The Strategy Playbook

Strategic creation or renewal - A playbook for nonprofit leaders
Based on 12 thought-inspiring questions
To get to a Simple Unifying Idea.

Daniel D’Esposito, January 2020
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Strategy Playbook is based on 12 carefully chosen questions that will help you to:

- Think different, think bold, think fresh, think new.
- Prioritize, to sharpen focus, to separate the jewels from the junk.
- Bring out your uniqueness, culture, DNA, and secret sauce.
- Encourage a spirit of experimentation during the strategy process.
- Look at how the environment will influence the road ahead.
Who is Strategy 360 for?

You are the leader of a nonprofit, and you need to renew your strategy:

You understand your domain deeply,
You have a great team.
Your strategy was great, but it no longer fits as it used to.
You need a new game,
You need to reach another level of impact,
And you want a reliable path to get you there.

Then this playbook is for you!

It doesn't matter whether your organization is big or small,
New or mature,
What region of the world you work in,
Or what kind of social or environmental issue you are addressing.

What makes it unique?

Its focussed on getting you to that Simple Unifying Idea which will make the rest of your strategy easy.

Its built on solid cognitive science, in particular the incubation that’s part of your creative process.

It brings your the best thinking on strategy, on goal setting, on lean methods, on business models.
Why the Strategy Playbook? The Backstory.

Hello! I’ve worked over 20 years in and for nonprofits. I worked in the humanitarian sector as a delegate for the International Committee of the Red Cross, and then for a little NGO called HURIDOCS specialised in helping other human rights organizations organise their information.

This tool is a response to a challenge I faced, and perhaps the biggest failure in my career. I just had become executive director of HURIDOCS and helped it emerge from a crisis, partly thanks to a clear and simple strategy that made us relevant again, attracted new partners and funding, and served us well for 5 years. We multiplied our funding x4 and moved from 2 to 16 people. Onwards and upwards!

Then came the time to refresh the strategy. Our donors wanted a theory of change that included a path to scaling our impact. And that paralysed me, I was completely stuck. I no longer understood what strategy was, how to create a good one, or how to involve my team.

I got some tips from manuals I read, but did not find the method for success that I was hoping for. I eventually left, partly because I felt that since I could not clearly see the future of the organization, I was no longer the right person to lead it. I felt burned out.

I felt that creating strategy should not be this hard. Sure, it should be challenging, but it should be fun, it should be stimulating, and a moment to learn.

In the couple of years that followed, I decided to work on helping other nonprofits build their capacity, and one of the results is this method. It involved exploring and putting together methods for strategy development that have never been put together before - from cognitive science around creativity to organisational culture concepts - in order to produce what I hope you will find to be reliable methodology for producing a great strategy!

Daniel D’Esposito
Preparatory Reading & Learning

Before you start read at least one of these excellent and helpful books:

**Lean Impact: How to Innovate for Radically Greater Social Good**
by Ann Mei Chang.  
[Website of Ann Mei Chang](#).

Ann explains the lean startup methodology and shows how it can be adapted to nonprofits. Being bold, experimenting, iterating, until solutions are found.

**How to do Strategic Planning: A Guide for Small and Diaspora NGOs**
by Rick James. [Free download](#).

The best primer on strategy for the nonprofit sector. We build on some of the definitions, tips and tools presented in this short and useful manual.

**Good to Great: Why Some Companies Make the Leap and Others Don’t**
by Jim Collins.  
[Website of Jim Collins](#).

Also get the monograph:  
“Good to Great and the Social Sectors”

Jim has given the world some amazingly useful management concepts… such as Big Hairy Audacious Goals (yes, that was from him!), Level 5 Leadership, the Flywheel, and the perhaps best of Hedgehog Concept: the intersection between what we are passionate about, what we are the best in the world at. Essential reading.
The Method
What is Strategy Anyway?

Your strategy is simply **how you are going to achieve impact on the social problem you are addressing**, to fulfill your mission.

A good strategy is built around a **simple unifying idea**. Simple enough so that it inspires your team. It should lead them to focus on actions that will lead to success and just as importantly, to avoid the distractions that will slow you down.

