Strategic Planning in Nonprofits: An Analysis and Case Study Application

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There is significant literature on both the strategic planning process and on the traits of leaders, including traits typically associated with strategic planning. While the trait theory of leadership has largely been expanded upon, recent studies have considered that those expansions have lost focus of the specific fact that individual traits, in defined clusters, continue to be dominant in predicting effective leadership within qualified situations (Zaccaro, 2007). Literature also exists regarding effective leadership in the arts, and the specific traits both demonstrated by, and required of, arts leaders (A. S. Rhine, 2006). In the seminal studies on trait theory as well as recent examinations, there appears to be a dominance of strategic planning traits such as vision, communication, problem solving and enthusiasm, which seem to characterize the effective leader, particularly in the arts (Lake, 2008; A. S. Rhine, 2006). Using a review of the prevailing literature as a basis for discussion, this paper will merge those topics with current thinking about leadership in organizations as it explores strategic planning. It will address the ways in which nonprofits utilize strategic planning in order to demonstrate successful leadership, drawing correlations to traits defined by leadership trait theory.

Further, this paper will address those specific leadership traits by exploring performance of nonprofit organizations in relationship to prevailing theory on strong leadership. It will then discuss how effective strategic planning is used by nonprofits to improve their operations and to demonstrate both individual and organizational leadership. Finally, it will review the case of a California performing arts center (PAC) as it embarked on the strategic planning process in order to demonstrate both effective and ineffective uses of the strategic planning process, and the associated leadership successes and failures.Bryson notes that research on strategic planning is still needed to understand more completely the theoretical as well as the practical needs of nonprofits, including government agencies. He further concludes that research is needed to determine how to develop and then devise implementation procedures for differing types of organizations, addressing conflicting goals and ambiguous situations, and specifying roles for strategic planners (Bryson, 2010). The broad objective of this paper, then, is to use existing research and literature to begin to carve out a niche understanding of how performing arts centers specifically, and arts organizations in general, can take advantage of the strategic planning process to demonstrate strong leadership and propel those organizations forward.

Case Background

During the 2008-09 academic year, a small university campus in the California desert embarked upon a new venture: to create a performing arts center and house it in its newly constructed theater. The stated objective was to increase foot traffic from both the student population and the community onto the campus. Additionally, the campus wished to generate a local, regional, and national presence for itself using the performing arts center. Finally, there was a long-term interest in using the center and its facilities to generate a revenue stream. In order to accomplish its goals, the campus, a 501 (c) 3 not-for-profit organization, embarked upon the creation of policies and procedures for the effective implementation of a performing arts center, and the simultaneous process of strategic planning. The strategic planning process was flawed in a number of ways, but effectively demonstrated the leadership strengths that can be found within strategic planning in the nonprofit context.

Strategic Planning and Purpose

Allison and Kaye (2005) provide six summative questions to address issues of mission, vision, and values in the strategic planning process. They emphasize that there are four core reasons why the purpose of an organization should be stated clearly. First, without a clearly stated purpose, an organization may have difficulty successfully fulfilling its mission, because there is a lack of clarity about exactly what that mission is (Allison & Kaye, 2005). Unclear purpose challenges decision-making because decision-makers must use their best judgment as to what an appropriate organizational decision is. The process of making decisions that are not clearly related to the mission causes organizations to spread themselves in inappropriate ways, often leading to failure (Dees, Emerson, & Economy, 2001).

Second, a too broadly defined purpose causes the organization to have difficulty prioritizing (Allison & Kaye, 2005). Another form of mission drift, lack of priority, leads to conflicting decision-making or poor decision-making, which could jeopardize an organization. This overarching or too broadly defined mission often results from an unengaged board, and can lead an organization into erratic or counterproductive behavior (Carver & Carver, 2006).Third, without a clear purpose, constituents and key stakeholders can have conflicting ideas about why an organization exists (Allison & Kaye, 2005). In the case of the PAC, the campus administrator felt a personal need to have control over artistic content, though her expertise was as an academic in the field of history, and her professional assignment was as an academic administrator, not as an artistic director. Because the stated, but as-yet undocumented, purpose of the PAC was to increase campus traffic and to create campus visibility nationally, strong artistic product seemed essential. But lack of clarity of purpose confused the issue for the campus administrator in terms of decision-making. Lastly, without a clear purpose, an organization will never know when it is time to refine and redefine its mission, or when to close its doors (Allison & Kaye, 2005).

