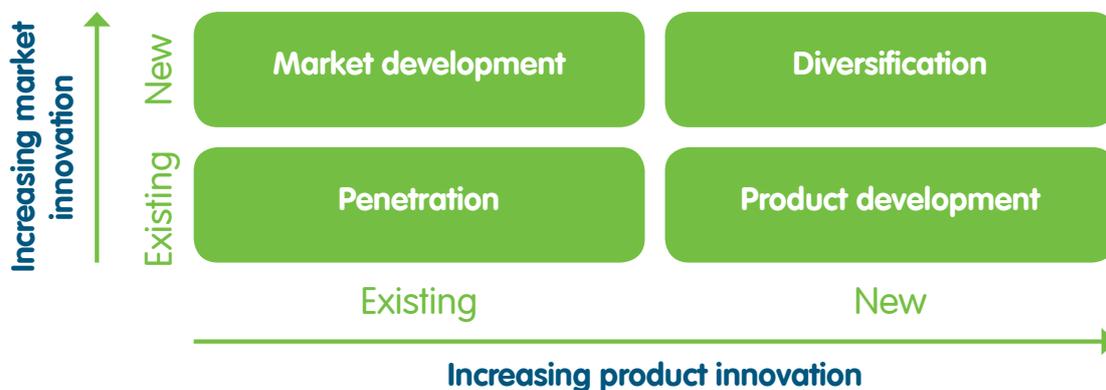
Impact: a one to four ranking of a selection of criteria: fit; excellence; scale; depth; FIG (filling important gap); community building; leverage (use data as evidence where possible).

Use a 'bubble' for each activity. Make the size of the bubble relative to the cost of each activity (to spotlight where resources are going).

Ansoff's grid: growth strategies⁶

Ansoff's grid is a tool to help decide how and where to expand the organisation's activities

in a very beneficiary focussed way. It helps compare and contrast options to achieve the mission and consider relative risk. NB growth may not be the optimum strategy to achieve the mission and have greatest impact, so it is important to first ask the 'why grow' question and consider the benefits of alternative development options. The first step in using the grid for growth analysis is to identify all your current products/offering and their markets, then consider your future options for expansion using the matrix shown below, considering opportunities, associated costs, benefits and risks:



(6) Ansoff Matrix: www.ansoffmatrix.com

Exploring the options

- The lowest risk option is to sell more of your existing offering in your existing market, either by existing customers purchasing more or by increasing the number of customers from your existing market (the bottom left quadrant). This is increasing your **market penetration**.
- Somewhat more risky is to sell your existing product into new markets (more customers – the top left quadrant). This is **market development**.
- More risky still is to develop new offerings for your existing markets (bottom right quadrant). This is **product development**.
- Most risky is to develop new offerings for new markets. This is **diversification**.

Strategy screen to screen different options

Before you start on strategy development, it is important for the board to be clear about decision making criteria to help assess different strategic options; these are an example. To construct such a list in your hospice, you might use sticky notes and ask trustees to think about what criteria are important to them, then rank them.

Example selection criteria	Option 1	Option 2	Option 3
Fit with mission, vision, values			
Impact on beneficiary			
Filling known gap			
We are best placed to do this (no one else can do it better)			
Impact of change on organisation (structure etc.)			
Your capacity to pursue			

Appendix 2: A strategic plan framework

Plan headings	Purpose of section	Possible sub sections	Possible sources of content ⁷
1. Purpose	Clear statement about the reason you exist; the difference you make; your distinctiveness; the value and benefits you add.	<ul style="list-style-type: none"> Mission, vision, values; public benefit Short contextual piece about the sector in which the organisation operates 	Constitution Mission, vision, values tool Workshops to explore needs, value proposition, scope and differentiation
2. Drawing from the past	Be clear about what must continue, past achievements and learning: facing the future with pride in the past.	<ul style="list-style-type: none"> What we must continue to do and why Learning from the past: about need, about ourselves, our performance (including what we must do differently – use client feedback) 	Review of previous period against plan Review of achievements Beneficiary research
3. Considering the future	Explore the world the organisation will be facing in the future. With the mission, vision and values as backdrop and context.	<ul style="list-style-type: none"> Beneficiary needs; key stakeholder needs External environment analysis (drivers, other players) Internal environment analysis (fitness to face future) Future funding map Level of ambition and approach to risk/parameters Collaboration attitude and approach 	Scenario planning PESTEL, SWOT, skills audit, internal healthcheck; benchmarking data Stakeholder analysis Other player analysis, Strategic group mapping Funder priorities/funding opportunities analysis
4. Strategic direction: goals, objectives, map and scorecard	Clear statement about the organisation's priorities for the forthcoming period given the analysis of what has gone on in the past, and the results needed for the future.	<ul style="list-style-type: none"> High level goals with objectives for each and anticipated results Measures defining what the organisation wants to deliver Strategies to deliver quality assurance 	Gap analysis Resource analysis Matrix of options/decision making criteria Cost benefit analysis Break even analysis Strategy map and balanced scorecard
5. Delivering the strategy	Key activities required by the organisation to deliver the strategy. Give confidence to the reader that the organisation has thought through the 'what' and 'how' to deliver the strategy and has a results orientation.	<ul style="list-style-type: none"> Factors critical to success (the things we have to do well) and outcome measures/indicators High level activities (over each of the years in the plan period; strategic staircase – as an appendix) Communications plan for engagement Risk and impact analysis Resourcing the plan 	Strategy matrix Risk analysis Impact analysis Staff consultation/activity workshops Financial modelling/ forecasting, planning Funding planning, by sources Investment needs analysis
Appendices	Detailed material that some readers may be interested in.	<ul style="list-style-type: none"> High level Gantt chart High level profit and loss statement/ budget 	



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Hospice UK, Hospice House, 34 – 44 Britannia Street, London WC1X 9JG