A good strategy shows how **all the functions and activities of your organization will work together** to achieve impact. Including communications and revenue generation.

Of course your strategy is influenced by who you are as an organization, how you like to do things, your DNA, your secret sauce. Part of strategy is self-awareness so that **what you do aligns with who you are**.

The rest of your strategy will just flow from your central idea.. Your goals, the activities to reach those goals, and the business model that will fund your activities.
The core: your Simple Unifying Idea…

The core of your strategy should always be a **Simple Unifying Idea**, that you can explain in two sentences.

You will know it when it hits you, it will have a Eureka quality to it. It will make you excited, it opens so many new possibilities, it on potential that you already have… It rings true!

Once you have your Simple Unifying Idea it will be easy to roll out the rest of your strategy.

But how to get to this seemingly elusive idea?

“Everything Should Be Made as Simple as Possible, But Not Simpler” - Albert Einstein
Example of a Simple Unifying Idea

From the situation…

A nonprofit working on increasing respect for human rights came to realize that it was very much appreciated by certain states for its advisory services in implementing the convention. So it made sense to re-profile itself as a provider of such high value consulting services for governments most open to change.

Another key insight that not all countries were open to such advice, but that this changed over time. Generally, a state would have a progressive government for up to a decade, which was a window of opportunity during which a lot progress could be made. Whereas other states were not very supportive and effort was more or less futile.

… to the Single Unifying Idea
(explained in two sentences!!)

This lead to a new strategy where the nonprofit would re-profile itself as a provider of such high value consulting services for governments most open to change.

And rather than trying to spread limited resources over many states, it would keep an updated political map of governments the most ripe for change, and invest most of their resources in those countries.
The process...

1. Form a small team
The heart of the process is simply to form a small strategy team of maximum 5 persons. A small committed team is more effective than working alone or a larger group.

2. Choose the questions & plan the work
In the following pages you will find 12 questions. Decide which ones you want to work on, choose at least 6. Work on 1 or 2 questions each week for at least 6 weeks.

3. Work both individually and collectively
Each team member should work individually for 30 minutes daily on his/her questions. Not more! But it’s important to be regular! Meet once a week to put together your ideas.

4. Collect stakeholder insights
Consult internal and external stakeholders to enrich your thinking… staff, board, peers, funders, beneficiaries, experts… Use our upcoming Strategy 360 tool to collect feedback.

5. Write up your strategy
Pull your ideas together in a concept note or slide deck.
Why will this process work?

This process is designed leverage to learning of cognitive sciences to maximise your creative powers.

If you work on your strategy daily, for a small amount of time, over several weeks, this will allow you to reach the depth you seek for really new and great ideas to emerge.

Why? Because your strategy will continue to simmer away in your unconscious mind, even when you are not actively thinking about it. In cognitive science, this is known as incubation in the creative process.

Then, and all of a sudden, new and original insights will start pop up, as if out of nowhere. This is known as illumination in the creative process. Then all you have to do is sift through them as a team and pick the best ones.

We will explain these cognitive processes, and how they can be applied to solving social and environmental problems, in an upcoming manual called “The Imaginate Method”
The Questions
1. Big Hairy Audacious Goals

Are you stuck in a routine? Are you serving only a fraction of your possible beneficiaries? Having a Big Hairy Audacious Goal, or BHAG, can help to break through to another much higher level of impact. Coined by Jim Collins and Jerry Porras, a BHAG is a bold 10-to-30-year goal to progress towards an envisioned future.

JFK’s promise to put an astronaut on the moon in 10 years is a very good example of a BHAG. It is very bold, but not impossible, and it motivated, focussed and galvanised everyone involved in reaching this goal.

A BHAG forces us to think differently. It cuts the temptation of incremental progress. It leads us to new solutions that can scale to at least 10x more impact.

Question:
What BHAG could galvanize your organization for the next 10-30 years?

“Sound strategy starts with having the right goal.” Michael Porter

“The biggest risk is not taking any risk. in a world that’s changing really quickly, the only strategy that is guaranteed to fail is not taking risks.” Mark Zuckerberg
2. Turning Constraints into Goals

Often we limit ourselves by our own thinking. We face an obstacle and we assume its insurmountable. But this may not be the case. In fact, there is an insurmountable problem, but we can harness our constraints. Let’s look at the obstacles we face, and consider them an opportunity to think creatively.