Strategic planning appears to be an essential element of effective leadership. Bryson (1988) has documented, through his years of work on strategic planning, a systematic approach to the work. He notes that the process includes developing a plan for how to proceed with strategic planning; identifying and clarifying mission, vision and values; determining stakeholders and participants; defining roles; realizing strengths, weaknesses, challenges and opportunities; drafting strategic issues; defining goals to address those issues; clarifying an evaluative process; and evaluating the strategic planning process (Bryson, 2004). The list of process tactics as defined by Bryson suggests that the strategic planning process is inherently bundled with some of the attributes of effective leadership.

Introduction

For any organization strategic planning is a valuable tool for ensuring success. It is a process of devising a series of attainable steps that will both propel the nonprofit toward a more accomplished future, and help it to focus on successfully fulfilling its mission. The two basic assumptions behind strategic planning are that the final documented plan will be of import and substance germane to the organization and that it is a snapshot of the organization at the present time, with the objective of moving the organization toward its future. In the latter of these two assumptions, the strategic plan is, in essence, a picture of what the organization will look like when it has accomplished the tactics outlined in the plan (La Piana, 2008).Organizations cannot exist in stasis. They are always evolving and expanding or contracting. Organizational evolution is therefore a readily accepted principle, though the greater the change that occurs, the greater the resistance to it. Resistance is, by virtue of its association with change, a necessary factor in the process of change (Ford, Ford, & D'Amelio, 2008). And because strategic planning is focused on change as a paradigm, resistance is linked with the process. But strategic planning is designed to help minimize the stresses of change by allowing key stakeholders, those with the greatest investment in an organization's present structure, to participate in strategic changes.

This seems counterintuitive to the basic premise that strategic planning is needed to solve problems or issues that are caused by *the way things are*. Yet the strategic planning process does indeed take a broad view of an organization's present situation, and utilizes key stakeholders, those most likely to be resistant to change, as catalysts for devising strategic solutions (Kaufman, Oakley-Browne, Watkins, & Leigh, 2003).Strategic planning in the for-profit sector ensures that organizations have a uniform approach to increasing corporate value for investors. For a nonprofit engaging in strategic planning, there are myriad benefits. Primary amongst the benefits are the ability of strategic planning to help a nonprofit fit its current environment, the ability of strategic planning to clarify needs, the focus on mission that results from effective strategic planning, and the generation of tools for evaluating organizational effectiveness (Bryson & Alston, 2005).

Additionally, strategic planning can help or cause an organization to undertake a paradigm shift, can focus an organization on results rather than methods, can link an organization's disparate parts, can unite an organizational vision, and can define needs (Kaufman, et al., 2003).Organizations file for 501(c)(3) status under the United States tax code for the purpose of serving the public. The tax code recognizes organizations as nonprofit either under the category of public charity or private foundation. In either case, the function of a nonprofit must be to benefit society (Anonymous, 2010). But over time, as society changes, nonprofit organizations often find themselves less and less effective at serving as originally intended. Strategic planning allows them to examine the current external environment in relation to their own function in an effort to devise tactics for more effectively fitting that environment (Bryson & Alston, 2005).Also over time, nonprofit organizations find themselves struggling to serve their mission as effectively as they once did. This is often the result of a shift in resources necessary to serve a changing society.

The strategic plan allows an organization to self-examine as a means for determining its own needs. Those needs can then be adapted into services provided to society (Bryson & Alston, 2005).Strategic planning can be used to assess and adjust mission. As noted earlier, over time organizations have a tendency to drift from their mission. Methods, rather than the purpose for which an organization was established, begin to control decision-making. The strategic planning process includes the dissection of an organization's stated mission as well as a study on what the organization currently does and how it does it. This examination can often lead to a redefinition of mission (Bryson & Alston, 2005).Effective strategic planning also includes a dedicated portion of time and energy to devising evaluation techniques. Those techniques focus both on the effectiveness of the strategic plan itself as well as the effectiveness of the organization in achieving the desired results of the plan. This allows an organization to change course in mid-implementation, should the tactics devised in the plan prove to be ineffective, and also to adjust its regular operation to more effectively accomplish its mission.

