

STRATEGIC PLAN FRAMEWORK

A guide for arts organisations

Strategic planning for arts organisations

“The more uncertain and shifting the environment becomes the more important it is for arts organisations to have a clear sense of purpose: to think and act strategically... That does not mean detailed and inflexible long-term plans. Nor should it be a licence for navel gazing... An organisation that lacks an animating sense of purpose risks being pushed and pulled in many directions...

Arts organisations operate in increasingly crowded and competitive markets, with multiple partners, with different goals and performance measures, mixing commerce and cultural creativity. In such a fluid environment, stability does not come from structure but from having an enduring sense of purpose.”

Arts organisations in the 21st century: ten challenges
Charles Leadbeater, Arts Council of England 2005

“Strategic thinking helps us take positions in a world that is confusing and uncertain. You can’t get rid of ambiguity and uncertainty—they are the flip side of opportunity. If you want certainty and clarity, wait for others to take a position and see how they do. Then you’ll know what works, but it will be too late to profit from the knowledge.

Most corporate strategic plans have little to do with strategy. They are simply three year or five-year rolling resource budgets and some sort of market share projection. Calling this strategic planning creates false expectations that the exercise will somehow produce a coherent strategy.”

Management Lessons from the Financial Crisis
Richard Rumelt, *The McKinsey Quarterly* June 2009

Overview

This document has been prepared as a guide for arts and cultural organisations where governments require them to prepare a Strategic Plan. While we provide this information as a guide, governments acknowledge that organisations will use different approaches to strategic planning, best suited to their needs.

In broad terms, your Strategic Plan will be a 'high-level' outline of WHERE you want your organisation to be in five years' time, WHY you believe it should be there, and HOW you will accomplish this over the period.

Funding Guidelines

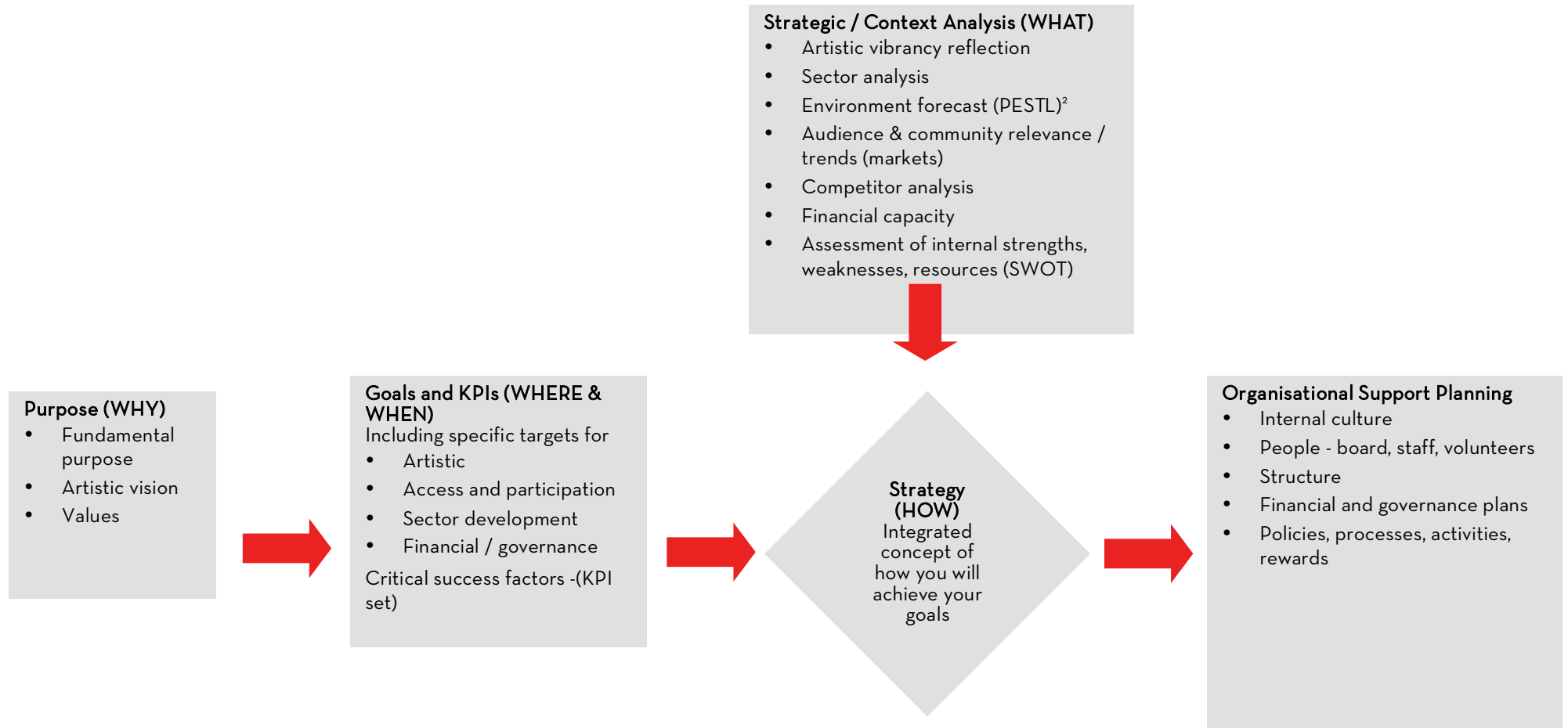
Your plan will be evaluated by the funding bodies in relation to the components of this framework. Your plan must also address any government priorities. These include cultural diversity, disability, regional access, Indigenous activities, young people etc.

