Strategic Planning and Finance: New Approaches for Changing Times

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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?”
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

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
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

<table>
<thead>
<tr>
<th></th>
<th>Finance</th>
<th>Strategic Finance ADDS:</th>
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</thead>
<tbody>
<tr>
<td><strong>Resources</strong></td>
<td>Money, capital</td>
<td>Money, people, time, equipment, space, all assets</td>
</tr>
<tr>
<td><strong>Major functions</strong></td>
<td>Budget, audit, balance sheet...</td>
<td>Scorecard, strategic planning, technologies, outsourcing, partnering, continuous improvement, goals, performance reviews, incentive systems, change management...</td>
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<tr>
<td><strong>Mind-set</strong></td>
<td>• Balance</td>
<td>• Align</td>
</tr>
<tr>
<td></td>
<td>• Expenditures</td>
<td>• Costs</td>
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<tr>
<td></td>
<td>• Then, now, next year</td>
<td>• Future</td>
</tr>
<tr>
<td></td>
<td>• Precision</td>
<td>• Innovation</td>
</tr>
<tr>
<td><strong>Orientation toward</strong></td>
<td>More money</td>
<td>More value</td>
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<td></td>
<td>Clean audit</td>
<td>Institutional vitality</td>
</tr>
<tr>
<td><strong>Leadership</strong></td>
<td>Finance/Administration</td>
<td>All who make decisions affecting the university</td>
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<tr>
<td><strong>University</strong></td>
<td>Sum of its parts</td>
<td>Synergies of energy</td>
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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
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?
Thank You!

Please visit agb.org for resources on governance.

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