The evaluative tools generated from a strategic plan are those often missing from a nonprofit's daily operation, and they are key to effective leadership (Bryson & Alston, 2005; Heifetz, 1994; Kaufman, et al., 2003)Strategic planning can also provide nonprofits with a lens for examining why are they are doing what they do. Organizations that have lost sight of their mission, or whose mission no longer effectively serves a changed society can use strategic planning as a means for re-organizing. Such a change could include partial organizational or programmatic change to as much as a complete paradigm shift (Kaufman, et al., 2003).Further, strategic planning allows organizations to align its various levels of operation. Often nonprofits can, over time, begin to focus on the work of individuals within the organization, and lose sight of the larger picture. The strategic planning process is designed to coordinate the efforts of everyone involved in an organization. This begins at the volunteer and staff level, but includes all levels of management, board, clients served and the community at large. By aligning an organization's focus on vision, clarity of operation is generated (Kaufman, et al., 2003).

Nonprofits in the United States

By November, 2010, there were more than 1.6 million nonprofits registered with the IRS as having 501(c)(3) status in the United States. Of those registered, over 1 million filed tax returns, indicating they were currently operating. Their total worth was over 4 trillion dollars, and their combined annual revenue during the most recent tax reporting cycle was almost 1.8 trillion dollars (Anonymous, 2009). The combined value of nonprofits in the United States is clearly substantial. And the data provided by the IRS does not include organizations reporting less than $25,000 a year in annual income.Of those numbers, almost 125,000 arts organizations are included, with a total worth of more than 112 billion dollars and combined annual revenue of over 39 billion. These numbers, however, exclude arts organizations that might fall under a different classification, such as the tens of thousands of college and university art galleries and theaters. They also do not include organizations with no paid employees, or those that reported less than $25,000 in annual income. And these numbers reflect a 15-year shift from a combined annual income of 15 billion dollars in 1995 reported from about 26,000 nonprofit arts organizations (Anonymous, 2009). When adjusted for inflation, the total reported annual revenue produced by nonprofit arts organizations in the last fifteen years has increased five-fold.

But with such substantial growth in the arts sector has come a number of problems. First, the growth is also indicative of increased competition for financial support. This challenge alone is enormous, but it is also coupled with recent and continuing declines in support for arts organizations at the governmental level. These two shifts in funding structure have changed the pressures facing arts organizations. These organizations must now rely more heavily on financial support from corporate foundations or from individuals, or they must increase earned revenue exhibitions and performances. Additionally, at a time when a need to increase donations and earned revenue forces a demand for increasing professionalized staff to handle more sophisticated marketing and development functions, arts organizations are pressured to reduce expenditures by relying more heavily on volunteers.

And the challenges continue to mount. As schools, government agencies and arts organizations are pressured to reduce or eliminate subsidized arts education, the next would-be generation of arts patrons is not being properly prepared. The long-term prospects for arts organizations appear somewhat grim, and most certainly suggest that the current models of art patronage will shortly evolve into entirely different structures (Cray, Inglis, & Freeman, 2007).These issues have a broader bearing on leaders in arts organizations, who both serve as a conduit between the organization and the community of patrons, but who also must balance the sustainability of an organization with the artistic and aesthetic work that it does.

The notion carries further in that arts organizations pressured to increase earned revenue must do so by expanding their paying customer base. The implication is that the audience must be expanded, and that this can only be done by changing the interests of those who are currently not attending, or by changing presentations to ones that have a broader or more *commercial* appeal. But even that process occurs at the expense of the audience presently served. To deal with all these complexities, arts organizations have continued to more intimately study and apply prevailing corporate management theory and professionalism (Cray, et al., 2007).

Because arts organizations are now being forced to deal with their shifting external environments in profound and specific ways, the strategic plan has become an invaluable process and management tool. It allows organizations to assess the threats they are facing as well as future or anticipated challenges, and to devise strategies that allow them to overcome those challenges and to increase the social value they currently generate. Strategic planning also helps organizations to mobilize capital in a more focused manner, so that as revenue streams change, they can change their operational models. Additionally, strategic planning allows arts organizations to continuously reassess their artistic and aesthetic form and function in conjunction with audience needs as an organizational whole. This provides arts organizations with a contextual framework within which they can assess their particular mission (Bryson, 2004).