Please note that any substantial changes to a five-year Strategic Plan submitted and accepted under a new agreement will require funding agency approval as a variation to that agreement. In addition to this Strategic Plan, you are required to submit an annual program of activities and budget for the following year.

As a guide, the length of the document would ideally be approximately twenty pages plus the attachments as outlined in Organisational Support Planning.

A structure of a Strategic Plan

The following diagram¹ provides an overview of how you might structure your Strategic Plan:



¹ Adapted from Hambrik and Fredrickson 2001.

² PESTL (Political, economic, social, technological, legal).

Explanatory notes

EXECUTIVE SUMMARY

The executive summary covers the key messages of your plan. It should encapsulate and distil the strategic direction of the document. The rest of the plan will be an exposition of the executive summary.

PURPOSE AND ARTISTIC VISION

Your purpose (or mission statement) answers the question: why does our organisation exist?

It is a simple statement that guides your organisation and sets boundaries to minimise “mission drift”. Your organisation’s artistic vision will be central to your purpose, and will inform the content of the plan.

You might consider including a list of the values that guide your organisation in dot point.

GOALS AND RELATED SUCCESS FACTORS

Goals describe your intended impact. Do your goals reflect where you want to be in five years’ time?

“If you measure it, it will happen. If it's important, you can almost always find a way to measure it.”¹

Ideally, goals are SMARTER: **S**pecific and able to be **M**easured, **A**cceptable to those working to achieve the goals, **R**ealistic, **T**imely, **E**xtending capabilities and **R**ewarding for those working to achieve them.

In this section you will also identify the critical success factors (your KPI set) which your organisation will use to monitor the achievement of your goals. How will your organisation measure and evaluate artistic vibrancy?

Goals (<i>Example</i>)	KPI	Current	Year 1	Year 2	etc
BE recognised for innovative productions that extend the artform	Nr of overseas tours per year.	1	2	1	
	Nr of capital city festivals invited to each year.	0	1	2	

STRATEGIC/CONTEXT ANALYSIS

This section summarises the strategic issues you expect your organisation to face over the next five years. It will be based on an assessment of your internal and external environments to identify the organisation’s strengths and weaknesses, opportunities and challenges.

It is a distillation of analysis and research undertaken by your organisation to underpin the artistic choices you have made and the goals you have set.

¹ Hilary Mine 2008 Managing Director Alcatel-Lucent Australasia and North Asia.

This process might include the following:

Key issues

Draw out key issues from SWOT and other analysis which influence or will have an impact on the strategic direction that your organisation wishes to take. Are there any other external (artistic, political, economic, social, technological) issues which you need to take into consideration? If planning to tour overseas, are there any issues in those markets which you need to consider?

Have you made use of available data (your own and other sources) to inform your strategic direction?

Artistic and Cultural Vibrancy

What are the factors that underpin your artistic rationale and ensure your artistic or cultural vibrancy? Describe and reflect on the work your organisation makes or presents.²

History

A brief overview summarising when your organisation was set up, for what reason, and the impact of significant achievements, events and milestones that your organisation instigated or reacted to over the years – events which are influencing your strategic direction. It could include a couple of stories of real impacts you have made over the last few years (e.g. a great artistic achievement, an international tour, unexpected national exposure, discovering emerging talent etc).

Internal Situation

A relatively brief but comprehensive evaluation of your organisation. It can cover any major structural strengths and weaknesses, artistic reputation and include an analysis of your organisation's current financial situation (including details of annual income and expenditure, assets and liabilities and an assessment of any existing financial risks).

External Situation

This can be a brief summary of your external situation as it is now – concentrating on positive opportunities while remembering potential threats. Who are the local, national and international peers against whom you benchmark your organisation? Who are your stakeholders? This section can also articulate the key trends and issues about the environment in which your organisation exists – now and in the immediate future. This will probably include any social, technical, environmental, economic, political, legal, cultural policy or arts sector trends, which might affect the artistic direction that your organisation chooses to take.