Elon Musk excels at turning impossible constraints into daring goals. For example, when considering solutions to traffic problems in LA, his idea of building tunnels was laughed at as impractical... it would take decades. Why? Because boring machines could not drill beyond a certain speed. His response was to refuse the constraint by turning it into a goal: “Let’s make tunnel-boring machines that are 10x faster! And with The Boring Company, that is exactly what they did!

The fight against malaria is a good example of turning an insurmountable constraint into a BHAG. The initial thinking was “Mosquito nets would solve the problem if everybody were to use one, but many families are so poor they won't buy a net - an insurmountable problem”. The constraint was turned into a goal: to find enough funding to make mosquito nets available to everyone for free. And thanks to foundations like Bill and Melinda Gates, this goal was reached, and nets became ubiquitous enough to wipe out malaria in certain areas.

So think about your biggest constraints and express them as goals.

Question:
What is your most gigantic obstacle? Express it as an audacious goal.
3. Thinking Beyond Funding Limitations

Particularly in the nonprofit world, we often feel constrained by money. Funders have pigeon-holed us into a certain slot, and finding new sources is difficult. So radical change can be daunting. Let us imagine for a moment we had all the money we need, so that we can focus on the best way to get a result without worrying about money. You can finally do things as they should be done, think as big as you date, any idea is now possible.

What do you do if you had unlimited funding?

**Question:**
You have one billion dollars to make a really significant impact: what do you do?

Similarly, we can think beyond financial constraints by imagining what we would do with no financing at all… strategies where we persuade others to act for example.

**Question:**
To make a significant impact with zero budget, what would we do?
4. External Environment Scan

PESTLE analysis (political, economic, socio-cultural and technological) describes a framework of macro-environmental factors used in the environmental scanning component of strategic management.

In this exercise, we’ll look only at the changes that will lead to the most promising opportunities or threats:

**Question:**
What top three changes to political, economic, social-cultural, technological, legal or environmental factors are going to affect us in the future, either as opportunities or threats?

“Entrepreneurs are simply those who understand that there is little difference between obstacle and opportunity and are able to turn both to their advantage.“ - Victor Kiam
5. Core Competence

A successful strategy will give you a crystal clear focus so you can concentrate all your resources (time, funding, energy, creativity) on high-yielding activities, and get the most impact. The same clarity will allow you to avoid lower-yielding activities that distract you and dilute your chances of impact.

Your core competence can lead you to that focus. As Jim Collins asks: What is the one thing in the world can your organization be the best in the world at?

The choice of words is important. You really need to be the best in the world at core competence, better than every other organization working in your space. It is not about bravado or competitiveness, it is about being realistic. It is about finding that unique skill, that only you can master, which will allow you to make that unique contribution to your field, in a way that nobody else can.

Examples

These five organizations working for the benefit of homeless people, each with a unique core competence, leading it to a unique path and impact:

- “We are the best in the world at understanding the causes of homelessness”
- “We are the best in the world at low cost housing ideal for homeless people.”
- “We are the best in the world at convincing our government and parliament to adopt progressive laws and policies that help homeless people.”
- “We are the best in the world at persuading the general public to see homeless people positively.”
- “We are the best in the world at reconnecting homeless people with support networks”

Question:
What is the one the one thing we can be the best in the world at?
A new strategy will inevitably involve eliminating some less fruitful activities so that you may focus on others - new or not - that you think will lead to more impact.

We often speak of hard choices because letting go is very hard. As we invest time and effort into a programme or activity, and go through its successes and frustrations, we become attached to it, and the emotional bond makes it very difficult to accept to get rid of it. We’d rather bend the strategy so we can justify to continue!

So how to get to this clarity of vision about what needs to be eliminated? Your previous responses will help. Does the activity support your BHAG? Does it align with your core competence?

A useful exercise is to imagine what you would do if you only had 80%, 50%, and then only 30% of your budget. Which programmes would you keep? Which ones are not essential?