Strategic Planning

Strategic planning is a managerial process designed to provide outcomes that lead to an organization's improved functioning. In the case of commercial, for-profit organizations, strategic planning is designed to coordinate efforts and evaluate results that improve a quantifiable target. For-profit organizations seek to minimize expenses, increase revenues, and improve profitability. Strategic planning at the for-profit organization can be devised to have clear targets and benchmarks. For the nonprofit, where results are qualitative rather than quantitative, strategic planning is often less precise (Bryson, Crosby, & Bryson, 2009). While strategic planning has been viewed as somewhat of a managerial fad (Pfeiffer & Sutton, 2006), it has gained traction in recent years, largely because it seems to work. It lets those in a position of authority understand why their organization is where it is and gives them the knowledge necessary to make changes that are developed in theory but can be implemented in practice. Additionally, strategic planning allows organizations not only to turn their ideas into practice, but it allows them to take the thoughts of various constituents and stakeholders and combine them into a single document that is more powerful than the sum of the contributors. In this way it aligns all the parts of an organization, human and otherwise, onto a focused path (Bryson, et al., 2009).

Nonprofits seek to solve a two-part challenge with strategic planning. First, they attempt to improve sustainability. Nonprofits are, by design, less able to withstand marketplace fluctuations and are therefore afforded certain freedom from taxation. Second, nonprofits attempt to continuously improve service for the sake of the public good. While the first of these goals is quantifiable, and therefore more easily solved through strategy, the second is not. Strategic planning for nonprofits, then, is a way of knowing both where they are and where they are headed. It is a process that determines how scarce resources can best be coordinated and applied, and it does so by evaluating both the internal and external demand placed on those resources. It is a process that allows a nonprofit to substantially focus on its mission, even revising it if necessary to meet the demands of a changing world, while ensuring some level of sustainability. Finally, it helps nonprofits identify the strategic obstacles they face, and determine a way to address them (Mara, 2000).For a nonprofit organization, there are myriad stakeholders who could be involved in the strategic planning process. In some instances, the involvement might be minimal. In others, stakeholders may by deeply and intimately involved.

For the nonprofit, it is essential to consider the client served or customer as an essential stakeholder. Corporate strategic planning is often conducted at higher levels of management, with marketing experts bringing in detailed information about marketplace thoughts, ideas and considerations. The nonprofit without lengthy and detailed market data is wise to consider including the marketplace in the process (Allison & Kaye, 2005).The list of stakeholders can be very lengthy, and should be all-inclusive. Beginning with a nonprofit's board members and executive, it will include every member of the staff. Additionally, it will include clients served, volunteers, competing organizations, civic organizations to which the nonprofit belongs, suppliers, business partners, potential partners, and more. As part of the strategic planning process, it is essential to determine all possible stakeholders, and then ensure they are all somehow represented (Allison & Kaye, 2005).Strategic planning will have an impact, to some degree, on all stakeholders. For example, simply engaging in strategic planning can have the effect of unifying a staff and board toward a single goal. Strategic planning, in this instance, becomes the catalyst for a change in culture.

It also requires an intense focus on mission, something often lacking in a nonprofit organization. In the process, staff members, who are accustomed to their daily work, learn how to think about the organization globally and strategically. Strategic planning also impacts upper management and the board because it influences how they go about making decisions. And in particular, it details a series of decisions that should be made to address specifically identified strategic issues. Strategic planning also encourages change and helps stakeholders at all levels learn how to cope with that change in productive ways. Thus, for clients or customers, strategic planning improves focus on the service provided to them, and empowers them to change the way their needs are met. For the organization as a whole and as part of a broader economic platform, strategic planning is designed to make a nonprofit more effective in the marketplace by increasing reach and improving effectiveness. Finally, strategic planning is designed to allow an organization to address community needs more effectively (Nolan, Goodstein, & Goodstein, 2008).

The Process of Strategic Planning

The process of strategic planning is the backbone of a successfully designed plan. It can be approached holistically by focusing on broad goals, such as assessing needs, scanning the organization, developing targets and implementing ideas (Kaufman, et al., 2003). It can be approached metaphorically, by considering identity and developing a screen through which to view programmatic and operational strategy (La Piana, 2008). Strategic planning can also be approached in a straightforward and linear progression, as a series of tasks leading to the final product (Allison & Kaye, 2005; Bryson, 2004; Bryson & Alston, 2005). For clarity, it is perhaps easiest for a small nonprofit, or one that is unfamiliar with strategic planning, to start with the linear approach. It is simple, clear, not cost intensive in terms of money or time, and it does not require any specific skill or talent such as accounting or legal expertise. Strategic planning in the linear approach, however, is best used when the majority of participants come from inside the organization. While they rely upon information gathered from external stakeholders as well, the greatest participation in the process comes from those internal participants (Bryson, 2004).