Markets

Define your current markets and your relevance to your audience and community.

“A market is any broad collection of people who might have an interest in exchanging something, coming into contact or engaging with your organisation.”³

These may include artists, visitors, ticket buyers, workshop participants, clients, referrals, members, volunteers, funding bodies, sponsors and philanthropists.

This is an evidence based analysis of your market segments in terms of the key common factors that bind each group (e.g. young adults who respond to the latest trends in new media). It may be that demographic factors such as education level, income and age are not as important as other factors such as hobbies or attitudes.

Consider who creates your support base.

- What other markets, communities, stakeholders or partners are strategically important to you?
- How are you responding to changing audience or community demands and interests, including people who are not currently engaged?

² Refer to www.australiacouncil.gov.au/artistic-vibrancy for more information on evaluating artistic vibrancy.

³ Thinking BIG! A guide to strategic marketing planning for arts organisations Stephen Cashman Arts Marketing Assoc 2003.

- If you have segmented your markets, a summary of your analysis could be included here.

Clarify what you offer your markets

Pinpoint the experience that your organisation offers and how it is unique from your markets' perspective (i.e. the emotional, physical, social benefits and value you deliver to them).

Choose the strategic direction your organisation wishes to take with regard to markets.

This takes into account what is feasible within the resources available, and what you are best placed to do within your context and bearing in mind your vision. It could also include which partners you will work with to move in this direction (e.g. like-minded organisations, local businesses, international organisations and sponsors etc).

Competitors and Collaborators

Who are your competitors and collaborators for each market segment? What is the competitor's offering, what is the impact on the organisation, and how will your organisation respond?

“In not-for-profit arts organisations, competition can be thought of as anything that inhibits or stops an organisation from achieving its goals.”⁴

STRATEGY

A narrative on your overall strategic approach and details of a small number of major initiatives you will undertake to achieve your goals. Strategies that satisfy a number of goals are more likely to have a higher priority.

ORGANISATIONAL SUPPORT PLANNING

The components on the next page are mandatory.

In this section you will summarise how your organisation's resources will support the achievement of your goals. There should be sufficient information to convince the reader that your organisation can deliver the plan. You do not need to include specific plans. However, funding bodies may request them if information submitted requires clarification.

⁴ Hilary Mine 2008 Managing Director Alcatel-Lucent Australasia & North Asia.

Financial Overview

The financial plan provides further details of how you are going to implement strategies that underpin your artistic vision. It flows logically from the conclusions drawn about your organisation's financial situation in the context section.

This section must include:

- an assessment of your organisation's current financial situation
- a trend line analysis to support your growth forecasts
- a high-level financial forecast (income, expenditure and balance sheet) for each year covered by the plan.

Forecast figures in your forecast will support and demonstrate the statements made throughout your entire plan.

Key Business Risks

Risk is the chance of something happening that will impact on your goals⁵.

This section identifies the major obstacles to achieving your strategic plan. It is useful to include no more than the 10 key business risks that your organisation must monitor or manage, from your risk management plan.

Management

Role of the Board and Governance

How does your board monitor performance against this plan?

This section includes your governance framework⁶: how your board members are recruited, appointed and developed, your board leadership / decision-making roles and responsibilities, conflict of interest protocols, how you measure board performance, meeting frequency, and sub-committee structures (if any).

Describe processes in place for audit of your board.

Succession

Succession planning has two components:

Legacy

- how and what artistic capital we need to leave behind for future staff, board and other stakeholders
- how we can change or exit in a planned way

Replenishment

- what we need to do to ensure we have the skills and expertise to deliver the plan
- how we will cope with unplanned disruptions or unforeseen changes
- how we plan for leadership continuity (i.e. artistic director, chief executive officer/ general manager and board chairperson).

⁵ Australian Risk Management Standard AS/NZS 4360:2004.

⁶ You should refer to Essential Governance Practices for Arts Organisations, Australia Council 2011.
http://www.australiacouncil.gov.au/workspace/uploads/files/australia_council_-_essential_-_54bf1568176de.pdf

ACKNOWLEDGEMENTS AND SOURCES:

The following list contains source material for this document:

- Arts organisations in the 21st century: ten challenges, Charles Leadbeater, Arts Council of England 2005.
- Mission, money and models: New approaches to sustaining the arts in the UK, Adrian Ellis June 2004.
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- Business Plan Development workshop materials, Duncan Peppercorn April 2006.
- Thinking BIG! A guide to strategic marketing planning for arts organisations, Stephen Cashman 2003.
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