**Question:**
If we had to make do with 50% of our budget, which activities would we keep?

“The essence of strategy is choosing what not to do.” Michael Porter
7. Cash Cows, Stars, Question Marks, Dogs

The BCG-matrix is another useful tool to reflect on which activities to keep or jettison as part of your new strategy. This tool was created by Bruce D. Henderson for the Boston Consulting Group (hence the name) in 1970 to help corporations to analyze their product lines.

It involves sorting your programmes and activities into four groups:

- **Cash Cows**: are mature activities with a proven impact, which the organization is most known for, and which bring in revenues. Cash cows can potentially fund the rising stars.
- **Stars**: are fast-growing activities requiring investment but with huge potential for the future. They are the next cash cows.
- **Question Marks**: potentially Stars, but its not clear yet. What can be done to boost them? Which ones are not worth further investment?
- **Dogs**: are former cash cows which no longer bring value and can be eliminated.

There is a natural cycle: an activity starts as a Question Mark, becomes a Star, then a Cash Cow, and finally a Dog. A balanced portfolio enables sustained impact over time.

**Question:**
Which activities are Cash Cows, Stars, Question Marks, Dogs?
8. What Endgame?

Alice Gugelev & Andrew Stern have identified basic strategies for achieving impact, which they call endgames:

1. **Open source:** Conducting research and development, and sharing knowledge.
2. **Replication:** Defining a replicable operating and impact model, demonstrating its efficacy, and sharing it with other organizations.
3. **Government adoption:** You develop a pilot programme and demonstrate its value to governments who will adopt it and scale it.
4. **Commercial adoption:** You develop a service or product and demonstrate its commercial feasibility so for-profit actors will adopt it.
5. **Mission achievement:** You tackle and completely solve your target problem through your own agency.
6. **Sustained service:** You provide a long-term service that fills a market or public service gap, over the long term.

Some of these endgames can lead to significant impact without requiring massive scaling up of activities, which would require capital that may not be available to you. These strategies often work through indirect action, such as developing models that others can implement.

Learn more about the six endgames:

**Question**
What endgame best supports our Big Hairy Ambitious Goal?
9. Business Models

A business model is simply what funding sources will provide the income that will fund your activities.

Broadly speaking, nonprofits generate income by seeking funding, selling products or services related to their mission, or a mix of the two. But that’s very simplistic.

To help us dig deeper into nonprofit business models, William Landes Foster, Peter Kim, & Barbara Christiansen have come up with a useful list of 10 business models including Beneficiary Builder, Member Motivator, and 6 more, which we invite you to discover for inspiration before answering the question below:

**Learn more about nonprofit business models:**
- [Ten Nonprofit Funding Models](#) by William Landes Foster, Peter Kim, & Barbara Christiansen, Stanford Social Innovation Review, Spring 2009

**Question:**
What business model would best suit us for the next 10 years?
10. Economic Engine

Jim Collins speaks of an economic engine, which is simply the most important financial indicator that will bring you financial success if you work to increase it consistently over the long term.

Examples of key financial indicators from the business sector: revenue per store, lifetime revenue per client, revenue per employee. Each indicator leads to its own maximisation strategy, for example lifetime revenue per client leads to the well known strategy of selling cheap printers but expensive ink refills, to maximise the lifetime revenue per client.

Nonprofits also have key financial indicators, and here are some examples: income per funder, lifetime income per funder, impact per employee, percentage of restricted funding, percentage of income from beneficiaries who pay for services.

Let's see how each of these key financial indicators leads to its own optimisation strategy:

- A focus on lifetime income per funder will lead you to invest in long-term relationships with high-affinity funders where funder’s needs are well understood and catered to.
- A focus on income from services from beneficiaries will lead you to strategies which involve developing services that your beneficiaries are passionate about, as your livelihood will be dependent on them.
- A focus on impact per employee means you need to find ways of scaling your impact without growing your headcount, for example through partnerships or franchising strategies.

**Question:**
Which key economic indicator, if you increased it steadily over the years, would lead you to the most revenue or financial sustainability?
11. Organizational Culture

Strategy is also about building on that makes us unique, what is our secret sauce, remembering what we did well. Regardless of whether we want to change some aspects or not - its useful to reflect on who we are and how we got here.