Bryson and Alston (2005) have developed a clear linear progression for strategic planning that is both simple and flexible. It lays a foundation for the strategic planning process, and builds on that foundation as the process progresses. But in its design, it also allows for steps to be taken out of order if organizational needs mandate such alteration. It also breaks the process down into steps, each of which may require greater or lesser focus depending on the individual organization. Most importantly, it begins by defining only two situations where strategic planning is not appropriate: in an emergency, or a dire or unique situation; or when there is insufficient support from key decision makers for the process. And in the second of these two instances, this model suggests that the pre-strategic planning focus should be on encouraging and securing the necessary support. Step one in the strategic planning process is to determine if the organization is ready to approach strategic planning, and then to lay groundwork for the process. In this initial step, one person or group presents the idea of strategic planning, and key decision makers are identified and surveyed to consider the level of support for the process. Once support is identified, a group of individuals, largely internal, are given the charge to proceed with the process. That charge also includes the commitment of organizational resources, both in time and money, to develop and implement a strategic plan.

Without this commitment, the plan is likely to be completed but go unused. The group begins its work by creating a framework within which it will develop the strategic plan. It sets a timeline for the process, determines whether its ranks should be expanded by including additional stakeholders, defines roles and responsibilities, and usually identifies a champion amongst its ranks who will drive the process (Bryson & Alston, 2005).Step two involves clarification of why the organization exists. As the basic foundation of the strategic planning process, at this step the planners examine what the expectations are for the organization both from internal and external stakeholders. This is also the point at which planners can consider what mandates may have become obsolete, or what perceived mandates that have been answered to over time may not actually be real expectations of the organization anymore.

Mandates can be both formal, dictated by laws or organizational policy, and they can be informal, expressed by the expectations of stakeholders (Bryson & Alston, 2005). In step three, planners identify stakeholders and why they have a stake in the organization's mission and values. In addition, in step three planners begin to understand or develop the organizational vision as a framework for moving the process forward. Because the entire strategic planning process ends in a plan for achieving change toward a new and better future for the organization, a final vision statement is drafted later in the process as the vision is clarified. In step three, stakeholders are identified as those having any claim on or relationship to the organization. They exist as both internal and external individuals or groups and can be intimately connected, such as the CEO or primary client, or can be tangentially associated, such as the local city council or other association.

At this stage, planners may also prioritize stakeholders in terms of the organization's mission, which is clarified, refined, and redrafted based upon those things which the organization and its constituents value (Bryson & Alston, 2005).Step four in the process is the final foundational step. It involves conducting an analysis of strengths, weaknesses, opportunities and challenges or threats (SWOT). While step three focuses on political issues that pull on the organization through stakeholders, the SWOT provides a systemic overview of the organization. Strengths and weaknesses are assessments within the organization, and opportunities and threats are external forces having bearing. The SWOT analysis provides the context in which strategic issues can be considered. Without fully understanding context, planners are likely to address the wrong problems (Bryson & Alston, 2005).With the foundation for strategic planning laid, step five in the process involves the identification of strategic issues. Strategic issues are specific policies, procedures, or alterations that have a direct and strong impact on one or more aspects of the organization such as mandates, mission, stakeholders, finances, services, products, operations, or processes. Determining what strategic issues exist, either as challenges which need to be addressed or opportunities that can be seized upon, is the heart of the strategic planning process.

At this stage, the planners use the information developed in the foundational steps to sort out strategic issues and to frame and prioritize them. Operational issues are often identified at this step, as well. Operational issues are those that effect the day-to-day functioning of the organization, and may have bearing on strategic issues, but they are not issues which will generate fundamental change in the organization. Operational issues usually impact a smaller number of internal stakeholders, do not have long-range ramifications, and will not change what and how services or products are provided. Strategic issues do have long-range implications and can affect organizational mission (Bryson & Alston, 2005).Step six is where the goals are set for dealing with strategic issues. Planners devise a timeline for achieving those goals, make concrete action steps for reaching the goals, and determine the resources necessary to do so.

