


Strategic Planning and Finance: New Approaches for Changing Times

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Massachusetts Statewide Public Boards of Trustees Conference
November 7, 2013

Board Duties:

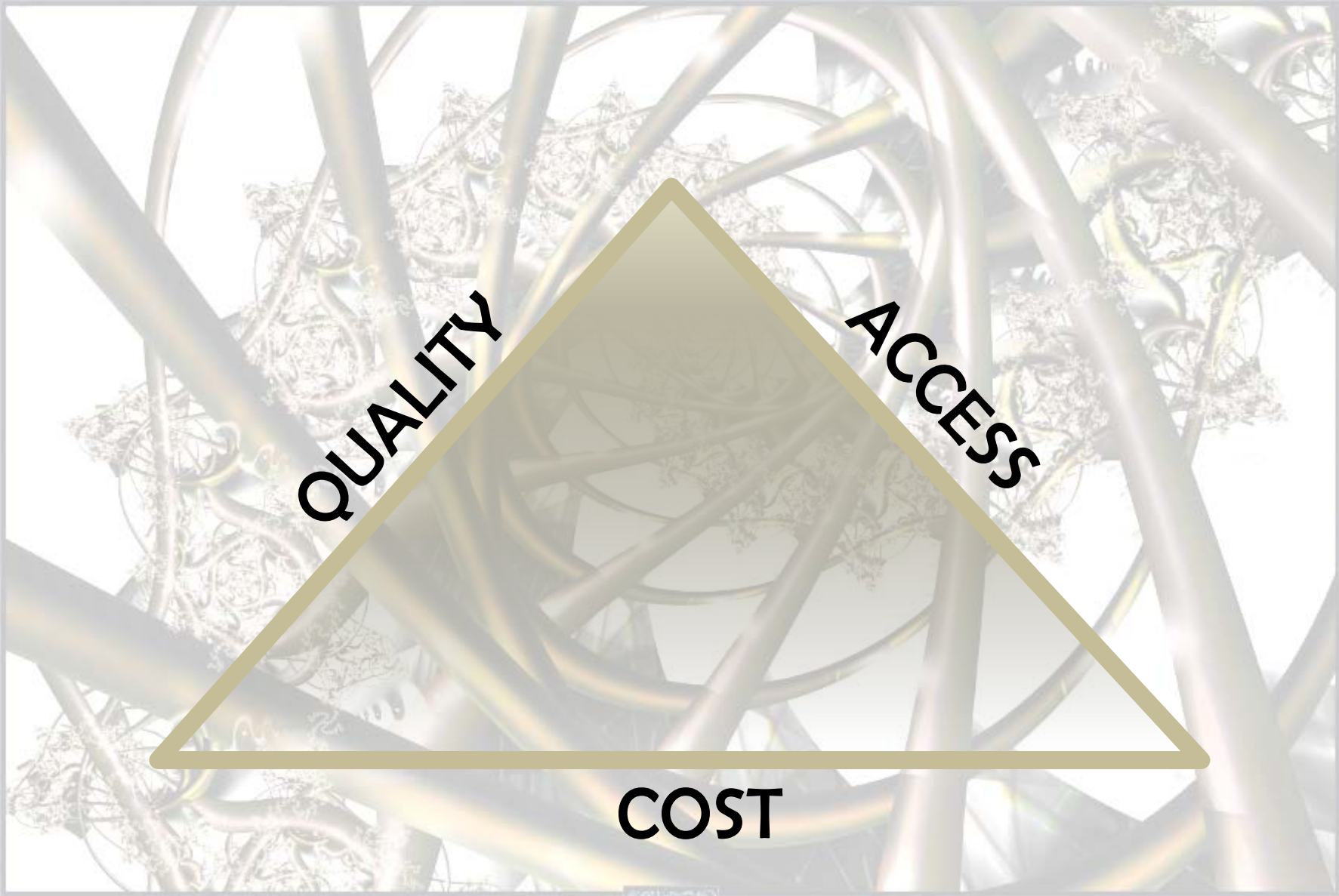
Deliver and Sustain the Mission

Fulfill the mission

- **DELIVER:** Are we delivering on our promise?