**Question:**
What are we passionate about?

**Question:**
What are some examples of the organisation at its very best, doing what it was created for?

Organizational culture helps to focus an organization and is a useful factor of cohesion.

However it is not always positive. Sometimes, our culture may be holding us back, in the form of taboos or dogmas, such as assumptions about what works and what doesn't, or ideas about what should be done and what shouldn't. Such dogmas may be holding you back from considering very useful strategies.

Trying to find them is elusive, but can trigger a strategy breakthrough.

**Question:**
What elements of our culture - assumptions, taboos, or dogmas - could be holding us back from new strategies?

“Culture eats strategy for breakfast.”
– Peter Drucker, Author
12. Cycle of Change

As nonprofits we often have a theory of change, which is an explanation of how our actions are going to have an impact on the problem we are addressing. It is the heart of our strategy.

It is very powerful if we can represent our theory of change as a cycle, meaning to connect all the steps in our change process in a self-reinforcing loop. And even more powerful if we can include our revenue generation into this sequence, so that we effectively integrate our work in favour of beneficiaries with our communications and fundraising.

Example of a Cycle of Change

Step 1: We provide services to beneficiaries
Step 2: Their situation has improved, they
Step 3: We communicate success stories to funders
Step 4: Funders are happy, give us more
Step 5: We use the additional funds to improve or expand our services
Back to step 1: we provide even better services to our beneficiaries

Question:
How can you connect represent all the steps in your change process, including your learning and revenue generating activities, in a self-reinforcing loop.
Finishing Up
Putting it all together

Once you reply to you the questions below, you will have most of your strategy.

What is your (hopefully bold) goal?

What is your simple unifying idea to reach that goal?  
(This is the core of your strategy)

Do you have the core competence you need?  
What do you need to do to acquire it?

What will you need to change to execute your strategy?  
Programming, business model, know how, staffing?

How will your new programming, income generation and communications all work together in a cycle of change?
Strategy greatness & readiness test

Your strategy is great & ready when you can answer “yes” to the questions below:

1. Is built around a simple, unifying idea?
2. Can you explain it in two sentences?
3. Is it bold?
4. Does it excite you?
5. Does it excite others?
6. Does it allow you to see what changes you need to make to the programming, staff, fundraising and know-how?

If not, keep on thinking and refining!!

“If you can't explain it simply you don't understand it well enough”? - Albert Einstein
Taking your strategy into the world

Feedback time

Now that you have your strategy, write it up in a two-page concept note or a deck of 10-slides and take it out for review and feedback.

What do colleagues and other stakeholders have to say about it? How will they help execute the strategy at their level?

Testing and experimentation

If you are basing your strategy on assumptions that are not tested, that is a risk.

What small pilots or experimentation can you do to verify your assumptions before adopting that strategy?
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We’d love to know:
- What you think of this method, overall??
- What you found most useful, least useful?
- Your ideas on what to add.
- Your own experiences with strategy.

Simply write to: daniel@imaginate.xyz

Thank you!
Other projects we’re working on

**Nonprofit Builder**

A platform for nonprofit capacity building. Includes a directory of consultants vetted by major foundations.

https://www.nonprofitbuilder.org/

**Organization 360**

Feedback tools for nonprofit leaders. Organizational assessment, leadership 360, and resilience testing.

https://www.organization360.org/
Coming soon

The Imaginate method

Or how unlock your deepest creativity and imagine radical new solutions for social change.

- Uses cognitive sciences to unlock unconscious mind and help you generate novel ideas.
- Based on cognitive sciences: combines deep thinking with incubation.
- Works both for team and individual quests.
- Ideal method to guide an executive sabbatical program.

Strategy 360

A companion web app for the Strategy Playbook to enrich your strategy with ideas from staff and friends of your organization:

- Collect insights from staff, board, beneficiaries, peers, partners, funders, fans, experts.
- Beautiful color-coded report allows you to filter insights... internal, external, etc.
- Use upvoting to see which ideas resonate the most with your constituency.
- Document and demonstrate your strategy consultation process to your funders.

Interested? Drop us a line: daniel@imaginate.xyz