In step six, people are assigned specific tasks as part of the complete strategy. Additionally, step six involves the creation of strategy statements, both for the organization as a whole and for its constituent units that will define how they will approach the issues (Bryson & Alston, 2005). When all the strategies have been charted, planners finish step six by determining what level of detail will be included in the written strategic plan. Often, the plan will include both the detailed information gathered from the foundational steps, as well as the strategic issues and the goals and objectives for achieving their resolution. Planners then determine who will be asked to review the plan and provide feedback before it is finalized (Bryson & Alston, 2005). The final part of the written document will also include details on plan fulfillment. Planners determine how the implementation process will be monitored, and by whom. They also develop evaluation tools and techniques to determine the effectiveness of the strategic plan, both as it is implemented, and in its final evaluation. Lastly, planners develop strategies for updating or changing the plan if its implementation appears to be unsuccessful or if new issues arise during implementation that require alteration.

This final section would also include suggestions for how to begin the process again, once the strategic plan is successfully implemented (Bryson & Alston, 2005).Step seven is when the document is shared with various stakeholders for review. Once stakeholders have provided their feedback, the document is edited to ensure there will be adequate support for its contents. The process of sharing the document with stakeholders may occur repeatedly until some sort of consensus is reached, or until a board of directors is satisfied that it will be reasonably accepted. When that occurs, the planners present it formally to the board for approval with what is sometimes considered step eight, the development of an organizational vision that defines what the organization will look like when the plan is fully implemented (Bryson & Alston, 2005).Step nine is implementation of the plan. And step ten is a reassessment of the entire strategic planning process. The organization examines how effective the plan was in design and implementation, and assesses how the strategic planning process worked. Step ten provides the organization with a clear view of when it should embark on its next strategic planning process, and how it should proceed when it does so (Bryson & Alston, 2005).

Leadership in Nonprofits

Strikingly similar to the process of strategic planning in the nonprofit environment is the list of traits often associated with leadership in that environment. Strategic planning is designed to provide an outcome that focuses on the organizational vision. This visionary process is the hallmark of the entrepreneurial spirit, and it is the process that moves an organization forward. Leaders have been categorized as either visionary, managerial, or strategic, with the latter considered to be the sum of the first two, with an additional entrepreneurial lens. These strategic leaders embody a combination of both innovation and economic focus, driving an organization while protecting and growing its assets (Kuratko & Audretsch, 2009).

The strategic leader is one who not only combines managerial and visionary leadership, but who behaves ethically and in light of an organization's core values. This leader focuses on strategy to develop long-term goals as well as financial stability and impact. This leader believes that strategic choices make a difference in the organization (Kuratko & Audretsch, 2009). We have seen that strategic planning in nonprofits also focuses on core values, long-term goals that provide both stability and impact, and strategic choices that will positively affect an organization. Ruvio, Rosenblatt and Lazarowitz (2009) examined the nonprofit leadership vision in direct correlation to the for-profit leadership vision. While both for-profit and nonprofit visionary or strategic leaders were able to encourage organizational performance, some clear distinctions could be seen. In for-profit organizations, wide-range visionary planning was actually a hindrance to an organization, whereas in nonprofits, wide-range visionary planning (the development of strategies to deal with many issues covering many areas of operation) appears to benefit organizations.In the case of ethics, the focus is on personal ethics as part of the core of organizational values. Honesty, trust, care and concern are often favored phrases in the nonprofit's core values. This is because the nonprofit is, at some level, functioning for the good of a group of citizens, or for society as a whole, or for humanity.

It is in this sense that the focus on values, for the leaders becomes so pertinent. A nonprofit leader will use those values to encourage and garner support for the organization from both internal and external stakeholders. And nonprofits seek financial support, so the focus on ethics and values is essential to nurturing and garnering it (Riggio & Orr, 2004). Because there is a certain amount of luck involved in successful leadership, it is even more incumbent on the nonprofit leader, who has less of a safety net than his for-profit counterpart, to stay true to his ethical code as it relates to the organization's values (Joseph L. Badaracco, 2006). Crittenden and Crittenden (2000) looked at the characteristics that exist in nonprofit organizations to see if any correlation existed between certain characteristics and the use or effectiveness of strategic planning. While they found that there is some correlation between characteristics and effective planning, they also noted that the *scope of planning* (in other words, planning that has a broader focus) appears to be more useful and effective. And within the broad category of scope of planning, one strong characteristic is the focus on long-range goals. This finding is consistent with the strength of a leader who focuses on long-range goals for the nonprofit organization (Kuratko & Audretsch, 2009).