Ensure long-term viability

- **SUSTAIN:** Will we exist and succeed “forever?”
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QUALITY

ACCESS

COST



You May Need

Reorientation

- Leadership and communication
- Adaptation: programs, markets, services, and costs
- Efficiency, financial health

Transformation

- Reorientation PLUS
- Fundamental change
 - Revised mission
 - New business model
 - Innovation

Reorientation Guidelines

1. Improve quality
2. Reduce cost
3. Meet significant, real societal needs
4. Through a strategic approach that is
 - Market-based
 - Multi-faceted
 - Aggressive
 - Data-driven

Transformation Guidelines

1. Reorientation PLUS
2. Challenge fundamental assumptions and modes of operation
3. Re-evaluate the “job to be done,” how strengths could deploy better to meet needs

“Reinventing Your Business Model” by Mark W. Johnson, Clayton M. Christensen, and Henning Kagermann. Harvard Business Review December 2008 www.hbr.org reprint 0812C

Leading to the Best Future

1. Develop a shared understanding of where you are and where you want to be!

- Target, long-term thinking

“Strategic Plan”

2. Do more of what will get you there and less of what won't

- Align activities – organizational and personal
- Align resources, cut costs, increase productivity
- Innovate, re-invent

“Strategic Finance”

3. Monitor your progress and exercise self-discipline

- Scorecard, strategic governance
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What is Strategic Finance?

Strategic finance is **aligning resource decisions**

—creating, maintaining, and allocating revenues and institutional assets—

with the institution's mission and strategic plan.

Strategic Finance Takes a Broader View

	Finance	Strategic Finance ADDS:
Resources	Money, capital	Money, people, time, equipment, space, all assets
Major functions	Budget, audit, balance sheet...	Scorecard, strategic planning, technologies, outsourcing, partnering, continuous improvement, goals, performance reviews, incentive systems, change management...
Mind-set	<ul style="list-style-type: none"> •Balance •Expenditures •Then, now, next year •Precision 	<ul style="list-style-type: none"> •Align •Costs •Future •Innovation
Orientation toward	More money Clean audit	More value Institutional vitality
Leadership	Finance/Administration	All who make decisions affecting the university
University	Sum of its parts	Synergies of energy

Strategic Thinking: Reverse Engineering the Future



Aligning All Resources to the Vision



Essentials: VISION and STRATEGY

1. Where you'll be in 3-5-10 years
 2. Measureable results to define it
 3. Deep understanding & acceptance of what it will take to get there
 4. Strategy: innovation and changes, business case, aimed at causing desired results
 5. Process for monitoring & correcting
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What Does “Plan” Mean Now?

1. Strategic thinking
2. Well-defined vision
3. Heightened awareness
4. Purposeful decisions, discipline
5. Alignment, realignment
6. Responsiveness, flexibility, innovation
7. Engagement and communication



“Strategy Statement?”
“Strategic Direction?”

Setting the agenda

1. Work with the President to frame the agenda and set goals for aspects of the work
2. Process is key: Find ways to focus the work and bridge gaps between internal and external audiences
3. Frame the work in positive and not punitive ways
4. Look for evidence of progress in meeting goals
5. Continuous attention to documentation and communication

Questions for dialogue

1. Where is your institution on a continuum – from a primary focus on budget balancing and revenue enhancement to a focus on strategic finance?
 2. Is your strategic plan focused enough to guide a financing strategy that includes cost reductions and performance improvements?
 3. What are the greatest barriers to change within the institution?
 4. What are the greatest barriers to change with external stakeholders?
 5. What can be done within your institution v. what needs to happen collaboratively in public/political context?
 6. Do you have the tools to look at spending and value?
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Thank You!

Please visit agb.org for resources on governance.

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