The notion that there are any number of individual traits that successful leaders possess which can be applied has been modified through the years. A recent study has suggested that certain traits, bundled together in light of specific situations, can predict successful leadership (Zaccaro, 2007). In the arts, it has been noted that situational leadership or contingency approaches may be effective, but traits such as consensus building, developing vision and long-range planning are paramount for success (A. S. Rhine, 2006). In the case of arts administrators, a focus on learning how to develop consensus in the visioning process, while facing the ambiguities of an unknown future, seems paramount (A. Rhine & Meyer, 2008).In terms of consensus building, there seems to be a growing appreciation for relationship building between nonprofits and commercial, for-profit entities. These partnerships allow both the for-profit and the nonprofit to better serve their publics, sometimes jointly and sometimes in parallel. The clear trend is that external businesses have been and are continuing to become strong players in lists of nonprofit stakeholders. In terms of strategic planning from a leadership perspective, identifying for-profit constituent partners has become essential as the global economy has shifted to a customer-based structure. Customers drive decisions, and they are also the reason for a non-profit's existence (Brugmann & Prahalad, 2007).

Nonprofit leaders conducting strategic planning and evaluation processes also need to be aware of competing stakeholder needs. Constituent partners are those that drive the organization's day-to-day functioning for any number of reasons. Some have more intimate relationships with an organization than others. Nonprofit leaders must balance the needs of stakeholders on a daily basis, both for short-term operation strategy as well as for long-term organizational health. This same focus on balancing stakeholder needs, as they participate in strategic planning, is essential to an effective process (Alaimo, 2008).Also, on a regular basis, leadership in a nonprofit must plan collaboratively. Sharing of information, communicating goals and plans effectively, providing an environment that is rewarding as well as encouraging, and making some sort of system available for employees to provide feedback are hallmarks of strong leadership in nonprofits, and particularly in the arts (A. S. Rhine, 2006). Likewise, these traits have been identified as essential to ensuring a successful strategic planning process. Collaborative planning leads to more invested stakeholders, as they are encouraged to become not only a part of the planning process, but a part of the organization as it implements the plan (Alaimo, 2008; Allison & Kaye, 2005; Bryson, 2004).The leadership model also includes a process of evaluation. Nonprofit leaders are constantly assessing the health of the organization, and they do so through the collection of data about where the organization is.

They do this not only through formal data collection, such as the use of financial reporting measures, but also through anecdotal or qualitative measures, such as talking to community members (Riggio & Orr, 2004). Leaders of both nonprofit and for-profit organizations use an internal measure of personal intuition to weigh situations and circumstances, and they balance that against hard data they receive to determine best how to guide the organization (Heifetz, 1994; A. Rhine & Meyer, 2008). In the strategic planning process, organizations embark on a data collection methodology in order to inform the process (Bryson, 2004; Bryson & Alston, 2005). In fact, those organizations that use clear methodology for hard data collection as performance measures have a positive relationship with success factors (LeRoux & Wright, 2010). But nonprofits also engage in a process where they use hard data against responses in the strategic planning process, altering course based on feedback and personal investment of stakeholders who could alter organizational course (Rudd, Greenley, Beatson, & Lings, 2008). This type of alteration is essentially identical to the type of internal measurement leaders do, though it occurs on an organizational, strategic planning level.

Finally, nonprofit leaders are constantly working to achieve some sort of consensus. They challenge constituents with new ideas and concepts, pressure them to consider alternatives, and balance the different objections that might be presented (Chait, Ryan, Taylor, & BoardSource (Organization), 2005; Heifetz, 1994). Ultimately, in the context of providing important societal impact, and to provide service to their community, leaders of nonprofit organizations need to cultivate consensus in order to bring about effective change (Lake, 2008).The application of these leadership traits in the arts is even more paramount, particularly when considering the value of strategic planning to nonprofits. Well led nonprofits, ones which have a board and executive team that are invested in the process of planning and change, have been shown to be the most effective (Brown, 2005). Arts organizations that are effectively led are those that are invested in stakeholders, work toward consensus, and have clearly defined plans and visions (Lake, 2008).

The PAC Case

The PAC in California did not set forth with great strength from its leadership. In fact, the campus leader did not endorse the idea of strategic planning to define a course for the PAC. Instead, after hiring a consultant to provide a preliminary report, a report which spoke to the necessity of strategic planning, the leader hired a temporary employee to design a strategic plan. Without complete participation and support from leadership, the strategic planning process is likely to fail, as it did in the case of the PAC (Bryson & Alston, 2005).The temporary employee, however, did commence the process of strategic planning, and did attempt to capitalize on those leadership strengths and characteristics that synchronize with those found in strategic planning. The first stage of the strategic planning process at the PAC was to identify and engage constituent partners. The employee sought out local municipality partners, campus supporters, PAC employees, and arts patrons in the community. Students were also brought into the early stages of planning, but at the request of the campus administrator they were kept out of the discussion, as were campus supporters. Ultimately, the strategic planning process was set up for failure by the exclusion of important stakeholders whose participation was essential for success (Allison & Kaye, 2005).

Because the complete spectrum of stakeholders was limited, the planning process could only be maintained as collaborative amongst a small group. Without collaboration from all key stakeholders, those who were left out of the process were made to feel isolated, skeptical of the plan, and worked to object to its contents (Bryson, 2004). This turned out to be extremely true in the case of campus supporters, who felt that their thoughts and ideas for the campus PAC had been undermined in the details of the strategic plan. Because their financial influence on the campus dictated many of the administrator's decisions, the administrator chose to eliminate any pieces to which these supporters objected from the final plan. By keeping a key stakeholder out of the process, there was little chance for buy-in (Bryson, 2004). The planning process for the PAC was collaborative for those who were allowed to participate, but the engagement process was not collaborative at all.

In terms of data collection, the strategic planning process was excellent. Participants conducted surveys and interviews, as well as engaged with any number of constituent groups, either their own or others. Stakeholders were told that their opinions were being used to shape the future of the PAC, and that their participation was encouraged and used. Marketplace studies, demographic studies, and economic studies were gathered and considered in the strategic planning process. But the data gathering process was again limited by the lack of participation of a key constituent group, supporters of the campus, and this lack of data left a large hole in the strategic plan. The lack of complete data damages both the functioning of a nonprofit as well as the functioning of a strategic planning committee (Brown, 2005; Bryson & Alston, 2005).

Lastly, without such key stakeholders, the strategic planning process will never achieve consensus. The key to achieving consensus is having participation in the decision-making process from all stakeholders, and withholding a final decision until all parties have been able to completely express their thoughts. Once that occurs, a leader can put pressure on stakeholders to challenge each other, balancing the challenges with retreats to allow the process to maintain some level of comfort (Heifetz, 1994). In the case of the PAC, because one key constituent group was kept from the collaborative process, consensus was impossible. As a result of the failed strategic planning process, though the PAC was launched with clear mandates and mission, its vision has been unclear. Key participants are unsure exactly where the PAC is headed, and now in its second season, the PAC has changed directions three times. The community has not been receiving a clear message about what the PAC is or what it is going to present and why. Supporters continue to fight for control of the PAC, and the administrator is unclear about where her support should be placed. Ultimately, the PAC under review here is a textbook example of failed strategic planning.

Strategic Planning in Leadership

What begins to appear is that the model of successful leadership in nonprofits, and specifically in the arts, hinges on traits such as the identification of strategic partners, collaborative planning, the collection and assessment of data, and the achievement of consensus. These traits are also integral to any successful strategic planning process (Bryson, 2004). The parallels between the two are not coincidental. Strong leadership in nonprofit management requires a focus on strategic planning (Wilbur & Smith Bucklin & Associates., 2000).Through the failed strategic planning process at the PAC in California, we can see that the process requires those elements of leadership that have been proven to produce successful organizations. Conversely, the use and implementation of effective strategic planning appears to contribute to effective leadership (Herman & Renz, 2008). Leadership and strategic planning, while not always studied in conjunction with each other, are inextricably linked, particularly in successful, twenty-first century arts organizations (Lake, 2008).

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